

HEALTH CARE SERVICES CONTRACT

This Contract, a professional services Contract under the law of the State of Delaware, is made this 6th day of MARCH, 2014, by and between Connections Community Support Programs, Inc. ("CCSP") and the State of Delaware Department of Correction ("DOC")(collectively referred to as the "Parties").

RECITALS

WHEREAS, DOC desires to procure professional healthcare services to serve the needs of the State of Delaware and its incarcerated offender population; and

WHEREAS, DOC has asked prospective vendors to submit proposals in relation to Contract No. DOC1426-Health; and

WHEREAS, CCSP submitted a proposal to provide certain health care services and such proposal was accepted by DOC;

NOW, THEREFORE, in consideration for the mutual promises contained herein, the Parties enter into this Contract and each of the documents that comprise this Contract as specifically incorporated by reference herein and revoke any previous Contracts between the Parties regarding health care services, with the exception of Contract No. DOC1202-Mental Health. All references to the "State," "Delaware," "DDOC," the "Department of Correction," or the "Department" shall be deemed as references to DOC. All references to "Vendor," "CCSP," "Connections CSP," or "Connections Community Support Programs, Inc." shall be deemed as a reference to CCSP. The terms and conditions of this Contract are contained within this DOC/CCSP professional healthcare services Contract which shall include by reference the following documents:

- This Contract and its Exhibits;

- The DOC Request for Proposals for Contract No. DOC1426-Health and any amendments thereto (Exhibit A);
- CCSP's Letter of October 15, 2013 (Exhibit B);
- CCSP's Proposal in Response to the above Exhibit A (Exhibit C).

NOW THEREFORE, DOC and CCSP mutually agree as follows:

1. **Contract Term.** Subject to the other terms and provisions hereof, the initial term of this Contract will be for four (4) years commencing on June 1, 2014 (the "commencement date") and shall terminate, unless renewed, on June 30, 2018 (the "natural termination date"). The Contract may be renewed by DOC for two (2) additional two (2) year renewal periods.
2. **Contract Price.** DOC and CCSP agree on an annual base price of \$40,602,500 for the first 13 months ("year one") of this Contract and \$41,414,550 for the next 12 months ("year two") of this Contract. The annual base price for the last 24 months ("years three and four") of the initial term of this Contract may be increased by a percentage consistent with the U.S. Department of Labor's "All Items Consumer Price Index for All Urban Consumers" (CPI-U); provided, however, that any such percentage increase in years three or four shall not exceed 2.5% of the annual base price then in effect. The Parties further agree the CCSP shall submit to DOC an invoice on or about the last day of each month commencing on June 30, 2014. CCSP may invoice DOC every fourteen days, beginning with July 15, 2014 and continuing through January 15, 2015, at its discretion. For year one, the total invoices for each month shall not exceed one thirteenth (1/13) of the annual base price for the first year of this Contract. After year one, each invoice shall be for one twelfth (1/12) of the annual base price due hereunder for each year of this

Contract. For year one, the monthly invoiced amount shall be no greater than \$3,123,269.23. For year two, the monthly invoiced amount shall be no greater than \$3,451,212.50. DOC shall pay the undisputed portion of each invoice within 30 days of receipt. The amount of said monthly payment shall be subject to modification only as set forth in this Contract or as mutually agreed upon by the Parties pursuant to a subsequent mutually-signed writing. Adjustments to compensation may be made to account for Medicaid reimbursements or the results of quality assurance reviews audits or other processes or events giving rise to additions or deductions as set forth in this Contract, its exhibits, or attachments. Invoices shall be submitted in electronic format to:

John Oldigs
Senior Fiscal Administrative Officer
245 McKee Rd.
Dover, DE 19904
john.oldigs@state.de.us

3. ***Superseding Modifications to Contract Documents.*** The following terms and conditions shall, in addition to the other paragraphs of this Contract, supersede any language in the Exhibits to this Contract:

A. The contract price as outlined in Paragraph 2 of this Contract shall be subject to the adjustments to compensation set forth in Exhibit B. Adjustments to compensation shall be either withheld or added to the monthly invoiced amount on a monthly, quarterly or annual basis.

B. CCSP shall have a grace period to bring its staffing levels into compliance with the Contract. Any and all adjustments to compensation related to staffing requirements shall be tolled until January 31, 2015; any act, omission, event, metric, or

performance measure which might give rise to a staffing-related adjustment to compensation must occur on or after January 1, 2015.

C. Should DOC exercise any option to renew this agreement as set forth in Paragraph 1, the Parties agree that the annual base price for any two-year renewal period exercised under this Contract may be increased by a percentage consistent with the CPI-U; provided, however, that any such percentage increase shall not exceed 2.5% of the annual base price then in effect.

D. The Parties agree that DOC will conduct quality assurance audits as detailed in Appendix I to the Request for Proposal for Contract No. DOC1426-Health. Under no circumstances shall DOC utilize data or information for audit purposes which may be generated by CCSP in relation to any of its internal peer review functions. In the event that CCSP fails to achieve a compliance goal, CCSP shall submit a corrective action plan to DOC for its approval.

E. CCSP agrees that it shall be responsible for any and all charges related to telephone and data transmission lines set aside specifically for the use of CCSP. DOC agrees to timely provide CCSP with the invoices it receives for such services in order to facilitate prompt payment.

F. Mandatory Staffing Level Enforcement. The positions and hours to be provided as part of the Contract between the DOC and CCSP are set forth in Appendix H to the Request for Proposal for Contract No. DOC1426-Health (Vendor Staffing Requirements), attached hereto, and Table No. 7 (Position by Credentials, Shift, Location and Contract Title) of CCSP's Proposal (pages 84-91) as amended during contract negotiations and attached as Exhibit 1 to this Contract. These are mandatory minimum

staffing levels and compliance with the staffing levels is a material term of this Contract. CCSP shall make diligent, good faith efforts to fill all positions contemplated in the Contract. The following subparagraphs govern mandatory staffing levels under this Contract. Nothing herein shall be considered an election of remedies nor shall it inhibit any other statutory or common law action or remedy available to the Parties which might arise out of the operation of this Contract.

1. Credit for Non-Compliance. The DOC and CCSP agree that monetary credits as defined and quantified herein may be imposed by the DOC for net unfilled/uncovered hours. Adjustments to compensation for non-compliance with the requirements of Section II.B.4.a.vii of the Request for Proposal for Contract No. DOC1426-Health are set forth in the aforementioned Request for Proposal.

2. Definitions.

2.1 "Unfilled/uncovered hours" shall be defined as those hours which CCSP failed to cover with an appropriately licensed and credentialed employee or contractor due to voluntary or involuntary termination or any other reason or incident resulting in the position being unfilled and not covered. The term "unfilled/uncovered hours" does not include those hours not covered due to training, orientation and paid time off (PTO), such as for illness, annual or personal leave or any other paid leave provided pursuant to the approved employment policies of CCSP. Notwithstanding the language of this paragraph, a position shall be deemed uncovered if a permanent employee of CCSP fails to cover the position for a period of greater than 90 consecutive days.

2.2 A full time equivalent (FTE) will be defined as 2,080 hours annually, inclusive of PTO.

2.3 For purposes of calculating monthly contractual hours required, the calculation will utilize eight hours per work day, multiplied by the number of business days in the month, inclusive of holidays, so that the combination of any calendar year will reflect 2,080 hours (except for leap years which will calculate as 2,088 hours).

3. Written Report Required. CCSP will provide a certified monthly written report of the work hours paid each month indexed by amount of hourly rate, position, and facility. The report required herein will compare the work hours paid each month to the requirements of pages 124-132 of CCSP's Proposal. The average hourly rate for any uncovered/unfilled hours in excess of the requirements of pages 124-132 of CCSP's Proposal will be specified in each report required herein. The monthly calculation will be completed for the previous service month and aggregated for the entire contract year. These figures shall be reported in each report as the "cumulative monthly staffing level credit" and the "cumulative yearly staffing level credit." CCSP will credit the DOC on a monthly basis for the amount of each cumulative monthly staffing level credit, net of previous credits and billings issued. At no time will the DOC be charged with a total net overage for hours provided – any cumulative staff hours provided beyond the staffing levels required by this Contract will be at the expense of the Contractor. Overages in any given month may not be combined or calculated in a manner which offsets uncovered/unfilled hours. If, however, the DOC requests

additional staff, the DOC agrees to negotiate an amendment to the contract to account for the expansion of any newly demanded positions.

4. Time Considerations. CCSP will submit the report required by subparagraph 3 above no later than thirty (30) days after the month of service in a manner which shall permit the DOC to deduct any potential credit from the next required payment. Reports may be submitted electronically. In the event that an amount is owed to CCSP based upon previous assessed credits, the DOC will remit such additional funds at the time of the next required payment. Because of the potential for corrections to timesheets, as well as the possibility of invoices received later than 30 days past the month of service, agreed upon adjustments to the prior month of hours paid may be processed for the next two monthly reports following the notice of any need for such adjustments. For example, services provided in July will be reported by the end of August. Corrections to the July hours paid will be allowed at the end of September and the end of October, to reflect the true total of hours paid by position.

4. **Major Equipment Purchases.** The Parties acknowledge that DOC shall pay for any equipment, supplies, and fixtures which may be necessary, required and requested by CCSP under the operation of this Contract which individually exceeds \$500.00 per individual item. All DOC-owned equipment, supplies, and fixtures currently in place at or located within the facilities at which services shall be provided shall be made available to CCSP at no cost to or credit against CCSP in connection with the performance of its services hereunder. In addition, DOC shall provide at its cost and expense all reasonable

maintenance services required and requested by CCSP in connection with any DOC-owned equipment, supplies, and fixtures or any part of the DOC's facilities.

5. *Adequate Performance Defined.* The Parties acknowledge and agree that minimally adequate performance under this Contract requires both a minimum level of staffing and the adequate provision of healthcare services. The adequacy of healthcare services and overall Contract performance shall be measured not only by the level of staffing but also by CCSP's performance in relation to the audits set forth herein at Appendix I of the Request for Proposal for Contract No. DOC1426-Health and adherence to the National Commission on Correctional Health Care ("NCCHC") standards, American Correctional Association ("ACA") health care standards (where applicable) and the policies of the DOC's Bureau of Correctional Healthcare Services. The Parties agree that staffing levels (as set forth in the Mandatory Staffing Level Enforcement metrics as set forth in Table 7 of CCSP's Response to Request for Proposal for Contract No. DOC1426-Health (pages 84-91), audit performance, the maintenance of NCCHC accreditation, the maintenance of ACA health care accreditation and standards (where applicable), and adherence to the policies of the DOC's Bureau of Correctional Healthcare Services are each material terms of this Contract.

6. *Legal Requirements.* CCSP shall maintain all legally required licenses, certifications, insurance coverages, as well as the performance bond required herein, as not otherwise stated by this Contract, during the entire term of this Contract.

7. *Expense of Performance.* Unless provided otherwise in this Contract, all expenses incurred in the performance of the services are to be paid by CCSP. If this Contract

specifically provides for expense reimbursement, CCSP shall be reimbursed only for reasonable expenses incurred by CCSP in the performance of the services.

8. ***State Sovereignty.*** Delaware is a sovereign entity, and shall not be liable for the payment of federal, state and local sales, use and excise taxes, including any interest and penalties from any related deficiency, which may become due and payable as a consequence of this Contract.

9. ***Acceptance; Non-Waiver.*** Permitted or required approval by Delaware of any services furnished by CCSP shall not in any way relieve CCSP of responsibility for the professional and technical accuracy and adequacy of its work. DOC's review, approval, acceptance, or payment for any of CCSP's services herein shall not be construed to operate as a waiver of any rights under this Contract or of any cause of action arising out of the performance of this Contract, and CCSP shall be and remain liable in accordance with the terms of this Contract and applicable law for all damages to Delaware caused by CCSP's performance or failure to perform under this Contract.

10. ***Reservation of Rights.*** The rights and remedies of Delaware provided for in this Contract are in addition to any other rights and remedies provided by law.

11. ***Confidentiality.*** To the extent permissible under federal law and 29 *Del. C.* § 10001, *et seq.*, the Parties to this Contract shall preserve in strict confidence any information, reports or documents obtained, assembled or prepared in connection with the performance of this Contract.

12. ***Independent Contractor; Employment Decisions.*** Subject to DOC's absolute right to manage the operations of its facilities, CCSP has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons

employed by CCSP in the performance of the services hereunder; provided, however, that it will, subject to scheduling and staffing considerations, attempt to honor DOC's request relating to specific individuals.

13. ***Independent Contractor; Generally.*** It is understood that in the performance of the services herein provided for, CCSP shall be, and is, an independent Contractor, and is not an agent or employee of Delaware and shall furnish such services in its own manner and method except as required by this Contract. In addition to its responsibilities under as set forth in Section VI.J.5.g the Request for Proposal to Contract No. DOC1426-Health, CCSP shall be solely responsible for, and shall indemnify, defend and save Delaware harmless from all matters relating to the payment of its employees, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever. CCSP acknowledges that CCSP and any subcontractors, agents or employees employed by CCSP shall not, under any circumstances, be considered employees of Delaware, and that they shall not be entitled to any of the benefits or rights afforded employees of Delaware, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits. Delaware will not provide or pay for any liability or medical insurance, retirement contributions or any other benefits for or on behalf of Delaware or any of its officers, employees or other agents. CCSP shall be responsible for providing necessary liability insurance for itself and its personnel. As an independent Contractor, CCSP has no authority to bind or commit Delaware. Nothing herein shall be deemed or construed

to create a joint venture, partnership, fiduciary or agency relationship between the Parties for any purpose.

14. ***Multi-Source Vendor Cooperation Essential.*** The State of Delaware has chosen to employ a multi-source solution to the provision of offender healthcare services. CCSP has been selected to provide a vital, critical, and essential portion of the total healthcare services to be provided to the State of Delaware's incarcerated population. In addition to CCSP, other vendors have been selected to provide other critical healthcare functions. Communication and cooperation between such vendors, including CCSP, is absolutely essential and of the highest order of materiality. CCSP agrees and warrants that it shall provide absolute cooperation with any other healthcare services vendor providing services to DOC and the State of Delaware offender population.

15. ***Severability.*** If any term or provision of this Contract is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Contract, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the Parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and Contracts of the Parties herein set forth. The failure to provide reasonable and appropriate cooperation as indicated herein shall be considered a material breach of this Contract.

16. ***State Appropriations Mandatory Condition of State Performance.*** Validity and enforcement of this Contract is subject to appropriations by the General Assembly of the State of Delaware of the specific funds necessary for Contract performance. Should such

funds not be so appropriated Delaware may immediately terminate this Contract, and absent such action this Contract shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available, at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds. Notwithstanding any other provisions of this Contract, this Contract shall terminate and Delaware's obligations under it shall be extinguished at the end of the fiscal year in which Delaware fails to appropriate monies for the ensuing fiscal year sufficient for the payment of all amounts which will then become due.

17. ***Termination for Cause.*** If for any reason, or through any cause, the Vendor fails to fulfil in timely and proper manner its obligations under the Contract, or if the Vendor violates any of the covenants, Contract or stipulations of the Contract, the DOC shall thereupon have the right to terminate the Contract by giving written notice to the Vendor of such failure and demand that such failure be cured within 30 days. If such obligations, covenants, Contracts or stipulations are not cured to the satisfaction of DOC within 30 days from the date of the notice, DOC may terminate the Contract with the Vendor by providing a termination date no shorter than 90 days from the date the Vendor's attempts at a cure have failed. In that event, all finished or unfinished documents, charts, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Vendor under the Contract shall, at the option of the DOC, become its property, and the Vendor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which is useable to the DOC. In the event of a termination for cause, CCSP agrees that it will not be

entitled to any compensation, whether equitable or monetary, related to any unexecuted portion of this Contract.

18. ***Termination for Convenience.*** Either party may terminate the Contract at any time by giving written notice of such termination and specifying the effective date thereof, at least one hundred and twenty (120) days before the effective date of such termination. In that event, all finished or unfinished documents, charts, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Vendor under the Contract shall, at the option of the DOC, become its property, and the Vendor shall be entitled to compensation for any satisfactory work completed on such documents and other materials which is useable to the DOC. In the event of a termination for convenience, CCSP agrees that it will not be entitled to any compensation, whether equitable or monetary, related to any unexecuted portion of this Contract.

19. ***Non-Waiver.*** The delay or failure by either party to exercise or enforce any of its rights under this Contract shall not constitute or be deemed a waiver of that party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

20. ***Public Records; DOC's Right to Inspect.*** CCSP shall maintain all public records, as defined by 29 Del. C. § 502, relating to this Contract and its deliverables for the time and in the manner specified by the Delaware Division of Archives, pursuant to the Delaware Public Records Law, 29 Del. C. Ch. 5. During the term of this Contract, authorized representatives of Delaware may inspect or audit CCSP's performance and records pertaining to this Contract at the CCSP business office during normal business hours.

21. ***Proof of Insurance.*** Before any work is done pursuant to this Contract, the Certificate of Insurance and/or copies of the insurance policies, referencing the Contract number stated herein, shall be filed with the State. The certificate holder is as follows: John Oldigs, Department of Correction. In no event shall the State of Delaware be named as an additional insured on any policy required under this Contract. CCSP warrants that the amounts of insurance required by this Contract will remain in full force and effect during the full term of this Contract without lapse or diminution of required coverage limitations.

22. ***Choice of Law and Venue.*** The laws of the State of Delaware shall apply, except where federal law has precedence. CCSP consents to jurisdiction and venue within the State of Delaware. CCSP must remain in good standing with the State of Delaware.

23. ***Contract Contents; Documents and Order of Authority.*** The following documents contain the essential and material terms of the Contract between DOC and CCSP:

- 1) This Contract and its Exhibits hereto;
- 2) The DOC Request for Proposals for Contract No. DOC1426-Health and any amendments thereto (Exhibit A);
- 3) CCSP's Letter of October 15, 2013 (Exhibit B);
- 4) CCSP's Proposal in Response to the above Exhibit A (Exhibit C).

In the event of a conflict, contradiction, vagueness and/or ambiguity with respect to or in relation to the contents of the above-listed documents, the above-listed numerical order shall dictate and control the terms of this Contract such that the authority of each successive document is controlled by the preceding document, with this Contract containing the highest level of authority.

24. ***Entire Agreement; Interpretation; Modification.*** This Contract, its Exhibits and Appendices shall constitute the entire Contract between DOC and CCSP with respect to the subject matter of this Contract and shall not be modified or changed without the express written consent of the Parties. The provisions of this Contract supersede all prior oral and written quotations, communications, Contracts and understandings of the Parties with respect to the subject matter of this Contract. If the scope of any provision of this Contract is too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the Parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Contract shall not thereby fail, but the scope of such provision shall be curtailed only to the extent necessary to conform to the law. No waiver of any provision of this Contract shall be effective unless it is in writing and signed by the party against which it is sought to be enforced.

25. ***Joint Drafters.*** This Contract was drafted with the joint participation of both Parties and shall be construed neither against nor in favor of either, but rather in accordance with the plain and fair meaning thereof.

IN WITNESS WHEREOF, the Parties have set their hands and seals hereto as of the day
and year first above written.

STATE OF DELAWARE,
DEPARTMENT OF CORRECTION

Original on File

By: _____

Print Name: ROBERT M. COUPE

Title: COMMISSIONER

Date: 03/06/2014

CONNECTIONS COMMUNITY SUPPORT
PROGRAMS, INC.

By: *Original on File* _____

Print Name: Catherin D. McKay

Title: President/CEO

Date: 03/07/2014

CONTRACT EXHIBIT 1

DOC1426-HEALTH Budget Summary based on 7,000 ppd

Fixed Costs	
Mid-Level Practitioners and Above	5,501,100.00
Line Staff	15,916,300.00
Performance Bond	600,000.00
Professional Liability/Malpractice Insurance	250,000.00
Other Employment Costs (benefits, tax, workers comp)	4,598,662.00
Subtotal	26,866,062.00
Management Costs	
Senior Management--non-medical	844,000.00
Admin Overhead	181,506.00
Office Space	55,000.00
Indirect Costs	1,327,804.50
Subtotal	2,408,310.50
Variable Costs	
Outside Consults, Gross Profit, G&A, Legal Representation	200,000.00
Medical equipment, supplies, hospital use, specialty consults	9,981,600.00
Subtotal	10,181,600.00
Mark-Up	
Profit over Costs	3%
Subtotal	1,146,527.50
Annual Base Total	40,602,500.00
Year 1 Performance Incentive Potential	0.00
Potential Year 1 Not to Exceed	40,602,500.00

Cost Price Inflation Not to Exceed Total	
Year 2	41,414,550
Year 3	42,242,841
Year 4	43,087,698

Cost per Offender/day \$ 15.90
 Based on 7,000 PPD
 Medicaid and Co-Pay Revenue

Year 1	920,000
Year 2	1,029,000
Year 3	1,078,350
Year 4	1,098,101

Based on \$4/sick call

\$2/Rx for non-chronic illness

\$38 per Medicaid physician/NP visit (50% of detainees)

10 visits per day x 4 sites @\$38

10% increase in Year 2; 5% year 3; 3% year 4

10% of all labs and other consults in year one; 15% in year 2; 20% in years 3 and 4

These are estimates. All actual receipts will be reported and credited against the DDOC invoice.