

CONTRACT AWARD
RFP-38 Rev. 4/11/19
Prev. Rev. 11/18/16

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES

PROCUREMENT DIVISION

450 Columbus Boulevard, Hartford, CT 06103

Michael Baczewski
Contract Specialist

860-713-5169
Telephone Number

CONTRACT AWARD NO.:

18PSX0130

Contract Award Date:

01 July 2019

RFP Due Date:

14 November 2018

CONTRACT AWARD

IMPORTANT: THIS IS NOT A PURCHASE ORDER. DO NOT PRODUCE OR SHIP WITHOUT AN AGENCY PURCHASE ORDER.

DESCRIPTION: **Workers Compensation Third Party Administrator Services**

FOR: Department of Administrative Services		TERM OF CONTRACT: 1 July 2019 through 30 June 2024	
		AGENCY REQUISITION NUMBER: 5308	
IN STATE (NON-SB) CONTRACT VALUE	DAS CERTIFIED SMALL BUSINESS CONTRACT VALUE	OUT OF STATE CONTRACT VALUE	TOTAL CONTRACT AWARD VALUE
-	-	\$24,875,000.00	\$24,875,000.00

NOTICE TO CONTRACTORS: This notice is not an order to ship. Purchase Orders against contracts will be furnished by the using agency or agencies on whose behalf the contract is made. INVOICE SHALL BE RENDERED DIRECT TO THE ORDERING AGENCY.

NOTE: Dollar amounts listed next to each contractor are possible award amounts, however, they do not reflect any expected purchase amounts (actual or implied). They are for CHRO use only.

NOTICE TO AGENCIES: A complete explanatory report shall be furnished promptly to the Procurement Manager concerning items delivered and/or services rendered on orders placed against awards listed herein which are found not to comply with the specifications or which are otherwise unsatisfactory from the agency's viewpoint, as well as failure of the contractor to deliver within a reasonable period of time specified. Please issue orders and process invoices promptly.

CASH DISCOUNTS: Cash discounts, if any, shall be given SPECIAL ATTENTION, but such cash discount shall not be taken unless payment is made within the discount period.

PRICE BASIS: Unless otherwise noted, prices include delivery and transportation charges fully prepaid f.o.b. agency. No extra charge is to be made for packing or packages.

CONTRACTOR INFORMATION:

REFER TO THE CONTRACT ON THE DAS PROCUREMENT WEB PAGE FOR THE MOST CURRENT CONTRACTOR INFORMATION. (<http://das.ct.gov/mp1.aspx?page=8>)

Company Name: **Gallagher Bassett Services, Inc.**

Company Address: **2850 Golf Road, Rolling Meadows, IL 60008**

Contact Person: **Mark Lemire**

Tel. No.: **860-256-3463**

Company/Contact Person Email Address: mark_lemire@gbtpa.com

Contact Person Address: **55 Hartland Street, Suite 400, East Hartford CT 06108**

Remittance Address: **2850 Golf Road, Rolling Meadows, IL 60008**

Company Web Site: www.gallagherbassett.com

Delivery: **Per Contract**

Certification Type (SBE, MBE or None): **None**

Contract Value: **\$24,875,000.00**

Prompt Payment Terms: **0% 00 Net 45**

APPROVED _____

JOSH GEBALLE

Commissioner

(Original Signature on Document in Procurement Files)

CONTRACT #18PSX0130

Between

THE STATE OF CONNECTICUT

Acting by its

DEPARTMENT OF ADMINISTRATIVE SERVICES

And

GALLAGHER BASSETT SERVICES, INC.

**WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR
SERVICES**

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This Information Processing Systems Contract (“Contract”) is made by and between the **STATE OF CONNECTICUT** (“State”), acting by its **Department of Administrative Services** (“DAS”) located at **450 Columbus Boulevard, Hartford, CT 06103**, under the authority of Sections 4d-2, 4d-5, and 4d-8 of the Connecticut General Statutes and **GALLAGHER BASSETT SERVICES, INC.** (“Contractor”), having its principal place of business at **2850 Golf Road, Rolling Meadows, IL 60008**.

Now therefore, in consideration of these presents, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge Contractor and the State agree as follows:

1. TERM OF CONTRACT

This Contract shall become effective upon its approval as to form by the Office of the Attorney General of the State of Connecticut (“Effective Date”), as evidenced by its signature below, and shall continue uninterrupted for five (5) years from the Effective Date. DAS, in its sole discretion, may extend this Contract one or more times for a combined total period not to exceed the complete length of the original term.

2. DEFINITIONS

- a) **Acceptance:** Determination made by the Department upon successful User Acceptance Test that the Deliverable, or if applicable, System, performs to the Specifications and fulfills the business and technical requirements of the Contract.
- b) **Acceptance Date:** The date the Department accepts a Deliverable or System in accordance with Section 7 below shall be deemed the Acceptance Date for each Deliverable or System.
- c) **Administrator:** A designated Department representative who is responsible for managing the Department’s User access to electronically stored information. The Administrator shall be responsible for implementing a role-based security process for access to electronically stored information.
- d) **Alteration:** The modification, changing, refashioning, remodeling, remaking, revising or reworking of any part of the System or Deliverable.
- e) **Business Hours(s):** Department’s business hours, Monday through Friday, 7am-5pm EST.
- f) **Claims:** All actions, suits, claims, demands, investigations, and proceedings of any kind, open, pending, or threatened, whether mature, un-matured, contingent, known or unknown, at law or in equity in any form.
- g) **Confidential Information:** Any name, number or other information that may be used, alone or in conjunction with any other information, to identify a specific individual including, but not limited to, such individual's name, date of birth, mother's maiden name, motor vehicle operator's license number, Social Security number, employee identification number, employer or taxpayer identification number, alien registration number, government passport number, health insurance identification number, demand deposit account number, savings account number, credit card number, debit card number or unique

biometric data such as fingerprint, voice print, retina or iris image, or other unique physical representation. Without limiting the foregoing, Confidential Information shall also include any information that DAS classifies as “confidential” or “restricted.” Confidential Information shall not include information that may be lawfully obtained from publicly available sources or from federal, state, or local government records which are lawfully made available to the general public.

- h) **Confidential Information Breach:** Generally, an instance where an unauthorized person or entity accesses Confidential Information in any manner, including but not limited to the following occurrences: (1) any Confidential Information that is not encrypted or protected is misplaced, lost, stolen or in any way compromised; (2) one or more third parties have had access to or taken control or possession of any Confidential Information that is not encrypted or protected without prior written authorization from the State; (3) the unauthorized acquisition of encrypted or protected Confidential Information together with the confidential process or key that is capable of compromising the integrity of the Confidential Information; or (4) if there is a substantial risk of identity theft or fraud to the client, the Contractor, the Department or State.
- i) **Contractor Parties:** A Contractor’s members, directors, officers, shareholders, partners, managers, principal officers, representatives, agents, consultants, employees or any one of them or any other person or entity with whom the Contractor is in privity of oral or written contract and the Contractor intends for such other person or entity to Perform under this Contract in any capacity.
- j) **Corrective Action Plan:** A detailed written plan produced by the Contractor at the request of the Department to correct or resolve Contractor deficiency(ies) identified by the Department in accordance with Section 8.
- k) **Deliverable:** Any product, service, or warranty that is required to be delivered to the Department under this Contract or available under Exhibit B, or both, whether produced by the Contractor or by a third party as a supplier or subcontractor to the Contractor.
- l) **Deliverables Document:** Exhibit A to this Contract - Document which sets forth and describes the Services and Deliverables that are to be provided or made available under this Contract and the specific requirements and terms applicable to those Services and Deliverables.
- m) **Deliverables Implementation Schedule:** Exhibit E to this Contract - Document which itemizes the timing requirements, including phases, and Department signoffs, as applicable or appropriate, for specific Deliverables and/or Services to be provided pursuant to the Contract.
- n) **Department:** Any and all departments, commissions, boards, bureaus, agencies, institutions, public authorities, offices, councils, associations, instrumentalities, entities or political subdivisions of the State that issue duly authorized Purchase Orders against this Contract.
- o) **Goods:** For the purposes of this Contract, all things which are movable at the time that this Contract is effective and which include, without limiting this definition, supplies, materials and equipment, as specified in the Solicitation and set forth in Exhibit A or Exhibit B, or both.

- p) **Hosting Environment:** Collectively the platform, environment, and conditions on, in, or under which the System software is installed and operates including such structural, functional and other features, conditions and components as hardware, operating software, system architecture and configuration.
- q) **Hosted Services:** The provision, management, operation, support, warranty and maintenance of the System and software within the Contractor’s setting, location or Hosting Environment.
- r) **Improvement:** Contractor changes made to Deliverables from time to time either to provide additional functions for Department use or to correct errors and other Performance deficiencies noted by the Department and reported to the Contractor.
- s) **Key Contractor Personnel:** The individual employees of Contractor who will be assigned to the Project.
- t) **Licensed Software:** Risx-Facs and Luminos software provided by Contractor in connection with the Deliverables, subject to Section 14 of this Contract.
- u) **Perform:** For the purposes of this Contract, the verb “to perform” and the Contractor’s performance set forth in this Contract and its exhibits are referred to as “Perform,” “Performance” and other capitalized variations of the term.
- v) **Product & Pricing Schedule:** Exhibit B to this Contract - Document which lists the Deliverables and Services available under this Contract and establishes the component or unit pricing and price schedules for each Deliverable and Service available pursuant to this Contract.
- w) **Product Schedule Update:** Update to the Product & Pricing Schedule in accordance with Section 3 of this Contract to make additional products or services available under this Contract or to alter the pricing of products or services listed in the Product & Pricing Schedule.
- x) **Purchase Order:** Document issued by a Department for one or more Goods, Deliverables or Services in accordance with the terms and conditions of this Contract.
- y) **Records:** All working papers and such other information and materials as may have been accumulated by the Contractor in Performing this Contract, including but not limited to, documents, data, plans, books, computations, drawings, specifications, notes, reports, records, estimates, summaries, memoranda and correspondence, kept or stored in any form.
- z) **Services:** The Performance of labor or work set forth in Exhibit A or in the Statement of Work, whichever is applicable.
- aa) **Solicitation:** Request for Proposal entitled Workers Compensation Third Party Administrator Services dated 4 October 2018.

- bb) **Specifications:** The written technical and non-technical detailed documentation of the Deliverables' and the System's capabilities, as approved and accepted in writing by the Department prior to acceptance of the System.
- cc) **State:** The State of Connecticut, including the Department and any office, department, board, council, commission, institution or other agency or entity of the State.
- dd) **Statement of Work (SOW):** Statement issued in connection with a Purchase Order for a Deliverable or Service available under this Contract which sets forth all work and payment requirements for Contractor's Performance in connection with said Purchase Order.
- ee) **System:** Contractor furnished or otherwise supplied Deliverables, including Hosted Services that collectively and in an integrated fashion fulfill the business and technical requirements of this Contract and its exhibits.
- ff) **Term:** The original term of the Contract plus any extensions exercised under Section 1 of the Contract.
- gg) **Termination:** An end to this Contract prior to the end of its Term.
- hh) **Upgrade:** A change to the primary version number of the Licensed Software, generally providing additional features or functionality
- ii) **Update:** A change to the Licensed Software to correct bugs or defects, patches or changes to enable the Licensed Software to operate on new or upgraded operating platforms.
- jj) **User Acceptance Testing (UAT):** Phase in which the State tests the functionality of a Deliverable with real world scenarios to determine if the Deliverable performs in accordance with the agreed upon design as contained in the Specifications.
- kk) **User:** A Department representative that may access the Licensed Software. User access to the Licensed Software will be subject to role-based security implemented by the Department's Administrator.

3. ACQUIRING DELIVERABLES AND SERVICES

- a) Subject to the terms and conditions of this Contract, Contractor shall sell, transfer, convey and/or license to the State any duly ordered Deliverable and/or Perform the Services in accordance with Exhibit A and in accordance with a Statement of Work, as applicable. Such Deliverables or Services, as appropriate, shall be itemized in and available under the Product & Pricing Schedule and may be acquired through properly issued Purchase Orders.
- b) Any Purchase Order is subject to the terms of this Contract and shall remain in effect until Department acceptance of full Performance of all Deliverables and Services contained in the applicable Purchase Order, unless terminated sooner under the terms of this Contract. Neither party shall be bound by any additional

terms different from those in this Contract that may appear on a Purchase Order or other form document issued by either party.

c) Contractor may supplement Exhibit B at any time to make additional products, services and related terms available to the State, provided that the effective date of each supplement is stated thereon. Any supplement shall be transmitted to the DAS with a cover letter documenting formal approval of the supplement by a Contractor representative legally empowered to so act. The supplement will only be deemed accepted by DAS if it issues a Product Schedule Update letter to Contractor, indicating its concurrence with the supplement.

d) Notwithstanding any other provision of this Contract, no material change may be made to the Deliverables set forth in Exhibit A that alters the nature or scope of the Deliverables or their intended use. Any change in the Deliverables set forth in Exhibit B shall be conditioned upon the new product(s) being of a similar nature and having a similar use as the defined Deliverables. An update of the Deliverables or the addition of products that are related to or serve similar functions as the Deliverables is permissible only with the prior written approval of the DAS.

e) Reserved.

f) Contractor shall provide the State with a discount on any Product Schedule Update according to the discount, if any, shown on the Exhibit B.

g) The Department is authorized to use any Licensed Software solely for the State's business purposes in connection with the Deliverables. During the term of the Contract, Contractor shall provide the Department the right to access and use Contractor's Licensed Software within the Hosting Environment in accordance with Section 14, Licensed Software.

h) No additions to or reductions in the Deliverables and prices for work completed in the Performance of any Purchase Order shall be permitted unless the Department issues a change order in accordance the provisions of Section 5.

i) The Department shall issue a Purchase Order when acquiring any Deliverable or Service available under this Contract and, if appropriate, a Statement of Work mutually acceptable to the purchasing Department and the Contractor.

4. PROJECT PERSONNEL

a) The Department shall designate a project administrator (the "Project Administrator"), who may be replaced at the discretion of the Department. The Project Administrator shall have the authority to act for the Department under this Contract for any Deliverable(s) initially acquired/installed from the Contractor and such authority shall continue to be in effect throughout the term of this Contract.

Department shall, in its discretion, have the right to require and approve Key Contractor Personnel. If Department is dissatisfied with the performance of any prior approved Key Contractor Personnel, Department shall notify Contractor of Department's desire to change any Key Contractor Personnel. Contractor shall make such requested change within thirty (30) calendar days of the request for such change.

5. CHANGE ORDERS

- a) The Department may, at any time, with written notice to Contractor, request changes within the scope of Exhibit A or Statement of Work, if applicable. Such changes shall not be unreasonably denied or delayed by Contractor. Such changes may include, but are not limited to, modifications or other changes required by new or amended State and/or Federal laws and regulations relating to functional requirements and processing procedures, or involving the correction of System deficiencies. Any changes required because the System does not fully perform in accordance with this Contract, shall be made by Contractor without charge to the Department. Any investigation necessary to determine the source of the problem requiring the change shall be done by Contractor at its sole cost and expense.
- b) A change order request may be issued by either party and must be in writing. As soon as possible after Contractor receives a written change order request, but in no event later than fifteen (15) calendar days thereafter, the Contractor shall provide the Department with a written statement confirming the change has no price impact on the Contract or, if there is a price impact, Contractor shall provide the Department a written statement explaining the price increase or decrease involved in implementing the requested change.
- c) If the Department issues a change order requesting a change to the System to comply with changes to Federal or State law, or changes to regulations affecting the Department, the Contractor shall perform the changes at a mutually agreed-to cost to the Department. Additionally, Contractor may, with written notice to the Department, request changes to any scope of work or pricing to the extent required by changes in laws and regulations impacting the services.
- d) No change order with a price impact will be effective until Contractor receives written confirmation from the Department.

6. DELIVERABLE, IMPLEMENTATION AND HOSTED SERVICES

- a) Contractor shall provide all Deliverable compatibility system surveys, consultation, reference manuals, onsite operational training to facilitate proper use and operation of all Deliverables.
- b) Contractor represents and warrants that it shall complete development, implementation and hosting of the System in accordance with the Contract and Exhibits.

7. DELIVERABLE EVALUATION & ACCEPTANCE

- a) Any Deliverable furnished by Contractor under the terms of this Contract and Contract Exhibits will be subject to User Acceptance Testing. User Acceptance Testing for each Deliverable begins as of the date the Department notifies the Contractor in writing that the Deliverable is ready for UAT. The following procedures will apply during UAT:
- 1) The Department shall provide Contractor with (a) written notice of Acceptance of the Deliverable or (b) a written statement which identifies in reasonable detail, with references to the applicable requirements, the deficiencies preventing Acceptance.
 - 2) Contractor shall have five (5) business days, or such other period mutually agreed upon by the parties in writing, from the date it receives the notice of deficiencies to complete corrective actions to make Deliverable conform in all material respects to the applicable Specifications. The Department shall

review the corrected Deliverable and notify Contractor in writing of acceptance or rejection in accordance with the foregoing provisions of this section.

3) The Acceptance Date for a Deliverable shall be the date of written notice of Acceptance of the Deliverable from Department to Contractor.

b) Upon Acceptance of each of the Deliverables required under Exhibit A, the Department shall perform UAT on the System prior for Acceptance prior to the Department’s utilization of the System in a production environment. If UAT for the System is successfully completed, the Department shall notify the Contractor in writing of the Department’s Acceptance the System, and the date of such notice will be the Acceptance Date for the System.

c) If requested by Contractor, Department shall complete Contractor’s acceptance certificate, in a form reasonably acceptable to Department, so long as such certificate does not amend, alter or modify in any way the terms and conditions of this Contract or the obligations hereunder.

8. PAYMENTS AND CREDITS

a) The Department shall pay for Deliverables only upon acceptance of the Deliverable(s) pursuant to Section 7 and receipt of a properly documented invoice from the Contractor. The Department shall pay Contractor within thirty (30) days after the Deliverable Acceptance Date and receipt of Contractor’s properly documented invoice, whichever is the later date.

b) The State shall make all payments to the Contractor through electronic funds transfer via the Automated Clearing House (“ACH”). Contractor shall enroll in ACH through the Office of the State Comptroller prior to sending any invoice to the State. The Contractor may obtain detailed information regarding ACH at: <http://www.osc.ct.gov/vendor/directdeposit.html>.

c) Contractor may assign any payments, in whole or in part, upon prior written notice to the Department and compliance with the requirements of the State's Comptroller's Office concerning such assignments. No assignment of receivables by Contractor shall relieve Contractor of any obligations under this Contract without prior written Department consent in each such instance. Notwithstanding any such assignment, Contractor represents and warrants that the Deliverable shall be and remain free of any repossession or any Claims by Contractor or its successors and assigns, subject to the terms and conditions of this Contract.

d) Contractor shall furnish separate invoices for each Purchase Order and shall list each license charge, maintenance and support charge or other charge included in each invoice as separate line items.

9. LICENSED SOFTWARE MAINTENANCE & SUPPORT

a) After Acceptance of the System by the Department and throughout the duration of the Contract, Contractor represents and warrants that:

1. Maintenance and support services for the Licensed Software shall be provided to the Department at no additional cost other than as set forth in Exhibit B;
 2. Contractor shall provide reasonable and competent assistance in accordance with the requirements of Exhibit D;
 3. For Hosted Services, Contractor shall maintain the System so that it operates in conformity to the Specifications stated in the Contract and the Contract Exhibits;
 4. Contractor shall provide Updates and Upgrades to the Licensed Software at no additional cost to Department; and
 5. If possible and supported by its vendors, and at a mutually agreed-to cost, based on good faith dealings between the Department and the Contractor, Contractor shall update any Deliverable, if and as required, to cause it to operate under new versions or releases of the operating system(s), database system(s), application servers or report servers that comprise the Department's computer operating environment.
- b) Maintenance and support services for the Licensed Software shall be provided by the Contractor on a monthly basis. Contractor shall invoice the Department on a monthly basis in accordance with the Product & Pricing Schedule.
- c) Provided the Department is current on its maintenance and support payments, the Contractor shall provide the following maintenance and support services for the Licensed Software:
1. Contractor shall provide reasonable and competent assistance in accordance with the requirements of Exhibit D;
 2. Contractor shall provide Updates and Upgrades to the Licensed Software at no additional cost; and
 3. If possible and supported by its vendors, and at a mutually agreed-to cost, based on good faith dealings between the Department and the Contractor, Contractor shall update any Deliverable, if and as required, to cause it to operate under new versions or releases of the operating system(s), database system(s), application servers or report servers that comprise the Department's computer operating environment.
- d) Contractor shall maintain sufficient and competent Deliverable support services staff to satisfy the Contractor obligations specified herein for any Deliverable.
- e) Contractor shall have access to any Deliverable to provide required services thereon, subject to the Department's access and security policies.
- f) Contractor shall maintain at all times a copy of the most current version of the Licensed Software utilized by the Department.
- g) Contractor shall provide a complete list of any platform requirements and specifications to provide technical support services.
- h) If a Deliverable becomes not usable due to new versions or releases of the operating system(s), database system(s), application servers or report servers that comprise the Department's computer operating environment, the Contractor shall have thirty (30) days from the date of written notification by the

Department provide an Update to restore functions to the standards required under this Contract. If the Contractor fails to provide such Update, the Department may cease payments for maintenance and support until such time the Deliverable and System operates in conformance with the Specifications and may require Contractor reimburse the Department for any maintenance and support amounts paid by the Department for the period during which the Deliverable(s) or System were not usable. If, after the expiration of thirty (30) days from the date of said notification, the Deliverable remains not usable, then the applicable license may be terminated at the option of said Department without further obligation or liability.

i) The Department may cancel maintenance and support at any time.

j) If the Department allows maintenance and support services to lapse, the Department may at any time reinstate maintenance and support services with fifteen (15) day advance written notice to the Contractor. Upon such reinstatement, the Department will be responsible for payment of the maintenance and support fees beginning the date Contractor commences maintenance and support services. The Department shall not be responsible for payment of any separate fees or penalties in order to reinstate maintenance or support services.

10. RESERVED

11. RESERVED

12. WARRANTIES

a) Contractor represents and warrants that the System and Hosting Environment shall conform to the terms and conditions of this Contract and the Specifications, and be free from defects in material and workmanship upon the Acceptance Date of the System by the Department and during the Contract Term.

b) Additionally, Contractor shall modify, adjust, repair and/or replace such Deliverable(s), at no charge to Department, as necessary to maintain ongoing System reliability according to Exhibit D.

c) If the ongoing Performance of Contractor’s maintenance and support of the System or the performance of the System do not conform to Exhibit D, DAS or the Department shall give Contractor written notice of performance deficiencies. Contractor shall then have not more than a thirty (30) calendar day period, unless otherwise permitted by the Department, to correct the applicable deficiency and restore the functioning of the System to a level of operation that meets the requirements of this Contract.

d) In the event of a material default by the Contractor under the subsection (c) above, in addition to any other rights or remedies provided in this Contract, DAS may, by written notice to Contractor, terminate this Contract. In event of such termination, if the material default is such that the System cannot conform to the requirements of this Contract and Exhibit D, the Contractor shall reimburse the Department all monies paid by Department within the calendar year the breach occurred to Contractor in connection with Exhibit A or Statement of Work, whichever is applicable.

13. RESERVED

14. LICENSED SOFTWARE

a) Contractor grants to the Department an irrevocable, transferable and non-exclusive license of access and use of the Licensed Software for the Department's operations and purposes during the Term and thereafter during the transition to another contractor. The Department shall have the right to provide other State entities and third parties access and use of the Licensed Software.

b) In the event any Licensed Software Deliverable becomes the actual or prospective subject of any patent, copyright, license & proprietary rights claim or proceeding, Contractor may, at its discretion:

1. Modify the Deliverable or substitute another equally suitable Deliverable (provided that the performance of the modified or substitute Deliverable equals or exceeds that of the original Deliverable);
2. Obtain for the State or Department the right to continued use of the Deliverable; or
3. If use of the Deliverable is prevented by injunction, take back the Deliverable and credit the State or Department for any charges as a result of enjoined use as follows:
 - a. If the Deliverable is a periodic payment license, Contractor shall promptly refund the Department the amount of the fees paid to the Contractor for the portion of the applicable term found to be infringing.
 - b. If the Deliverable is a lump-sum payment license, Contractor shall promptly refund the Department any license fee paid by the Department to the Contractor for the Licensed Software Deliverable as determined by the point in the Term in which the Acceptance Date of the terminated Deliverable occurred:
 1. 1st - 12th month: 100% of license fee paid
 2. 13th - 24th month: 75% of license fee paid
 3. 25th - 36th month: 50% of license fee paid
 4. 37th month and over: 25% of license fee paid

c) Contractor shall not have any liability for any infringement claim or proceeding based on the Department's use of a Deliverable for which it was neither designed nor intended.

d) Any and all inventions or improvements to computer programs and/or base software specifically developed by the Contractor and paid for by the Department pursuant to this Contract will be owned by the State. The State shall retain all ownership rights to any such inventions or improvements.

e) Contractor shall provide to the Department reproductions of the patent, copyright, license or proprietary rights information notices which are applicable and were affixed to original Deliverables. Once the Department receives those notices, the Department shall promptly affix them to any copies made of the Deliverable. The Department shall maintain the confidentiality of any such Licensed Software Deliverable consistent with its privileged nature, and shall not divulge the Deliverable or make it available to any third party, except as may be noted elsewhere in this Contract or as it may be required under the Connecticut Freedom of Information Act. This obligation survives the expiration or early termination of this Contract.

f) Any Alteration of a Licensed Software Deliverable that changes the operation or functionality of the Licensed Software Deliverable by the Department without prior written consent of Contractor shall void the obligations of Contractor under Section 9, and 12 for such Deliverable.

g) Neither the State nor the Department will reproduce, create derivative works, translate, reverse engineer or decompile the Licensed Software, in whole or in part, nor create or attempt to create, by reverse engineering or disassembling of the design, algorithms or other proprietary trade secrets of the Licensed Software.

15. CONFIDENTIALITY; NONDISCLOSURE

a) The State shall exercise at least the same degree of care to safeguard any trade secrets or confidential information of Contractor Licensed Software as the State does its own property of a similar nature and shall take reasonable steps to assure that neither the Licensed Software nor any part thereof received by the State under this Contract shall be disclosed for reasons other than its own business operations. Such prohibition on disclosures shall not apply to disclosures by the State to its employees or its representatives, provided such disclosures are reasonably necessary to the State's use of the Deliverable, and provided further that the State shall take all reasonable steps to ensure that the Deliverable is not disclosed by such parties in contravention of this Contract. The State's performance of the requirements of this section shall be subject to the State of Connecticut Freedom of Information Act, as amended.

b) All Records, including any data owned by the State in any form, in the possession of the Contractor or Contractor Parties must remain within the United States and may not be stored, hosted or otherwise maintained outside of the United States.

16. PROTECTION OF CONFIDENTIAL INFORMATION

a) Contractor and Contractor Parties, at their own expense, have a duty to and shall protect from a Confidential Information Breach any and all Confidential Information which they come to possess or control, wherever and however stored or maintained, in a commercially reasonable manner in accordance with current industry standards.

b) Each Contractor or Contractor Party shall develop, implement and maintain a comprehensive data - security program for the protection of Confidential Information. The safeguards contained in such program shall be consistent with and comply with the safeguards for protection of Confidential Information, and information of a similar character, as set forth in all applicable federal and state law and written policy of the Department or State concerning the confidentiality of Confidential Information. Such data-security program shall include, but not be limited to, the following:

1. A security policy for employees related to the storage, access and transportation of data containing Confidential Information;
2. Reasonable restrictions on access to records containing Confidential Information, including access to any locked storage where such records are kept;

3. A process for reviewing policies and security measures at least annually;
4. Creating secure access controls to Confidential Information, including but not limited to passwords; and
5. Encrypting of Confidential Information that is stored on laptops, portable devices or being transmitted electronically.

c) The Contractor and Contractor Parties shall notify DAS, the Department and the Connecticut Office of the Attorney General as soon as practical, but no later than twenty-four (24) hours, after they become aware of or suspect that any Confidential Information which Contractor or Contractor Parties have come to possess or control has been subject to a Confidential Information Breach. If a Confidential Information Breach has occurred, the Contractor shall, within three (3) business days after the notification, present a credit monitoring and protection plan to the Commissioner of Administrative Services, the Department and the Connecticut Office of the Attorney General, for review and approval. Such credit monitoring or protection plan shall be made available by the Contractor at its own cost and expense to all individuals affected by the Confidential Information Breach. Such credit monitoring or protection plan shall include, but is not limited to reimbursement for the cost of placing and lifting one (1) security freeze per credit file pursuant to Connecticut General Statutes § 36a-701a. Such credit monitoring or protection plans shall be approved by the State in accordance with this section and shall cover a length of time commensurate with the circumstances of the Confidential Information Breach. The Contractors' costs and expenses for the credit monitoring and protection plan shall not be recoverable from DAS, the Department, any State of Connecticut entity or any affected individuals.

d) The Contractor shall incorporate the requirements of this section in all subcontracts requiring each Contractor Party to safeguard Confidential Information in the same manner as provided for in this section.

e) Nothing in this section shall supersede in any manner Contractor's or Contractor Party's obligations pursuant to HIPAA or any provisions of this Contract concerning the obligations of the Contractor as a Business Associate of Covered Entity.

17. RESERVED

18. RISK OF LOSS & INSURANCE

a) The State shall not be liable to Contractor for any risk of Deliverable loss or damage while Deliverable is in transit, or while in the Department's possession, except when such loss or damage is due directly to the Department's negligence or intentional misconduct. Nothing in this section is intended nor shall it be construed, in any manner, as waiving or compromising the sovereign immunity of the State.

b) Throughout the Term, Contractor shall maintain, at Contractor's sole cost and expense, a policy or policies of commercial general liability insurance, including contractual liability coverage, in an amount not less

than \$1,000,000.00 for all damages arising out of bodily injuries to, or death of, all persons and injuries to or destruction of property, in any one accident or occurrence, and, subject to that limit per accident, a total (or aggregate) limit of \$2,000,000.00 per occurrence for all damages arising out of bodily injuries to, or death of, all persons and injuries to or destruction of property per policy period. Such insurance policy or policies shall name the State as additional insured. Contractor shall provide the State a certificate of insurance evidencing the above coverage on an annual basis and shall not begin performance of the Services until such a certificate has been provided to DAS, and, if requested, the Department.

c) During the Term, and for a period of three (3) years thereafter, the Contractor shall carry Professional Liability Insurance in the amount of \$1,000,000 per Claim and Annual Aggregate. Contractor shall provide the State a certificate of insurance evidencing such Professional Liability Insurance coverage upon written request on an annual basis and shall not begin Performance of the Services until such a certificate has been provided to the Department.

d) Throughout the Term, Contractor shall carry, at Contractor's sole cost and expense, an Information Security Privacy insurance policy with limits not less than \$1,000,000 per occurrence or claim, \$1,000,000 aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Contractor in this Contract and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, release of Confidential Information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

e) All insurance, with the exception of the professional liability insurance required under (c) above or the Information Security Privacy Insurance Policy required under (d) above, must be written on an occurrence basis as opposed to a "claims made" basis.

19. DELIVERABLE ALTERATIONS

a) This section applies only to Deliverables that do not include or incorporate Licensed Software as an operational component and applies only to Alterations made during the Term of the Contract.

b) During the Term of the Contract, Alterations of a Deliverable may be made by the Department only with the prior written consent of Contractor and/or manufacturer. Such consent shall not be unreasonably withheld or delayed and shall be provided without cost to the Department.

20. FORCE MAJEURE

Neither party shall be responsible for delays or failures in its obligations herein due to any cause beyond its reasonable control. Such causes shall include, but not be limited to, strikes, lockouts, riot, sabotage, rebellion, insurrection, acts of war or the public enemy, acts of terrorism, unavailable raw materials, telecommunication or power failure, fire, flood, earthquake, epidemics, natural disasters, and acts of God.

21. ANTITRUST

Contractor hereby irrevocably assigns to the State of Connecticut all rights, title and interest in and to all Claims associated with this Contract that Contractor now has or may or will have and that arise under the antitrust laws of the United States, 15 USC Section 1, *et seq.* and the antitrust laws of the State of Connecticut, Connecticut General Statute § 35-24, *et seq.*, including but not limited to any and all Claims for overcharges. This assignment shall become valid and effective immediately upon the accrual of a Claim without any further action or acknowledgment by the parties.

22. GENERAL PROVISIONS

- a) Section headings and document titles used in this Contract are included for convenience only and shall not be used in any substantive interpretation of this Contract.
- b) If any term or condition of this Contract is decided by a proper authority to be invalid, the remaining provisions of the Contract shall be unimpaired and the invalid provision shall be replaced by a provision which comes closest to the intention underlying the invalid provision. Contractor shall comply with the statutes, regulations, Executive Orders and policies incorporated into this Contract to the extent that such statutes, regulations, Executive Orders and/or policies are applicable to Contractor in connection with its Performance under this Contract.
- c) The failure at any time by either party to this Contract to require performance by the other party of any provision hereof shall not affect in any way the full right to require such performance at any time thereafter. The failure of either party to enforce or pursue a right or remedy shall not constitute a waiver of the right or remedy itself, unless such a waiver is expressed in writing and signed by a duly authorized representative of the waiving party.
- d) In any case where the consent or approval of either party is required to be obtained under this Contract, such consent or approval shall not be unreasonably withheld or delayed. No such consent or approval shall be valid unless in writing and signed by a duly authorized representative of that party. Such consent or approval shall apply only to the given instance, and shall not be deemed to be a consent to, or approval of, any subsequent like act or inaction by either party.
- e) The Department shall not remove or destroy any proprietary markings or proprietary legends placed upon or contained within any Deliverable.
- f) Except as may be otherwise provided for in this Contract, the Department shall not assign, mortgage, alter, relocate or give up possession of any Deliverable to which Contractor retains title without the prior written consent of Contractor.
- g) Contractor represents and warrants that it shall not, without prior written consent from the State, make any reference to the Department or the State in any of Contractor's advertising or news releases. The Contractor may use the State's and/or the Department's name as a specific citation within proposals it submits.
- h) Contractor shall execute any and all documents or to take any actions which may be reasonably necessary to perfect the rights granted to the State in Section 14.
- i) Neither Department nor Contractor's personnel who had substantive contact with personnel of the other in the course of the Performance of the Services hereunder shall directly or indirectly employ, solicit,

engage or retain the services of such an employee of the other party to this Contract during its Term and for a period of one year from the Termination of this Contract or such longer period as may be required by State statute. This provision shall not restrict the right of either party to solicit or recruit generally in the media.

j) The Department shall cooperate with Contractor in the Performance by Contractor of the services hereunder, including, (i) providing Contractor with adequate working space, equipment and facilities and timely access to data, information, and personnel of the State; (ii) providing experienced and qualified personnel to perform their assigned tasks and duties in a competent and timely fashion; (iii) providing a stable, fully functional system infrastructure environment which will support the Deliverables and allow Contractor and the Department to work productively; and (iv) promptly notifying Contractor of any issues, concerns or disputes with respect to the services provided by Contractor hereunder. The Contractor shall not be responsible for, among other things, the performance of the Department's personnel and agents, and the accuracy and completeness of all data and information provided to Contractor by the Department for purposes of the performance of the services hereunder.

k) Each of the State and Contractor is an independent contractor and neither of them is, nor shall be considered to be, nor shall purport to act as, the other's agent, partner, fiduciary, joint venturer, or representative.

l) Contractor may (i) provide any Services to any person or entity, and (ii) develop for itself, or for others, materials or processes including those that may be similar to those produced as a result of the services hereunder, provided that, Contractor complies with its obligations of confidentiality set forth in Sections 14, 15 and 16.

m) All references in this Contract to any statute, public act, regulation, code or executive order shall mean such statute, public act, regulation, code or executive order, respectively, as it has been amended, replaced or superseded at any time. Notwithstanding any language in this Contract that relates to such statute, public act, regulation, code or executive order, and notwithstanding a lack of a formal amendment to this Contract, this Contract shall always be read and interpreted as if it contained the most current and applicable wording and requirements of such statute, public act, regulation, code or executive order as if their most current language had been used in and requirements incorporated into this Contract at the time of its execution.

23. COMMUNICATIONS

a) Unless notified otherwise by the other party in writing, correspondence, notices, and coordination between the parties to this Contract as to general business matters or the terms and conditions herein shall be directed to:

State: State of Connecticut, Department of Administrative Services
Procurement Division
450 Columbus Boulevard, Suite 1202
Hartford, CT 06103
Attention: Michael Baczewski

Contractor: Gallagher Bassett Services, Inc.

Global Corporate Headquarters
2850 Golf Road,
Rolling Meadows, IL 60008
Attention: General Counsel

b) Details regarding Contractor invoices and all technical or day-to-day administrative matters pertaining to any Deliverable shall be directed to:

Department: The individual specified in the applicable Purchase Order

Contractor: The individual designated by Contractor in their Proposal or as the Contractor may otherwise designate in writing to the Department.

24. RESERVED

25. WHISTLEBLOWER PROVISION

This Contract may be subject to the provisions of Section 4-61dd of the Connecticut General Statutes. In accordance with this statute, if an officer, employee or appointing authority of the Contractor takes or threatens to take any personnel action against any employee of the Contractor in retaliation for such employee's disclosure of information to any employee of the contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under the provisions of subsection (a) of such statute, the Contractor shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty per cent of the value of this Contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state contractor, as defined in the statute, shall post a notice of the provisions of the statute relating to large state contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.

26. DISCLOSURE OF PUBLIC RECORDS PROVISION

This Contract may be subject to the provisions of Section 1-218 of the Connecticut General Statutes. In accordance with this statute, each contract in excess of two million five hundred thousand dollars between a public agency and a person for the performance of a governmental function shall (a) provide that the public agency is entitled to receive a copy of records and files related to the performance of the governmental function, and (b) indicate that such records and files are subject to FOIA and may be disclosed by the public agency pursuant to FOIA. No request to inspect or copy such records or files shall be valid unless the request is made to the public agency in accordance with FOIA. Any complaint by a person who is denied the right to inspect or copy such records or files shall be brought to the Freedom of Information Commission in accordance with the provisions of Sections 1-205 and 1-206 of the Connecticut General Statutes.

27. FORUM AND CHOICE OF LAW

The parties deem the Contract to have been made in the City of Hartford, State of Connecticut. Both parties agree that it is fair and reasonable for the validity and construction of the Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. To the extent that any immunities provided by Federal law or the laws of the State of Connecticut do not bar an action against the State, and to the extent that these courts are courts of competent jurisdiction, for the purpose of venue, the complaint shall be made returnable to the Judicial District of Hartford only or shall be brought in the United States District Court for the District of Connecticut only, and shall not be transferred to any other court, provided, however, that nothing here constitutes a waiver or compromise of the sovereign immunity of the State of Connecticut. The Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding.

28. BREACH

- a) If either party breaches the Contract in any respect, the non-breaching party shall provide written notice of the breach to the breaching party by overnight or certified mail, return receipt requested, to the most current address the breaching party has furnished for the purposes of correspondence and afford the breaching party an opportunity to cure within thirty (30) days from the date that the breaching party receives the notice. In the case of a Contractor breach, DAS may set forth any period greater or less than thirty (30) days, so long as such time period is otherwise consistent with the provisions of this Contract (for the purposes of this paragraph, the time period set forth by the non-breaching party shall be referred to as the “right to cure period”). The right to cure period shall be extended if the non-breaching party is satisfied that the breaching party is making a good faith effort to cure, but the nature of the breach is such that it cannot be cured within the right to cure period.
- b) In the event of a breach, DAS may require the Contractor to prepare and submit to DAS or the Department a Corrective Action Plan in connection with an identified breach. The Corrective Action Plan shall provide a detailed explanation of the reasons for the cited deficiency(ies), the Contractor’s assessment or diagnosis of the cause, and a specific proposal to cure or resolve the deficiency(ies). The Contractor shall submit the Corrective Action Plan within ten (10) business days following the request for the plan by the State and is subject to approval by the Department or DAS, which approval shall not unreasonably be withheld. Notwithstanding the submission and acceptance of a Corrective Action Plan, Contractor remains responsible for achieving all Performance criteria. The acceptance of a Corrective Action Plan shall not excuse prior substandard Performance, relieve Contractor of its duty to comply with Performance standards, or prohibit the State from pursuing additional remedies or other approaches to correct substandard Performance.
- c) The written notice of the breach may include an effective Termination date. If the identified breach is not cured by the stated Termination date, unless otherwise modified by the non-breaching party in writing prior to such date, no further action shall be required of any party to effect the Termination as of the stated date. If the notice does not set forth an effective Termination date, the non-breaching party shall be required to provide the breaching party no less than twenty four (24) hours written notice prior to terminating the Contract, such notice to be provided in accordance with Section 29(c).

- d) If the Department reasonably and in good faith determines the Contractor has not Performed in accordance with the Contract, the State may withhold payment in whole or in part in an amount reasonably related to the non-performance pending resolution of the Performance issue, provided that the State notifies the Contractor in writing prior to the date that the payment would have been due.
- e) Notwithstanding any provisions in this Contract, DAS may terminate this Contract with no right to cure period for Contractor's breach or violation of any of the provisions in the section concerning Representations and Warranties and revoke any consent to assignments given as if the assignments had never been requested or consented to, without liability to the Contractor or Contractor Parties or any third party.
- f) Termination under this Breach section is subject to the provisions of the Termination section in this Contract.

29. TERMINATION

- a) Notwithstanding any provisions in this Contract, the DAS, through a duly authorized employee, may Terminate the Contract whenever DAS makes a written determination that such Termination is in the best interests of the State. DAS shall notify the Contractor in writing of Termination pursuant to this section, which notice shall specify the effective date of Termination and the extent to which the Contractor must complete its Performance under the Contract prior to such date.
- b) Notwithstanding any provisions in this Contract, DAS, through a duly authorized employee, may, after making a written determination that the Contractor has breached the Contract, Terminate the Contract in accordance with the provisions in the Breach section of this Contract.
- c) DAS shall send the notice of Termination via certified mail, return receipt requested, to the Contractor at the most current address which the Contractor has furnished to DAS for purposes of correspondence, or by hand delivery. Upon receiving the notice from the DAS, the Contractor shall immediately discontinue all services affected in accordance with the notice, undertake commercially reasonable efforts to mitigate any losses or damages and deliver to the Department all Records. The Records are deemed to be the property of the Department and the Contractor shall deliver them to the Department no later than thirty (30) days after the Termination of the Contract or fifteen (15) days after the Contractor receives a written request from the Department for the Records. The Contractor shall deliver those Records that exist in electronic, magnetic or other intangible form in a non-proprietary format, such as, but not limited to, ASCII or .TXT.
- d) Upon receipt of a written notice of Termination from DAS, the Contractor shall cease operations as DAS directs in the notice, and take all actions that are necessary or appropriate, or that DAS may reasonably direct, for the protection, and preservation of the Goods and any other property. Except for any work which DAS directs the Contractor to Perform in the notice prior to the effective date of Termination, and except as otherwise provided in the notice, the Contractor shall terminate or conclude all existing subcontracts and purchase orders and shall not enter into any further subcontracts, purchase orders or commitments.
- e) The Department shall, within forty-five (45) days of the effective date of Termination, reimburse the Contractor for its Performance rendered and accepted by the Department, in addition to all reasonable costs, incurred after Termination in completing those portions of the Performance which the notice required the Contractor to complete. However, the Contractor is not entitled to receive and the Department is not obligated to tender to the Contractor any payments for anticipated or lost profits. Upon request by DAS, the

Contractor shall assign to DAS or the Department, or any replacement contractor which DAS or the Department designates, all subcontracts entered into by the Contractor specifically to Perform services under this Contract , purchase orders, and other information pertaining to its Performance, and remove from State premises, whether leased or owned, all of Contractor’s property, equipment, waste material and rubbish related to its Performance, all as DAS may request.

f) For breach or violation of any of the provisions in the section concerning Representations and Warranties, the DAS may Terminate the Contract in accordance with its terms and revoke any consents to assignments given as if the assignments had never been requested or consented to, without liability to the Contractor or Contractor Parties or any third party.

g) Upon Termination of the Contract, all rights and obligations shall be null and void, so that no party shall have any further rights or obligations to any other party, except with respect to the sections which survive Termination. All representations, warranties, agreements and rights of the parties under the Contract shall survive such Termination to the extent not otherwise limited in the Contract and without each one of them having to be specifically mentioned in the Contract.

h) Termination of the Contract pursuant to this section shall not be deemed to be a breach of the Contract by the State.

30. REPRESENTATIONS AND WARRANTIES

The Contractor represents and warrants to the State for itself and the Contractor Parties that:

a) if they are entities, they are duly and validly existing under the laws of their respective states of organization and authorized to conduct business in the State of Connecticut in the manner contemplated by the Contract. Further, as appropriate, they have taken all necessary action to authorize the execution, delivery and Performance of the Contract and have the power and authority to execute, deliver and Perform their obligations under the Contract;

b) they will comply with all applicable State and Federal laws and municipal ordinances in satisfying their obligations to the State under and pursuant to the Contract, including, but not limited to (1) Connecticut General Statutes Title 1, Chapter 10, concerning the State’s Codes of Ethics and (2) Title 4a concerning State purchasing, including, but not limited to Section 22a-194a concerning the use of polystyrene foam;

c) the execution, delivery and Performance of the Contract will not violate, be in conflict with, result in a breach of or constitute (with or without due notice and/or lapse of time) a default under any of the following, as applicable: (1) any provision of law; (2) any order of any court or the State; or (3) any indenture, agreement, document or other instrument to which it is a party or by which it may be bound;

d) they are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any governmental entity;

e) as applicable, they have not, within the three years preceding the Contract, in any of their current or former jobs, been convicted of, or had a civil judgment rendered against them or against any person who would Perform under the Contract, for commission of fraud or a criminal offense in connection with obtaining,

attempting to obtain, or performing a transaction or contract with any governmental entity. This includes, but is not limited to, violation of Federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records or property, making false statements, or receiving stolen property;

f) they are not presently indicted for or otherwise criminally or civilly charged by any governmental entity with commission of any of the offenses listed above;

g) they have not within the three years preceding the Contract had one or more contracts with any governmental entity terminated for breach or default;

h) they have not employed or retained any entity or person, other than a bona fide employee working solely for them, to solicit or secure the Contract and that they have not paid or agreed to pay any entity or person, other than a bona fide employee working solely for them, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award or making of the Contract or any assignments made in accordance with the terms of the Contract;

i) to the best of their knowledge, there are no Claims involving the Contractor or Contractor Parties that might reasonably be expected to materially adversely affect their businesses, operations, assets, properties, financial stability, business prospects or ability to Perform fully under the Contract;

j) they shall disclose, to the best of their knowledge, to the State in writing any Claims involving them that might reasonably be expected to materially adversely affect their businesses, operations, assets, properties, financial stability, business prospects or ability to Perform fully under the Contract, no later than twenty (20) calendar days after becoming aware of any such Claims. For purposes of the Contractor's obligation to disclose any Claims to the State, the ten (10) calendar days in the section of this Contract concerning disclosure of Contractor Parties litigation shall run consecutively with the ten (10) days provided for in this representation and warranty;

k) their participation in the Solicitation process is not a conflict of interest or a breach of ethics under the provisions of Title 1, Chapter 10 of the Connecticut General Statutes concerning the State's Code of Ethics;

l) the proposal submitted by Contractor in response to the Solicitation was not made in connection or concert with any other person, entity or proposer, including any affiliate (as defined in the Tangible Personal Property section of this Contract) of the proposer, submitting a proposal for the same Solicitation, and is in all respects fair and without collusion or fraud;

m) they are able to Perform under the Contract using their own resources or the resources of a party who was not a proposer;

n) the Contractor shall obtain in a written contract all of the representations and warranties in this section from any Contractor Parties and require that provision be included in any contracts and purchase orders with such Contractor Parties;

- o) they have paid all applicable workers' compensation second injury fund assessments concerning all previous work done in Connecticut; they have a record of compliance with Occupational Health and Safety Administration regulations without any unabated, willful or serious violations;
- p) they are not delinquent in the payment of unemployment compensation contributions;
- q) they are not delinquent in the payment of any taxes owed, or, that they have filed a sales tax security bond, and they have, if and as applicable, filed for motor carrier road tax stickers and have paid all outstanding road taxes;
- r) all of their vehicles have current registrations and, unless such vehicles are no longer in service, they shall not allow any such registrations to lapse;
- s) each Contractor Party has vested in the Contractor plenary authority to bind the Contractor Parties to the full extent necessary or appropriate to ensure full compliance with and Performance in accordance with all of the terms and conditions of the Contract and that all appropriate parties shall also provide, no later than fifteen (15) days after receiving a request from DAS or the Department, such information as DAS or the Department may require to evidence, in their sole determination, compliance with this section;
- t) they either own or have the authority to use the System and Hosting Environment;
- u) to the best of Contractor's knowledge, the System and Hosting Environment do not infringe or misappropriate any patent, copyright, trade secret or other intellectual property right of a third party;
- v) the Department's use of any Goods in a manner consistent with this Contract shall not infringe or misappropriate any patent, trade secret or other intellectual property right of a third party;
- w) if they procure any Goods, they shall sub-license such Goods and that the Department shall be afforded the full benefits of any manufacturer or subcontractor licenses for the use of the Goods; and
- x) they shall assign or otherwise transfer to the Department, or afford the Department the full benefits of any manufacturer's warranty for the Goods, to the extent that such warranties are assignable or otherwise transferable to the Department.

31. DISCLOSURE OF CONTRACTOR PARTIES LITIGATION

The Contractor shall require that all Contractor Parties, as appropriate, disclose to the Contractor, to the best of their knowledge, any Claims involving the Contractor Parties that might reasonably be expected to materially adversely affect their businesses, operations, assets, properties, financial stability, business prospects or ability to Perform fully under the Contract, no later than twenty (20) calendar days after becoming aware of any such Claims. Disclosure shall be in writing.

32. STATE COMPTROLLER'S SPECIFICATIONS

In accordance with Conn. Gen. Stat. § 4d-31, this Contract is deemed to have incorporated within it, and the Contractor shall deliver the Goods and Services in compliance with, all specifications established by the State Comptroller to ensure that all policies, procedures, processes and control systems, including hardware, software and protocols, which are established or provided by the Contractor or Contractor Parties, are compatible with and support the State's core financial systems, including but not limited to, accounting, payroll, time and attendance, and retirement systems.

33. CHIEF INFORMATION OFFICER SUBCONTRACT APPROVAL

In accordance with Conn. Gen. Stat. § 4d-32, the Contractor shall not award a subcontract for work under this Contract without having first obtained the written approval of the Chief Information Officer of the Department of Administrative Services or their designee of the selection of the subcontractor and of the provisions of the subcontract. The Contractor shall deliver a copy of each executed subcontract or amendment to the subcontract to the Chief Information Officer, who shall maintain the subcontract or amendment as a public record, as defined in Conn. Gen. Stat. § 1-200.

34. RIGHTS TO AND INTEGRITY OF PUBLIC RECORDS

In accordance with Conn. Gen. Stat. § 4d-34, (a) neither the Contractor nor Contractor Parties shall have any Title in or to (1) any public records which the Contractor or Contractor Parties possess, modify or create pursuant to a contract, subcontract or amendment to a contract or subcontract, or (2) any modifications by such contractor, subcontractor, employee or agent to such public records; (b) neither the Contractor nor Contractor Parties shall impair the integrity of any public records which they possess or create; and (c) public records which the Contractor or Contractor Parties possess, modify or create pursuant to this Contract or other contract, subcontract or amendment to a contract or subcontract shall at all times and for all purposes remain the property of the State. For purposes of this section, “public records” shall have the meaning set forth in Conn. Gen. Stat. § 4-33, as it may be modified from time to time.

35. PUBLIC RECORDS AND FOIA

In accordance with Conn. Gen. Stat. § 4d-35, any public record which a state agency provides to the Contractor or Contractor Parties shall remain a public record for the purposes of Conn. Gen. Stat. § 1-210(a). With regard to any public records, the State, the Contractor and Contractor Parties shall have a joint and several obligation to comply with the obligations of the state agency under the Freedom of Information Act (FOIA), as defined in Conn. Gen. Stat. §1-200, provided that the determination of whether or not to disclose a particular record or type of record shall be made by such state agency.

36. DISCLOSURE OF PUBLIC RECORDS

In accordance with Conn. Gen. Stat. § 4d-36, neither the Contractor nor Contractor Parties shall disclose to the public any public records (a) which they possess, modify or create pursuant to this Contract or any contract, subcontract or amendment to a contract or subcontract and (b) which a state agency (1) is prohibited from disclosing pursuant to state or federal law in all cases, (2) may disclose pursuant to state or federal law only to

certain entities or individuals or under certain conditions or (3) may withhold from disclosure pursuant to state or federal law. This provision shall not be construed to prohibit the Contractor from disclosing such public records to any Contractor Parties to carry out the purposes of its subcontract. For purposes of this section, “public records” shall have the meaning set forth in Conn. Gen. Stat. § 1-200, as it may be modified from time to time.

37. PROFITING FROM PUBLIC RECORDS

In accordance with Conn. Gen. Stat. § 4d-37, neither the Contractor nor Contractor Parties shall sell, market or otherwise profit from the disclosure or use of any public records which are in their possession pursuant to this Contract or any contract, subcontract or amendment to a contract or subcontract, except as authorized in this Contract. For purposes of this section, “public records” shall have the meaning set forth in Conn. Gen. Stat. § 1-200, as it may be modified from time to time.

38. CONTRACTOR’S OBLIGATION TO NOTIFY DAS CONCERNING PUBLIC RECORDS

In accordance with Conn. Gen. Stat. § 4d-38, if the Contractor or Contractor Parties learn of any violation of the provisions of Conn. Gen. Stat. §§ 4d-36 or 4d-37 they shall, no later than seven calendar days after learning of such violation, notify the Chief Information Officer of such violation.

39. GENERAL ASSEMBLY ACCESS TO RECORDS

In accordance with Conn. Gen. Stat. § 4d-40, the Joint Committee on Legislative Management and each nonpartisan office of the General Assembly shall continue to have access to DAS records that is not less than the access that said committee and such offices have on July 1, 1997.

40. CONTINUITY OF SYSTEMS

- a) This section is intended to comply with Conn. Gen. Stat. §4d-44, as it may be amended.
- b) The Contractor acknowledges that the Systems and associated services are important to the function of State government and that they must continue without interruption. Pursuant to Conn. Gen. Stat. §4d-44, as it may be amended, if the work under the Contract, any subcontract, or amendment to either, is transferred back to the State or to another contractor at any time for any reason, then the Contractor shall cooperate fully with the State, and do and Perform all acts and things that DAS deems to be necessary or appropriate, to ensure continuity of state agency information system and telecommunication system facilities, equipment and services so that there is no disruption or interruption in Performance as required or permitted in the Contract. The Contractor shall not enter into any subcontract for any part of the Performance under the Contract without approval of such subcontract by DAS, as required by Conn. Gen. Stat. §4d-32, as it may be amended, and without such subcontract including a provision that obligates the subcontractor to comply fully with Conn. Gen. Stat. §4d-44, as it may be amended, as if the subcontractor were in fact the Contractor. The Contractor shall make a full and complete disclosure of and delivery to DAS or its representatives of all Records and “Public Records,” as that term is defined in Conn. Gen. Stat. §4d-33, as it may be amended, in

whatever form they exist or are stored and maintained and wherever located, directly or indirectly concerning the Contract.

c) The parties shall follow the below applicable and respective procedures in order to ensure the orderly transfer to the State the following:

1. facilities and equipment: Unless a shorter period is necessary or appropriate to ensure compliance with subsection (a) above, in which case that shorter period shall apply, the Contractor shall deliver to DAS, F.O.B. Hartford, Connecticut or other State location which DAS identifies, all facilities and equipment related to or arising out of the Contract, subcontract or amendment, no later than 10 days from the date that the work under the Contract is transferred back to the State or to another contractor for any reason. The Contractor shall deliver the facilities and equipment to DAS, during DAS's business hours, in good working order and in appropriately protective packaging to ensure delivery without damage. Concurrent with this delivery, the Contractor shall also deliver all related operation manuals and other documentation in whatever form they exist and a list of all related passwords and security codes;
2. software Deliverables created or modified pursuant to the Contract, subcontract or amendment: Unless a shorter period is necessary or appropriate to ensure compliance with subsection (a) above, in which case that shorter period shall apply, the Contractor shall deliver to DAS, F.O.B. Hartford, Connecticut or other location which DAS identifies, all Deliverables, no later than 10 days from the date that the work under the SOW or Contract is transferred back to the State or to another contractor for any reason. The Contractor shall deliver such Deliverables to DAS, during DAS's business hours, in good working order, and if equipment shall be delivered, in appropriately protective packaging to ensure delivery without damage. Concurrent with this delivery, the Contractor shall also deliver all Deliverable-related operation manuals and other documentation in whatever form they exist, if delivery of such manuals and documentation is required by this Contract or the SOW for such Deliverable, and a list of all Deliverable passwords and security codes; and
3. Public Records, as defined in Conn. Gen. Stat. §4d-33, as it may be amended, which the Contractor or Contractor Parties possess or create pursuant to the Contract, subcontract or amendment: Unless a shorter period is necessary or appropriate to ensure compliance with subsection (a) above, in which case that shorter period shall apply, the Contractor shall deliver to DAS, F.O.B. Hartford, Connecticut or other State location which DAS identifies, all Public Records created or modified pursuant to the Contract, Statement of Work, subcontract or amendment and requested in writing by DAS (provided that Contractor may redact confidential information of Contractor, its personnel or third parties to the extent permitted by applicable law) no later than the latter of (1) the time specified in the section in this Contract concerning Termination for the return of Public Records and (2) 10 days from the date that the work under the Contract or Statement of Work is transferred back to the State or to another contractor for any reason. The Contractor shall deliver to DAS those Public Records in electronic, magnetic or other intangible form in a non-proprietary format, such as, but not limited to, ASCII or TXT. The Contractor shall deliver to DAS, during DAS's business hours, those Public Records and a list of all applicable passwords and security codes, all in appropriately protective packaging to ensure delivery without damage.

d) If the Contractor employs former State employees, the Contractor shall facilitate the exercising of any reemployment rights that such State employees may have with the State, including, but not limited to, affording them all reasonable opportunities during the workday to interview for State jobs. The Contractor shall include language similar to this section in all of its contracts with its subcontractors and applicable Contractor Parties so that they are similarly obligated.

41. TANGIBLE PERSONAL PROPERTY

a) The Contractor on its behalf and on behalf of its Affiliates, as defined below, shall comply with the provisions of Conn. Gen. Stat. §12-411b, as follows:

1. For the term of the Contract, the Contractor and its Affiliates shall collect and remit to the State of Connecticut, Department of Revenue Services, any Connecticut use tax due under the provisions of Chapter 219 of the Connecticut General Statutes for items of tangible personal property sold by the Contractor or by any of its Affiliates in the same manner as if the Contractor and such Affiliates were engaged in the business of selling tangible personal property for use in Connecticut and had sufficient nexus under the provisions of Chapter 219 to be required to collect Connecticut use tax;
2. A customer's payment of a use tax to the Contractor or its Affiliates relieves the customer of liability for the use tax;
3. The Contractor and its Affiliates shall remit all use taxes they collect from customers on or before the due date specified in the Contract, which may not be later than the last day of the month next succeeding the end of a calendar quarter or other tax collection period during which the tax was collected;
4. The Contractor and its Affiliates are not liable for use tax billed by them but not paid to them by a customer; and
5. Any Contractor or Affiliate who fails to remit use taxes collected on behalf of its customers by the due date specified in the Contract shall be subject to the interest and penalties provided for persons required to collect sales tax under chapter 219 of the general statutes.

b) For purposes of this section of the Contract, the word "Affiliate" means any person, as defined in Section 12-1 of the general statutes, that controls is controlled by, or is under common control with another person. A person controls another person if the person owns, directly or indirectly, more than ten per cent of the voting securities of the other person. The word "voting security" means a security that confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business, or that is convertible into, or entitles the holder to receive, upon its exercise, a security that confers such a right to vote. "Voting security" includes a general partnership interest.

c) The Contractor represents and warrants that each of its Affiliates has vested in the Contractor plenary authority to so bind the Affiliates in any agreement with the State of Connecticut. The Contractor on its own behalf and on behalf of its Affiliates shall also provide, no later than 30 days after receiving a request by the State's contracting authority, such information as the State may require to ensure, in the State's sole determination, compliance with the provisions of Chapter 219 of the Connecticut General Statutes, including, but not limited to, §12-411b.

42. INDEMNIFICATION

- a) The Contractor shall indemnify, defend and hold harmless the State and its officers, representatives, agents, servants, employees, successors and assigns from and against any and all (1) Claims arising, directly or indirectly, in connection with the Contract for the acts of commission or omission (collectively, the "Acts") of the Contractor or Contractor Parties; and (2) liabilities, damages, losses, costs and expenses, including but not limited to, attorneys' and other professionals' fees, arising, directly or indirectly, in connection with Claims, Acts or Contractor's breach of the Contract. The Contractor shall use counsel reasonably acceptable to the State in carrying out its obligations under this section. The Contractor's obligations under this section to indemnify, defend and hold harmless against Claims includes Claims concerning confidentiality of any part of or all of the Contractor's bid, proposal or any Records, any intellectual property rights, other proprietary rights of any person or entity, copyrighted or non-copyrighted compositions, secret processes, patented or unpatented inventions, articles or appliances furnished or used in the Performance.
- b) The Contractor shall not be responsible for indemnifying or holding the State harmless from any liability arising due to the negligence of the State or any third party acting under the direct control or supervision of the State.
- c) The Contractor shall reimburse the State for any and all damages to the real or personal property of the State caused by the Acts of the Contractor or any Contractor Parties. The State shall give the Contractor reasonable notice of any such Claims.
- d) The Contractor's duties under this section shall remain fully in effect and binding in accordance with the terms and conditions of the Contract, without being lessened or compromised in any way, even where the Contractor is alleged or is found to have merely contributed in part to the Acts giving rise to the Claims and/or where the State is alleged or is found to have contributed to the Acts giving rise to the Claims.
- e) The Contractor shall carry and maintain at all times during the term of the Contract, and during the time that any provisions survive the term of the Contract, sufficient commercial general liability insurance to satisfy its obligations under this Contract. The Contractor shall cause the State to be named as an additional insured on the policy and shall provide (1) a certificate of insurance, (2) the redacted declaration page and (3) the additional insured endorsement to the policy to DAS all in an electronic format acceptable to DAS prior to the Effective Date of the Contract evidencing that the State is an additional insured. The Contractor shall not begin Performance until the delivery of these 3 documents to DAS. Contractor shall provide an annual electronic update of the 3 documents to DAS on or before each anniversary of the Effective Date during the Contract Term. The State shall be entitled to recover under the insurance policy even if a body of competent jurisdiction determines that the State is contributorily negligent.
- f) This section shall survive the Termination of the Contract and shall not be limited by reason of any insurance coverage.

43. SOVEREIGN IMMUNITY

The parties acknowledge and agree that nothing in the Contract shall be construed as a modification, compromise or waiver by the State of any rights or defenses of any immunities provided by Federal law or the laws of the State of Connecticut to the State or any of its officers and employees, which they may have had,

now have or will have with respect to all matters arising out of the Contract. To the extent that this section conflicts with any other section, this section shall govern.

44. SUMMARY OF STATE ETHICS LAWS

Pursuant to the requirements of Section 1-101qq of the Connecticut General Statutes, the summary of State ethics laws developed by the State Ethics Commission pursuant to Section 1-81b of the Connecticut General Statutes is incorporated by reference into and made a part of the Contract as if the summary had been fully set forth in the Contract.

45. AUDIT AND INSPECTION OF PLANTS, PLACES OF BUSINESS AND RECORDS

- a) The State and its agents, including, but not limited to, the Connecticut Auditors of Public Accounts, Attorney General and State's Attorney and their respective agents, may, at reasonable hours, inspect and examine all of the parts of the Contractor's and Contractor Parties' plants and places of business which, in any way, are related to, or involved in, the performance of this Contract.
- b) The Contractor shall maintain, and shall require each of the Contractor Parties to maintain, accurate and complete Records. The Contractor shall make all of its and the Contractor Parties' Records available at all reasonable hours for audit and inspection by the State and its agents.
- c) The State shall make all requests for any audit or inspection in writing and shall provide the Contractor with at least twenty-four (24) hours' notice prior to the requested audit and inspection date. If the State suspects fraud or other abuse, or in the event of an emergency, the State is not obligated to provide any prior notice.
- d) The Contractor will pay for all costs and expenses of any audit or inspection which reveals information that, in the sole determination of the State, is sufficient to constitute a breach by the Contractor under this Contract. The Contractor will remit full payment to the State for such audit or inspection no later than 30 days after receiving an invoice from the State. If the State does not receive payment within such time, the State may setoff the amount from any moneys which the State would otherwise be obligated to pay the Contractor in accordance with this Contract's Setoff provision.
- e) The Contractor shall keep and preserve or cause to be kept and preserved all of its and Contractor Parties' Records until three (3) years after the latter of (i) final payment under this Contract, or (ii) the expiration or earlier termination of this Contract, as the same may be modified for any reason. The State may request an audit or inspection at any time during this period. If any Claim or audit is started before the expiration of this period, the Contractor shall retain or cause to be retained all Records until all Claims or audit findings have been resolved.
- f) The Contractor shall cooperate fully with the State and its agents in connection with an audit or inspection. Following any audit or inspection, the State may conduct and the Contractor shall cooperate with an exit conference.
- g) The Contractor shall incorporate this entire section verbatim into any contract or other agreement that it enters into with any Contractor Party.

46. CAMPAIGN CONTRIBUTION RESTRICTION

For all State contracts, defined in Conn. Gen. Stat. §9-612(g)(1) as having a value in a calendar year of \$50,000 or more, or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Contract expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice, as set forth in "Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations," attached as Exhibit C.

47. EXECUTIVE ORDERS

This Contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices, Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings and Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace, all of which are incorporated into and are made a part of the Contract as if they had been fully set forth in it. The Contract may also be subject to Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services, Executive Order No. 61 of Governor Dannel P. Malloy promulgated December 13, 2017 concerning the Policy for the Management of State Information Technology Projects, as issued by the Office of Policy and Management, Policy ID IT-SDLC-17-04, and Executive Order No. 49 of Governor Dannel P. Malloy, promulgated May 22, 2015, mandating disclosure of certain gifts to public employees and contributions to certain candidates for office in accordance with their respective terms and conditions. If Executive Orders 14, 61 or 49 are applicable, it is deemed to be incorporated into and are made a part of the Contract as if it had been fully set forth in it. At the Contractor's request, the State shall provide a copy of these orders to the Contractor.

48. NONDISCRIMINATION

a) For purposes of this Section, the following terms are defined as follows:

- i. "Commission" means the Commission on Human Rights and Opportunities;
- ii. "Contract" and "contract" include any extension or modification of the Contract;
- iii. "Contractor" and "contractor" include any successors or assigns of the Contractor or contractor;
- iv. "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose;
- v. "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations;

- vi. "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements;
- vii. "marital status" means being single, married as recognized by the state of Connecticut, widowed, separated or divorced;
- viii. "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or a record of or regarding a person as having one or more such disorders;
- ix. "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise, and (3) who are members of a minority, as such term is defined in subsection (a) of Connecticut General Statutes § 32-9n; and
- x. "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section, the terms "Contract" and "contract" do not include a contract where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, unless the contract is a municipal public works contract or quasi-public agency project contract, (2) any other state, including but not limited to any federally recognized Indian tribal governments, as defined in C.G.S. § 1-267, (3) the federal government, (4) a foreign government, or (5) an agency of a subdivision, state or government described in the immediately preceding enumerated items (1), (2), (3), or (4).

b) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status of a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to [insure] ensure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status of a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved; (2) the Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission; (3) the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under this section and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the Contractor agrees to comply with each provision of this Section and Connecticut General Statutes §§ 46a-68e

and 46a-68f and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes §§ 46a-56, 46a-68e and 46a-68f; and (5) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this Section and Connecticut General Statutes § 46a-56. If the contract is a public works contract, the Contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works projects.

c) Determination of the Contractor's good faith efforts shall include, but shall not be limited to, the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.

d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.

e) The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes §46a-56; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

f) The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.

g) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining Contract or other contract or understanding and each vendor with which such Contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes § 46a-56; and (4) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the provisions of this Section and Connecticut General Statutes § 46a-56.

h) The Contractor shall include the provisions of the foregoing paragraph in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

49. RESERVED

50. OWNERSHIP OF DATA

- a) All ownership, title, licenses, proprietary rights and interest (including, but not limited to, perpetual use) (for purposes of this Ownership of Data Section, collectively, "Title") of and to any and all data existing in electronic, magnetic or any other tangible or intangible form (for purposes of this Ownership of Data Section, "Data") that is uploaded, collected, stored, held, hosted, located or utilized by the Department or Contractor and Contractor Parties directly or indirectly in connection with this Contract at all times is and will always remain vested in the State. At no time will Contractor have Title to such Data, wherever located.
- b) At no cost to the State the Contractor and Contractor Parties shall, no later than fifteen (15) days after (i) receiving a written request from the Department or (ii) Termination for any reason, deliver and transfer possession to the Department all of the Data, in a format acceptable to the State.
- c) At no cost to the State, the Contractor and Contractor Parties shall, no later than fifteen (15) days after (i) receiving a written request from the Department, (ii) receiving final payment from the Department, or (iii) Termination for any reason, over-write and securely delete all of the Data, such that the Data will be expunged in a manner to make retrieval of the Data impossible.
- d) The Contractor's failure to deliver and transfer possession of the Data to a duly authorized agent of the Department shall constitute, without more, a de facto breach of this Contract. Consequently, the Contractor shall indemnify and hold harmless the Department and the State, as appropriate, for any and all damages, costs and expenses associated directly or indirectly with such failure. The damages, costs and expenses shall include, but not be limited to, those resulting from any corresponding contracting for credit or identity protection services, or both, and from any subsequent non-State use of any Data. If Contractor Parties will Perform for any purpose under this paragraph, the Contractor represents and warrants that it shall cause each of the Contractor Parties to so Perform and that each has vested in the Contractor plenary authority to cause the Contractor Parties to Perform. For purposes of this Ownership of Data Section, "Perform" shall include, but not be limited to, the obligations relating to the sale, transfer of Title, removal and transfer of possession of the Data and indemnifying and holding harmless the Department and the State. The Contractor on its own behalf and on behalf of the Contractor Parties shall also provide, no later than 30 days after receiving a request by the Department, such information as the Department may identify to ensure, in the Department's

sole discretion, compliance with the provisions of this Ownership of Data Section. This Ownership of Data Section survives Termination.

51. TERMS AND CONDITIONS

Any and all Purchase Orders, Product Schedule Updates, Statement of Works or other documents authorized in connection with this Contract shall be subject to the terms and conditions of this Contract. Any terms or conditions contained in any such Purchase Order, Product Schedule Update, Statement of Work or other document shall have no force or effect and shall in no way affect, change or modify any of the terms and conditions of this Contract.

52. WORKERS' COMPENSATION

The Contractor shall maintain Worker's Compensation and Employer's Liability insurance in compliance with the laws of the state of Connecticut, which coverage shall include Employer's Liability coverage with minimum limits of \$100,000 for each accident, \$500,000 for disease, and \$100,000 for each employee, per policy period.

53. ENTIRETY OF CONTRACT

This Contract includes the SIGNATURE PAGE OF CONTRACT. To the extent the provisions of any exhibits or attachment referenced in the Contract do not contradict the provisions of Sections 1-53 of this Contract, said documents, exhibits and/or attachments are incorporated herein by reference and made a part hereof as though fully set forth herein. This Contract, as thus constituted, contains the complete and exclusive statement of the terms and conditions agreed to by the parties hereto and shall not be altered, amended, or modified except in writing executed by an authorized representative of each party.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY

SIGNATURE PAGE OF CONTRACT

IN WITNESS WHEREOF, the parties have executed this Contract by their duly authorized representatives with full knowledge of and agreement with its terms and conditions.

GALLAGHER BASSETT SERVICES, INC.

STATE OF CONNECTICUT

Department of Administrative Services

BY: _____

BY: _____

NAME:

NAME: Josh Geballe

TITLE:

TITLE: Commissioner

Duly Authorized

Duly Authorized

DATE: _____

DATE: _____

APPROVED AS TO FORM:

STATE OF CONNECTICUT

Office of the Attorney General

BY: _____

NAME: Joseph Rubin

TITLE: Assistant Deputy Attorney General

DATE: _____

EXHIBIT A – DELIVERABLES DOCUMENT
Contract 18PSX0130
WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

A. Description of Services:

Contractor shall provide the Department with Hosted Services for the secure storage, review and retrieval of workers compensation claims in addition to other services described in this Exhibit A.

B. Claims Data Retention:

Contractor is currently storing numerous physical files of claims administration data at its place of business located at 55 Hartland Street, Suite 400, East Hartford, CT 06108 (the "Branch Office"). Contractor shall retain such claims administration data files until each claim administration file is closed for three (3) years from the Effective Date. Upon expiration of this three (3) year period, Contractor shall return at its sole cost and expense all physical and data claims administration files to the Department in accordance with such written instructions as the Department will have provided to the Contractor. The Contractor shall deliver the data files to the Department in such format as the Department specifies in the written instructions. File closure is determined by the claim adjuster, Attorney General's Office and the Department, or any one of them. All electronic claims administration data files shall be stored for the Term of this Contract.

C. Training Services:

1. Digital Training Library:

Department and Users shall have unlimited access at all times to the Contractor's digital training library. Contractor shall provide webinar training as requested by the Department, at no cost to the Department.

2. Licensed Software Training:

Contractor shall provide Users with Licensed Software user training at a date and location specified by the Department. At the discretion of the Department, Contractor shall provide the Department with Licensed Software user training if a new Update(s) and/or Upgrade(s) is issued by the Contractor adding new features or components, at no cost to the Department.

Contractor shall provide Department and Users unlimited access at any time to Contractor's on-line video training of Licensed Software help section videos.

D. Staffing Services:

1. The Contractor shall provide a staffing unit, as indicated on Exhibit B, exclusively dedicated to the performance of the Contract as directed by the Department (the "Staffing Services").

2. Department reserves the right to interview prospective staff or subcontractor(s) or both and pre-approve all Contractor hiring(s) for this Contract. Contractor shall provide

EXHIBIT A – DELIVERABLES DOCUMENT

Contract 18PSX0130

WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

notice within ten (10) business days of each prospective staff or subcontractor, or both, and such staff's or subcontractor's, or both, resumes, references and other credentials, as applicable.

3. Staff and Subcontractor Performance Plan(s) and Performance Monitoring:
 - a. Department may request staff and / or subcontractor performance plan(s) review(s) at any time during the Contract Term. Upon request, the Contractor shall perform performance plan review(s). At the sole discretion of the Department, Contractor shall terminate any staff and / or subcontractor(s) and replace them with Department-approved staff and / or subcontractor within three (3) calendar days of the receipt of the Client Agency's written request.
 - b. At the request of the Department and at the Contractor's sole cost and expense the Contractor shall cause comprehensive background checks of staff and / or subcontractor(s) to be undertaken by the appropriate authorities. Contractor shall provide the Department, upon receipt, the results of such background checks.
 - d. Contractor shall provide monthly review of claim adjusters on quality, productivity, and technical performance. The following items will be considered:
 1. Timely contact and follow up with injured workers, employers and medical providers.
 2. Timely and adequate reserves.
 3. Adherence to handling standards and use of appropriate activity notes.
 4. Documentation of meaningful action plans in the activity notes.
 5. Proper documentation of compensability, subrogation potential and litigation management.
4. Contractor shall assign staff as required by the Department. During the Term, all staff referenced in Exhibit B shall maintain active licenses or permits, as applicable and as required by the State. Contractor shall immediately notify the Department in the event any such licenses or permits are suspended, revoked or expired.

E. Additional Deliverables

1. Branch Office:

During the Contract Term, the Contractor must maintain a Branch Office at 55 Hartland Street, East Hartford, CT 06108. All expenses and costs of the Branch Office are included in the annual service fee as indicated in Exhibit B. The Contractor may relocate its Branch Office to another location in the Hartford County upon ten (10) calendar days' prior written notice to the Department.

EXHIBIT A – DELIVERABLES DOCUMENT
Contract 18PSX0130
WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

2. Medical Case Management:

- a. At all times during the Term, the Contractor must maintain the status of a Managed Care Organization (“MCO”) and maintain an MCO plan certified by the State of Connecticut Workers Compensation Commission. Contractor shall immediately notify the Department in the event Contractor’s MCO certification is revoked or expired.
- b. Contractor shall establish, maintain and keep current a digital medical provider directory link located on the Department’s website. The medical provider directory must include, but not be limited to, the following: medical provider name, address, and telephone number of medical providers(s), hospital and outpatient facilities, pharmacies, and diagnostic imaging medical providers.
- c. Contractor shall provide such health care management and integrated disability management services to the Department as the Department may reasonably require in order to help injured employees return to good health and minimize lost workdays while controlling health care costs. Contractor’s services must include the following:
 - i. Contractor shall employ licensed medical professionals, such as healthcare providers, nurses, physical therapists and specialty care professionals as listed on Exhibit B to assist in the management of care and injuries, . Such licensed medical professionals must specialize in disability, medical and vocational case management to ensure that injured employees return to optimal physical and mental function and employment. The case management services must include the following:
 1. Medical Coordination – provides support to the claims adjuster on the medical status and assistance as the claim progresses to resolution.
 2. Coordination of Services – ensures appropriate medical treatment is provided and identifies alternative procedures.
 3. Discharge Planning – determines when and how an injured employee must leave a treatment facility located in the State.
 4. Work Capacity or Disability Rating – provides the Department with the ability to develop a light duty or return to work position for the injured employee.
 5. Facilitation of Home Care – offered on a case by case basis in the event an injured employee needs homecare. Client Agency

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and/or Contractor will evaluate medical needs and facilitate remedy and clinical options to assist the injured employee.

6. Catastrophic Case Management – offered on a case by case basis in the event an injured employee needs homecare. Client Agency and/or Contractor will evaluate medical needs and facilitate remedy and clinical options to assist the injured employee.
 7. Life Care Plans – determines the long-term needs of an injured employee and the projected cost of meeting such needs.
- ii. Alternative Field Case Management, which must include the following:
1. The Department shall decide whether optional alternative field case management is necessary.
 2. Interactive Disability Management: a verbal request from the Department for assistance of treatment modalities for the purpose of immediate employee RTW. Interactive Disability Management expedites treatment with attention to cost savings, limits attorney involvement and reduces the amount of unnecessary lost time by expediting RTW.
 3. Contractor shall provide onsite dedicated disability nurse consultants who provide guidance on complex medical issues for claim adjusters or the Department.
 4. Contractor shall provide field case management inclusive of immediate onsite nurse availability to, including but not limited to, accompany injured employees to medical visits.
- iii. Pre-Certification Protocols:
- Pre-certification is not required for emergency admissions to hospitals. Denials or non-certifications of treatment may be rendered only under the direction of a medical provider.
- iv. Utilization Management Review Protocols:
1. Utilization Management is the use of techniques by the Contractor to manage the cost of health care benefits by assessing appropriateness before it is provided using evidence-based criteria or guidelines. Contractor shall have specific criteria for Utilization Management for review and case management based on the history of loss/occurrence and cost

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per worker's compensation claims along with consultation and assignment. The Department, as it deems it to be appropriate and in its sole discretion may provide the criteria on a case-by-case basis.

2. The Contractor and the Department shall collaborate to determine whether to use Utilization Management, based upon the medical provider's request for treatment as follows
 - a. Inpatient Admissions
 - b. Surgical Procedures
 - c. Chiropractic Treatment
 - d. Physical Therapy
 - e. Psychiatric Treatment
 - f. Durable Medical Equipment (+\$500 in cost)
 - g. Repeat or Multiple Diagnostic Procedures
 - h. Pre-surgical Admissions

v. Return-to-Work Practices ("RTW"):

Contractor shall facilitate RTW procedures with the following RTW practices:

1. During the initial case screening, a nurse shall explore existing modified work alternatives with the Department. Work alternatives, include but are not limited to, light duty or modified duty at the employing state agency according to the medical restrictions placed on the injured employee by the medical provider. If the Department does not have a modified work/task program in place, the nurse shall develop RTW alternatives in conjunction with the Department.
2. When RTW opportunities are not available, the nurse shall investigate each State position available to the employee through job analysis and other associated factors. The RTW program must be proactive by coordinating and communicating with the Department and the medical provider. Such communication may consist of discussions and email exchanges with the employing state agency to determine which suitable light duty employment is available for the injured employee based upon medical restrictions.

vi. Preferred Provider Organization or Network Discount Beyond the State Fee Schedule:

1. The Contractor shall apply any applicable preferred provider organization ("PPO") or network discount to the workers

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compensation medical bills following the initial reduction of the State fee schedule or usual and customary rates, selected by the Department. The State fee schedule is published by the Department. The State fee schedule is published by the Worker's Compensation Commission, as revised from time to time. The Contractor shall process reduction applications through a medical bill review software such as the Mitchell software or a comparable medical bill software (the "Medical Bill Review Software"). The Department shall have the ability to change the Medical Bill Review Software, as necessary.

2. Contractor shall provide the Department access to PPO networks. The PPO networks consist of primary care medical providers, specialists, occupational health centers, ancillary service medical providers and hospitals whose participants have agreed to provide discounts below published charges or State fee schedules.
3. Contractor shall provide medical provider directories to the Department via a website link located on the Department website in a format approved by the Department. All of the PPO networks must have websites containing a directory search function for specialized medical providers including based on zip code.

vii. Management and Service Delivery Prescription Drug Program:

Contractor shall review workers' compensation medical bills or charges submitted for prescriptions against the rate table for reimbursement of prescriptions costs. The table will calculate charges by utilizing the National Drug Code number and units against average wholesale price, dispensing charges and acceptable percentage markup. The Contractor may also offer an alternate prescription program that offers a card free program, with Department's prior approval.

viii. Utilization of Independent Medical Examinations ("IME") and Functional Capacity Evaluations ("FCE") in the Department's Medical Program:

Contractor shall comply with State rules and regulations regarding IMEs. An IME may be used to provide an objective opinion regarding issues such as diagnosis/prognosis, need for further treatment, and appropriateness of certain treatment or referrals, causal relationship, disability and work issues as well as other situations.

3. Medical Bill Review Program and Re-Pricing:

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a. Medical Bill Management:

- i. Contractor shall utilize its Medical Bill Review Software, to review and re-price workers' compensation inpatient and outpatient medical providers, hospital and pharmacy bills nationwide. All worker's compensation medical bills must be electronically imaged. The bill review program must apply the State Worker's Compensation Commission's mandated fee schedule or usual and customary rates to each medical bill. The bill review program must apply PPO discounts as applicable and utilize International Statistical Classification of Diseases and Related Health Problems, 10th Revision ("ICD-10"), as revised from time to time, and Current Procedure Terminology ("CPT") validation to correct unbundled services, upcoding and duplicate charge identification.
- ii. Along with the automated process, Contractor's billing review subcontractor and nurses shall review all workers compensation bills and validate the application of discounts and State fee schedule reductions.

b. Medical Bill Review Program Requirements:

- i. The Medical Bill Review Software, must identify correlation of ICD-10 coding and CPT codes. The Medical Bill Review Software must contain rules which match codes, frequency and modifiers to identify unbundled submissions or those requiring separation of charges for services rendered. Bills flagged must be reviewed by a senior reviewer or nurse within the bill review unit.
- ii. The workers' compensation Medical Bill Review Software must identify overlapping or duplicate dates of service for the same treatment or medical provider. Those bills flagged must be directed to the senior reviewer or nurse for further review and correction of submission.
- iii. The Contractor must utilize the Medical Bill Review Software. The Medical Bill Review Software will review all workers' compensation medical bills. The Medical Bill Review Software must import claim data from the claim management system, maintain medical provider databases and PPO tables, export recommendations and Explanation of Benefits ("EOB") details daily to the claim management system and allow unit managers and quality assurance staff to write rules to determine the adjustment of the workers' compensation medical bills based on the State fee schedule, UCR or State rules. The claim management system must identify and deny duplicate workers' compensation medical bills based on the claimant, medical provider tax ID number, and date of service and procedure codes as well as

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identifying unbundling of procedures. The workers' compensation medical bills must be reviewed for appropriateness through review of Type of Service ("TOS") and type of facility from the CPT coding provided on the submitted workers' compensation medical bill. The Medical Bill Review Software, must not allow the entry of workers' compensation medical bills that preceded date of loss. The Medical Bill Review Software must be programmed to apply usual and customary rates, State mandated fee schedules and PPO discounting in all states. The Medical Bill Review Software must review bill data, including the recommended amount for payment. The workers compensation medical bill review data must be exported daily to the claim management system for payment generation, creation of EOB attached to the medical provider check and creation of an online EOB within the claim file. All bill review data captured during the processing of the submitted workers' compensation medical bills must be accessible by the Department for reporting, billing and reserving. The Department shall have view access to the EOB along with payment history and medical provider information online in the claim management system. Claims examiners must first review the workers' compensation medical bills to verify dates of service that may precede the date of loss. Workers' compensation medical bill management must have nurses as team leads and quality assurance. Nurses must review the following workers' compensation medical bill:

1. Bills over \$10,000;
2. Bills for multiple surgeries;
3. Bills with Durable Medical Equipment (DME) over \$1,000;
4. Bills with procedure codes not corresponding to the diagnosis code;
5. Chiropractic bills exceeding \$500 on the initial visit; and
6. Physical therapy or chiropractic bills that exceed the utilization review guidelines.

- iv. The Medical Bill Review Software must be programmed according to State guidelines for mandatory utilization review to flag workers' compensation medical bills for nurse review when such medical bills meet specific thresholds. An EOB must be automatically generated on all medical provider workers' compensation medical bills entered in the Medical Bill Review Software. The Department shall have view access to the EOB along with payment history and medical provider information.

4. Claims Administration:

- a. Contractor shall accept and review all claim and loss reports as required by the Department.

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- b. Contractor shall provide the Department with a report in a pre-approved format by the Department documenting, including but not limited to, the status of each open claim assigned, including details of payment and outstanding reserves for the month and year covered by the report. Contractor shall provide the Department this report no later than the fifth (5th) business day after the end of the month in which.
- c. Contractor shall administer all State employee workers' compensation claims in accordance with all applicable State statutes and administrative regulations including Chapter 568 of the Connecticut General Statutes and Sections 5-142 through 5-145 of the Connecticut General Statutes.
- d. The First Report of Injury process must include the utilization of a web-based automated claim reporting service including telephonic reporting via a twenty-four (24) hour and seven (7) day a week toll free number for the first report of injury service to all State agencies participating in the State Worker's Compensation program administered under Connecticut General Statute Section 31-284. This number must be staffed by trained customer service representatives. The Department shall educate all appropriate Department employees on the protocol to be followed after an employee suffers an injury. This protocol includes calling a particular toll free phone number to report a claim and reporting the claim following a particular script customized for the Department, which script will allow for the automated pre-population of fields. Contractor shall create an electronic claim file and rout such file to the assigned claim officer within two (2) hours of notification. Contractor's Branch Office will also interface with CORE-CT on a daily basis for the setup of new claims and recurrences into CORE-CT.
- e. Claims Investigation Practices:
 - i. Contractor shall investigate accepted claims and losses to the extent deemed necessary in the judgment of the Contractor, and to adjust, settle, resist or otherwise handle all such claims or losses with the prior written approval of the Department.
 - ii. If fraud indicators are present, the claim adjuster shall seek consultation with the Department with appropriate recommendations to assign for special investigative services. Contractor shall investigate and determine compensability by utilizing the following:
 1. The initial telephonic Arising Out of Employment / Course of Employment ("AOE/COE") investigation with a diary to be completed within seven (7) business days of receipt of claim by the claims adjuster to allow for a compensability evaluation. The final investigation must be completed within fifteen (15) business days.

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2. Subrogation and recovery opportunities; liens must be identified, protected and clearly documented by the Contractor. Contractor shall send all notices to the potential responsible party in a timely manner and recovery pursued to the extent authorized by the Department.
 3. Contractor shall discuss all indemnity claim evaluation and findings of with the Department, as needed.
 4. Contactor shall process claim denials in accordance with the Connecticut General Statutes and with the consultation of the Department. Contractor shall extract additional data for CORE-CT, as needed.
- f. Assignment of Claims:
- i. Contactor shall internally assign all claims to a claim adjuster based upon the applicable agency assignment or type of claim. Types of claims consist of report only, medical or indemnity. Contractor shall review each claim for duplication. If the claim is not a duplicate, claim adjuster(s) shall enter available information into the Licensed Software based upon the reported information from the Client Agency and injury reporting “hotline.” This information will be available for Department review within two (2) business days of the receipt of the Department’s or state agency’s notice. Notices may be provided verbally, written or via a “hotline”.
 - ii. Online claim entry must be completed within three (3) business days of receipt of the claim.
 - iii. Upon a claim being received and assigned, the Contractor shall provide a written acknowledgement to the Department, either electronically or via US mail.
 - iv. The Contractor shall appoint a supervisor whose responsibilities will include reviewing all new notices of claims daily. If supervisory review indicates the file must be set up as an active loss, the supervisor shall provide initial instructions to the Contractor for immediate set up and handling of the active loss. An active loss is either a medical claim or lost time claim.
 - v. Upon receipt of a new injury claim, Contractor shall file the first notice of injury form electronically into the Licensed Software.
 - vi. Upon receipt of the claim from the supervisor, the claim adjuster assigned to the loss shall initiate contact with the claimant and the

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Department following the initial instructions provided for immediate set up and handling of the active loss.

- g. Injured Workers and Agency Contact Protocols:
 - i. Claim adjusters assigned to a loss must initiate three points of contacts:
 - 1. Employer – Contact with the Department must be made within one (1) business day of receipt of the claim in the dedicated claim unit to perform the initial telephonic "arising out of employment (AOE)/in the Course of Employment (COE)" investigation. Additional contacts with the Department must also be made when additional facts are needed or to confirm RTW-status.
 - 2. Employee – Contact with injured employee must be made within one (1) business day of receipt of claim.
 - 3. Treating Medical Provider – Contact must be made with the medical provider on all new claims and as required to stay informed of current medical treatment and status. Contact must be initiated and maintained to monitor medical treatment and status, prognosis, Medical Maximum Improvement ("MMI") and RTW dates.
 - ii. Contractor shall conduct review meetings with the Department to address the following:
 - 1. Conduct claim reviews of individual cases meeting or exceeding the criteria established by the Department at the inception of the State Workers Compensation program.
 - 2. Provide action plans and an update on the results of action plans directed toward saving the Department's total cost of claims and customer service levels.
 - 3. Review location and agency training and customer service visits as required by the Department.
 - iii. Claim adjusters shall perform the following during the ongoing file management processes:
 - 1. Identify outstanding or open issues in every claim. Claim adjusters shall develop, document and implement action plans, including timeframes, to resolve the outstanding issues and bring the claim to conclusion. The claim adjuster shall comment on the status of the claim and update the action plan as needed at each claim file review or as activity and developments require.

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2. Maintain interaction with the injured employee until the injured employee reaches MMI or is released to work on modified duty basis, unless such an employee is represented by legal counsel.
 3. Maintain regular contact with the Department to advise of changes in medical/work status, inquire about light duty opportunities as warranted. When appropriate, opportunities for rehabilitation and/or occupational therapy service must be identified and referrals made pursuant to the Department's instructions.
 4. Maintain contact with the treating medical provider as required to stay informed of current medical treatment and status, prognosis, MMI and RTW dates.
 5. Review and present recommendations to the Department in the event of a permanency rating. The claim adjuster may request the doctor who rated an injured employee to reconsider the permanency rating and may also request independent medical examination, all within statutory guidelines.
 6. Conduct file reviews in accordance with the requirements of the Department.
 7. Complete re-indexing upon notice of subsequent accident on active claims.
 8. Investigate results of index "hits".
 9. Request information regarding prior accidents from the Department.
- iv. Utilization of Diaries:
- The Contractor must use the online diary function to (1) manage activities required to bring the claim to proper conclusion and (2) manage follow up activities conducted by the claim adjuster and by the supervisor on claims that meet the requirements for supervisory involvement.
- v. Reserving Methodology:
1. All claims must be reserved by the Contractor to reflect the ultimate probable cost to bring the claim to conclusion, based upon the information available through the life of the claim. The Contractor shall prepare a reserve worksheet establishing probable cost and enter the reserve worksheet into the claim system within five (5) days.

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All reserve changes must be processed with the use of an on-line reserve worksheet. As circumstances change, the reserve worksheet may be modified upward or downward as required. A new reserve worksheet must be completed when information is received which increases the exposure making the case reportable. An updated reserve worksheet must be completed for any reserve change. The reserve worksheet must provide the rationale behind the proposed increase to the reserve including a review of the file and the claim adjuster's evaluation of the additional factors that resulted in the increased exposure.

2. All claims in excess of the claim adjuster's authority level must be reviewed and approved by the claim adjuster's supervisor for quality of work and appropriateness of reserving. Additionally, random claim files within the claim adjuster's authority level must be reviewed by the claim adjuster's supervisor and quality manager each month to ensure that reserves are not being suppressed and to obtain the highest quality of work.

vi. Benefit Calculation:

The Contractor shall request wage statements from the Department payroll contact to verify lost wages and allow for accurate benefit calculation whenever confirmation of wages cannot be made through use of CORE-CT.

vii. Fraud Detection and Surveillance:

Contractor shall have a designated individual for all fraud investigations. The designated individual must provide immediate updates to the Department upon request.

viii. Subrogation Identification:

Contractor must place responsible third parties on notice and/or file liens to protect the Department's interests. Second injury/special fund recoveries must be attempted in applicable venues and recovery must be pursued to the full extent authorized. Contractor shall:

1. Identify potential subrogation cases.
2. Document origin.
3. Place responsible parties, if known, on notice.
4. Report the investigation results and recommendations for additional recovery efforts.

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5. Utilize centralized subrogation staff to focus clearly on recovery efforts.
6. Pursue recovery on approved cases.

ix. File Documentation and Maintenance:

The Department shall have real time access to all activity notes, payments, reserves, assignment information, employee, insured and customer information, except hard copy medical, legal and investigative reports.

x. Supervisory Review:

Contractor shall utilize a dedicated quality and performance manager with supervisory level claims technical knowledge. The manager must report directly to the national quality and performance manager to maintain an independent, autonomous view of the work quality provided to the Department.

xi. Integration with Medical Case Management Staff:

Nurse case managers must provide both telephonic and field case management services. Telephonic nurse case managers' primary goal is to reach treatment agreements and ongoing management or reasonable and appropriate medical care for injured employees through approved facilities. Nurse case managers shall work with the Department and medical providers to identify and coordinate light duty and RTW opportunities and interact with the claim adjuster to help assure that services are documented to accomplish prompt payments. Throughout the telephonic case management process, the nurse case manager shall maintain a four-point contact with the claim adjuster, Department, employee and medical provider(s) of care in order to facilitate a prompt and efficient RTW.

xii. Settlement Policies for Workers Compensation Claims:

Contractor shall use a settlement evaluation and/or disposition as requested by the Department. When a reserve/settlement worksheet is completed, a summary of the evaluation shall be documented and provided to the Department.

5. Payments and Fiscal Administration:

- a. The payment system must contain a high level of fiscal controls and meet the standards of accountability imposed by the Auditors of Public Accounts. All

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payment systems must operate on the basis of the Department's fiscal year. The Department's fiscal year commences on July 1st and ends on June 30th.

- b. Contractor shall utilize a bank selected by the Department to issue all checks so there is no delay or cost that are associated with the State Workers' Compensation program transitions. The Contractor's claim system must allow payments to be made for a predetermined time. The claim file must remain on the claim adjuster and supervisor's diaries while payments are being made. Medical documentation is required before issuing an indemnity check. In certain circumstances, to meet a customer's request or to avoid a penalty, the Contractor shall confirm disability by phone or other sources and issue the appropriate payments without the physical medical report in their possession. The Contractor shall provide the Department all financial reports of worker's compensation program expenditures, either electronically or physically, on the first (1st) of every month.

- c. Overpayments:

Contractor shall reimburse the Department for all overpayments made by the Contractor due to error and omission. Contractor shall maintain an overpayment tracking mechanism on-line or in an electronic database as approved by the Department. All overpayments caused by the Contractor shall be reconciled on a monthly basis with payment remitted to the Department no later than forty five (45) days after the last day of the month in which the overpayment is discovered. Contractor shall exercise due diligence and take necessary steps to recover all overpayments owed to the Department.

- 6. Department Request of Annual Financial Audit:

Upon Department request, the Contractor shall provide the Department with a summary of its annual financial audit.

- 7. Reconciliation and Reporting of Department's Bank Account:

Upon Department request, the Contractor shall submit within twenty five (25) calendar days of a reporting month, a complete and accurate reconciliation of the State's Workers Compensation Bank Account, with all exceptions noted on appropriate schedules. The monthly reconciliation must include a check summary and sequence reports, allocated loss expense registers, all other information received from the bank and all other pertinent reports as necessary.

- 8. Payment System Balancing:

The Contractor shall perform payment system balancing within five (5) days of the reporting month for all transactions processed during a month according to the schedules provided by the Department. The Contractor shall provide other reasonable

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pertinent reports at the Department's discretion, such as, but not limited to, Year-to-Date financials.

9. Litigation Management:

- a. The Contractor shall provide a timely and organized transfer of files to the Attorney General's Office in advance of all formal proceedings. Formal proceedings include all formal hearings and pre-formal conferences before the State of Connecticut Worker's Compensation Commission. The Contractor shall be responsible for representing the State's interests at all informal hearings and any other proceeding not included in the Attorney General's jurisdiction. Contractor shall place all hearing memoranda from informal proceedings in the claim file. Contractor shall be responsible for pursuing recoveries from subrogation and overpayments.
- b. Contractor shall have a dedicated claim unit to assist the Attorney General's office in preparing for the defense of any litigated claim. The Contractor shall:
 - i. Establish effective and aggressive action plans for defense or settlement evaluation.
 - ii. Maintain a detailed hearing schedule calendar for informal hearings.
 - iii. Document legal correspondence as needed and recommend and hire experts when necessary and authorized by the Department.
 - iv. Complete settlement evaluation worksheets.
 - v. Work with the Attorney General's office in preparing file and defense information.
 - vi. Identify "fast track" claims, which can be resolved quickly and efficiently.
 - vii. Attend formal hearings with the Attorney General's office, as required.
- c. Contractor shall identify, investigate, prepare, pursue and make recoveries on third-party subrogation claims. Contractor shall refer all cases involving formal litigation and/or settlement to the Attorney General. In the event that a subrogation recovery is not realized due to the Contractor's error or omission, the Contractor shall immediately reimburse the State for claim expenditures not recovered.

10. Internal Controls and Quality Assurance:

- a. Contractor's account management teams must meet with the Department's designated staff members to review the Contractor's performance and to

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perform claim reviews for aggressive claim management plans. Both claim and fiscal audits must be coordinated through the account manager to ensure that all involved parties are informed of the audit schedules, results and subsequent action plans. Fiscal reporting must be provided as needed by the Department and State auditors.

- b. Performance Issues Monitoring: The Regional General Account Manager shall monitor performance issues. Contractor shall develop and maintain an issues log with input received from the Department and the Contractor's internal metrics and standards.
- c. Supervisory and Management Reviews: Supervision must be an ongoing evolution throughout the claims process, with particular attention to (i) the initial assignment of the claim, (ii) claim adjuster authority levels during the thirty (30) day period after assignment, and (iii) category reviews or large exposure claims exceeding claim adjuster authority levels. Contractor's supervisor(s) shall maintain a diary in the Licensed Software notes feature at a frequency directed by the Client Agency. Without being restrictive, the diary must contain at least such information as is consistent and in accordance with the Contractor's best practices and standards.
- d. Documented Work Processes: The Contractor shall electronically document all work process in the claim file. The Contractor shall develop a program to control the total cost of claims. This process must identify the Department's key objectives, make recommendations to achieve those objectives, implement an operation plan, monitor results and provide a progress report back to the Department.
- e. Claim Verification Practices: Contractor's staff shall review all new assignment reports against the database for duplication. If the report is not a duplicate, the staff shall set up the claim. The claim adjuster shall be responsible for contacting both the injured employee and the State agency to investigate, confirm or deny the claim by determining whether the claim arose out of the employment or during the course of employment. The claim adjuster must resolve discrepancies by consulting the next level of authority within the applicable State agency as to allow for a fact finding investigation to determine compensability, and communicating the Contractor's recommendation for resolution. The claim adjust shall record all activity during the verification process in the Licensed Software.
- f. Quality Assurance Program: Contractor shall evaluate claim adjuster performance and provide the Department a monthly thirty (30) day quality assurance report.
- g. Contractor shall provide the Department with written specific action plans for any Contractor's staff members that have not met the monthly quality compliance metric of ninety (90%) percent.

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- h. Claim Files Plan of Action: The Contractor shall use the “Plan of Action” template approved by the Department.
- i. Internal Audit Report: The Contractor shall provide the Department a monthly internal audit report of Contractor internal audit(s) performed no later than the fifth (5th) calendar day of each month.

11. Management Meetings:

The Contractor must attend a monthly management meet with the Department, at a location specified by the Department, at no additional cost to the Department. The Department may require the Contractor to attend additional meetings at any time, at location(s) specified by the Department, at no cost to the Department.

12. Contractor shall provide the following, at no additional cost to the Department:

- a. Nurse case managers at an unlimited number of file reviews.
- b. Unlimited nurse round tables for inconsistent urine drug testing results.
- c. Unlimited nurse consults on medicals issues.
- d. Immediate and unlimited data entry of all claims in Core-CT.
- e. Subrogation services of third party claims.
- f. All Contractor operating expenses including but not limited to: all postage, mail, checks, paper for respondent medical examinations, commissioned medical examination packets, and file request(s) from the Department’s storage facility.

13. Maintenance and Support:

Contractor shall provide maintenance and support Level 1 and Maintenance and Support Level 2 maintenance and support, as described below. The Contractor’s call center for maintenance and support is available from 8:00am - 7:00pm EST. The local phone line is (630) 285-4060 or toll-free at 1-877-RISX-FACS (1-877-747-9322).

- a. Maintenance and Support Level 1 – Maintenance and Support Level 1 is a first level support group for, including but not limited to, password management, email, hardware, and current system state information access questions.
- b. Maintenance and Support Level 2 – Maintenance and Support Level 2, a second level support group comprised of IT subject area experts, is available as needed to consult on the investigation and resolution of issues for items not resolved at the Maintenance and Support Level 1 of any major incident escalation, including but not limited to, multiple users having similar issues.

EXHIBIT B - PRODUCT AND PRICING SCHEDULE
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Item	Description of Service	Unit of Measure	Price																								
1.0	Establishing and maintaining an office in Hartford County	Per Month	\$44,583.33																								
2.0	Minimum Staffing Services	Per Month	\$271,250.00																								
	<table border="1"> <thead> <tr> <th>Staff Title/Position</th> <th>Number of Fulltime Positions Dedicated to the Department During the Contract Term</th> </tr> </thead> <tbody> <tr> <td>Regional General Manager/Account Manager</td> <td>1</td> </tr> <tr> <td>Quality Assurance Manager</td> <td>1</td> </tr> <tr> <td>Claims Supervisor</td> <td>5</td> </tr> <tr> <td>Lost Time Resolution Manager</td> <td>20 fulltime and one part-time</td> </tr> <tr> <td>Maintenance Desk Resolution Manager</td> <td>2</td> </tr> <tr> <td>Hearing Representatives</td> <td>3</td> </tr> <tr> <td>Medical Only Service Representative</td> <td>3 fulltime and one part-time</td> </tr> <tr> <td>Subrogation Manager</td> <td>2</td> </tr> <tr> <td>Operations Supervisor</td> <td>1</td> </tr> <tr> <td>Administrative Support Staff</td> <td>10</td> </tr> <tr> <td>Nurse Case Manager</td> <td>3</td> </tr> </tbody> </table>	Staff Title/Position	Number of Fulltime Positions Dedicated to the Department During the Contract Term	Regional General Manager/Account Manager	1	Quality Assurance Manager	1	Claims Supervisor	5	Lost Time Resolution Manager	20 fulltime and one part-time	Maintenance Desk Resolution Manager	2	Hearing Representatives	3	Medical Only Service Representative	3 fulltime and one part-time	Subrogation Manager	2	Operations Supervisor	1	Administrative Support Staff	10	Nurse Case Manager	3		
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Regional General Manager/Account Manager	1																										
Quality Assurance Manager	1																										
Claims Supervisor	5																										
Lost Time Resolution Manager	20 fulltime and one part-time																										
Maintenance Desk Resolution Manager	2																										
Hearing Representatives	3																										
Medical Only Service Representative	3 fulltime and one part-time																										
Subrogation Manager	2																										
Operations Supervisor	1																										
Administrative Support Staff	10																										
Nurse Case Manager	3																										
3.0	Licensed Software Maintenance and Support Fee	Per Month	\$729.16																								
3.1	Licensed Software Maintenance and Support Level 1	Per Month	\$78.12																								
3.2	Licensed Software Maintenance and Support Level 2	Per Month	\$26.06																								
4.0	Licensed Software for 1 - 125 Users.	Per Month	\$1,249.99																								
4.1	Licensed Software for more than 125 Users.	Per User	\$200.00																								
5.1	Unlimited Access to Digital Training Library per Exhibit A.	N/A	Included																								
5.2	Unlimited Licensed Software User Training per Exhibit A.	N/A	Included																								
5.3	Licensed Software Digital Training Library Webinars	N/A	Included																								
5.4	Licensed Software User Training	N/A	Included																								
6.0	All additional services per Exhibit A.	N/A	\$96,666.67																								
TOTAL PER MONTH			\$414,583.33																								
TOTAL PER YEAR			\$4,975,000.00																								



Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations

This notice is provided under the authority of Connecticut General Statutes §9-612(G)(2), as amended by P.A. 10-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (italicized words are defined on the reverse side of this page).

CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

No *state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor*, with regard to a *state contract or state contract solicitation* with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee (which includes town committees).

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

On and after January 1, 2011, no state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall **knowingly solicit** contributions from the state contractor's or prospective state contractor's employees or from a *subcontractor or principals of the subcontractor* on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

DUTY TO INFORM

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

PENALTIES FOR VIOLATIONS

Contributions of solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil Penalties – Up to \$2,000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and possible consequences of their violations may also be subject to civil penalties of up to \$2,000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties – Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or not more than \$5,000 in fines, or both.

CONTRACT CONSEQUENCES

In the case of a state contractor, contributions made or solicited in violation of the above prohibitions may result in the contract being voided.

In the case of a prospective state contractor, contributions made or solicited in violation of the above prohibitions shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State shall not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "Lobbyist/Contractor Limitations."



DEFINITIONS

“State contractor” means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. “State contractor” does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Prospective state contractor” means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. “Prospective state contractor” does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Principal of a state contractor or prospective state contractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

“State contract” means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. “State contract” does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

“State contract solicitation” means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

“Managerial or discretionary responsibilities with respect to a state contract” means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

“Dependent child” means a child residing in an individual's household who may legally be claimed as a dependent on the federal income tax of such Individual.

“Solicit” means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office; or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

“Subcontractor” means any person, business entity or nonprofit organization that contracts to perform part or all of the obligations of a state contractor's state contract. Such person, business entity or nonprofit organization shall be deemed to be a subcontractor until December thirty first of the year in which the subcontract terminates. “Subcontractor” does not include (i) a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or (ii) an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Principal of a subcontractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a subcontractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a subcontractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a subcontractor, which is not a business entity, or if a subcontractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any subcontractor who has managerial or discretionary responsibilities with respect to a subcontract with a state contractor, (v) the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the subcontractor.

EXHIBIT D – SERVICE LEVEL AGREEMENT
Contract 18PSX0130
WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

A. SYSTEM AVAILABILITY:

The period of time during which the System must be available for use by the Department and its Users, including the ability to inquire, update, and otherwise access all data contained in the System and by the Department and Users. Availability shall be ninety-nine point nine (99.9%) percent or greater of the time, as measured over the course of each calendar month (seven (7) days a week, twenty-four (24) hours per day), during the Term which the Contractor does or is required to Perform under the Contract. System Availability shall be measured as the total time required for the System to be available, excluding scheduled down time computed as follows:

$$(Available-Time-per-Month) - (Downtime-per-Month)$$

$$\text{Computed \% Reliability} = \frac{\text{Available-Time-per-Month} - \text{Downtime-per-Month}}{\text{Available-Time-per-Month}}$$

$$\text{Computed \% Reliability} = \frac{\text{Available-Time-per-Month} - \text{Downtime-per-Month}}{\text{Available-Time-per-Month}}$$

with Available-Time-per-Month equated to twenty four (24) hours times the number of calendar days in the month, which shall be deemed to correspond to POP during each calendar month and Downtime-per-Month equated to those hours of Available-Time-per-Month during which the Department or any specific site is precluded from aforesaid productive System use. "POP" (Primary Operation Period) means the days and hours of normal System operations and availability, which is to be to 24 hours per day/7 days per week/365 days per year.

EXAMPLE:

Given: Available-Time-per-Month was 720 hours.

Downtime per-Month was 3.60 hours.

$$(720 - 3.60)$$

$$\text{Then: Computed \% Reliability} = \frac{720 - 3.60}{720} = 99.5\%$$

$$720$$

1. Unscheduled Downtime:

Unscheduled downtime is when any System component (hardware, software, or service, including, but not limited to Hosted Environment and Hosted Services) is not fully operational and negatively affects System Availability. Minutes in which the System and its software application is not available due to any of the following reasons, shall not be considered Unscheduled Downtime for purposes of the calculation of Availability:

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Contract 18PSX0130
WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

- i. Force majeure;
- ii. Negligence of Users;
- iii. Failure of Department or User's Internet connectivity; and
- iv. Denial of service issues outside the control of Contractor, provided that the Contractor has implemented commercially reasonable security measures to prevent such denial of service issues.

2. Scheduled Downtime:

Contractor shall conduct scheduled downtime every 2nd and 4th Tuesday from 11:00pm through 12:00am of each month Central Time ("CST") and (ii) on the 3rd Sunday of each month, beginning July 1, 2019 (Scheduled downtime window) for purposes of bug fixes, application code enhancements, patches, Upgrades, Updates and Improvements. In addition to these scheduled downtimes, the Contractor may schedule and create other downtimes as pre-approved by the Department. All scheduled downtime must occur outside of the Department's regular Business Hours.

Contractor shall not implement System enhancements, Improvements, Upgrades or Updates that will require downtimes outside the scheduled downtime window without the Department's prior written consent, which consent shall not be unreasonably delayed or denied. Contractor shall provide proactive notifications to the Department regarding scheduling system-maintenance downtime and System Upgrades, Updates, Improvements and enhancements. Contractor shall provide the Department with at least five (5) calendar days' prior written notice of any such Scheduled Downtimes. Such notices shall include the date of the downtime and the start and stop times of the downtime.

B. DISASTER RECOVERY:

1. Backup:

In the event that State data and databases are inaccessible within the System and Hosting Environment, Contractor shall provide Department back-up facilities in Contractor's primary data center located in Illinois. The back-up process shall be administered in real-time commencing once data is stored in the System and run continuously until termination of the Contract or until the Department ceases to use the System, whichever is later.

2. Redundant Hosting:

EXHIBIT D – SERVICE LEVEL AGREEMENT

Contract 18PSX0130

WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

Contractor shall also provide replication of Department data and databases within the Hosted Environment on a nightly basis to an offsite disaster recovery data center facility located in Indiana (“DR site”).

3. Failover Testing:

Contractor shall perform annual failover testing from Contractor’s primary data center to the Contractor’s DR site by testing the DR site to ensure it meets Recovery Point Objective (“RPO”) and Recovery Time Objective (“RTO”). Contractor shall automatically provide failover testing results to the Department no later than three (3) weeks after concluding the failover testing or after receiving the Department’s request for the results. Full DR Test including Failover will be performed each August.

4. Disaster Recovery:

Contractor shall provide disaster recovery services that are less than a RPO of twenty-four (24) hours and a RTO of twelve (12) hours. RPO is maximum targeted period in which data might be lost from the System and related Hosted Service due to a major incident. RTO is the amount of time it takes to restore from the incident until normal operations are available to Users.

C. ESCALATION

1. Service Levels: All levels shall be measured over the course of each calendar month.

2. Response Time: Time when a request for issue resolution is received by the Contractor until Contractor responds to the Department.

a. High Priority, Level 1 = Disruption of business function that limits, in any way, the Department’s ability to conduct business. Contractor shall respond within two (2) hours of being made aware of the incident and initiate problem resolution and sustained immediate and around the clock attention until corrected.

b. Medium Priority, Level 2 = Does not impact the Department’s ability to conduct business. Contractor shall respond within twelve (12) hours of being made aware of the incident and initiate problem resolution and sustained attention during normal business hours until corrected.

c. Low Priority, Level 3 = Minor application issue or request, addressed after priority levels 1 and 2 are corrected. Low Priority, Level 3

EXHIBIT D – SERVICE LEVEL AGREEMENT
Contract 18PSX0130
WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

issues may be pursued during normal business hours. Contract shall respond within seventy-two (72) hours of being made aware of the incident.

D. NON-COMPLIANCE:

1. System Unavailability:

- a. If the System is unavailable and not compliant with System Availability requirements, Contractor shall credit the Department ten (10 %) percent of the monthly invoice amount and apply it toward the next monthly payment.
- b. For any service level credit assessed, Department will send a written notice to Contractor detailing the amount to be applied as a service level credit and the maintenance payment date to which the Contractor shall apply the service level credit. The Contractor shall then credit the Department the amount on the next billing invoice.
- c. If the Department terminates this Contract prior to the next payment being made, then the Contractor shall pay the amount of the service level credit directly to the Department within thirty (30) calendar days of the Department's written notice of termination to the Contractor.

E. MAINTENANCE AND SUPPORT:

Contractor shall provide all System and Hosting Environment Updates, Upgrades, Improvements, and enhancements beginning on the Effective Date and throughout the Term at no additional cost.

F. SYSTEM RESPONSE TIME SERVICE LEVEL:

Contractor represents and warrants that ninety-five percent (95%) of all transactions shall process at no more than one (1) second; no single transaction shall take longer than five (5) seconds to process. Department retains the option of using a third-party service to validate the performance of Contractor's response times, at no cost to the Contractor. Contractor shall cooperate fully with the Department and the third-party in such ways as they may reasonably request to help them successfully complete the validation process.

If Contractor's System response times falls below the warranted level for two (2) or more consecutive weeks, measured on a whole week basis, the Department shall receive service credits in the amount of ten (10%) percent of the service fee for that month. If Contractor's System response times fall below the warranted level for six (6) out of eight

EXHIBIT D – SERVICE LEVEL AGREEMENT

Contract 18PSX0130

WORKERS COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES

(8) consecutive weeks, measured on a whole week basis, Contractor shall be considered to be in default, and the Department may terminate this Contract.

Contractor represents and warrants that the above service levels shall be valid with up to one hundred (100) users using the System at any given time.

F. SUPPORT AND ESCALATION PROCEDURE:

Contractor shall establish and maintain the organization and processes necessary to provide support and error-resolution services to the Department. Contractor shall provide support and error-resolution services on a twenty-four (24) hours a day, seven (7) calendar days a week basis via a telephone from 7:00 a.m. to 6:00 p.m. EST, within ninety-eight percent (98%) of calls being answered.

18PSX0130
Exhibit E
Deliverable Implementation and Milestone Schedule

Pursuant to Deliverables in Exhibit A, Contractor shall deliver the following Deliverables per the milestone schedule defined below. Payments shall be made to Contractor upon the Department’s Acceptance of the Deliverables in each of the milestones listed in the chart below.

The Contractor shall conduct a kick-off meeting with the Department within two (2) days of the Effective Date of the Contract to plan, coordinate, and identify specific project tasks for each milestone, the specific documents associated with each Deliverable, and specific dates for delivery. All Deliverables, including, but not limited to, tasks, timelines, and documents submitted for milestone compliance will be subject to Department review and approval.

MILESTONE	DELIVERABLE		EFFECTIVE DATE
1.	Hartford County Office Location		Effective Date
2.	Staffing Services		Effective Date
3.	Digital Training Library		Effective Date
4.	Licensed Software for all Users		Effective Date
5.	License Software Maintenance and Support		
	a. Maintenance License Software Fee		Commences July 1, 2019
	b. Maintenance and Support - Level 1		Effective Date
	c. Maintenance and Support - Level 2		Effective Date