

CONTRACT #8
RFS # 329.01-31113
Edison # 24546

Department of Correction

VENDOR:
Spectrum Health Systems, Inc.

To: Leni Chick

From: William M. Anderson

Date: June 29, 2015, 2015

Subject: Corizon and Spectrum Amendments

The Department of Correction has RFP 32901-31264 in progress for Behavioral Health Services. The Question and Answer event prompted changes to the RFP which have required extensive rewrites and review. To accommodate this delay we are requesting an extension in the current Mental Health contract # 32901-31140 with Corizon, Inc. and the Residential Alcohol and Drug Treatment contract 32901-31113 with Spectrum Health Systems, Inc. Both of these contracts will be replaced with the contract for Behavioral Health Services awarded to the successful proposer.

Thank you for your consideration and assistance.

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	William M. Anderson	*Contact Phone:	(615) 253-8104		
*Presenter's name(s):	Derrick D. Schofield, Commissioner Wes Landers, Chief Financial Officer				
Edison Contract Number: <i>(if applicable)</i>	24546	RFS Number: <i>(if applicable)</i>	32901-31113		
*Original or Proposed Contract Begin Date:	January 1, 2011	*Current or Proposed End Date:	June 30, 2015		
Current Request Amendment Number: <i>(if applicable)</i>	1				
Proposed Amendment Effective Date: <i>(if applicable)</i>	July 1, 2015				
*Department Submitting:	Correction				
*Division:	Health Services				
*Date Submitted:	June 26, 2015				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>	Unforeseen delay in Behavioral Health RFP necessitates extension of end date to complete a quality RFP.				
*Contract Vendor Name:	Spectrum Health Systems, Inc.				
*Current or Proposed Maximum Liability:	\$4,302,900.00				
*Estimated Total Spend for Commodities:	N/A				
*Current or Proposed Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY:2011	FY:2012	FY:2013	FY:2014	FY:2015	
\$478,100.00	\$956,200.00	\$956,200.00	\$956,200.00	\$956,200.00	
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)					
FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY 2015	FY
\$ 454,038.26	\$ 903,194.12	\$914,480.22	\$986,770.83	\$758,984.61	\$
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					

Supplemental Documentation Required for
Fiscal Review Committee

was acquired to pay the overage:			
*Contract Funding Source/Amount:			
State:	\$2,511,900.00	Federal:	
<i>Interdepartmental:</i>	\$1,791,000.00	<i>Other:</i>	
If “ <i>other</i> ” please define:			
If “ <i>interdepartmental</i> ” please define:		OCJP - Office of Criminal Justice Programs	
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		N/A	
Method of Original Award: <i>(if applicable)</i>		RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?		\$4,302,900.00 Cost Proposal from bid process.	
*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.		For a six month extension of such a complex contract, to consider an alternate provider would be impractical and not in the best interest of the State.	

Tennessee Department of Correction
Payments to Spectrum Health Systems (Contract #24546)
 January 1, 2011 thru June 26, 2015

Summary by Fiscal Year (FY15 is thru 6/26/15)

Fiscal Year	Amount
FY11*	\$454,038.26
FY12	\$903,194.12
FY13	\$914,480.22
FY14	\$986,770.83
FY15	\$758,984.61
Total	\$4,017,468.04

*Contract #24546 started on January 1, 2011

Vendor Name	Spectrum
Vendor ID	0000004805

Fiscal Year	Invoice Date	Voucher ID	Total
FY11	1/31/2011	00009321	72,222.05
	2/28/2011	00009878	67,018.68
	3/31/2011	00010346	81,387.61
	4/30/2011	00010707	74,250.79
	5/31/2011	00011184	77,896.49
	6/30/2011	00011680 00011681	80,001.74 1,260.90
FY11 Total			454,038.26
FY12	7/31/2011	00012502	69,701.94
	8/31/2011		84,700.85
	9/30/2011	00012841	78,548.72
	10/31/2011	00013245	71,119.80
	11/30/2011	00013777	68,589.23
	12/31/2011	00014346	70,931.50
	1/31/2012	00014661	70,899.28
	2/29/2012	00015065	74,891.45
	3/31/2012	00015587	81,850.25
	4/30/2012	00016090	76,347.27
	5/31/2012	00016412	78,277.14
	6/30/2012	00016884	77,336.69
FY12 Total			903,194.12

Fiscal Year	Invoice Date	Voucher ID	Total
FY13	7/31/2012	00018260	67,722.12
	8/31/2012	00018740	83,374.02
	9/30/2012	00019420	69,091.92
	10/31/2012	00020654	79,419.06
	12/13/2012	00020944	67,818.10
	12/31/2012	00021709	65,472.57
	1/31/2013	00022715	81,066.96
	2/28/2013	00023476	74,457.60
	3/31/2013	00024269	76,602.33
	4/30/2013	00024851	83,617.51
	5/31/2013	00025998	86,629.12
	6/30/2013	00026593	79,208.91
FY13 Total			914,480.22
FY14	7/31/2013	00027176	87,493.37
	8/31/2013	00028124	86,486.25
	9/30/2013	00028884	77,448.59
	10/31/2013	00029908	88,355.78
	11/30/2013	00031011	72,667.37
	12/31/2013	00031524	73,755.72
	1/31/2014	00032181	86,119.00
	2/28/2014	00033042	78,785.55
	3/31/2014	00033794	83,248.60
	4/30/2014	00034547	89,140.84
	5/31/2014	00035929	80,576.05
	6/30/2014	00036227	82,693.71
FY14 Total			986,770.83
FY15	7/31/2014	00037209	83,499.41
	8/31/2014	00038415	80,793.92
	9/30/2014	00039425	77,201.50
	10/31/2014	00039988	82,754.29
	11/30/2014	00041208	62,456.52
	12/31/2014	00044420	24,682.01
		00045254	34,118.10
	1/31/2015	00044423	34,830.55
		00045260	45,417.62
	2/28/2015	00044424	24,860.87
		00045262	39,892.51
	3/31/2015	00045263	84,340.17
4/30/2015	00045969	84,137.14	
FY15 Total			758,984.61
Grand Total			4,017,468.04

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED

CHIEF PROCUREMENT OFFICER

DATE

Agency request tracking #	32901-31113	
1. Procuring Agency	Correction	
2. Contractor	Spectrum Health Systems, Inc.	
3. Edison contract ID #	24546	
4. Proposed amendment #	1	
5. Contract's Effective Date	1/1/2011	
6. Current end date	6/30/2015	
7. Proposed end date	12/31/2015	
8. Current Maximum Liability or Estimated Liability	\$ 4,302,900.00	
9. Proposed Maximum Liability or Estimated Liability	\$ 4,302,900.00	
10. Office for Information Resources Pre-Approval Endorsement Request – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
11. eHealth Pre-Approval Endorsement Request – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
12. Human Resources Pre-Approval Endorsement Request – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
13. Explain why the proposed amendment is needed	<p>Currently the RFP for Behavioral Health Services is still in process and will not result in a contract prior to the 6/30/2015 end date. An extension of the end date will allow time for an orderly and competitively sound replacement for this contract.</p>	

Agency request tracking #	32901-31113
14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract. N/A	
Signature of agency head or designee and date 	



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 32901-31113	Edison ID 24546	Contract # 24546	Amendment # 1		
Contractor Legal Entity Name Spectrum Health Systems, Inc.			Edison Vendor ID 4805		
Amendment Purpose & Effect(s) Residential Alcohol and Drug Treatment (RSAT)					
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: 12/31/2015			
TOTAL Contract Amount INCREASE or DECREASE <u>per this Amendment</u> (zero if N/A):			\$ 0		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	133,758.00		320,292.00		454,050.00
2012	581,760.20		321,439.80		903,200.00
2013	629,417.20		285,081.80		914,500.00
2014	760,331.00		226,469.00		986,800.00
2015	738,054.00		161,946.00		900,000.00
2016	144,350.00				144,350.00
TOTAL:	\$2,987,671.40		\$1,315,228.60		\$4,302,900.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> 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.			<i>CPO USE</i>		
Speed Chart (optional)		Account Code (optional)			

**AMENDMENT #1
OF CONTRACT 24546**

This Amendment is made and entered by and between the State of Tennessee, Correction, hereinafter referred to as the "State" and Spectrum Health Systems, Inc., hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, 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. is deleted in its entirety and replaced with the following:

B. CONTRACT PERIOD:

This Contract shall be effective for the period beginning **January 1, 2011**, and ending on **December 31, 2015**. 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. The following is added as Contract section D.22.

D.22. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.

3. The following is added as Contract section E.18.

E.18. Prison Rape Elimination Act Compliance

Contractor must comply with the Prison Rape Elimination Act (PREA) of 2003 (Federal Law 42 U.S.C. 15601 et. seq.), with all applicable Federal PREA standards, and with all State policies and standards related to PREA for preventing, detecting, monitoring, investigating, and eradicating any form of sexual abuse within facilities/programs/offices owned, operated, or contracted.

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, 2015 All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

Spectrum Health Systems.:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

Department of Correction:

Derrick D. Schofield, Commissioner

DATE



CONTRACT

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

Begin Date January 1, 2011	End Date June 30, 2015	Agency Tracking # 32901-31113	Edison ID 24546
Contractor Legal Entity Name SPECTRUM HEALTH SYSTEMS, INC.			Registration ID 4805
Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor		CFDA #	FEIN or SSN 042478978

Service Caption (one line only)
RESIDENTIAL ALCOHOL AND DRUG TREATMENT (RSAT)

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	279,100.00		199,000.00		478,100.00
2012	558,200.00		398,000.00		956,200.00
2013	558,200.00		398,000.00		956,200.00
2014	558,200.00		398,000.00		956,200.00
2015	558,200.00		398,000.00		956,200.00
TOTAL:	2,511,900.00		1,791,000.00		4,302,900.00

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)

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

J. Gallagher / sp

OCR USE - FA

FA1134205

Speed Code	Account Code 70804000
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**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CORRECTION
AND
SPECTRUM HEALTH SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, DEPARTMENT OF CORRECTION (TDOC), hereinafter referred to as the "State" and SPECTRUM HEALTH SYSTEMS, INC., hereinafter referred to as the "Contractor," is for the provision of IN-PRISON COMPREHENSIVE ALCOHOL AND DRUG TREATMENT PROGRAM, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Non-Profit Corporation
Contractor Federal Employer Identification, Social Security, or Edison Registration ID # 042478978
Contractor Place of Incorporation or Organization: Worcester, Massachusetts

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.

A.2. GENERAL PROGRAM REQUIREMENTS

a. The Contractor shall develop and implement an in-prison, comprehensive cognitive behavioral, alcohol and drug treatment program established on a Modified Therapeutic Community (TC) model for incarcerated felony drug offenders which will require all inmate participants to complete within nine (9) to twelve (12) months of program admission. The program will be offered at the following facilities:

Turney Center Industrial Prison Complex Annex (TCIX Site 2-Wayne County, Clifton, Tennessee)

226 beds

Required Contractor Staffing: Two (2) licensed substance abuse counselor and four (4) non-licensed substance abuse counselors (full time positions or their equivalents working standard week of 37.5 hours). Case load ratios to be determined by the State's Director of Substance Abuse Services.

Tennessee Prison for Women (TPW)

64 beds

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

Mark H. Luttrell Correctional Center (MLCC)

32 beds

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

Northwest Correctional Complex (NWCX)

48 beds

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

b. The Contractor shall design and implement a treatment program consistent with the staffing in A.2.a. that shall include the following treatment elements:

1) Classic Cognitive-Based Modified Therapeutic Community Structure:

- Screening and Assessment
 - Pre-testing designed to evaluate the inmate participant's cognition, psychological functioning and social orientation at intake.
 - Post-testing designed to evaluate the program's effect on change in the inmate participant's cognitive, psychological functioning and social orientation upon program completion.
 - TC roles and job functions
 - Cognitive-based curriculum including one or a combination of the following:
 - Cognitive Behavioral Therapy (CBT)
 - Rational Emotive Therapy (RET)
 - Rational Emotive Behavioral Therapy (REBT)
 - Utilization of Motivational Interviewing skills set
 - Utilization of Transtheoretical Model of Change Theory (Stages of Change) skills set
 - Program rules that govern TC participation
 - Community dynamics including but not limited to: Push-ups, pull-ups, mentor system, role modeling, awareness sessions, accountability process, peer support/interaction, peer hierarchy, learning experiences, etc.
 - Program incentives to recognize pro-social behavior changes
 - Community meetings
- 2) Confrontation/Encounter Group
 - 3) Cognitive Restructuring and Conflict Resolution/Anger Management
 - 4) Problem solving Training
 - 5) Identifying Anti-Social and Reinforcing Pro-Social Thinking Patterns
 - Criminal Thinking Errors
 - Rational Thinking Errors
 - 6) Substance Abuse Treatment
 - 7) Pro-Social Leisure and Positive Recreation Outlet Planning
 - 8) Family and Positive Companion Planning
 - 9) In House Mentoring Program
 - 10) Individual and Group Counseling
 - 11) Victims Impact
 - 12) Job Readiness
 - 13) Re-entry Planning
 - 14) Drug Testing in collaboration with TDOC.
 - 15) On-site aftercare once a week for participants who complete programming and are released back to the general prison population. Contractor will also be responsible for communication between the treatment staff, classification and the Institutional Parole Officer.

Additionally, women's programming will include all the above as well as, but not limited to, the items listed below:

1. Children and families
2. Trauma
3. Orientation to co-occurring disorders
4. Victim's Stance issues
5. Establishing a safe environment for counseling.

- c. The Contractor shall provide treatment services for a minimum of 370 beds on an annual basis. All treatment services shall be conducted in accordance with TDOC Policy 513.07 (*incorporated herein by reference*). Contractor must conform with any applicable federal, state and local laws, court decisions, court orders, consent agreements, and TDOC policies whether currently existing or as may be enacted, rendered, issued or amended during the term of the contract. Current TDOC policies are accessible at each TDOC facility and available to the Contractor. Any revisions in the TDOC Policy will be sent to the Contractor at the e-mail address provided in E.2., Special Terms and Conditions, of the Contract. The Contractor's treatment program will include the following phases and associated treatment components:
- 1. Phase I (Orientation and Identifying Anti-Social Thinking Patterns)** - During this phase of treatment participants will be oriented to the rules and regulations of the TC. A treatment plan will be developed. This phase is highly structured and should last a minimum of sixty (60) days. Each participant will be involved in, at a minimum, (15) fifteen hours of therapeutic activities per week. During Phase I, we must develop a therapeutic relationship with our participants that will motivate participants in identifying their anti-social actions and help them come to a personal decision that their behaviors need to change. Therapeutic activities may be divided between Getting Motivated to Change, cognitive behavioral therapy sessions designed to identify and address anti-social thinking patterns, cognitive behavioral drug treatment, TC related journal work groups, parenting classes and in-prison community service-work.
 - 2. Phase II (Main Treatment: Substance Abuse Counseling and Pro-Social Skill Development)** - This will be the most intensive phase of the treatment program in that each participant will be involved in (15) fifteen hours (minimum) of therapeutic activities per week. Participants in Phase II should already understand the anti-social aspects of their past behavior and have made the personal decision to change those behaviors. During this phase of treatment participants may be involved in a combination of the following activities; cognitive behavioral drug treatment through journaling, modeling and role plays, individual counseling, cognitive behavioral group counseling dealing with rational thinking errors, TC related groups, community service work, parenting and family skills, Victim's Impact, Victim's Stance (Women), anger management, and healthy lifestyle classes. Participants may progress through this phase at their own pace. This phase may last a minimum of four (4) to a maximum of six (6) months based in each participant's individual progress.
 - 3. Phase III (Transition, Reintegration, Relapse Prevention and Giving Back)** - This phase of the treatment program will focus primarily on issues relating to community re-integration, general population reentry, relapse prevention and assisting others who are new to the Therapeutic Community. This phase may last a minimum of two (2) to a maximum of four (4) months. During this phase each program participant must develop a re-entry plan, as approved by the State's Director of Substance Abuse Services. Re-entry plans should have specific goals, specific steps to reach the goals, and specific time frames for completion of goals for all aspects of the participant's re-entry (i.e., Identification, Family/Spousal Relationships, Transportation, Housing, Employment, etc.). Each participant shall receive, at a minimum, nine (9) hours of documented therapeutic activities per week. Services will include a combination of the following; relapse prevention, cognitive behavioral group counseling dealing with criminal thinking errors, pro-social leisure and positive recreational outlets, employment readiness, and introduction to 12 Step Fellowship meetings (non-mandatory). Program participants will be referred to the pre-release program for ancillary community services prior to their release from the institution, if appropriate and time permitting.
 - 4. Mentoring Program** - Additionally, all facilities will implement an in-house mentoring program. Participants in Phase III and TC graduates still at the facility will be selected based on evaluations by and interviews with the Treatment Team. Mentors will be able to hold this position as a job and be paired with Phase I participants. Mentor's

responsibilities will be to explain what is expected of a TC Participant, to be there for questions or concerns of the new participant, to be able to relate personal experiences and outcomes, and to be able to motivate participants to succeed in the program and acquire the pro-social skills necessary to be successful upon re-entry.

5. **Aftercare** – Aftercare will be broken down into three different components, based on how the individual is released upon completion of the program, as follows:

(a) **Released to General Population** - Participants returned to general population will have both the option to apply to be a program mentor as described in Section A.2.c.4., as well as receive continuing care services. The Proposer will be required to create a continuing care program that can provide substance abuse aftercare once weekly after individuals successfully complete the programs for a period of six (6) months.

(b) **Released to Parole** - Each institution has an Institutional Parole Officer (IPO) provided by the Board of Probation and Parole (BOPP). Treatment staff will provide a discharge summary to the IPO containing any continued services recommended for individuals being released. Additionally, each BOPP facility has a licensed social worker, which will assist in obtaining services for all participants released to BOPP.

(c) **Expired Sentence** - Though we can not *require* individuals to attend services from community providers, as part of the re-entry plan, individualized recommendations and referrals will be given to each participant. Participants will be strongly encouraged to attend. Each facility will *constantly* work to develop relationships with local providers.

d. In concert with the State Director of Substance Abuse, the Contractor shall develop clear, distinct, and documented criteria for movement from one phase to the next. This will include both quantitative work required in each phase as well as qualitative goals that will be evaluated by the treatment team.

A.3. TREATMENT SERVICES.

a. The Contractor shall use the TDOC Intake Assessment form as well as a pre and post test process which will evaluate criminal thinking, psychological functioning and social desirability to assess participants' needs and facilitate treatment plan development. All pre-post test evaluations shall be approved by the State.

b. The Contractor shall address the following issues when developing the treatment plan: addiction severity, drug use, personal motivation for change, criminogenic needs (LS/CMI) and other relevant social and health related information. All program participants shall have an individualized treatment plan within 30 days of being admitted to the treatment program. All treatment plans shall be reviewed and updated at each phase progression or as needed.

c. The Contractor shall conduct a follow-up assessment within four (4) weeks of program release on each program participant to measure change over time. The assessment instruments to be used must be approved by the State's Director of Substance Abuse Programs.

d. The Contractor shall be responsible for providing all approved daily treatment and programming activities within the TC. The Contractor shall provide therapeutic activities at least five (5) days per week, except on approved State holidays, and shall provide TC related community processes seven (7) days per week, regardless of State holidays.

e. Treatment programming shall be designed for the appropriate gender being treated and shall focus on areas such as, but are not limited to, the disease concept of addiction, rational

thinking skills, criminal thinking errors, guilt/shame, wellness, sexually transmitted diseases, anger/domestic violence, abuse, co-dependency, responsibility, fulfillment and self-actualization, dysfunctional relationships, pro-social peer relations, family/marital relationships, self image parenting, leisure time planning, spirituality, nutrition, victims' awareness, and pro-social decision making.

- f. The Contractor shall identify when, and how, they will implement group therapy so that all participants are able to contribute and get an equal opportunity to benefit from treatment.
- g. Cognitive Restructuring shall include classroom instruction on thinking errors, criminal behavior problem identification, drugs use, its effects, and consequences of continued use.
- h. The Contractor shall offer programming that includes cognitive/behavioral skills development. Programming shall be designed to meet the participants' specific criminogenic needs.
- i. The Contractor shall encourage and incorporate into the treatment program an in-house peer support system and role modeling.
- j. The Contractor shall provide opportunities for program participants to be involved with weekly structured self-help group meetings.
- k. The Contractor shall also offer weekly follow-up or aftercare session to provide support for program graduates.
- l. The Contractor shall provide programming which meets the unique needs and concerns of racial or ethnic minority individuals, including such factors as cultural orientations, beliefs, and value systems relevant to the population served.
- m. The contractor shall provide a discharge summary for all participants prior to release or termination from the program.

A.4. URINALYSIS TESTING.

- a. Urinalysis testing shall be used as part of the treatment program as a tool for monitoring program compliance and to identify problems.
- b. All program-related drug screens shall be conducted in accordance with TDOC Policy 506.21 and TDOC Policy 513.07.

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

Initial screens are meant as a way for treatment staff to gauge addiction severity and withdrawal possibilities. A failure of the initial drug screen will not result in program dismissal. Any failure of a random or reasonable suspicion drug screen once in the program will result in immediate termination.

All drug testing will be paid for by the Tennessee Department of Correction. The Contractor shall comply with the State's policy and procedures regarding urinalysis testing, chain of custody and sanctions for positive drug screens (Policy 506.21).

A.5. STAFFING.

- a. The Contractor shall be responsible for recruiting, training, and supervising all contract treatment and counseling staff. Each program manager must currently be and maintain Licensed Alcohol and Drug Abuse Counselor (LADAC) licensure, International Certification & Reciprocity Consortium-Advanced/Regular Alcohol and Other Drug Counselor (ICRC-

A/AODAC) certification or National Association of Alcohol and Drug Abuse Counselors-Certified Addiction Counselor (NCAC I, II or Master) certification. All other staff must be licensed or working toward licensure with one of these organizations.

- b. The Contractor shall maintain the required level of staff and service during staff vacation, sick leave and other absences.

The approved inmate ICR shall be maintained with the positions filled. Unless otherwise approved in writing by the Commissioner with regard to a particular position, vacancies shall be filled within in forty-five (45) days; provided, however, that during the period of any vacancy, the services associated with said position shall be provided by the Contractor unless the Commissioner has agreed in writing to the contrary.

- c. Staff selected by the Contractor for assignment on this project shall be asked if they have any association or affiliation with any inmate or offender under any type of supervision by the Tennessee Department of Correction or the Board of Probation and Parole (BOPP). If any such association or affiliation exists, written approval from the State shall be required prior to assignment on this project.
- d. Prior to assignment on this project, the Contractor's applicants or existing employees shall be subjected to a thorough background investigation. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The Contractor shall immediately request a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual assigned to work at a Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner of TDOC. In no instance may a Contractor employee begin work in a facility until the NCIC check has been completed; however, the employee may participate in pre-service training while the check is in process. The State shall notify the Contractor whether or not their employee is cleared for further consideration for assignment to this project. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested, and may not be disseminated outside the Department of Correction or the affected employee.
- e. The Contractor, its employees, and others acting under the Contractor's control shall at all times observe and comply with all applicable State statutes, Tennessee Department of Correction policies and procedures, and institutional policies and procedures. The Contractor and its employees shall at all times adhere to Tennessee Department of Correction policies regarding security, custody, and control of inmates. Current TDOC policies are accessible at each TDOC facility and available to the Contractor.
- f. The Contractor's staff shall attend thirty-two (32) hours of institutional pre-service training unless waived or modified, in advance and in writing, by the State. The Contractor is compensated per contract rates.

A.6. ADMINISTRATIVE REQUIREMENTS.

- a. The Contractor shall develop clearly defined treatment goals and measurable outcomes that directly relate to the program's objectives.
- b. The Contractor shall present to the State a description of the procedures that shall be used to track and evaluate program outcomes. This procedure will be used to create a bi-annual program report that will include, but is not limited to: total participants accepted to the program, total participants completing program, total dismissals from program, total GEDs obtained, community service hours worked, average length of stay per participant, number of disciplinary infractions one (1) year before versus during programming, positive/negative drug testing results, number released to general population and involved in continuing care, and pre and post testing assessment averages on all program participants who successfully complete the program. Each program should also maintain an up to date list of all program

participants with associated TDOC numbers that reflects all past and current program participants.

- c. The Contractor shall maintain, for all program participants, weekly progress reports that outline program participants' progress toward completion of treatment goals.
- d. The Contractor shall be responsible for completing and submitting all required State program forms including, but not limited to, monthly program statistical report, intake report forms, and discharge summaries.
- e. The Contractor shall maintain complete clinical case files on all program participants. All case files shall be secured in a locked cabinet and behind a locked door when staff is not present, in accordance with federal regulations governing "Confidentiality of Alcohol and Drug Abuse Patient Records" (42 CFR, Part 2). After completion of the program, all files shall be maintained in accordance with TDOC Policy 113.95.
- f. The Contractor shall establish a system of rewards/incentives and graduated sanctions, which must be approved by the State's Director of Substance Abuse Services.
- g. The Contractor and the State shall jointly develop and maintain standardized operating and disciplinary procedures that reflect both TDOC as well as Therapeutic Community rules and regulations.

A.7. NON-COMPLIANCE.

The Contractor acknowledges that failure to comply with the above referenced provisions may result in the assessment of liquidated damages and/or termination of the contract in whole or in part, and/or imposition of other sanctions as set forth in this contract. Liquidated Damages are further described in Section E.15.a. (2); and, Attachment TWO of this contract.

B. CONTRACT TERM:

This Contract shall be effective for the period beginning **JANUARY 1, 2011**, and ending on **JUNE 30, 2015**. 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 **FOUR MILLION THREE HUNDRED TWO THOUSAND NINE HUNDRED DOLLARS (\$4,302,900.00)**. 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)				
	Year 1 January 1, 2011 thru December 31, 2011	Year 2 January 1, 2012 thru December 31, 2012	Year 3 January 1, 2013 thru December 31, 2013	Year 4 January 1, 2014 thru December 31, 2014	Year 5 January 1, 2015 thru June 30, 2015
Licensed Substance Abuse Counselor	\$ 42.03/hour	\$ 42.03/hour	\$ 43.08/hour	\$ 44.16/hour	\$ 45.26/hour
Non-Licensed Substance Abuse Counselor	\$ 34.20/hour	\$ 34.20/hour	\$ 35.06/hour	\$ 35.93/hour	\$ 36.83/hour

The Contractor shall not be compensated for travel time to the primary location of service provision.

- 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:

TENNESSEE DEPARTMENT OF CORRECTION
6TH FLOOR RACHEL JACKSON BUILDING
320 6TH AVENUE NORTH
NASHVILLE, TENNESSEE 37243-0465

- 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: TENNESSEE DEPARTMENT OF CORRECTION, FISCAL ADMINISTRATION
 - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
 - (6) Contractor Name
 - (7) Contractor Federal Employer Identification, Social Security, or 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" provided by the State. The taxpayer identification number detailed by said form must agree with the 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 Personnel, 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 Personnel, 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 **NINETY (90)** 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. 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, 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 if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six 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 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 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this

Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment ONE, 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:

WILLIAM GUPTON, DIRECTOR OF SUBSTANCE ABUSE
DEPARTMENT OF CORRECTION
4TH FLOOR, RACHEL JACKSON BUILDING
NASHVILLE, TENNESSEE 37243-0465

William.Gupton@tn.gov
Telephone # 615-741-1000 EXT. 8195
FAX # 615-741-1055

The Contractor:

CHARLES J. FARIS, PRESIDENT & CEO
SPECTRUM HEALTH SYSTEMS, INC.
10 MECHANIC STREET, SUITE 302
WORCESTER, MA 01608
Chuck.faris@spectrumsys.org
Peter.Paolantonio@spectrumhealthsystems.org
Telephone # (508) 792-5400 EXT. 118
FAX # (508) 831-0074

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 35, 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, if a retired member of TCRS, 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. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.

- (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Professional Malpractice Liability with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.
 - b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.
- 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. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.8. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.
 - a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
 - b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;

- c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;
- d. any technical specifications provided to proposers during the procurement process to award this Contract;
- e. the Contractor's proposal seeking this Contract.

E.9. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract in perpetuity.

E.10. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, *U.S. Code*.

E.11. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its 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 offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted 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.12. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-32901-31113 (Attachment 6.2, B.15.) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Diversity Business Enterprise in form and substance as required by said office.

- E.13. Performance Bond. The Contractor shall provide to the State a performance bond guaranteeing full and faithful performance of all undertakings and obligations under this Contract and in the amount equal to **ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000.00)**. The Contractor shall submit the bond no later than the day immediately preceding the Contract start date and in the manner and form prescribed by the State (at Attachment **THREE** hereto), and the bond shall be issued through a company licensed to issue such a bond in the state of Tennessee. The performance bond shall guarantee full and faithful performance of all undertakings and obligations under this Contract for:

- a. the Contract term and all extensions thereof; or
- b. the first, calendar year of the Contract (ending December 31st following the Contract start date) in the amount of **ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000.00)** and, thereafter, a new performance bond in the amount of **ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000.00)** covering each subsequent calendar year of the contract period. In which case, the Contractor shall provide such performance bonds to the State no later than each December 10th preceding the calendar year period covered beginning on January 1st of each year.

Failure to provide to the State the performance bond(s) as required herein prior to the Contract start date and, as applicable, no later than December 10th preceding each calendar year period covered beginning on January 1st of each year, shall result in contract termination. The Contractor understands that the stated amount of the performance bond required hereunder shall not be reduced during the contract period for any reason.

- E.14. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

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

E.15. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

- failure to perform in accordance with any term or provision of the Contract;
- partial performance of any term or provision of the Contract;
- any act prohibited or restricted by the Contract, or
- violation of any warranty.

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

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

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

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

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

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

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, 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. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

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

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

E.16. **Partial Takeover.** The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.17. **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/, 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/.
- c. Office of Tennessee Recovery Act Management Directives (posted on the Internet at www.tnrecovery.gov).
- d. The Recovery Act, including but not limited to the following sections of that Act:
 - (1) Section 1604 – Disallowable Use. No funds pursuant to this Contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
 - (2) Section 1512 – Reporting and Registration Requirements. The Contractor must report on use of Recovery Act funds provided through this Contract. Information from these reports will be made available to the public.
 - (3) Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of one or more of the following related to the implementation or use of covered funds:
 - i. gross mismanagement,
 - ii. gross waste,
 - iii. substantial and specific danger to public health or safety,
 - iv. abuse of authority, or
 - v. violation of law, rule, or regulation (including those pertaining to the competition for or negotiation of a Contract).

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

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

- (4) Section 902 – Access Of Government Accountability Office. The Contractor shall provide that the Comptroller General and his representatives are authorized:
 - i. to examine any records of the Contractor or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Contract or a subcontract; and

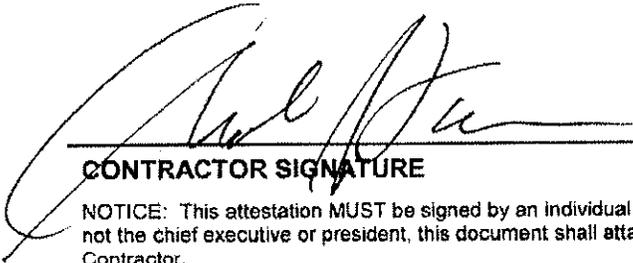
- ii. to interview any officer or employee of the Contractor or any of its subcontractors regarding such transactions.
- (5) Section 1514 – Inspector General Reviews. Any inspector general of a federal department or executive agency has the authority to review, as appropriate, any concerns raised by the public about specific investments using such funds made available in the Recovery Act. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.
- (6) Section 1515 – Access of Offices of Inspector General to Certain Records and Employers. With respect to this Contract, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:
- i. to examine any records, of the Contractor or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Contract; and
 - ii. to interview any officer or employee of the Contractor or any subcontractors regarding such transactions.
- (7) Section 1606 – Wage Rate Requirements. All laborers and mechanics employed by pursuant to this Contract shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All rulings and interpretations of the Davis-Bacon Act and related acts contained in 29 CFR 1, 3, and 5 are herein incorporated by reference.
- For purposes of this Contract, laborer or mechanic includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. The term laborer or mechanic includes apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen or guards.
- (8) Section 1605 – Buy American Requirements for Construction Material – Buy American, Use of American Iron, Steel, and Manufactured Goods. None of the funds provided by this Contract may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.
- e. The Contractor agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.
 - f. If the Contractor enters into one or more subcontracts for any of the services performed under this Contract, each subcontract shall contain provisions specifically imposing on the subcontractor all requirements set forth in this Contract Section E.17., "Federal Economic Stimulus Funding."

IN WITNESS WHEREOF,

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	32901-31113
CONTRACTOR LEGAL ENTITY NAME:	SPECTRUM HEALTH SYSTEMS, INC.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	042478978

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



CONTRACTOR SIGNATURE

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

Charles J. Faris, President and CEO

PRINTED NAME AND TITLE OF SIGNATORY

12/22/10

DATE OF ATTESTATION

LIQUIDATED DAMAGES SCHEDULE

BREACHES AND ASSOCIATED LIQUIDATED DAMAGES			
#	ISSUE	COST	FREQUENCY
1.	Failure to implement and provide required treatment modality as described in contract. (A.2.)	\$500	Initial Occurrence and every thirty (30) days the issue has not been resolved.
2.	Failure to provide approved pre and post assessments prior to release. (A.2.b. & A.3.a.)	\$50	Per Occurrence
3.	Failure to provide appropriate individual treatment plan for each participant within thirty (30) days of admittance to program. (A.3.b.)	\$50	Initial Occurrence and every thirty (30) days the issue has not been resolved.
4.	Failure to provide services at least five (5) days per week per contract requirement. (A.3.d.)	\$250	Each Day Deficient
5.	Failure to provide treatment programming content as outlined in contract. (A.3.e.)	\$250	Initial Occurrence and every thirty (30) days the issue has not been resolved.
6.	Failure to provide re-entry plan/discharge summary prior to release. (A.3.m.)	\$100	Per Occurrence
7.	Failure to follow urinalysis testing as outlined in policy 506.21 and 113.95. (A.4.)	\$25	Per Occurrence
8.	Failure to provide required staffing based on contract within forty five (45) days of a vacancy. (A.5.b.)	\$100	Per Day Vacant
9.	Failure to complete clinical files for all participants as outlined in policy 113.95. (A.6.e.)	\$50	Per Occurrence
10.	Failure to maintain clinical files per federal regulations 42.CFR.Part 2. (A.6.e.)	\$50	Per Occurrence