	IT SERVICES CONTRACT ACES M&O	DSHS Contract Number: 2323-51434 ☒ Resulting From Competition Number: 2223-808 ☐ Competition Exempt ☐ Sole Source

Washington State Department of Social & Health Services — Transforming lives

This Contract is between the state of Washington Department of Social and Health Services (DSHS) and the Contractor identified below, and is governed by chapter 43.19 and 43.105 RCW.	Program Contract Number: Contractor Contract Number:

CONTRACTOR NAME Deloitte Consulting LLP		CONTRACTOR doing business as (DBA)	

CONTRACTOR ADDRESS 837 N 34th St Suite 100 Seattle, WA 98103	WASHINGTON UNIFORM BUSINESS IDENTIFIER (UBI) 602-356-799	DSHS INDEX NUMBER 182509

CONTRACTOR CONTACT Will Arnold	CONTRACTOR TELEPHONE (412) 338-7960	CONTRACTOR FAX (412) 454-6549	CONTRACTOR E-MAIL ADDRESS wiarnold@deloitte.com

DSHS ADMINISTRATION Economic Services Administration	DSHS DIVISION Information Technology Solutions	DSHS CONTRACT CODE 3900SC-23

DSHS CONTACT NAME AND TITLE Jessica Stamer Contract Manager	DSHS CONTACT ADDRESS 724 Quince St SE Olympia, WA 98506

DSHS CONTACT TELEPHONE Click here to enter text.	DSHS CONTACT FAX Click here to enter text.	DSHS CONTACT E-MAIL ADDRESS jessica.stamer@dshs.wa.gov

IS THE CONTRACTOR A SUBRECIPIENT FOR PURPOSES OF THIS CONTRACT? No	ASSISTANCE LISTING NUMBER(S)

CONTRACT START DATE 11/21/2023	CONTRACT END DATE 11/20/2028	CONTRACT MAXIMUM AMOUNT $218,307,512.00

EXHIBITS. The following Exhibits are attached and are incorporated into this Contract by reference:
☒ **Exhibits (specify): Exhibit A – Data Security Requirements Exhibit; Exhibit B - Federal Tax Information Security Requirements, Exhibit C – Statement of Work, Exhibit D –Personnel Requirements, Exhibit E – Service Level Requirements, Exhibit F - Cost Structure, Exhibit G – Federal Provisions, Exhibit H - Bidders Proposal**

The terms and conditions of this Contract are an integration and representation of the final, entire and exclusive understanding between the parties superseding and merging all previous agreements, writings, and communications, oral or otherwise, regarding the subject matter of this Contract. The parties signing below represent that they have read and understand this Contract, and have the authority to execute this Contract.

CONTRACTOR SIGNATURE	PRINTED NAME AND TITLE Rakesh Duttagupta, Principal	DATE SIGNED 11/20/2023
DSHS SIGNATURE	PRINTED NAME AND TITLE Nicole Kahle, CCLS Contracts Counsel	DATE SIGNED 11/21/2023

DSHS General Terms and Conditions

1.   **Definitions**. The words and phrases listed below, as used in this Contract, shall each have the following definitions:

   a.   "Accept" or "Acceptance" means a written notice from DSHS to Contractor that a Deliverable has met the specifications set forth in the Contract. Such Acceptance may be in electronic form.

   b.   "Acceptance Test(s)" means the tests that are performed by DSHS to determine there are no Defects in any of the Deliverables and that must be satisfied before Acceptance can occur as set forth in Section 11 of the Special Terms and Conditions.

   c.   "ACES" means the Automated Client Eligibility System used by DSHS to administer federal and state funded public assistance programs.

   d.   "Central Contracts and Legal Services" means the DSHS central headquarters contracting office, or successor section or office.

   e.   "Change Order" means a written, signed agreement that modifies, deletes or adds to the Deliverables or Services, in whole or in part, made in accordance with the terms of Section 6 of the Special Terms and Conditions.

   f.   "Confidential Information" or "Data" means various trade secrets and information of each party that either Contractor or DSHS desires to protect against unrestricted disclosure including without limitation: Personal Information, Contractor Technology, DSHS non-publicly available information; the Software; DSHS or State Source Code or Object Code; DSHS or State security data; ACES or network designs, or drawings; computer programs; the Documentation; any nonpublic information or documentation concerning either party's business or future products or plans that are learned by the other party during the performance of this Contract; and information that is designated as confidential by the disclosing party and, subject to Section 6 Confidentiality, that may be exempt from disclosure to the public or other unauthorized persons under either Chapter 42.56 RCW or other state or federal statutes. Confidential Information does not include any information that: (i) is or becomes publicly available other than as the result of a disclosure in breach hereof, (ii) becomes available to Contractor on a nonconfidential basis from a source not under any obligation of confidentiality to DSHS, (iii) is already known by Contractor without any obligation of confidentiality with respect thereto, or (iv) is developed by Contractor independent of any disclosures made to Contractor hereunder.

   g.   "Contract" or "Agreement" means the entire written agreement between DSHS and the Contractor, including any Exhibits, Change Orders, documents, materials incorporated by reference and all amendments hereto. The parties may execute this contract in multiple counterparts, each of which is deemed an original and all of which constitute only one agreement. E-mail or Facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.

   h.   "CCLS Chief" means the manager, or successor, of Central Contracts and Legal Services or successor section or office.

   i.   "Contractor" means the individual or entity performing services pursuant to this Contract and includes the Contractor's owners, members, officers, directors, partners, employees, and/or agents, unless otherwise stated in this Contract. For purposes of any permitted Subcontract, "Contractor" includes any Subcontractor and its owners, members, officers, directors, partners, employees, and/or agents.

   j.   "Contractor Technology" means Intellectual Property Rights owned by or licensed to Contractor or

its Subcontractors prior to the effective date or developed by Contractor or its Subcontractors independent of this Contract (including modifications, enhancements or improvements to such Intellectual Property Rights developed hereunder), including Contractor's or its Subcontractor's proprietary methodologies, project management and other tools, deliverable examples, procedures, processes, techniques, data models, templates, general purpose consulting and software tools, utilities, and routines and Contractor's Confidential Information. For clarity, Contractor Technology includes Intellectual Property Rights created prior to or independently of the performance of the Services, or created by Contractor or its Subcontractors as a tool for their use in performing the Services.

k. "Debarment" means an action taken by a Federal agency or official to exclude a person or business entity from participating in transactions involving certain federal funds.

l. "Defect" means any failure, omission, or defect in a Deliverable that causes the Deliverable not to conform to its requirements.

m. "Deliverables" means Software, extensions, interfaces, custom-developed software, documentation, designs, diagrams, configurations, functional specifications, technical specifications, data transformations, data aggregations, schematics, architectural renderings, prototypes, screen layouts, hardware, appliance, or other physical material or equipment, and other documents and materials developed, provided, or prepared by Contractor for DSHS, either alone or jointly with DSHS, pursuant to this Contract.

n. "Documentation" means all operations, technical and user manuals used in conjunction with ACES, in whole and in part, including without limitation manuals provided by licensors of the Proprietary Software.

o. "DSHS" or the "Department" means the state of Washington Department of Social and Health Services and its employees and authorized agents.

p. "Encrypt" means to encode Confidential Information into a format that can only be read by those possessing a "key," a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 256 bits for symmetric keys, or 2048 bits for asymmetric keys. When a symmetric key is used, the Advanced Encryption Standard (AES) must be used if available.

q. "Intellectual Property Rights" means any and all registered and unregistered rights granted, applied for, or otherwise now or hereafter in existence under or related to any patent, copyright, trademark, trade secret, database protection, or other intellectual property rights laws, and all similar or equivalent rights or forms of protection, in any part of the world.

r. "Object Code" means machine-executable computer software code in binary form.

s. "Personal Information" means information that can be used to identify an individual, alone or when combined with other personal or identifying information, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, location, telephone numbers, Social Security Numbers, driver license numbers, other identifying numbers, and any financial identifiers.

t. "Physically Secure" means that access is restricted through physical means to authorized individuals only.

u. "RCW" means the Revised Code of Washington. All references in this Contract to RCW chapters or sections shall include any successor, amended, or replacement statute. Pertinent RCW chapters can be accessed at http://apps.leg.wa.gov/rcw/.

v. "Regulation" means any federal, state, or local regulation, or ordinance.

w. "RFP" means DSHS RFP #2223-808 Request for Proposal for ACES Maintenance and Operations.

x. "RFP Bidder Response" means Contractor's response to DSHS RFP #2223-808 Request for Proposal for ACES Maintenance and Operations.

y. "Secured Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access. Secured Areas may include buildings, rooms or locked storage containers (such as a filing cabinet) within a room, as long as access to the Confidential Information is not available to unauthorized personnel.

z. "Services" means the tasks and services to be performed by Contractor as described in this Contract.

aa. "Software" means the Source Code and Object Code versions of any and all computer programs, applications or files produced by Contractor in providing the Services, and does not include Proprietary Software or Contractor Technology (unless such tools were created for ACES as part of the Services). Software includes all prior, current, and future versions of the Software and all fixes, maintenance updates and error corrections.

bb. "Source Code" means computer software code in human-readable, high-level language which, when compiled or assembled, becomes the Object Code of a software program. Source Code includes all logic diagrams, flow charts, and developer comments concerning the relevant software code.

cc. "Subcontract" means any separate agreement or contract between the Contractor and an individual or entity ("Subcontractor") to perform all or a portion of the duties and obligations that the Contractor is obligated to perform pursuant to this Contract.

dd. "Tracking" means a record keeping system that identifies when the sender begins delivery of Confidential Information to the authorized and intended recipient, and when the sender receives confirmation of delivery from the authorized and intended recipient of Confidential Information.

ee. "Trusted Systems" include only the following methods of physical delivery: (1) hand-delivery by a person authorized to have access to the Confidential Information with written acknowledgement of receipt; (2) United States Postal Service ("USPS") first class mail, or USPS delivery services that include Tracking, such as Certified Mail, Express Mail or Registered Mail; (3) commercial delivery services (e.g. FedEx, UPS, DHL) which offer tracking and receipt confirmation; and (4) the Washington State Campus mail system. For electronic transmission, the Washington State Governmental Network (SGN) is a Trusted System for communications within that Network.

ff. "WAC" means the Washington Administrative Code. All references in this Contract to WAC chapters or sections shall include any successor, amended, or replacement regulation. Pertinent WAC chapters or sections can be accessed at http://apps.leg.wa.gov/wac/.

2. **Amendment.** This Contract may only be modified by a written amendment signed by both parties. Only personnel authorized to bind each of the parties may sign an amendment.

3.   **Assignment.** The Contractor shall not assign this Contract to a third party without the prior written consent of DSHS.

4.   **Billing Limitations.**

   a. DSHS shall pay the Contractor only for authorized services provided in accordance with this Contract.

   b. DSHS shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were performed. The Contractor shall not bill and DSHS shall not pay for services performed under this Contract, if the Contractor has charged or will charge another agency of the state of Washington or any other party for the same services.

5.   **Compliance with Applicable Law.** At all times during the term of this Contract, the Contractor shall comply with all federal, state, and local laws and regulations, including but not limited to, nondiscrimination laws and regulations applicable to Contractor in its performance of the Services.

   a. COVID-19 Vaccination Requirement. Contractor shall abide by any vaccination or masking or other health or safety requirements as required and communicated to Contractor in writing by any agency or facility in which the Contractor will be providing Services.

6.   **Confidentiality.**

   a. The Contractor shall not use, publish, transfer, sell or otherwise disclose any Confidential Information gained by reason of this Contract for any purpose that is not directly connected with Contractor's performance of the services contemplated hereunder, except:

      (1) as provided by law; or,

      (2) in the case of Personal Information, with the prior written consent of the person or personal representative of the person who is the subject of the Personal Information.

   b. The Contractor shall protect and maintain all Confidential Information gained by reason of this Contract against unauthorized use, access, disclosure, modification or loss. This duty requires the Contractor to employ reasonable security measures, which include restricting access to the Confidential Information by:

      (1) Allowing access only to staff that have an authorized business requirement to view the Confidential Information.

      (2) Physically Securing any Contractor or Contractor's subcontractors computers, documents, or other media containing the Confidential Information.

      (3) Ensuring Confidential Information shall not be transmitted via fax (facsimile).

      (4) When transporting six (6) or more records containing Confidential Information, outside a Secured Area, do one or more of the following as appropriate:

         (a) Use a Trusted System.

         (b) Encrypt the Confidential Information, including:

      i.   Encrypting email and/or email attachments which contain the Confidential Information.

      ii.   Encrypting Confidential Information when it is stored on portable devices or media, including but not limited to laptop computers and flash memory devices.

Note: If the DSHS Data Security Requirements Exhibit is attached to this contract, this item, 6.b.(4), is superseded by the language contained in the Exhibit.

(5) Send paper documents containing Confidential Information via a Trusted System.

(6) Following the requirements of the DSHS Data Security Requirements Exhibit, if attached to this contract.

c.   Upon request by DSHS, at the end of the Contract term, or when no longer needed, Confidential Information shall be returned to DSHS or Contractor shall certify in writing that they employed a DSHS approved method to destroy the information. Contractor may obtain information regarding approved destruction methods from the DSHS contact identified on the cover page of this Contract.

d.   Paper documents with Confidential Information may be recycled through a contracted firm, provided the contract with the recycler specifies that the confidentiality of information will be protected, and the information destroyed through the recycling process. Paper documents containing Confidential Information requiring special handling (e.g. protected health information) must be destroyed on-site through shredding, pulping, or incineration.

e.   Notification of Compromise or Potential Compromise. The compromise or potential compromise of Confidential Information must be reported to the DSHS Contact designated on the contract within one (1) business day of discovery. Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.

7.   **Debarment Certification.** The Contractor, by signature to this Contract, certifies that the Contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from participating in transactions (Debarred). The Contractor also agrees to include the above requirement in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor becomes Debarred. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor becomes Debarred during the term hereof.

8.   **E-Signature and Records.** An electronic signature or electronic record of this Contract or any other ancillary agreement shall be deemed to have the same legal effect as delivery of an original executed copy of this Contract or such other ancillary agreement for all purposes.

9.   **Governing Law and Venue.** This Contract shall be construed and interpreted in accordance with the laws of the state of Washington and the venue of any action brought hereunder shall be in Superior Court for Thurston County.

10.   **Independent Contractor.** The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and his or her employees or agents performing under this Contract are not employees or agents of the Department. The Contractor, his or her employees, or agents performing under this Contract will not hold himself/herself out as, nor claim to be, an officer or employee of the Department by reason hereof, nor will the Contractor, his or her employees, or agent make any claim of right, privilege or benefit that would accrue to such officer or employee.

11.   **Records Retention, Audit, and Access Requirements.**

a. Contractor agrees to the conditions of all applicable DSHS, State and federal regulations regarding retention and access requirements relating to all billing and payment, programmatic records, supporting documents, and any other records pertaining to this Agreement. In addition, Contractor agrees to the following terms regarding retention of records and access for DSHS, State and federal government officials.

(1) Contractor and its Subcontractors shall maintain all records relating to this Agreement and the performance of the Services described herein, including documentation that sufficiently and properly reflects all direct and indirect costs billed to DSHS during the performance of this Agreement and shall retain all such records for six years after the expiration or termination of this Agreement. If any litigation, claim or audit is started before the expiration of the six year period, the records must be retained for one year following the termination of all litigation, claims, or audit findings, including all appeals, involving the records.

(2) At no additional cost, these records, including materials generated under this Agreement, are subject at reasonable times and upon prior notice to examination, inspection, copying, or audit by personnel so authorized by DSHS, the Office of the State Auditor, and State and federal officials so authorized by law, rule, regulation or agreement. Contractor shall provide such books, records, reports, and other compilations of data pursuant to this Agreement for purposes that include but are not limited to: (a) monitoring Contractor performance in accordance with State and federal law (e.g., 42 USC 1396a(a)(30)); (b) conducting performance evaluation activities of Contractor; and (c) conducting audits of Contractor.

(3) During the term of this Agreement, access to the records will be provided within Thurston County. During the six year period after this Agreement term or one year term following litigation, delivery of and access to these items will be at no cost to DSHS. Contractor is responsible for any audit exceptions or disallowed costs incurred by Contractor or any of its Subcontractors. Records from Subcontractors are not required to be retained by Contactor within Thurston County so long as access is provided to DSHS in Thurston County in a timely manner and such delivery of and access to these items in Thurston County is at no cost to DSHS.

(4) Contractor shall include the records retention and review requirements of this section in any of its subcontracts with Subcontractors. Contractor personnel shall accompany any DSHS personnel at all times during any examination, inspection, review or audit. Contractor shall make no charges for services rendered in connection with an audit requested by DSHS.

(5) Books, records, documents, and other evidence of accounting procedures and practices related to Contractor's cost structure, including overhead, general and administrative expenses, and profit factors are excluded from DSHS's review.

(6) Contractor shall provide right of access to its office facilities from which Services have been provided to DSHS or to any other authorized agent or official of the State of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance or quality assurance under this Agreement.

12. **Order of Precedence.** In the event of any inconsistency or conflict between the General Terms and Conditions and the Special Terms and Conditions of this Contract, the inconsistency or conflict shall be resolved by giving precedence to these General Terms and Conditions. Terms or conditions that are more restrictive, specific, or particular than those contained in the General Terms and Conditions shall not be construed as being inconsistent or in conflict.

13. **Severability.** If any term or condition of this Contract is held invalid by any court, the remainder of the Contract remains valid and in full force and effect.

14. **Survivability.** The terms and conditions contained in this Contract which, by their sense and context, are intended to survive the expiration or termination of the particular agreement shall survive. Surviving terms include, but are not limited to: Billing Limitations; Confidentiality, Disputes; Indemnification and Hold Harmless, Inspection, Records Retention, Audit and Access Requirements, Notice of Overpayment, Ownership/Rights, Termination for Default, Termination or Expiration Procedure, and Treatment of Property.

15. **Contract Renegotiation, Suspension, or Termination Due to Change in Funding.**

    If the funds DSHS relied upon to establish this Contract are withdrawn, reduced or limited, or if additional or modified conditions are placed on such funding, after the effective date of this contract but prior to the normal completion of this Contract:

    a. At DSHS's discretion, the Contract may be renegotiated under the revised funding conditions.

    b. At DSHS's discretion, DSHS may give notice to Contractor to suspend performance when DSHS determines that there is reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow Contractor's performance to be resumed prior to the normal completion date of this contract.

       (1) During the period of suspension of performance, each party will inform the other of any conditions that may reasonably affect the potential for resumption of performance.

       (2) When DSHS determines that the funding insufficiency is resolved, it will give Contractor written notice to resume performance. Upon the receipt of this notice, Contractor will provide written notice to DSHS informing DSHS whether it can resume performance and, if so, the date of resumption. For purposes of this subsubsection, "written notice" may include email.

       (3) If the Contractor's proposed resumption date is not acceptable to DSHS and an acceptable date cannot be negotiated, DSHS may terminate the contract by giving written notice to Contractor. The parties agree that the Contract will be terminated retroactive to the date of the notice of suspension. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the retroactive date of termination.

    c. DSHS may immediately terminate this Contract by providing written notice to the Contractor. The termination shall be effective on the date specified in the termination notice. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination. No penalty shall accrue to DSHS in the event the termination option in this section is exercised.

16. **Waiver.** Waiver of any breach or default on any occasion shall not be deemed to be a waiver of any subsequent breach or default. Any waiver shall not be construed to be a modification of the terms and conditions of this Contract. Only the CCLS Chief or designee has the authority to waive any term or condition of this Contract on behalf of DSHS.

Additional General Terms and Conditions – IT Services Contracts:

17. **Advance Payment.** DSHS shall not make any payments in advance or in anticipation of the delivery of services to be provided pursuant to this Contract.

18. **Commencement of Work**. No work shall be performed by the Contractor until the Contract is executed by the Contractor and DSHS and received by DSHS.

19. **Construction**. The language in this Contract shall be interpreted as to its fair meaning and not strictly for or against any party. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Contract.

20. **Contractor Certification Regarding Ethics**. The Contractor certifies that the Contractor is now, and shall remain, in compliance with Chapter 42.52 RCW, Ethics in Public Service, throughout the term of this Contract.

21. **Contractor Commitments, Warranties and Representations.** Any written commitment by the Contractor within this Contract shall be binding upon the Contractor. Failure of the Contractor to fulfill such a commitment may constitute breach and shall render the Contractor liable for damages under the terms of this Contract subject to Section 28, Limitation of Liability. For purposes of this section, a commitment by the Contractor includes but is not limited to prices, discounts, and options committed to remain in force over a specified period of time.

    a.   In addition, Contractor represents, covenants, and warrants each of the following statements:

    (1) Contractor has acquired any and all rights, grants, assignments, conveyances, licenses, permissions, and authorizations for the Contractor to perform the Services described in the Agreement, and there is currently no actual or threatened suit by any third party based on an alleged violation of such rights by Contractor.

    (2) Contractor shall comply with all applicable local, State, and federal licensing, accreditation and registration requirements and standards necessary in the performance of the Services. Contractor has obtained all licenses, certifications, permits, and authorizations necessary to perform the Services under the Agreement and currently is in good standing with all regulatory agencies that regulate any or all aspects of Contractor's performance of the Services. Contractor will maintain all required certifications, licenses, permits, and authorizations during the Contract term at its own expense.

    (3) Contractor is a corporation duly organized, validly existing and in good standing under the laws of its state of organization and has all requisite corporate power and authority to execute, deliver and perform its obligations under the Agreement. Contractor is duly authorized to conduct business in and is in good standing in each jurisdiction in which Contractor will conduct business in connection with the Agreement.

    (4) The execution, delivery and performance of the Agreement has been duly authorized by Contractor and no approval, authorization or consent of any governmental or regulatory agency is required to be obtained in order for Contractor to enter into the Agreement and perform its obligations under the Agreement.

    (5) The person executing the Agreement on behalf of Contractor has actual authority to bind Contractor to each and every term, condition and obligation to the Agreement, and all requirements of Contractor have been fulfilled to provide such actual authority.

    (6) Contractor has the financial resources to fund the capital expenditures required under the

DSHS General Terms and Conditions

Agreement without advances by DSHS or assignment of any payments by DSHS to a financing source.

(7) Contractor's methods of accounting are consistent with industry standard accounting principles and are capable of segregating costs by stage, segment, or cost objective in order to support work request accounting.

(8) Contractor shall perform all Services required pursuant to the Agreement in a professional manner, with high quality.

(9) Contractor will perform materially as described in the Agreement, including without limitation any: (i) service level requirement and (ii) representations contained in the RFP Bidder Response.

(10)   Contractor will comply with the Data Security Requirements set forth in the Contract.

(11)   The representations regarding scope, capability, pricing, approach and methodology contained in the RFP Bidder Response are complete and accurate; provided, however, that if a representation or agreement on a topic appears in both the RFP Bidder Response and the SOW, the more specific contract term in the SOW shall control.

(12)   Contractor will not interfere with DSHS's access to and use of the Services and Deliverables it acquires under the Contract.

(13)   Contractor shall give high priority to the performance of the Services.

(14)   Contractor shall perform timely in connection with performance of the Services as set forth in the Contract.

(15)   Contractor shall promptly and correctly re-perform Services which are not in material compliance with the requirements of this Agreement and its representations and warranties at no cost to DSHS according to the review and Acceptance process set forth in the Contract.

(16)   The Services and Deliverables provided by Contractor are compatible with and will operate successfully with any environment (including web browser and operating system) specified by the Contractor in the RFP Bidder Response.

(17)   All Software Deliverables Contractor provides under the Agreement are free of Surreptitious Code. Contractor uses industry-leading technology to detect and remove any virus, Trojan horse, worm, or other routine or component designed to permit unauthorized access to a system, or to disable, erase, or otherwise harm any component of a system or any back door, time bomb, drop dead device, or other routine designed to disable a software automatically with the passage of time or under the control of a person or entity other than DSHS, or to perform any such other malicious, mischievous or disruptive actions including any actions that would interfere with DSHS' exercise of its rights under this Agreement ("Surreptitious Code") from all Software Deliverables. Contractor further warrants that Contractor shall not introduce, via modem or otherwise, any Surreptitious Code.

(18)   The Software Deliverables provided by Contractor will not:

(a)   contain any third party software that is subject to license terms that are different from those provided under the Agreement; or

(b)   include any open source software that creates, as a condition of any use or distribution of the Software Deliverables in a manner contemplated by the Agreement, any obligation under the applicable open source license that (i) requires DSHS to distribute or make available any Source Code for the Software Deliverables or (ii) requires DSHS to license the Software Deliverables for purposes of creating derivative works. "Open source software" means any software code that is licensed under the GNU General Public License, Affero General Public License, or any license satisfying the definition of open source as promulgated by the Open Source Initiative (http://www.opensource.org) or identified as an open source license on the SPDX License List (located at http://spdx.org/licenses). Notwithstanding the foregoing, this subsection shall not apply to open source software that is currently being utilized by DSHS which Contractor would be required to continue using during the provision of the Services.

Contractor may use open source software that does not violate Section 21(a)(18)(b) so long as Contractor provides written notice of such open source software in a manner reasonably designated by DSHS.

(19)   The Software Deliverables and all data-related output or results produced by the Software Deliverables: (i) do not have a life expectancy limited by date or time format; (ii) will correctly record, store, process, and present calendar dates; (iii) will lose no functionality, data integrity, or performance with respect to any date; and (iv) will be interoperable with other software used by DSHS that may deliver date records from the Software Deliverables, or interact with date records of the Software Deliverables provided that other software used by DSHS properly exchange date data with the Software Deliverables in formats that correctly identify the century.

22.   **DES Filing Requirement.** Under RCW 39.26, sole source contracts and amendments must be filed with the State of Washington Department of Enterprise Services (DES). If this Contract is one that must be filed, it shall not be effective nor shall work commence or payment be made until the tenth (10th) working day following the date of filing subject to DES approval. In the event DES fails to approve the Contract or any amendment hereto, the Contract or amendment shall be null and void.

23.   **Disputes.**

a. In the event a bona fide dispute concerning a question of fact arises between DSHS and the Contractor that cannot be resolved between the parties, either party may initiate the dispute resolution procedure provided herein.

b. The initiating party shall reduce its description of the dispute to writing and deliver it to the responding party. The responding party shall respond in writing within three (3) Business Days (which shall mean Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Time, except for holidays observed by the state of Washington). The initiating party shall have three (3) Business Days to review the response. If after this review a resolution cannot be reached, both parties shall have three (3) Business Days to negotiate in good faith to resolve the dispute.

(1) If the dispute cannot be resolved after three (3) Business Days, a dispute resolution panel may be requested in writing by either party who shall also identify the first panel member. Within three (3) Business Days of receipt of the request, the other party will designate a panel member. Those two panel members will appoint a third individual to the dispute resolution panel within the next three (3) Business Days.

(2) The dispute resolution panel will review the written descriptions of the dispute, gather additional information as needed, and render a written decision on the dispute in the shortest practical

time.

> > (3) Each party shall bear the cost for its panel member and share equally the cost of the third panel member.

> c. Unless irreparable harm will result, the parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

> d. Both parties agree to exercise good faith in dispute resolution and to settle disputes prior to using a dispute resolution panel whenever possible.

> e. Except to the extent that disclosure is required by applicable law or court order, all negotiations pursuant to this clause are confidential and shall be treated by the parties as statements made in compromise negotiations for purposes of the rules of evidence.

> f. DSHS and the Contractor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this Contract that are not affected by the dispute.

> g. If the subject of the dispute is the amount due and payable by DSHS for services being provided by the Contractor, the Contractor shall continue providing services pending resolution of the dispute provided DSHS pays the Contractor the amount DSHS, in good faith, believes is due and payable, and may withhold the difference between such amount and the amount the Contractor, in good faith, believes is due and payable.

24. **Health and Safety**. The Contractor shall perform any and all of its obligations under this Contract in a manner that does not compromise the health or safety of any DSHS client with whom the Contractor has contact.

25. **Indemnification and Hold Harmless**.

> a. The Contractor shall be responsible for and shall indemnify, defend, and hold DSHS harmless from any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines, of whatsoever kind or nature for: (i) any claim by a third party that the Services or any other deliverables or materials furnished by Contractor, or that the use thereof, infringes, misappropriates or violates such third party's Intellectual Property Rights pursuant to Section 31; (ii) any breach of Contractor's obligations of confidentiality or data security under this Agreement, including Section 6 (Confidentiality), the HIPAA Section, Exhibit A (Data Security Requirements), Exhibit B (Federal Tax Information Security Requirements), and Exhibit C (Statement of Work); (iii) claims related to employment or employment related benefits made by Subcontractors or employees of Contractor;(iv) any willful misconduct or reckless act or omission of Contractor; or (v) bodily injury, death or physical damage to real or tangible personal property, in each case under (v) to the extent directly and proximately caused by the negligence or intentional misconduct of the Contractor or any Subcontractor while engaged in the performance of the Services.

> b. The Contractor's duty to indemnify, defend, and hold DSHS harmless from any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines shall include DSHS' personnel-related costs, reasonable attorney's fees, court costs, and all related expenses.

> c. The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold harmless the State and its agencies, officials, agents, or employees.

d. Nothing in this term shall be construed as a modification or limitation on the Contractor's obligation to procure insurance in accordance with this Contract or the scope of said insurance.

26. **Industrial Insurance Coverage**. The Contractor shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, Agency may collect from the Contractor the full amount payable to the Industrial Insurance accident fund. The Agency may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the Agency under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

27. **Legal Notice.** Any notice or demand or other communication required or permitted to be given under this Contract or applicable law shall be effective only if it is in writing and signed by the applicable party, addressed to, as applicable, either the Contractor Contact name or the DSHS Contact name set forth on the Contract cover page, and delivered in person, delivered by electronic mail, delivered by a recognized courier service, or deposited with the United States Postal Service as first-class mail, postage prepaid, to the parties at the addresses and e-mail addresses set forth on the Contract cover page. Notices shall be effective upon receipt or five (5) Business Days after mailing, whichever is earlier. The notice name and address may be changed by written notice given as provided herein.

28. **Limitation of Liability.**

   a. The parties agree that neither the Contractor nor DSHS shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages except a claim related to bodily injury or death, or a claim or demand based on an Intellectual Property Right infringement, in which case liability shall be as set forth in Section 25 or 31 in this Contract.

   b. This section does not modify any sections or any other conditions as are elsewhere agreed to herein between the parties. The following are not considered consequential, incidental, indirect, or special damages as the term is used in the foregoing section.

   (1) Claims pursuant to any provision of this Contract calling for liquidated damages provided that liquidated damages are reasonable in light of the particular performance required;

   (2) Claims for reasonable attorney's fees and other litigation costs a party becomes entitled to recover as a prevailing party in an action;

   (3) Claims for physical damage to real or tangible property;

   (4) Claims arising from reckless or intentional misconduct;

   (5) Amounts due or obligations under the following sections, if included: (i) indemnification; (ii) intellectual property indemnification; (iii) inspection and maintenance of records; (iv) data security requirements; or (v) breaches of confidentiality including disclosure of PHI.

   c. Except in the case of a material breach of this Contract, neither party shall be liable for personal injury to the other party or damage to the other party's property except personal injury or damage to property proximately caused by such party's respective fault or negligence.

   d. The Contractor, its subsidiaries, subcontractors and its personnel shall not be liable for any claims, liabilities, or expenses relating to this engagement ("Claims") for an aggregate amount in excess of

the total maximum contract value (except to the extent resulting from: (i) Contractor's recklessness or intentional misconduct or (ii) its indemnification obligations with the exception of its indemnification obligations under Section 25(a)(ii), for which Contractor's maximum aggregate liability to DSHS for such obligations is limited to an aggregate amount equal to two (2) times the total maximum contract value of this Contract and any amendments agreed to). Contractor's maximum aggregate liability to DSHS for claims arising out of or in connection with a breach of this Contract resulting in the unauthorized release, disclosure, or access of Protected Health Information (PHI) or Personally Identifiable Information (PII) is limited to an aggregate amount equal to two (2) times the total maximum contract value of this Contract and any amendments agreed to.

29. **Notice of Overpayment**. If the Contractor receives a Contractor overpayment notice or a letter communicating the existence of an overpayment from DSHS, the Contractor may protest the overpayment determination by requesting an adjudicative proceeding. The Contractor's request for an adjudicative proceeding must:

    a. Be *received* by the Office of Financial Recovery (OFR) at Post Office Box 9501, Olympia, Washington 98507-9501, within twenty-eight (28) calendar days of service of the notice;

    b. Be sent by certified mail (return receipt) or other manner that proves OFR received the request;

    c. Include a statement as to why the Contractor thinks the notice is incorrect; and

    d. Include a copy of the overpayment notice.

    Timely and complete requests will be scheduled for a formal hearing by the Office of Administrative Hearings. The Contractor may be offered a pre-hearing or alternative dispute resolution conference in an attempt to resolve the overpayment dispute prior to the hearing.

    Failure to provide OFR with a written request for a hearing within twenty-eight (28) days of service of a Contractor overpayment notice or other overpayment letter will result in an overpayment debt against the Contractor. DSHS may charge the Contractor interest and any costs associated with the collection of this overpayment. DSHS may collect an overpayment debt through lien, foreclosure, seizure and sale of the Contractor's real or personal property; order to withhold and deliver; or any other collection action available to DSHS to satisfy the overpayment debt.

30. **Ownership/Rights**.

    a. DSHS will have all ownership rights in Software or modifications thereof and associated documentation designed, developed or installed with Federal Financial Participation under 45 C.F.R. 95, Subpart F. (45 C.F.R. 95.617(a)).

    b. The Federal government reserves a royalty-free, non-exclusive, irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for Federal government purposes all Software, modifications and documentation designed, developed or installed with Federal Financial Participation under 45 C.F.R. 95 Subpart F. (45 C.F.R. 95.617(b)).

    c. The ownership provisions set forth above in Section 30.a. and 30.b. shall not apply to third party proprietary operating/vendor software packages which are provided at established catalog or market prices and sold or leased to the general public ("Proprietary Software"). Federal Financial Participation is not available for Proprietary Software applications developed specifically for the public assistance programs covered under 45 C.F.R. 95, Subpart F. (45 C.F.R. 95.617(c)).

d. Contractor shall not use any ACES program data obtained as a result of its performance of this Contract without the prior written permission of DSHS.

e. RESERVED

31. **Patent and Copyright Indemnification**.

a. The Contractor, at its expense, shall defend, indemnify, and hold DSHS harmless from and against any claims by a third party against DSHS that any Services or any other Deliverables or materials supplied hereunder by Contractor, or DSHS's use of the Deliverable within the terms of this Contract, infringes, misappropriates, or violates any patent, copyright, utility model, industrial design, mask work, trade secret, trademark, or other similar proprietary right of a third party worldwide. The Contractor shall pay all costs of such defense and settlement and any penalties, costs, damages and attorneys' fees awarded by a court or incurred by DSHS provided that DSHS:

(1) Promptly notifies the Contractor in writing of the claim, but DSHS's failure to provide timely notice shall only relieve the Contractor from its indemnification obligations if and to the extent such late notice prejudiced the defense or resulted in increased expense or loss to the Contractor; and

(2) Cooperates with and agrees to use its best efforts to encourage the Office of the Attorney General of Washington to grant the Contractor sole control of the defense and all related settlement negotiations.

b. If such claim has occurred, or in the Contractor's opinion is likely to occur, DSHS agrees to permit the Contractor, at its option and expense, either to procure for DSHS the right to continue using the Deliverable or to replace or modify the same so that they become non-infringing and functionally equivalent. If use of the Deliverable is enjoined by a court and the Contractor determines that none of these alternatives is reasonably available, the Contractor, at its risk and expense, will take back the Deliverable and provide DSHS a refund. In the case of a Deliverable, the Contractor shall refund to DSHS the entire amount DSHS paid to the Contractor for the Contractor's provision of the Deliverable.

c. The Contractor has no liability for any claim of infringement arising solely from:

(1) The Contractor's compliance with any designs, specifications or instructions of DSHS;

(2) Modification of the Deliverable by DSHS or a third party without the prior knowledge and approval of the Contractor; or

(3) Use of the Deliverable in a way not specified by the Contractor;

unless the claim arose against the Contractor's Deliverable independently of any of these specified actions.

d. This Section, *Patent and Copyright Indemnification*, is intended to survive the expiration or termination of the agreement.

32. **Public Records Act.** The Contractor acknowledges that DSHS is subject to the Public Records Act (Chapter 42.56 RCW) and that this Contract is a public record as defined in Chapter 42.56 RCW. Any specific information that is claimed by the Contractor to be Proprietary Information must be clearly identified as such by the Contractor. **"Proprietary Information"** means information owned by the

Contractor to which the Contractor claims a protectable interest under law. Proprietary Information includes, but is not limited to, information protected by copyright, patent, trademark, or trade secret laws. To the extent consistent with Chapter 42.56 RCW, DSHS will maintain the confidentiality of all such information marked Proprietary Information. If a public disclosure request is made to view the Contractor's Proprietary Information, DSHS will notify the Contractor of the request and of the date that such records will be released to the requester unless the Contractor obtains a court order from a court of competent jurisdiction enjoining that disclosure. If the Contractor fails to obtain the court order enjoining disclosure, DSHS will release the requested information on the date specified.

33. **Publicity.** The Contractor shall not name DSHS as a customer, nor use any information related to this Contract, in any format or media, in any Contractor's advertising or publicity without prior written consent from DSHS.

34. **Site Security**. While providing services at a DSHS location, the Contractor, its agents, employees, or Subcontractors shall conform in all respects with physical, fire, or other security regulations specific to the DSHS location.

35. **Subcontracting**. Except as expressly permitted in this Contract, the Contractor shall not Subcontract any of the contracted Services without the prior written approval of DSHS. Contractor is responsible to ensure that all terms, conditions, assurances and certifications set forth in this Contract are included in any and all Subcontracts and Contractor shall be responsible for any approved Subcontractor's performance in accordance with all the applicable terms of this Contract. All Subcontracts must be in writing. Any failure of Contractor or its Subcontractors to perform the obligations of this Contract shall not discharge the Contractor from its obligations hereunder or diminish DSHS' rights or remedies available under this Contract.

36. **Subrecipients**.

    a. General. If the Contractor agrees to become a subrecipient of federal awards as defined by 2 CFR Part 200 and this Agreement, the Contractor shall:

       (1) Maintain records that identify, in its accounts, all federal awards received and expended and the federal programs under which they were received, by Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the federal agency, and name of the pass-through entity;

       (2) Maintain internal controls that provide reasonable assurance that the Contractor is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs;

       (3) Prepare appropriate financial statements, including a schedule of expenditures of federal awards;

       (4) Incorporate 2 CFR Part 200, Subpart F audit requirements into all agreements between the Contractor and its Subcontractors who are subrecipients;

       (5) Comply with the applicable requirements of 2 CFR Part 200, including any future amendments to 2 CFR Part 200, and any successor or replacement Office of Management and Budget (OMB) Circular or regulation; and

       (6) Comply with the Omnibus Crime Control and Safe streets Act of 1968, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with

Disabilities Act of 1990, Title IX of the Education Amendments of 1972, The Age Discrimination Act of 1975, and The Department of Justice Non-Discrimination Regulations, 28 C.F.R. Part 42, Subparts C.D.E. and G, and 28 C.F.R. Part 35 and 39. (Go to https://ojp.gov/about/offices/ocr.htm for additional information and access to the aforementioned Federal laws and regulations.).

b. Single Audit Act Compliance. If the Contractor is a subrecipient and expends $750,000 or more in federal awards from any and/or all sources in any fiscal year, the Contractor shall procure and pay for a single audit or a program-specific audit for that fiscal year. Upon completion of each audit, the Contractor shall:

(1) Submit to the DSHS contact person the data collection form and reporting package specified in 2 CFR Part 200, Subpart F, reports required by the program-specific audit guide (if applicable), and a copy of any management letters issued by the auditor;

(2) Follow-up and develop corrective action for all audit findings; in accordance with 2 CFR Part 200, Subpart F; prepare a "Summary Schedule of Prior Audit Findings" reporting the status of all audit findings included in the prior audit's schedule of findings and questioned costs.

c. Overpayments. If it is determined by DSHS, or during the course of a required audit, that the Contractor has been paid unallowable costs under this or any Program Agreement, DSHS may require the Contractor to reimburse DSHS in accordance with 2 CFR Part 200.

37. **Termination for Convenience**. DSHS may terminate this Contract in whole or in part when it is in the best interest of DSHS by giving the Contractor at least thirty (30) calendar days' written notice.

38. **Termination for Default**. The CCLS Chief may immediately terminate this Contract for default, in whole or in part, by at least thirty (30) days' written notice to the Contractor, if curable and not cured within such period, or by written notice if not curable, if DSHS has a reasonable basis to believe that the Contractor has:

a. Failed to meet or maintain any requirement for contracting with DSHS;

b. Failed to perform under, or otherwise breached, any term or condition of this Contract; and/or

c. Violated in a non-material way any applicable law or regulation.

If it is later determined that the Contractor was not in default, the termination shall be considered a termination for convenience.

Additionally, the CCLS Chief may immediately terminate this Contract for default, in whole or in part, by five (5) days written notice to the Contractor, if curable and not cured within such period, if DSHS has a reasonable basis to believe that the Contractor has:

d. Failed to protect the health or safety of any DSHS client; or

e. Materially violated any applicable law or regulation.

39. **Termination or Expiration Procedure**. The following terms and conditions apply upon Contract termination or expiration:

a. The Contractor shall cease to perform any services required by this Contract as of the effective date

of termination or expiration.

b. The Contractor shall promptly supply DSHS all information under its or its Subcontractors possession or control necessary for the reimbursement of any outstanding Medicaid claims, (42 CFR 434.6(a)(6)).

c. If the Contract is terminated, the Contractor shall comply with all instructions contained in the termination notice.

d. The Contractor shall immediately deliver to the DSHS contact named on page one of this Contract, or to his or her successor, all DSHS property in the Contractor's possession. The Contractor grants DSHS the right to enter upon the Contractor's premises for the sole purpose of recovering any DSHS property that the Contractor fails to return within ten (10) calendar days of the effective date of termination or expiration of this Contract. Upon failure to return DSHS property within ten (10) calendar days, the Contractor shall be charged with all reasonable costs of recovery, including transportation.

e. DSHS shall be liable only for payment required under the terms of this Contract for service rendered up to the effective date of termination or expiration.

f. Contractor shall provide any assistance required by DSHS to ensure transition activities are accomplished as needed for in-house conversion of contracted Services or for transition to a subsequent subcontractor, as agreed to in writing by the parties.

g. Contractor shall promptly supply all materials necessary for continued operations of systems, including without limitation computer programs, data files, user and operations manuals, system and program documentation, training programs related to the operation and maintenance of the system as set forth in the Contract (42 CFR 434.10(b)). To the extent such materials include any Contractor Technology or other materials to which Contractor has proprietary rights the Contractor grants to DSHS the right to use, for DSHS's government purposes, any Contractor Technology included in the Deliverables in connection with its use of the Deliverables. Except for such license grant, Contractor or its licensors retain all rights in and to all Contractor Technology. The rights granted to DSHS under this Section are contingent upon DSHS's payment for the applicable Deliverables. In the case of termination for default, DSHS will maintain the right to utilize previously accepted Deliverables with no additional payments necessary. If Contractor delivers a partial Deliverable upon expiration or termination (excluding a default termination), payment shall be pro rata of the fees for the Services giving rise to such partial Deliverable. During the period between delivery of a Deliverable by Contractor and the due date of payment therefor, subject to the terms herein, Contractor hereby grants to DSHS a royalty-free, non-exclusive, limited license to use such Deliverable and to use any Contractor Technology included in the Deliverables in accordance with such SOW.

h. DSHS may withhold a sum from the final payment to the Contractor that DSHS determines necessary to protect DSHS against loss or additional liability.

i. The rights and remedies provided to DSHS in this Section are in addition to any other rights and remedies provided at law, in equity, and/or under this Contract, including consequential and incidental damages not disclaimed pursuant to the Limitation of Liability Section 28 hereunder.

j. **Treatment of Property**. All property purchased or furnished by DSHS for use by the Contractor during this Contract term shall remain with DSHS. Title to all property purchased or furnished by the Contractor for which the Contractor is entitled to reimbursement by DSHS under this Contract

shall pass to and vest in DSHS. The Contractor shall protect, maintain, and insure all DSHS property in its possession against loss or damage and shall return DSHS property to DSHS upon Contract termination or expiration.

40. Taxes

a. Where required by statute or regulation, Contractor shall pay for and maintain in current status all taxes that are necessary for Contract performance. DSHS will pay sales or use taxes, if any, imposed on the services and materials acquired hereunder. Contractor must pay all other taxes including without limitation Washington Business and Occupation Tax, other taxes based on Contractor's income or gross receipts, or personal property taxes levied or assessed on Contractor's personal property. DSHS, as an agency of Washington State government, is exempt from property tax.

b. Contractor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this Contract in accordance with the requirements of Title 82 RCW and Title 458 WAC. Out-of-state Contractors must contact the Department of Revenue to determine whether they meet criteria to register and establish an account with the Department of Revenue. Refer to WAC 458-20-101 (Tax registration and tax reporting) and call the Department of Revenue at 800-647-7706 for additional information. When out-of-state Contractors are not required to collect and remit sales tax, DSHS shall be responsible for paying use tax, if applicable, directly to the Department of Revenue.

c. All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance, or other expenses for Contractor or Contractor's staff shall be Contractor's sole responsibility.

41. Preventing Disruption of Adult Care, Mental Health, Addiction, Disability Support, or Youth Services Due to Labor Management Disputes and Employee Unrest.

Washington law requires that all services, direct or ancillary, for adult care, mental health, addiction, disability support, and youth services, be warranted by the Contractor providing those services against disruption. Contractor and DSHS agree that disruptions to these services such as strikes, walk-offs, sick-ins, slowdowns, or any other such action designed to pressure Contractor's management to meet labor, workforce, or subcontractor demands ("Economic or Industrial Action") are covered under this warranty.

If this Contract includes adult care, mental health, addiction, disability support, or youth services, and Contractor's employees performing the contracted Services are represented by any labor organization, Contractor agrees to execute and maintain one or more of the following mandatory contractual commitments through the life of the Contract:

a. An agreement between the Contractor and any exclusive representative labor organization representing the employees performing the contracted services. This agreement must contain a provision prohibiting Economic or Industrial Action on the part of all parties. This agreement must also include a process for the resolution of disputes between them; or

b. An agreement between the Contractor and any labor organization seeking to represent the employees performing the contracted services. This agreement must contain a provision prohibiting the parties from causing, promoting, or encouraging Economic or Industrial Action, or other disruptive activity. This agreement must also include a process for resolution of disputes between parties.

Contractor must notify DSHS if it is unable to form a compliant agreement with a labor organization within 30 days of executing this Contract.

If services under this Contract are interrupted due to Contractor's failure to maintain one or more of the required contractual commitments listed above, DSHS may immediately terminate, suspend, or revoke this Contract for default, and arrange for the provision of services by other means. Contractor shall provide reimbursement of the actual costs to DSHS arising out of the inadequacy of the warranty provided by the Contractor.

42. **Mandatory Individual Arbitration and Class or Collective Action Waiver as a Condition of Employment.**

    a. "Mandatory Individual Arbitration Clause" or "Class or Collective Action Waiver" means an arbitration clause or waiver in an employment contract which precludes Contractor's employees from resolving employment disputes with their employer through class or collective proceedings in federal court. Instead, employees must bring individualized arbitration proceedings against their employer to resolve any employment disputes.

    b. The Contractor, by signature to this Contract, certifies that the Contractor does not require Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver.

    c. Contractor must notify DSHS within ten (10) business days if, during the term of this Contract, Contractor requires Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver.

    d. If Contractor, during the term of this contract, requires Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver, DSHS reserves the right to terminate this contract, per the General Terms and Conditions Section regarding Termination for Convenience.

HIPAA Compliance

Preamble: This section of the Contract is the Business Associate Agreement as required by HIPAA.

1. **Definitions**

    a. Business Associate," as used in this Contract, means the "Contractor" and generally has the same meaning as the term "business associate" at 45 CFR 160.103.

    b. "Business Associate Agreement" means this HIPAA Compliance section of the Contract and includes the Business Associate provisions required by the U.S. Department of Health and Human Services, Office for Civil Rights.

    c. "Breach" means the acquisition, access, use, or disclosure of Protected Health Information in a manner not permitted under the HIPAA Privacy Rule which compromises the security or privacy of the Protected Health Information, with the exclusions and exceptions listed in 45 CFR 164.402.

    d. "Covered Entity" means DSHS, a Covered Entity as defined at 45 CFR 160.103, in its conduct of covered functions by its health care components.

e. "Designated Record Set" means a group of records maintained by or for a Covered Entity, that is: the medical and billing records about Individuals maintained by or for a covered health care provider; the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or Used in whole or part by or for the Covered Entity to make decisions about Individuals.

f. "Electronic Protected Health Information (EPHI)" means Protected Health Information that is transmitted by electronic media or maintained in any medium described in the definition of electronic media at 45 CFR 160.103.

g. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-191, as modified by the American Recovery and Reinvestment Act of 2009 ("ARRA"), Sec. 13400 – 13424, H.R. 1 (2009) (HITECH Act).

h. "HIPAA Rules" means the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Parts 160 and Part 164, Subparts A, C, D and E.

i. "Individual(s)" means the person(s) who is the subject of PHI and includes a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).

j. "Minimum Necessary" means the minimum amount of PHI necessary to accomplish the purpose for which the PHI is needed.

k. "Protected Health Information (PHI)" means information that is a subset of health information, including demographic information collected from an individual that is created, received, maintained or transmitted by Business Associate on behalf of a health care component of the Covered Entity pursuant to Business Associate's performance of services under this Contract and that relates to the provision of health care to an Individual; the past, present, or future physical or mental health or condition of an Individual; or the past, present, or future payment for provision of health care to an Individual: (i) that identifies the Individual or (ii) with respect to which there is reasonable basis to believe the information can be used to identify the Individual, as such term is further defined in 45 CFR 160.103. PHI is information transmitted or held in any form or medium and includes EPHI. 45 CFR 160.103. PHI does not include education records covered by the Family Educational Rights and Privacy Act, as amended, 20 USCA 1232g(a)(4)(B)(iv) or employment records held by a Covered Entity in its role as employer.

l. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system.

m. "Subcontractor" as used in this HIPAA Compliance section of the Contract means a person to whom a Business Associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such that creates, receives, maintains, or transmits Protected Health Information on behalf of Business Associate.

n. "Use" includes the sharing, employment, application, utilization, examination, or analysis, of PHI within an entity that maintains such information.

Unless otherwise specified in the Contract or this Business Associate Agreement, all capitalized terms used in this Business Associate Agreement shall have the meanings established for purposes of HIPAA

2. **Compliance.** Business Associate shall use PHI in performing its services under this Contract in compliance with HIPAA, the HIPAA Rules, and all attendant regulations as promulgated by the U.S. Department of Health and Human Services, Office of Civil Rights, in each case, to the extent applicable to Business Associate in its performance of services under this Contract.

3. **Use and Disclosure of PHI**. Business Associate is limited to the following permitted and required uses or disclosures of PHI:

   a. Duty to Protect PHI. Business Associate shall protect PHI from, and shall use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 (Security Standards for the Protection of Electronic Protected Health Information) with respect to EPHI, to prevent the Use or disclosure of PHI other than as provided for in this Contract or as required by law, for as long as the PHI is within its possession and control, even after the termination or expiration of this Contract, in accordance with Section 3(j) below.

   b. Minimum Necessary Standard. Business Associate shall apply the HIPAA Minimum Necessary standard to any Use or disclosure of PHI necessary to achieve the purposes of this Contract. See 45 CFR 164.514 (d)(2) through (d)(5).

   c. Disclosure as Part of the Provision of Services. Business Associate shall only Use or disclose PHI as necessary to perform the services specified in this Contract or as required by law, and shall not Use or disclose such PHI in any manner that would violate Subpart E of 45 CFR Part 164 (Privacy of Individually Identifiable Health Information) if done by Covered Entity, except for the specific uses and disclosures set forth below.

   d. Use for Proper Management and Administration. Business Associate may Use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

   e. Disclosure for Proper Management and Administration. Business Associate may disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been Breached.

   f. Impermissible Use or Disclosure of PHI. Business Associate shall report to DSHS in writing all Uses or disclosures of PHI by Business Associate not provided for by this Business Associate Agreement within five (5) business days of becoming aware of the unauthorized Use or disclosure of PHI, including Breaches of Unsecured PHI as required at 45 CFR 164.410 (Notification by a Business Associate), as well as any Security Incident affecting EPHI of which it becomes aware. Upon request by DSHS, Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to the Business Associate resulting from the Use or disclosure of PHI by Business Associate in violation of this Business Associate Agreement.

   g. Failure to Cure. If DSHS learns of a pattern or practice of the Business Associate that constitutes a material violation of the Business Associate's obligations under the terms of this Business Associate Agreement and reasonable steps by DSHS do not end the violation, DSHS may terminate this Contract, in accordance with Section 3(h) below, if feasible. In addition, if Business Associate learns of a pattern or practice of its Subcontractors that constitutes a material violation of

the Subcontractor's obligations with respect to treatment of PHI under the terms of their contract with Business Associate and reasonable steps by the Business Associate do not end the violation, Business Associate may terminate such Subcontract governing use of PHI, if feasible, as required under 45 C.F.R. § 164.504(e)(1)(iii)..

h. Termination for Cause. Upon written notice to Business Associate, DSHS may terminate this Contract, to the extent the services involve the use of PHI, for convenience, if Business Associate has violated a material term of this Business Associate Agreement and cure is not possible. If cure is possible, DSHS shall provide written notice of the breach and offer Business Associate an opportunity (in no event less than 30 days) to cure a violation of this Business Associate Agreement before exercising a termination for cause.

i. Consent to Audit. Business Associate shall give reasonable access to PHI, its internal practices, records and books related to the Use or disclosure of PHI received from, or created or received by Business Associate on behalf of DSHS, to the Secretary of DHHS in determining compliance with HIPAA Privacy Rules. To the extent permitted by law, Business Associate shall provide DSHS with a copy of such internal practices, books and records that Business Associate provides to the Secretary pursuant to this Section. Notwithstanding the foregoing, Business Associate shall have the right to redact any of its internal practices, books and records provided to DSHS hereunder in any manner that it deems necessary to protect Business Associate's proprietary and confidential information.

j. Obligations of Business Associate Upon Expiration or Termination. Upon expiration or termination of this Contract for any reason, with respect to PHI received from DSHS, or created, maintained, or received by Business Associate, or any Subcontractors, on behalf of DSHS, Business Associate shall:

   (1) Retain only that PHI which is necessary for Business Associate to continue its proper management and administration (including retention for archival purposes to evidence its services) or to carry out its legal responsibilities;

   (2) Return to DSHS or destroy the remaining PHI that the Business Associate or any Subcontractors still maintain in any form;

   (3) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 (Security Standards for the Protection of Electronic Protected Health Information) with respect to Electronic Protected Health Information to prevent Use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate or any Subcontractors retain the PHI;

   (4) Not Use or disclose the PHI retained by Business Associate or any Subcontractors other than for the purposes for which such PHI was retained and subject to the same conditions set out in the "Use and Disclosure of PHI" section of this Contract which applied prior to termination; and

   (5) Return to DSHS or destroy the PHI retained by Business Associate, or any Subcontractors, when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

k. Survival. The obligations of the Business Associate under this section that by their nature are intended to survive termination or expiration of this Contract shall survive the termination or expiration of this Contract.

4.   Individual Rights.

    a. Accounting of Disclosures.

        (1) Business Associate shall document all disclosures, except those disclosures that are exempt under 45 CFR 164.528, of PHI and information related to such disclosures.

        (2) Within ten (10) business days of a request from DSHS, Business Associate shall make available to DSHS the information in Business Associate's possession that is necessary for DSHS to respond in a timely manner to a request for an accounting of disclosures of PHI by the Business Associate. See 45 CFR 164.504(e)(2)(ii)(G) and 164.528(b)(1).

        (3) At the written request of DSHS or in response to a request made directly to the Business Associate by an Individual, Business Associate shall respond, in a timely manner and in accordance with HIPAA and the HIPAA Rules, and make such information available to DSHS to permit DSHS to respond to requests by Individuals for an accounting of disclosures of PHI.

        (4) Business Associate record keeping procedures shall be sufficient to respond to a request for an accounting under this section for the six (6) years prior to the date on which the accounting was requested.

    b. Access

        (1) Business Associate shall make available PHI that it holds that is part of a Designated Record Set when requested by DSHS or the Individual as necessary to satisfy DSHS's obligations under 45 CFR 164.524 (Access of Individuals to Protected Health Information).

        (2) When the request is made by the Individual to the Business Associate or if DSHS asks the Business Associate to respond to a request, the Business Associate shall comply with requirements in 45 CFR 164.524 (Access of Individuals to Protected Health Information) on form, time and manner of access in accordance with this Section. When the request is made by DSHS or the Individual, the Business Associate shall provide the records to DSHS within ten (10) business days.

    c. Amendment.

        (1) If DSHS amends, in whole or in part, a record or PHI contained in an Individual's Designated Record Set and DSHS has previously provided the PHI or record that is the subject of the amendment to Business Associate, then DSHS will inform Business Associate of the amendment pursuant to 45 CFR 164.526(c)(3) (Amendment of Protected Health Information).

        (2) Business Associate shall make any amendments to PHI that is maintained by Business Associate in a Designated Record Set as directed by DSHS or make available to DSHS such information for amendment as necessary to satisfy DSHS's obligations under 45 CFR 164.526 (Amendment of Protected Health Information).

5.   Subcontracts and other Third Party Agreements. In accordance with 45 CFR 164.502(e)(1)(ii), and 164.308(b)(2), Business Associate shall ensure that any agents, or Subcontractors, that create, receive, maintain, or transmit PHI on Business Associate's behalf, enter into a written contract that contains the same restrictions, and conditions as the HIPAA compliance provisions in this Contract that apply to Business Associate with respect to such PHI. The same provisions must also be included in any contracts by a Business Associate's Subcontractor with its own business associates as required by

45 CFR 164.314(a)(2)(b) and 164.504(e)(5).

6.   **Obligations.** To the extent the Business Associate is to carry out one or more of DSHS's obligation(s) under Subpart E of 45 CFR Part 164 (Privacy of Individually Identifiable Health Information), Business Associate shall comply with all requirements that would apply to DSHS in the performance of such obligation(s).

7.   **Liability**. Business Associate must promptly notify DSHS of receipt of any formal complaint, enforcement or compliance action initiated by the Office for Civil Rights against Business Associate based on an allegation of Business Associate's violation of the HIPAA Rules with respect to PHI and must inform DSHS of the outcome of that action. DSHS is not responsible for any penalties, fines or sanctions imposed against the Business Associate or its Subcontractors or agents to the extent attributable to Business Associate's or its Subcontractors' or agents' violations of the HIPAA Rules and for which Business Associate, its Subcontractors or agents are found liable.

8.   **Breach Notification.**

    a. In the event of a Breach of Unsecured PHI obtained from DSHS caused by Business Associate, Business Associate will comply with the requirements of state or federal law that are applicable to Business Associate in its performance of Services hereunder.

    b. Business Associate will notify DSHS within one (1) business day by telephone and in writing of any Breach of Unsecured PHI or Use or disclosure of PHI by Business Associate not allowed by the provisions of this Business Associate Agreement of which it becomes aware.

    c. Business Associate will notify the DSHS Contact shown on the cover page of this Contract within one (1) business day of its discovery by telephone or e-mail of any Breach of Unsecured PHI by the Business Associate or its Subcontractors or agents that has actually occurred or that Business Associate reasonably believes has occurred. Business Associate will follow telephone or e-mail notification with a faxed or other written explanation of the Breach, to include the following, to the extent known and subsequently as such information becomes available: date of the Breach, date Breach was discovered, nature/types of the PHI involved in the Breach, type of Breach, description of the Breach, anticipated mitigation steps, and the name, address, telephone number, fax number, and e-mail of the individual who is responsible as the primary point of contact for DSHS to ask questions or learn additional information about the Breach. Business Associate will address communications to the DSHS Contact. Business Associate will reasonably coordinate and cooperate with DSHS to provide all information required to be in any required notifications.

    d. Subject to the limitation of liability in Section 28, if a Breach of unsecured PHI is caused by Business Associate or its Subcontractor(s) or agent(s):

        (1) requiring notification of Individuals under 45 CFR § 164.404 (Notification to Individuals), Business Associate bears the responsibility for the costs of notifying the affected Individuals and of call center support for receiving and responding to those Individuals' questions or requests for additional information for a period of 90 days or such longer period as required by law;

        (2) requiring notification of the media under 45 CFR § 164.406 (Notification to the media), Business Associate bears the responsibility for the costs of notifying the media and of responding to media questions or requests for additional information;

        (3) requiring notification of the U.S. Department of Health and Human Services Secretary under 45 CFR § 164.408 (Notification to the Secretary), Business Associate bears the responsibility for

the costs of notifying the Secretary and of responding to the Secretary's questions or requests for additional information; and

(4) DSHS may take appropriate remedial measures up to termination of this Contract.

9. **DSHS Obligations.**

DSHS agrees that it will: (a) not make any disclosure of PHI to Business Associate if such disclosure would violate HIPAA or HIPAA Rules or any applicable federal or state law or regulation; and (b) not request Business Associate to use or make any disclosure of PHI in any manner that would not be permissible under HIPAA or HIPAA Rules or any applicable federal or state law or regulation if such use or disclosure were done by DSHS.

10. **Miscellaneous Provisions.**

a. Regulatory References. A reference in this Contract to a section in the HIPAA Rules means the section as in effect or amended.

b. Interpretation. Any ambiguity in this Business Associate Agreement shall be interpreted to permit compliance with the HIPAA Rules.

c. Nothing contained in this Business Associate Agreement is intended to confer upon any person (other than the parties hereto) any rights, benefits, or remedies of any kind or character whatsoever, whether in contract, statute, tort (such as negligence), or otherwise, and no person shall be deemed a third-party beneficiary under or by reason of this Business Associate Agreement.

Special Terms and Conditions

1.   **Term**. The initial term of this Contract shall be five (5) years. The Term of this Contract may be extended by written Amendment, signed by both parties, up to one (1) time for up to two (2) years, at the sole discretion of DSHS. The initial term together with any extension term(s) constitute the "Term" of the Contract. Additional services that are appropriate to the scope of this engagement, as determined by DSHS, may be added to the Contract in a mutually agreed upon written Amendment.

2.   **Exhibits**. The following Exhibits are hereby incorporated into and made a part of this Contract:

a.   Exhibit A – Data Security Requirements (DSRE)

b.   Exhibit B – Federal Tax Information Security Requirements

c.   Exhibit C – Statement of Work ("SOW")

d.   Exhibit D – Personnel Requirements

e.   Exhibit E – Service Level Requirements

f.   Exhibit F – Cost Structure

g.   Exhibit G – Federal Provisions

h.   Exhibit H- Bidders Proposal

3.   **Guiding Partnership Principles**. The parties agree that the following principles ("Guiding Partnership Principles") are important to ensure the success of their relationship. These Guiding Partnership Principles are statements regarding the parties' overall intentions for this Agreement and any amendments or Change Orders executed pursuant to the Agreement. If any term or condition of this Agreement is ambiguous or unclear or if the parties did not anticipate a particular issue, the parties shall use the Guiding Partnership Principles to interpret or resolve the issue arising from the effective date of this Contract. Processes to support the Guiding Partnership Principles will be established as needed.

a.   Enhance IT Capabilities and Provide Consistent and Stable Infrastructure Support

Services will be provided in a manner that enhances DSHS' ability to deliver consistent, stable, high-quality, cost-effective services both internally within DSHS and externally to its customers with minimal interruptions and few, if any, disruptions to DSHS business. Technology and processes used by the Contractor will provide DSHS with industry-prevailing levels of functionality and performance.

b.   Reduce and Control IT Costs

Cost control and reduction are key objectives for DSHS in securing Services from the Contractor. The Contractor will strive to continuously propose new and cost-effective processes and technologies within the scope of the SOW in order to, aid in the control and with all due expectations further reduce the overall cost of Services to DSHS.

c.   Maintain and Improve Technology

The Contractor will implement industry leading practices and new technologies within the scope of the SOW to deliver Services to DSHS that allow DSHS to take advantage of improvements in cost-efficiencies and service functionalities, and with that objective will continually update the processes,

procedures and methodologies as well as the underpinning technologies. The parties agree that Contractor will implement any improvements which constitute changes to the scope of Services or Deliverables set forth in the Contract as determined by DSHS, such changes will be documented in a writing signed by both parties as part of the Change Order process.

d. Improve Business Processes, Achieve ITIL, IT Service Management and Six Sigma or Equivalent Process Alignment, and Standardize Processes

The Contractor will deliver Services that are aligned with IT Solutions processes and with Information Technology Infrastructure Library (ITIL) as the nomenclature basis, and IT Service Management (ITSM) as the service management basis, or any industry accepted substitute as agreed to in writing by the parties, for any or all of the aforementioned processes that will assist DSHS in standardizing and improving its business processes, including improving the efficiencies of delivering products to its customers. The Contractor will document such processes as part of its Service delivery.

e. Direct Senior Executive Oversight and Decision Making

Direct senior executive oversight and involvement by both parties are needed to ensure all commitments and timeframes are met. DSHS and Contractor must each manage their personnel and discharge their duties within the agreed parameters and requirements to ensure that Contract obligations are successfully met.

f. Predictability of Costs and Expenses

Costs and expenses must be clearly articulated in the Contract and understood by both parties.

g. Timely Delivery of Enhancements and Regulatory Updates

Timely delivery of Enhancements/Change Orders, including regulatory updates, is critical to DSHS. Contractor shall deliver fully tested and operational Enhancements/Change Orders, including regulatory updates, on a timely basis.

h. Quality Personnel to Support the Relationship

Qualified personnel will be devoted by both parties to the relationship. The parties will commit appropriate, qualified management, implementation, consulting, technical, administrative and other support personnel to achieve the objectives of the relationship.

i. Mutual Cooperation with DSHS' other Partners

Given the variety of technology solutions and planned new solutions supporting DSHS and the Health and Human Services Coalition (HHS Coalition), joint planning, open communication, cooperation and collaboration between DSHS and all of its technology partners is required. This includes mutual cooperation with product vendors implementing and supporting the HHS Coalition Integrated Eligibility and Enrollment solution.

j. Alignment of Accountability and Responsibility

Accountability and responsibility of roles will be aligned to ensure that each party is responsible for the aspects of a project or relationship that they control.

k. Thorough and Speedy Issue Resolution

DSHS and Contractor will ensure a thorough and speedy resolution of issues that arise in the relationship.

4. **General Service Expectations**.

Through the course of this Contract, the parties expect Services to be enhanced, supplemented and evolve through technological advancements and process improvements.

Contractor shall cooperate in good faith with DSHS to support three priorities: 1) maintenance and support for the ACES system to ensure ongoing DSHS services are delivered; including timely development, testing and implementation of changes and modifications requested by stakeholders or required by state or federal mandate; 2) Enhancements (as defined in Exhibit C Statement of Work); and 3) robust and timely support provided to DSHS and its IE&E partners for the planned transition to the new IE&E solution.

For clarification only and without intending to expand upon the Services required to be performed or Deliverables required to be delivered by Contractor under this Agreement, if any services, functions, responsibilities or tasks not specifically described in this Agreement are required for the proper performance of the Services and are an inherent part of, or a necessary sub- part included within, the Services, such services, functions, responsibilities and tasks will be included within the scope of the Services to the same extent and in the same manner as if specifically described in this Agreement, to the extent that such services, functions, responsibilities or tasks are not (i) required to be performed by DSHS under this Agreement, including activities necessary to and inherent to the obligations of DSHS in this Agreement, or (ii) expressly excluded in this Agreement or the SOW.

Furthermore, Contractor acknowledges and understands that ACES is a legacy system that DSHS intends to gradually decommission and replace during the period of performance of this Agreement. A modern Integrated Eligibility and Enrollment (IE&E) solution is planned for development and implementation during years three to five of this Agreement. The new IE&E system is expected to be implemented through a series of modular solutions based on the IE&E Roadmap. Accordingly, Contractor shall prioritize and support ACES decomposition activities and legacy transition work.

5. **Statement of Work**. The Contractor shall provide the services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth in **Exhibit C, Statement of Work**.

6. **Contract Change Orders**

   a. **Issuance of Contract Change Orders**. Either party may at any time and in its sole discretion issue a written request for a Change Order requiring changes to the Services, provided only that such changes are within the general scope of this Contract and such fees do not exceed the maximum contract amount. Such changes may include modification of system requirements, procedures, documentation, resources, schedule, or any other part of the Services outside the scope of the current Services. Each such request for a Change Order will, at a minimum, specify the scope of the change and the expected completion date.

   b. **Recipient Response**. The party receiving the Change Order request will respond to such request for a Change Order in writing within seven (7) business days of receipt, and such response will advise the requesting party of any cost and/or schedule impacts. Such response may be in electronic form. If a request for Change Order will reasonably result in an increase or decrease in fees, Contractor will advise DSHS of such increase or decrease in fees, including a breakdown of the number of staff hours by level of personnel needed to effect the contemplated change.

   c. **Agreement**. Contractor and DSHS will negotiate in good faith and in a timely manner as to the fees

of any Change Order. If the parties reach an agreement, the parties will produce and sign a final Change Order reflecting the agreed-upon fees. Such final Change Order will modify the scope of the Services, and will be subject to the terms and conditions of this Contract.

d. **Disagreement**. If the parties are unable to reach an agreement within thirty (30) days of Contractor's response to a Change Order and the request for a Change Order is necessary for DSHS to comply with law, DSHS will determine a revised fee structure and Contractor will proceed with the work according to a schedule agreed to by both parties, subject to Contractor's right to appeal DSHS's determination of the revised fee structure and schedule pursuant to Section 23 of the General Terms and Conditions.

e. **Reimbursement**. Contractor will invoice DSHS, in accordance with Section 20, for the fees for all Services provided pursuant to Change Orders. Subject to Section 6.f, the fees invoiced will reflect the terms of the final Change Order, or, if the parties have reached no agreement on a final Change Order, the fee invoiced will reflect the revised fee structure and work schedule determined by DSHS pursuant to Section 6.d.

f. **Change in Services**. If any Change Order causes a decrease in the time required for any part of the Services, whether or not such increase or decrease is explicitly set forth in such Change Order, any fee reduction sought by DSHS must be asserted by DSHS in writing within thirty (30) days from execution of the final Change Order. Contractor and DSHS will then negotiate in good faith and in a timely manner as to the magnitude of such fee reduction. If the parties agree, they will produce and sign an amendment to the Change Order reflecting the revised fee. Failure to agree to any adjustment will be resolved in accordance with Section 23 of the General Terms and Conditions.

g. **Contractor Remains Responsible**. Contractor will remain responsible for the provision of Services in accordance with applicable requirements and standards, including the Service Level Requirements, as modified by the Change Order and the correction of any reductions or disruptions in the availability and/or functionality of ACES, including any that may result from any Change Order.

7. **Deliverable Ownership/Rights**

a. **Deliverables**. As between the parties, all Deliverables shall, to the extent applicable, be deemed works made for hire under the U.S. Copyright Act (17 U.S.C. §§ 101 et seq.) and any other applicable copyright law, and DSHS shall be deemed the "author" of the Deliverables. Contractor hereby waives any and all moral rights (including rights of integrity and attribution) in and to the Deliverables. To the extent any Deliverable does not constitute a work made for hire, then upon Acceptance of the Deliverable pursuant to the terms of this Contract, Contractor hereby assigns, all right, title and interest that Contractor may have or may hereafter acquire in the Deliverable, including all Intellectual Property Rights therein. All Deliverables will be deemed to be the Confidential Information and trade secret information of DSHS.

For Contract Change Orders with specific Deliverables, Contractor shall assign all right, title and interest that Contractor may have or may hereafter acquire in the Deliverable, including all Intellectual Property Rights therein, upon full payment for said Deliverable. Notwithstanding the foregoing, Contractor grants DSHS the right to use, modify, demonstrate or prepare derivative works of the Deliverable during the time between Acceptance of the Deliverable and full payment.

This Section does not apply to any Contractor Technology, even if included in a Deliverable, which for clarity shall not be owed by DSHS. Contractor hereby grants to DSHS a nonexclusive, perpetual, non-terminable, irrevocable license to use, demonstrate, modify, prepare derivative works based on, sublicense and reproduce the Contractor Technology to enable the full use and

benefit of the Deliverable.

8.   Service Level Requirements (SLRs).

a. **Commitment to Comply With All SLRs.** Beginning on the effective date, the Contractor shall perform all Services in accordance with, and in such a manner as to meet the service level requirements set forth in this Contract (each, an "SLR"). Any Services developed by the Contractor pursuant to the terms of this Agreement shall incorporate methods permitting measurement of performance-related SLRs. The Contractor shall comply with all SLRs set forth in **Exhibit E, Service Level Requirements** or elsewhere in this Agreement, including, without limitation, all SLRs for which no Fee Reduction (as defined in Section 8(g) below) has been assigned.

b. **Transition Period SLR Review.** During the five month transition-in period in which Contractor is transitioning in to provide the Services, Contractor will gather and report performance data on the SLRs in order to determine whether the system can meet the SLR Performance Targets as set forth in Exhibit E ("Baseline"). SLRs that fail to attain the SLR Performance Targets shall be modified as agreed upon by the parties via an amendment to the Agreement upon completion of the Baseline. The parties will agree in writing to the final SLRs and Performance Targets.

c. **Measurement and Reporting.** The Contractor shall measure its performance against the SLRs in accordance with the methodologies specified in **Exhibit C, Statement of Work** and **Exhibit E, Service Level Requirements** and shall provide a detailed, comprehensive report of its performance against the SLRs during each applicable reporting period ("SLR Reports") by the tenth (10th) business day following the end of the applicable reporting period. For continuing failures that occur in consecutive measurement intervals within a month, the Contractor shall report such failures in the month such failures commence. The Contractor shall meet with DSHS at least monthly, or more frequently if requested by DSHS, to review the Contractor's actual performance against the SLRs and shall recommend remedial actions to resolve any performance deficiencies. Notwithstanding the foregoing, all reporting on SLRs shall cover the results of SLR performance during the applicable Measurement Interval, regardless of the Reporting Period, and shall not be construed to limit the Contractor's obligations to comply with all SLRs as per the applicable Measurement Interval. Any failure by DSHS to analyze and enforce SLRs shall not be deemed a waiver of such performance standards. In the case where one or more SLRs are not able to be validated as contemplated by this Section, the parties will negotiate in good faith to establish meaningful SLR(s) to replace such SLR(s).

d. **Root-Cause Analysis and Resolution**. Promptly, but in no event later than five (5) calendar days (or as otherwise set forth in **Exhibit C, Statement of Work**) after the Contractor's discovery of, or if earlier, the Contractor's receipt of a notice from DSHS regarding, the Contractor's failure to provide any of the Services in accordance with the SLRs, or for the existence of an issue, the Contractor shall, as applicable under the circumstances: (i) perform a root-cause analysis to identify the cause of such failure/issue; (ii) provide DSHS with a written report detailing the cause of, and procedure for correcting those failures/issues that are under the Contractor's control; and (iii) provide DSHS with satisfactory evidence that the Contractor has taken or will take commercially reasonable remedial steps to ensure that such failure/issue will not recur to the extent under the Contractor's control. To the extent the cause of failures/issues are not under the Contractor's control, including without limitation, the scenarios described in Section 6(e)(i)-(iii) below, then the Contractor may suggest appropriate corrective measures to the extent commercially reasonable. The correction of any such failures/issues shall be performed in accordance with the time frames set forth in **Exhibit C, Statement of Work** entirely at the Contractor's expense unless it has been determined, by mutual agreement of the parties or through the dispute resolution process specified in this Agreement, that DSHS (or one of its subcontractors, agents or third parties provided by DSHS) was a direct contributing cause of the failure/issue but excluding contributing causes of third parties

provided by DSHS that Contractor agrees in writing to manage to the extent such causes arise out of the Contractor's failure to properly manage such third parties) and the Contractor could not have worked around the failure/issue without expending more than commercially reasonable efforts. In such event the Contractor shall be entitled to temporary relief from its obligation to comply with the affected SLR in a timely fashion, but only to the extent and for the duration so affected. DSHS shall be responsible for prioritization of activities of all corrective measures to correct any pre-existing condition of DSHS properties and systems within Contractor's existing capacity; any additional capacity required shall be agreed upon by the parties following the Change Order process set forth in Section 6 of the Special Terms and Conditions**.**

e. **Relief from SLRs.** Contractor will not be liable for any failure to meet a SLR, and the applicable Fee Reductions, if such failure was due to causes beyond Contractor's reasonable control including, without limitation, (i) force majeure events, (ii) the acts or omissions of DSHS or any third party other than Subcontractors or Contractor staff (including the availability or performance of software, hardware, and infrastructure provided by DSHS or any third party other than Subcontractors or Contractor staff) or (iii) the Contractor did not have an affirmative duty under the Agreement to prevent such a failure. Contractor shall be entitled to temporary relief from its obligation to comply with the affected SLR in a timely fashion, but only to the extent and for the duration so affected and subject to the provisions of **Exhibit C, Statement of Work**.

f. **Review of SLRs**. The parties agree that the SLRs will improve over time and that new SLRs may be added to reflect improvements in technology, DSHS' changing and/or new business requirements. Accordingly, at least once annually, the parties expect to review and reach agreement on, among other things: (i) adjustments to the SLRs to reflect such anticipated continuous improvements in the SLRs; and/or (ii) the addition of new SLRs. In the event the parties are not able to reach agreement on a proposed SLR modification within 60 days of a party raising a formal change request, the parties will obtain the recommendation of a third party to provide market information regarding the reasonableness of the proposed modification. The Contractor agrees to maintain and improve SLRs from time to time in accordance with the remainder of this Section. Unless requested by DSHS, in no event will the SLRs be made less favorable to DSHS as a result of such reviews.

g. **SLR Fee Reductions**. Service Level Requirement (SLR) fee reductions for failure to meet SLRs ("Fee Reductions") have been built into **Exhibit E, Service Level Requirements** to encourage the Contractor to meet committed service levels and provide a mechanism to document performance. The parties acknowledge and agree that said Fee Reductions are intended to reflect the diminished value of the Services as a result of any service level failure. Such Fee Reductions do not constitute penalties or damages, but rather are intended to equate the fee for services to that level of service being provided. The goal of these fee reductions is not to penalize the Contractor, but rather to provide a greater incentive to achieve the Agreement's stated objectives and focus Contractor on the critical needs of DSHS. Fee Reduction provides a means to adjust the Services payments by DSHS for non-performance. Fees shall be reduced from the total payment provided to the Contractor each month upon non-compliance with a SLR(s) which, for purposes of allowing for a stabilization period, shall become effective starting 60 days after Contractor's five-month service transition-in period is complete. All Fee Reductions are set forth in Exhibit E and are subject to the approval of the DSHS Contract Manager, or designee and shall not exceed 12% of each monthly M&O invoice amount. The assessment of Fee Reductions as set forth herein shall constitute DSHS's sole and exclusive monetary remedy and the sole and exclusive obligation of Contractor, with respect to Contractor's failure to comply with any SLR. The assessment of Fee Reductions shall not constitute a waiver or release of any other monetary or non-monetary remedy DSHS may have under the Agreement for the Contractor's failure or breach giving rise to the missed SLR, including without limitation, DSHS's right to terminate this Agreement pursuant to Section 38 of the General Terms and

Conditions, provided that if DSHS recovers monetary remedies under the Agreement, then DSHS shall reduce such monetary remedies by the amounts received as Fee Reductions for the same events causing the actual damages.

9. **Technology Management and Security Services**.

   a. **General**. The Contractor shall provide the technology management described in this Section. The Contractor shall obtain prior written consent from DSHS before acquiring (on behalf of DSHS), upgrading or replacing any asset that is used by the Contractor to satisfy its obligations hereunder if such acquisition, maintenance, upgrade or replacement could result in any material adverse change in the cost, method, manner, types or levels of Services that are then being provided to DSHS.

   b. **Technology Upgrades and Enhancements**. The Contractor will keep all Services under this Agreement current with industry advances and leading technology standards. To that end, the Contractor may make recommendations to DSHS regarding software upgrades or replacements necessary to meet the SLRs and manufacturer-recommended requirements. DSHS shall make technology refresh and upgrade decisions in its sole discretion. The parties will coordinate implementation of such upgrades and enhancements. The Contractor shall schedule all such upgrades and replacements in advance and in such a way as to prevent any interruption or disruption of, or diminution in, the nature or level of any portion of the Services. The Contractor shall supplement, modify, and enhance the Services over time to keep pace with industrywide advancements and improvements in the methods of delivering services similar to the Services. Without limiting the foregoing, the Contractor shall: (i) maintain a level of technology used to provide the Services for which the Contractor has financial responsibility; (ii) that allows the service recipient to take advantage of technological improvements and advances applicable to its business; (iii) is at least current with the level of technology that the Contractor uses in providing services to its other customers; and (iv) is at least current with the level of technology generally adopted from time to time in DSHS industries.

10. **Mutual Cooperation and Non-Exclusivity**.

    a. **Mutual Cooperation with DSHS and Third Parties**. The Contractor acknowledges that DSHS operates a multi-contractor environment and that a material element of the Services is the willingness to cooperate and work with other contractors selected by DSHS in order to provide quality, cost- efficient Services to DSHS end users. Accordingly, the Contractor shall cooperate fully with all third parties designated by DSHS, and DSHS shall require written commitment from such third parties to cooperate with Contractor and shall disclose such information to DSHS and third parties relating to the Contractor as may be reasonably required or necessary to perform the Services or as requested in writing by DSHS. All such disclosures shall be subject to the confidentiality provisions of this Agreement.

    b. **Non-Exclusivity**. This Agreement is a non-exclusive relationship and DSHS shall not be precluded from obtaining services from any other contractor that may be similar or identical to the Services.

11. **Acceptance Process for Deliverables**

    a. Upon receipt of a Deliverable, DSHS will, with Contractor's assistance and within the period as specified in the Contract Change Order or work plan applicable to such Deliverable, review or perform testing on the Deliverable, as applicable, to determine whether the Deliverable conforms to its Acceptance standards. DSHS will provide Acceptance for a Deliverable if it has no Defects. If a Defect is found, however, DSHS will notify Contractor in an email or other document with a consolidated list of the Defects used as the grounds for DSHS' decision not to give Acceptance. Contractor shall correct Defects and resubmit a corrected Deliverable to DSHS and DSHS will

review or perform Acceptance Tests on the Deliverable to verify whether the Defects have been corrected and that the Deliverable lacks Defects. DSHS shall either give its Acceptance or reject the Deliverable in writing, following such review or Acceptance Tests.

b. If Contractor is unable to correct all Defects within the applicable time period, DSHS may, at its option:

   (1) Continue reviewing or performing Acceptance Tests on the Deliverable and require Contractor to continue until such Defects are corrected or eliminated;

   (2) Accept a non-conforming Deliverable at a reduced price that reasonably reflects the value of the non-conforming Deliverable;

   (3) Request Contractor to provide, at its expense, a replacement Deliverable for further review or Acceptance Tests; or

   (4) After completion of the process set forth in this Section 11 and providing Notice of default to Contractor, terminate this Contract as described in Section 38.

c. If DSHS does not notify Contractor by the expiration of the DSHS review period as described above in Section 11.a, Contractor will provide written notice thereof to the DSHS Contract Manager, and if, within ten (10) Business Days thereafter, the DSHS Contract Manager has not provided Contractor a written notice on whether the Deliverable has been accepted or rejected per Section 11.a, the Deliverable shall be deemed Accepted by DSHS.

12. Corrective Action Plans

DSHS may require Contractor to submit to DSHS a corrective action plan to correct or resolve a specific event or events resulting in a material failure by Contractor to comply with the requirements of the Contract (Corrective Action Plan).

a. The Corrective Action Plan required by DSHS under this Section must provide:

   (1) Contractor's detailed explanation of the cause or reasons for the failure; and

   (2) Contractor's assessment or diagnosis of the cause of the cited failure; and

   (3) Contractor's specific proposal to cure or resolve the failure.

b. Submission and Approval of Corrective Action Plan. The Corrective Action Plan must be submitted within ten (10) Business Days, or such other period as agreed to by the parties in writing, following the request for the Corrective Action Plan by DSHS or another date acceptable to DSHS. The Corrective Action Plan shall be subject to the written approval by DSHS.

c. Contractor Responsibility for Performance. Notwithstanding Contractor's submission and DSHS's acceptance of a Corrective Action Plan, this Section shall not:

   (1) Excuse Contractor's prior performance; or

   (2) Relieve Contractor of its duty to comply with its obligations under this Contract, including with respect to meeting any Service Level Requirements; or

   (3) Prohibit DSHS from pursuing other remedies available to it under this Contract.

13. **Contractor Personnel**. This Section describes personnel terms and conditions regarding Contractor personnel which Contractor will comply with, including, but not limited to, affected and selected employees, minimum proficiency levels, training, supervision, conduct, and the management and solicitation of personnel.

a. **Designation of Personnel**. Each of the Key Personnel is designated in, and shall have the functions assigned to him or her as set forth in **Exhibit C, Statement of Work** which may be modified from time to time in accordance with this Agreement and in compliance with the following:

(1) Contractor shall give DSHS prompt notice of any change in Key Personnel. Contractor will not replace or add new Key Personnel without notifying DSHS. In the event Contractor must replace or add Key Personnel, DSHS will interview, review the qualifications of, and approve or reject the proposed replacement(s) for the Key Personnel. Any such replacement must have substantially equivalent or better qualifications than the Key Personnel being replaced. Any replacement personnel for a Key Personnel approved by DSHS will thereafter be deemed a Key Person for purposes of this Contract and Exhibit C deemed amended to include such Key Person.

(2) The assignment, hiring or designation of any person to fill the position or perform the duties provided by any personnel must be done pursuant to **Exhibit D, Personnel Requirements**.

b. **Specialized Personnel**. As appropriate to its provision of Services, the Contractor shall ensure that applicable Contractor personnel (and the personnel of any Subcontractors) are trained, qualified and available to perform assigned Services required in work areas, such as specific health, regulatory (including, without limitation, Sarbanes-Oxley Act, HIPAA, and other regulations identified by DSHS), and security or safety-related expertise, all as may be consistent with any DSHS regulatory and compliance-related policies and practices as communicated to the Contractor.

c. **Personnel Requirements**.

The Contractor acknowledges and agrees that it is responsible for providing sufficient staff resources to perform its obligations under this Agreement.

Contractor personnel shall be subject to security clearances and provided with safety training by the Contractor and DSHS for consistency with any applicable policies and/or practices of DSHS that are applicable to DSHS third-party contractors.

Background checks, at the expense of Contractor, are required of Contractor staff (which may include finger printing).

All costs and expenses associated with providing, equipping and retaining Contractor staff and other personnel are included in the Services fees, including, without limitation, all wages (including overtime payments), benefits of employment, applicable payroll taxes and all associated staffing costs, such as training and education, refreshments, travel and lodging costs (including all travel and lodging costs that may be associated with providing the Services, regardless of location), and recruiting and relocation expenses.

At the end of every month of the term after the effective date of the Agreement, the Contractor shall provide DSHS with a written list of all Contractor and Subcontractor personnel who interface with DSHS on a regular basis or are otherwise assigned to perform the Services for DSHS and whose time is primarily dedicated to providing Services hereunder. The contents of the written list shall include the names of such personnel, the teams they report under and dates of placement.

d. **Material Changes to Staffing.** If the Contractor plans to make material changes to a service center location or a service model, or make material changes related to the makeup, manner or staffing

levels of Contractor personnel who have regular direct contact with DSHS, the Contractor will do so only after presenting and receiving approval in writing from DSHS regarding its changes and the management plan associated with such changes. Such approval may be withheld at the sole discretion of DSHS, if DSHS reasonably determines that such changes will adversely impact DSHS.

e. **Removal/Replacement of Personnel by Contractor**.

All personnel shall be assigned to perform the Services (for example, full-time assignment or otherwise) as needed to ensure that the Services contemplated hereunder are provided in an efficient and timely manner according to the plans and timelines expressed in this Section.

Without notifying DSHS, the Contractor shall not: (i) undertake any action with respect to any personnel that would result in the alteration or reduction of time expended by such personnel in performance of the Contractor's duties hereunder; or (ii) for a period of 18 months generally, and 24 months in the case of initially assigned Key Personnel, from a Key Personnel's initial assignment date, transfer, reassign or otherwise redeploy any Key Personnel from performance of the Contractor's duties under this Agreement, except in the case of a termination for convenience or a termination for default.

Excluding Key Personnel who are governed by Section 13.a(1), if any of the personnel becomes incapacitated, voluntarily terminates his or her employment with the Contractor (and/or any of the Contractor's Affiliates or Subcontractors), is terminated for cause by the Contractor, or is transferred, reassigned or redeployed with notification to DSHS, within 4 weeks, the Contractor shall replace such person with another person who is at least as well qualified as the person being replaced as promptly as is practical under the circumstances, provided, however, that the Contractor shall (i) at a minimum, assign a temporary replacement within two business days, and (ii) remain responsible for providing all activities for which the departed personnel were responsible in a timely fashion, notwithstanding such departure.

Whether or not DSHS consents to any reassignments or replacements of the Key Personnel, the Contractor will use its best effort to ensure continuity and avoid disruption in the roles and activities for which the Key Personnel is responsible.

f. **Removal of Contractor Personnel by DSHS**. If DSHS believes that the performance or conduct of any person employed or retained by the Contractor to perform the Contractor's obligations under this Agreement (including, without limitation, personnel) is:

(1) Unsatisfactory for any reason

(2) Has violated DSHS personal safety, security or compliance requirements

(3) Is not in compliance with the provisions of this Agreement

DSHS shall notify the Contractor in writing, and the Contractor will promptly address the performance or conduct of such person, or will promptly replace such person with another person acceptable to DSHS and with sufficient knowledge and expertise to perform the Services in accordance with this Agreement.

14. **Minimum Proficiency Levels**.

a. Key Personnel, and all other personnel assigned by the Contractor or its Subcontractors to perform the Contractor's obligations under this Agreement, shall have experience, training and expertise (as designated in **Exhibit C, Statement of Work** and **Exhibit D, Personnel Requirements**) sufficient

to perform their assigned portion of the Contractor's obligations under this Agreement, including, without limitation, the Contractor's obligations with respect to the SLRs.

b. With respect to Enhancement work charged on a time-and-material basis, the Contractor will assign personnel possessing the minimum (or greater) required proficiency or skills to accomplish the work and, in any event, will only charge DSHS at the rates applicable to resources that have been approved for such work.

c. DSHS may request proof of completion of training classes and certifications for such training, proficiency and skill as required under this Contract.

15. **Training**. The Contractor shall provide, and cause its Subcontractors to provide, all training to the employees of the Contractor and its Subcontractors, as deemed necessary for the scope of Services under this Agreement as agreed to by DSHS and Contractor, for them to perform all the Contractor's duties under this Agreement (including technical training, as well as training regarding applicable administrative matters, such as training regarding DSHS-specific policies and standard operating procedures).

Training shall be provided at the sole expense of the Contractor unless DSHS introduces a new system, process and/or application, in which case, the parties will discuss the responsibility for the training costs to the Contractor and negotiate a Change Order so the Contractor is able to support the new system, process and/or application.

Contractor is solely responsible for training their staff on any systems, technologies, procedures, processes, and applications recommended by the Contractor (and approved by DSHS). Contractor is also responsible to maintain training/skill levels on currently implemented systems, procedures, processes, and applications; and new industry best practice technologies being proposed to DSHS for implementation.

If the Contractor's employees are invited to attend DSHS-provided safety or facility training, the parties will cooperate to ensure the sufficiency and adequacy of such training for the purposes of that employee's work at the given DSHS facility.

New staff will be trained on state systems based on DSHS approved training plans produced by their assigned team. Each Contractor-lead team will be required to develop training plans for incoming staff.

16. **Management**. The Contractor agrees to be responsible for managing the personnel assigned to this engagement, including the hiring and developing of employees so that they become more productive to DSHS. The managing responsibilities include communicating with all Contractor employees at all levels.

17. **DSHS Personnel Obligations**. The successful completion of the Services and Deliverables are dependent in part upon the participation of DSHS management and personnel. Designated DSHS personnel will be available according to the timelines and/or roles and responsibilities.

18. **Contractor Personnel Obligations**.

a. **Support of DSHS Meetings**. The Contractor understands that its personnel assigned to perform the Services will be invited to DSHS-initiated meetings to provide subject matter expertise.

The Contractor will ensure attendance and support of such Contractor personnel who are subject matter experts in particular areas, on a reasonable basis during normal business hours. Contractor personnel will support such meetings and provide expertise as may be desirable to support DSHS

business goals.

The Contractor will ensure that any meeting or agreement between Contractor staff and staff outside of IT Solutions has an IT Solutions resource in attendance. These meetings and agreements must be at the direction of DSHS and in alignment with DSHS goals.

19.   **Consideration**. Total consideration payable to Contractor for satisfactory performance of the Services under this Contract as set forth in Exhibit C, Statement of Work shall be in accordance with the rates proposed in the Cost Proposal submitted by the Successful Bidder for RFP #2223-808 as well as the rates provided by Contractor for additional Services, attached herein as **Exhibit F – Cost Structure**.

20.   **Billing and Payment.**

    a.   **Invoice System**. The Contractor shall submit invoices using State Form A-19 Invoice Voucher, or such other form as designated by DSHS. Consideration for Services rendered shall be payable upon receipt and approval of properly completed invoices which shall be submitted to dshsreesasw.invoices@dshs.wa.gov by the Contractor not more often than monthly. The invoices shall include the following:

        (1) Fees associated with the Services provided by Contractor;

        (2) DSHS Contract number;

        (3) Monthly Service Level Requirements (SLR) (as defined in Exhibit C, Statement of Work and Exhibit E, Service Level Requirements) report

        (4) List of personnel currently assigned to the Contract

        (5) List of Deliverables and their status, as necessary

        (6) List and detailed description of Services provided (for Enhancement Services only)

    b.   **Payment**. Payment shall be considered timely if made by DSHS within thirty (30) days after receipt of the properly completed invoices. Payment shall be sent to the address designated by the Contractor on page one (1) of this Contract. DSHS may, at its sole discretion, withhold payment claimed by the Contractor for Services rendered if Contractor fails to materially comply with any term or condition of this Contract.

    c.   **Other Services**. Any other services fees will be determined by the parties on a case-by-case basis. The Contractor's invoices for other services will include documentation that references DSHS authorizing documentation, charges and description. No invoice with respect to other services will be paid unless such other services were preauthorized in writing by DSHS.

    d.   **Disputed Amounts**. Subject to and in accordance with the provisions of this Section, DSHS may withhold payment of any portion of a Contractor invoice that DSHS in good faith disputes as due or owing. In such case, DSHS will pay any undisputed amounts and provide to the Contractor a written explanation of the basis for the disputes as to the disputed amounts within the time set forth above for the payment of undisputed invoices. The failure of DSHS to pay the disputed part of an invoice will not constitute a breach or default by DSHS, so long as DSHS complies with the provisions of this Section. Any dispute relating to amounts owed by a party hereunder will be considered an issue giving rise to the dispute resolution process set forth in Section 23. All the Contractor's obligations under this Agreement will continue unabated during the dispute resolution process. In addition to the foregoing, DSHS will not have the right to withhold payment of the fixed portion of monthly fees

except to the extent that: (a) the invoice misstates the amount of such fixed portion of the monthly fees; or (b) the Contractor has invoiced DSHS for a higher than agreed amount, in which case, DSHS will have the right to withhold payment of the discrepancy.

21.   Insurance

The Contractor shall obtain and maintain for the duration of the Contract, at Contractor's expense, the following insurance coverages, and comply with the following insurance requirements.

a. General Liability Insurance

The Contractor shall maintain Commercial General Liability Insurance or Business Liability Insurance, no less comprehensive than coverage under Insurance Service Offices, Inc. (ISO) form CG 00-01, including coverage for bodily injury, property damage, and contractual liability. The amount of coverage shall be no less than $1,000,000 per occurrence and $2,000,000 General Aggregate. The policy shall include liability arising out of the parties' performance under this Contract, including but not limited to premises, operations, independent contractors, products-completed operations, personal injury, advertising injury, and liability assumed under an insured contract. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees of the State, shall be named as additional insureds.

b. In lieu of general liability insurance mentioned in Subsection a. above, if the Contractor is a sole proprietor with less than three contracts, the Contractor may choose one of the following three general liability policies, but only if attached to a professional liability policy. If selected the policy shall be maintained for the life of the contract:

Supplemental Liability Insurance, including coverage for bodily injury and property damage that will cover the Contractor wherever the Service is performed with minimum limits of $1,000,000 per occurrence; and $2,000,000 General Aggregate. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds;

or

Workplace Liability Insurance, including coverage for bodily injury and property damage that provides coverage wherever the Service is performed with minimum limits of $1,000,000 per occurrence; and $2,000,000 General Aggregate. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds:

or

Premises Liability Insurance if Services are provided only at Contractor's recognized place of business, including coverage for bodily injury, property damage with minimum limits of $1,000,000 per occurrence; and $2,000,000 General Aggregate. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds.

c. Workers' Compensation

The Contractor shall comply with all applicable Workers' Compensation, occupational disease, and occupational health and safety laws and regulations. The State of Washington and DSHS shall not be held responsible for claims filed for Workers' Compensation under Title 51 RCW by the Contractor or its employees under such laws and regulations.

d. Employees and Volunteers

Special Terms and Conditions

Insurance required of the Contractor under the Contract shall include coverage for the acts and omissions of the Contractor's employees and volunteers. In addition, the Contractor shall ensure that all employees and volunteers who use vehicles to transport clients or deliver Services have personal automobile insurance and current driver's licenses.

e. Subcontractors

The Contractor shall use diligent efforts to ensure that all Subcontractors have and maintain insurance with the same types and limits of coverage as required of the Contractor under the Contract. Failure of Subcontractors to comply with the insurance requirements in this Contract does not limit the Contractor's liability or responsibility.

f. Separation of Insureds

All insurance policies shall include coverage for cross liability and contain a "Separation of Insureds" provision.

g. Insurers

The Contractor shall obtain insurance from insurance companies identified as an admitted insurer/carrier in the State of Washington, with a current Best's Reports' rating of A-, Class VII, or better. Surplus lines insurance companies will have a rating of A-, Class VII, or better.

h. Evidence of Coverage

The Contractor shall, upon request by DSHS, submit a copy of the Certificate of Insurance, relevant portions of the policies, and additional insured endorsement for each coverage required of the Contractor under this Contract. The Certificate of Insurance shall identify the Washington State Department of Social and Health Services as the Certificate Holder. A duly authorized representative of each insurer, showing compliance with the insurance requirements specified in this Contract, shall execute each Certificate of Insurance.

The Contractor shall maintain copies of Certificates of Insurance, policies, and additional insured endorsements for each Subcontractor as evidence that each Subcontractor maintains insurance as required by the Contract.

i. Material Changes

The insurer shall give the DSHS point of contact listed on page one of this Contract 45 days advance written notice of cancellation or non-renewal of any insurance policy required under this Contract. If cancellation is due to non-payment of premium, the insurer shall give DSHS 10 days advance written notice of cancellation. Failure to provide notice as required may result in termination of the Contract.

j. Waiver of Subrogation

Contractor waives all rights of subrogation, excluding the Professional Liability, Technology Professional Liability, Cyber Risk insurance coverages, against DSHS for the recovery of damages to the extent such damages are or would be covered by insurance required under the Contract. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies whether or not DSHS receives the waiver of subrogation endorsement from the insurer.

k. Coverage Limits

By requiring insurance, the State of Washington and DSHS do not represent that the coverage and limits required in this Contract will be adequate to protect the Contractor. Such coverage and limits shall not limit the Contractor's liability in excess of the required coverage and limits, and shall not limit the Contractor's liability under the indemnities and reimbursements granted to the state and DSHS in this Contract.

l. Primary Coverage

All Contractor's insurance provided in compliance with this Contract shall be primary with respect to additional insured status and shall not seek contribution from insurance or self-insurance programs afforded to or maintained by the state. Insurance or self-insurance programs afforded to or maintained by the state shall be in excess of, and shall not contribute with, insurance required of the Contractor and Subcontractors under this Contract.

m. Waiver

With the exception of the Professional Liability, Technology Professional Liability, Cyber Risk insurance coverages, the Contractor waives all rights, claims and causes of action against the State of Washington and DSHS for the recovery of damages to the extent said damages are covered by insurance maintained by Contractor.

n. Liability Cap

Any limitation of liability or liability cap set forth in this Contract shall not preclude DSHS from claiming under any insurance maintained by the Contractor pursuant to this Contract, up to the policy limits.

o. Business Automobile Liability Insurance

The Contractor shall maintain a Business Automobile Policy on all vehicles used to transport clients, including vehicles hired by the Contractor or owned by the Contractor's employees, volunteers or others, with the following minimum limits: $1,000,000 per accident combined single limit. The Contractor's carrier shall provide DSHS with a waiver of subrogation or name DSHS as an additional insured.

p. Professional Liability (errors & omissions)

The Contractor shall maintain insurance of at least $1,000,000 per claim, $2,000,000 General Aggregate for malpractice or errors and omissions coverage against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use, and damages because of negligent acts, errors, and omissions in any way related to this Contract.

q. Technology Professional Liability (errors and omissions)

The Contractor shall maintain Technology Professional Liability (errors and omissions) insurance, to include coverage of claims involving infringement of intellectual property. This shall include but is not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, network security, regulatory defense (including fines and penalties), and notification costs. The coverage limits must be at least $1,000,000 per covered claim without sublimit, and $2,000,000 annual aggregate.

r. Crime and Employee Dishonesty

The Contractor shall maintain Employee Dishonesty and (when applicable) Inside/Outside Money and Securities coverages for property owned by the State of Washington in the care, custody, and control of Contractor, to include electronic theft and fraud protection. The coverage limits must be at least $3,000,000 per loss.

s. Cyber Risk Liability Insurance

The Contractor shall maintain coverage for Cyber Risk Liability, including information theft, computer and data loss replacement or restoration, release of private information, alteration of electronic information, notification costs, credit monitoring, forensic investigation, cyber extortion, regulatory defense (including fines and penalties), network security, and liability to third parties from failure(s) of contractor to handle, manage, store, and control personally identifiable information belonging to others. The policy must include full prior acts coverage. The coverage limits must be at least $5,000,000 per covered claim without sublimit, $10,000,000 annual aggregate.

Exhibits

Exhibit A – Data Security Requirements

1.   **Definitions**. The words and phrases listed below, as used in this Exhibit, shall each have the following definitions:

a.   "AES" means the Advanced Encryption Standard, a specification of Federal Information Processing Standards Publications for the encryption of electronic data issued by the National Institute of Standards and Technology (http://nvlpubs.nist.gov/nistpubs/FIPS/NIST.FIPS.197.pdf).

b.   "Authorized Users(s)" means an individual or individuals with a business need to access DSHS Confidential Information, and who has or have been authorized to do so.

c.   "Business Associate Agreement" means an agreement between DSHS and a contractor who is receiving Data covered under the Privacy and Security Rules of the Health Insurance Portability and Accountability Act of 1996. The agreement establishes permitted and required uses and disclosures of protected health information (PHI) in accordance with HIPAA requirements and provides obligations for business associates to safeguard the information.

d.   "Category 4 Data" is data that is confidential and requires special handling due to statutes or regulations that require especially strict protection of the data and from which especially serious consequences may arise in the event of any compromise of such data. Data classified as Category 4 includes but is not limited to data protected by: the Health Insurance Portability and Accountability Act (HIPAA), Pub. L. 104-191 as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), 45 CFR Parts 160 and 164; the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. §1232g; 34 CFR Part 99; Internal Revenue Service Publication 1075 (https://www.irs.gov/pub/irs-pdf/p1075.pdf); Substance Abuse and Mental Health Services Administration regulations on Confidentiality of Alcohol and Drug Abuse Patient Records, 42 CFR Part 2; and/or Criminal Justice Information Services, 28 CFR Part 20.

e.   "Cloud" means data storage on servers hosted by an entity other than the Contractor and on a network outside the control of the Contractor. Physical storage of data in the cloud typically spans multiple servers and often multiple locations. Cloud storage can be divided between consumer grade storage for personal files and enterprise grade for companies and governmental entities. Examples of consumer grade storage would include iTunes, Dropbox, Box.com, and many other entities. Enterprise cloud vendors include Microsoft Azure, Amazon Web Services, and Rackspace.

f.   "Encrypt" means to encode Confidential Information into a format that can only be read by those possessing a "key"; a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 256 bits for symmetric keys, or 2048 bits for asymmetric keys. When a symmetric key is used, the Advanced Encryption Standard (AES) must be used if available.

g.   "FedRAMP" means the Federal Risk and Authorization Management Program (see www.fedramp.gov), which is an assessment and authorization process that federal government agencies have been directed to use to ensure security is in place when accessing Cloud computing products and services.

h.   "Hardened Password" means a string of at least eight characters containing at least three of the following four character classes: Uppercase alphabetic, lowercase alphabetic, numeral, and special characters such as an asterisk, ampersand, or exclamation point.

i. "Mobile Device" means a computing device, typically smaller than a notebook, which runs a mobile operating system, such as iOS, Android, or Windows Phone. Mobile Devices include smart phones, most tablets, and other form factors.

j. "Multi-factor Authentication" means controlling access to computers and other IT resources by requiring two or more pieces of evidence that the user is who they claim to be. These pieces of evidence consist of something the user knows, such as a password or PIN; something the user has such as a key card, smart card, or physical token; and something the user is, a biometric identifier such as a fingerprint, facial scan, or retinal scan. "PIN" means a personal identification number, a series of numbers which act as a password for a device. Since PINs are typically only four to six characters, PINs are usually used in conjunction with another factor of authentication, such as a fingerprint.

k. "Portable Device" means any computing device with a small form factor, designed to be transported from place to place. Portable devices are primarily battery powered devices with base computing resources in the form of a processor, memory, storage, and network access. Examples include, but are not limited to, mobile phones, tablets, and laptops. Mobile Device is a subset of Portable Device.

l. "Portable Media" means any machine readable media that may routinely be stored or moved independently of computing devices. Examples include magnetic tapes, optical discs (CDs or DVDs), flash memory (thumb drive) devices, external hard drives, and internal hard drives that have been removed from a computing device.

m. "Secure Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access, and access is controlled through use of a key, card key, combination lock, or comparable mechanism. Secure Areas may include buildings, rooms or locked storage containers (such as a filing cabinet or desk drawer) within a room, as long as access to the Confidential Information is not available to unauthorized personnel. In otherwise Secure Areas, such as an office with restricted access, the Data must be secured in such a way as to prevent access by non-authorized staff such as janitorial or facility security staff, when authorized Contractor staff are not present to ensure that non-authorized staff cannot access it.

n. "Trusted Network" means a network operated and maintained by the Contractor, which includes security controls sufficient to protect DSHS Data on that network. Controls would include a firewall between any other networks, access control lists on networking devices such as routers and switches, and other such mechanisms which protect the confidentiality, integrity, and availability of the Data.

o. "Unique User ID" means a string of characters that identifies a specific user and which, in conjunction with a password, passphrase or other mechanism, authenticates a user to an information system.

2. **Authority**. The security requirements described in this document reflect the applicable requirements of Standard 141.10 (https://ocio.wa.gov/policies) of the Office of the Chief Information Officer for the state of Washington, and of the DSHS Information Security Policy and Standards Manual. Reference material related to these requirements can be found here: https://www.dshs.wa.gov/ffa/keeping-dshs-client-information-private-and-secure, which is a site developed by the DSHS Information Security Office and hosted by DSHS Central Contracts and Legal Services.

3. **Administrative Controls.** The Contractor must have the following controls in place:

a. A documented security policy governing the secure use of its computer network and systems, and

which defines sanctions that may be applied to Contractor staff for violating that policy.

b. If the Data shared under this agreement is classified as Category 4, the Contractor must be aware of and compliant with the applicable legal or regulatory requirements for that Category 4 Data.

c. If Confidential Information shared under this agreement is classified as Category 4, the Contractor must have a documented risk assessment for the Contractor system(s) housing the Category 4 Data.

4. **Authorization, Authentication, and Access.** In order to ensure that access to the Data is limited to authorized staff, the Contractor must:

a. Have documented policies and procedures governing access to systems with the shared Data.

b. Restrict access through administrative, physical, and technical controls to authorized staff.

c. Ensure that user accounts are unique and that any given user account logon ID and password combination is known only to the one employee to whom that account is assigned. For purposes of non-repudiation, it must always be possible to determine which employee performed a given action on a system housing the Data based solely on the logon ID used to perform the action.

d. Ensure that only authorized users are capable of accessing the Data.

e. Ensure that an employee's access to the Data is removed immediately:

(1) Upon suspected compromise of the user credentials.

(2) When their employment, or the contract under which the Data is made available to them, is terminated.

(3) When they no longer need access to the Data to fulfill the requirements of the contract.

f. Have a process to periodically review and verify that only authorized users have access to systems containing DSHS Confidential Information.

g. When accessing the Data from within the Contractor's network (the Data stays within the Contractor's network at all times), enforce password and logon requirements for users within the Contractor's network, including:

(1) A minimum length of 8 characters, and containing at least three of the following character classes: uppercase letters, lowercase letters, numerals, and special characters such as an asterisk, ampersand, or exclamation point.

(2) That a password does not contain a user's name, logon ID, or any form of their full name.

(3) That a password does not consist of a single dictionary word. A password may be formed as a passphrase which consists of multiple dictionary words.

(4) That passwords are significantly different from the previous four passwords. Passwords that increment by simply adding a number are not considered significantly different.

h. When accessing Confidential Information from an external location (the Data will traverse the Internet or otherwise travel outside the Contractor's network), mitigate risk and enforce password and logon requirements for users by employing measures including:

(1) Ensuring mitigations applied to the system don't allow end-user modification.

(2) Not allowing the use of dial-up connections.

(3) Using industry standard protocols and solutions for remote access. Examples would include RADIUS and Citrix.

(4) Encrypting all remote access traffic from the external workstation to Trusted Network or to a component within the Trusted Network. The traffic must be encrypted at all times while traversing any network, including the Internet, which is not a Trusted Network.

(5) Ensuring that the remote access system prompts for re-authentication or performs automated session termination after no more than 30 minutes of inactivity.

(6) Ensuring use of Multi-factor Authentication to connect from the external end point to the internal end point.

i. Passwords or PIN codes may meet a lesser standard if used in conjunction with another authentication mechanism, such as a biometric (fingerprint, face recognition, iris scan) or token (software, hardware, smart card, etc.) in that case:

(1) The PIN or password must be at least 5 letters or numbers when used in conjunction with at least one other authentication factor

(2) Must not be comprised of all the same letter or number (11111, 22222, aaaaa, would not be acceptable)

(3) Must not contain a "run" of three or more consecutive numbers (12398, 98743 would not be acceptable)

j. If the contract specifically allows for the storage of Confidential Information on a Mobile Device, passcodes used on the device must:

(1) Be a minimum of six alphanumeric characters.

(2) Contain at least three unique character classes (upper case, lower case, letter, number).

(3) Not contain more than a three consecutive character run. Passcodes consisting of 12345, or abcd12 would not be acceptable.

k. Render the device unusable after a maximum of 10 failed logon attempts.

5. **Protection of Data**. The Contractor agrees to store Data on one or more of the following media and protect the Data as described:

a. **Hard disk drives**. For Data stored on local workstation hard disks, access to the Data will be restricted to Authorized User(s) by requiring logon to the local workstation using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards.

b. **Network server disks**. For Data stored on hard disks mounted on network servers and made available through shared folders, access to the Data will be restricted to Authorized Users through the use of access control lists which will grant access only after the Authorized User has authenticated to the network using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards. Data on disks mounted to such servers must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.

For DSHS Confidential Information stored on these disks, deleting unneeded Data is sufficient as long as the disks remain in a Secure Area and otherwise meet the requirements listed in the above paragraph. Destruction of the Data, as outlined below in Section 8 Data Disposition, may be deferred until the disks are retired, replaced, or otherwise taken out of the Secure Area.

c. **Optical discs (CDs or DVDs) in local workstation optical disc drives**. Data provided by DSHS on optical discs which will be used in local workstation optical disc drives and which will not be transported out of a Secure Area. When not in use for the contracted purpose, such discs must be Stored in a Secure Area. Workstations which access DSHS Data on optical discs must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.

d. **Optical discs (CDs or DVDs) in drives or jukeboxes attached to servers**. Data provided by DSHS on optical discs which will be attached to network servers and which will not be transported out of a Secure Area. Access to Data on these discs will be restricted to Authorized Users through the use of access control lists which will grant access only after the Authorized User has authenticated to the network using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards. Data on discs attached to such servers must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.

e. **Paper documents**. Any paper records must be protected by storing the records in a Secure Area which is only accessible to authorized personnel. When not in use, such records must be stored in a Secure Area.

f. **Remote Access**. Access to and use of the Data over the State Governmental Network (SGN) or Secure Access Washington (SAW) will be controlled by DSHS staff who will issue authentication credentials (e.g. a Unique User ID and Hardened Password) to Authorized Users on Contractor's staff. Contractor will notify DSHS staff immediately whenever an Authorized User in possession of such credentials is terminated or otherwise leaves the employ of the Contractor, and whenever an Authorized User's duties change such that the Authorized User no longer requires access to perform work for this Contract.

g. **Data storage on portable devices or media**.

(1) Except where otherwise specified herein, DSHS Data shall not be stored by the Contractor on portable devices or media unless specifically authorized within the terms and conditions of the Contract. If so authorized, the Data shall be given the following protections:

(a) Encrypt the Data.

(b) Control access to devices with a Unique User ID and Hardened Password or stronger authentication method such as a physical token or biometrics.

(c) Manually lock devices whenever they are left unattended and set devices to lock automatically after a period of inactivity, if this feature is available. Maximum period of inactivity is 30 minutes.

(d) Apply administrative and physical security controls to Portable Devices and Portable Media by:

   i. Keeping them in a Secure Area when not in use,

   ii. Using check-in/check-out procedures when they are shared, and

   iii. Taking frequent inventories.

(2) When being transported outside of a Secure Area, Portable Devices and Portable Media with DSHS Confidential Information must be under the physical control of Contractor staff with authorization to access the Data, even if the Data is encrypted.

h. **Data stored for backup purposes**.

(1) DSHS Confidential Information may be stored on Portable Media as part of a Contractor's existing, documented backup process for business continuity or disaster recovery purposes. Such storage is authorized until such time as that media would be reused during the course of normal backup operations. If backup media is retired while DSHS Confidential Information still exists upon it, such media will be destroyed at that time in accordance with the disposition requirements below in Section 8 *Data Disposition*.

(2) Data may be stored on non-portable media (e.g. Storage Area Network drives, virtual media, etc.) as part of a Contractor's existing, documented backup process for business continuity or disaster recovery purposes. If so, such media will be protected as otherwise described in this exhibit. If this media is retired while DSHS Confidential Information still exists upon it, the data will be destroyed at that time in accordance with the disposition requirements below in Section 8 *Data Disposition*.

i. **Cloud storage**. DSHS Confidential Information requires protections equal to or greater than those specified elsewhere within this exhibit. Cloud storage of Data is problematic as neither DSHS nor the Contractor has control of the environment in which the Data is stored. For this reason:

(1) DSHS Data will not be stored in any consumer grade Cloud solution, unless all of the following conditions are met:

   (a) Contractor has written procedures in place governing use of the Cloud storage and Contractor attests in writing that all such procedures will be uniformly followed.

   (b) The Data will be Encrypted while within the Contractor network.

   (c) The Data will remain Encrypted during transmission to the Cloud.

   (d) The Data will remain Encrypted at all times while residing within the Cloud storage solution.

   (e) The Contractor will possess a decryption key for the Data, and the decryption key will be possessed only by the Contractor and/or DSHS.

(f) The Data will not be downloaded to non-authorized systems, meaning systems that are not on either the DSHS or Contractor networks.

(g) The Data will not be decrypted until downloaded onto a computer within the control of an Authorized User and within either the DSHS or Contractor's network.

(2) Data will not be stored on an Enterprise Cloud storage solution unless either:

(a) The Cloud storage provider is treated as any other Sub-Contractor, and agrees in writing to all of the requirements within this exhibit; or,

(b) The Cloud storage solution used is FedRAMP certified.

(3) If the Data includes protected health information covered by the Health Insurance Portability and Accountability Act (HIPAA), the Cloud provider must sign a Business Associate Agreement prior to Data being stored in their Cloud solution.

6. **System Protection**. To prevent compromise of systems which contain DSHS Data or through which that Data passes:

a. Systems containing DSHS Data must have all security patches or hotfixes applied within 3 months (or such other time period as agreed to in writing by the parties) of being made available.

b. The Contractor will have a method of ensuring that the requisite patches and hotfixes have been applied within the required timeframes.

c. Systems containing DSHS Data shall have an Anti-Malware application, if available, installed.

d. Anti-Malware software shall be kept up to date. The product, its anti-virus engine, and any malware database the system uses, will be no more than one update behind current.

7. **Data Segregation**.

a. DSHS Data must be segregated or otherwise distinguishable from non-DSHS data. This is to ensure that when no longer needed by the Contractor, all DSHS Data can be identified for return or destruction. It also aids in determining whether DSHS Data has or may have been compromised in the event of a security breach. As such, one or more of the following methods will be used for data segregation.

(1) DSHS Data will be kept on media (e.g. hard disk, optical disc, tape, etc.) which will contain no non-DSHS Data. And/or,

(2) DSHS Data will be stored in a logical container on electronic media, such as a partition or folder dedicated to DSHS Data. And/or,

(3) DSHS Data will be stored in a database which will contain no non-DSHS data. And/or,

(4) DSHS Data will be stored within a database and will be distinguishable from non-DSHS data by the value of a specific field or fields within database records.

(5) When stored as physical paper documents, DSHS Data will be physically segregated from non-DSHS data in a drawer, folder, or other container.

b. When it is not feasible or practical to segregate DSHS Data from non-DSHS data, then both the DSHS Data and the non-DSHS data with which it is commingled must be protected as described in this exhibit.

8. **Data Disposition**. When the contracted work has been completed or when the Data is no longer needed, except as noted above in Section 5.b, Data shall be returned to DSHS or destroyed. Media on which Data may be stored and associated acceptable methods of destruction are as follows:

Data stored on:	Will be destroyed by:
Server or workstation hard disks, or Removable media (e.g. floppies, USB flash drives, portable hard disks) excluding optical discs	Using a "wipe" utility which will overwrite the Data at least three (3) times using either random or single character data, or Degaussing sufficiently to ensure that the Data cannot be reconstructed, or Physically destroying the disk
Paper documents with sensitive or Confidential Information	Recycling through a contracted firm, provided the contract with the recycler assures that the confidentiality of Data will be protected.
Paper documents containing Confidential Information requiring special handling (e.g. protected health information)	On-site shredding, pulping, or incineration
Optical discs (e.g. CDs or DVDs)	Incineration, shredding, or completely defacing the readable surface with a coarse abrasive
Magnetic tape	Degaussing, incinerating or crosscut shredding

9. **Notification of Compromise or Potential Compromise**. The compromise or potential compromise of DSHS shared Data must be reported to the DSHS Contact designated in the Contract within one (1) business day of discovery. If no DSHS Contact is designated in the Contract, then the notification must be reported to the DSHS Privacy Officer at dshsprivacyofficer@dshs.wa.gov. Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.

10. **Data shared with Subcontractors**. If DSHS Data provided under this Contract is to be shared with a subcontractor, the Contract with the subcontractor must include all of the data security provisions within this Contract and within any amendments, attachments, or exhibits within this Contract. If the Contractor cannot protect the Data as articulated within this Contract, then the contract with the sub-Contractor must be submitted to the DSHS Contact specified for this contract for review and approval.

Exhibits

Exhibit B: Federal Tax Information Security Requirements

1. **Performance**. In performance of this contract, the Contractor agrees to comply with and assume responsibility for compliance by officers or employees with the following requirements:

   a. All work will be performed under the supervision of the contractor.

   b. The contractor and contractor's officers or employees to be authorized access to FTI must meet background check requirements defined in IRS Publication 1075. The contractor will maintain a list of officers or employees authorized access to FTI. Such list will be provided to the agency and, upon request, to the IRS.

   c. FTI in hardcopy or electronic format shall be used only for the purpose of carrying out the provisions of this contract. FTI in any format shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Inspection or disclosure of FTI to anyone other than the contractor or the contractor's officers or employees authorized is prohibited.

   d. FTI will be accounted for upon receipt and properly stored before, during, and after processing. In addition, any related output and products require the same level of protection as required for the source material.

   e. The contractor will certify that FTI processed during the performance of this contract will be completely purged from all physical and electronic data storage with no output to be retained by the contractor at the time the work is completed. If immediate purging of physical and electronic data storage is not possible, the contractor will certify that any FTI in physical or electronic storage will remain safeguarded to prevent unauthorized disclosures.

   f. Any spoilage or any intermediate hard copy printout that may result during the processing of FTI will be given to the agency. When this is not possible, the contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts and will provide the agency with a statement containing the date of destruction, description of material destroyed, and the destruction method.

   g. All computer systems receiving, processing, storing, or transmitting FTI must meet the requirements in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to FTI.

   h. No work involving FTI furnished under this contract will be subcontracted without the prior written approval of the IRS.

   i. Contractor will ensure that the terms of FTI safeguards described herein are included, without modification, in any approved subcontract for work involving FTI.

   j. To the extent the terms, provisions, duties, requirements, and obligations of this contract apply to performing services with FTI, the contractor shall assume toward the subcontractor all obligations, duties and responsibilities that the agency under this contract assumes toward the contractor, and the subcontractor shall assume toward the contractor all the same obligations, duties and responsibilities which the contractor assumes toward the agency under this contract.

   k. In addition to the subcontractor's obligations and duties under an approved subcontract, the terms and conditions of this contract apply to the subcontractor, and the subcontractor is bound and

obligated to the contractor hereunder by the same terms and conditions by which the contractor is bound and obligated to the agency under this contract.

l.   For purposes of this contract, the term "contractor" includes any officer or employee of the contractor with access to or who uses FTI, and the term "subcontractor" includes any officer or employee of the subcontractor with access to or who uses FTI.

m. DSHS will have the right to void the Contract if the Contractor fails to meet the terms of FTI safeguards described herein.

2.   Criminal/Civil Sanctions

a.   Each officer or employee of a contractor to whom FTI is or may be disclosed shall be notified in writing that FTI disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any FTI for a purpose not authorized herein constitutes a felony punishable upon conviction by a fine of as much as $5,000 or imprisonment for as long as 5 years, or both, together with the costs of prosecution.

b.   Each officer or employee of a contractor to whom FTI is or may be accessible shall be notified in writing that FTI accessible to such officer or employee may be accessed only for a purpose and to the extent authorized herein, and that access/inspection of FTI without an official need-to-know for a purpose not authorized herein constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as $1,000 or imprisonment for as long as 1 year, or both, together with the costs of prosecution.

c.   Each officer or employee of a contractor to whom FTI is or may be disclosed shall be notified in writing that any such unauthorized access, inspection or disclosure of FTI may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of $1,000 for each unauthorized access, inspection, or disclosure, or the sum of actual damages sustained as a result of such unauthorized access, inspection, or disclosure, plus in the case of a willful unauthorized access, inspection, or disclosure or an unauthorized access/inspection or disclosure which is the result of gross negligence, punitive damages, plus the cost of the action. These penalties are prescribed by IRC sections 7213, 7213A and 7431 and set forth at 26 CFR 301.6103(n)-1.

d.   Additionally, it is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

e.   Granting a contractor access to FTI must be preceded by certifying that each officer or employee understands the agency's security policy and procedures for safeguarding FTI. A contractor and each officer or employee must maintain their authorization to access FTI through annual recertification of their understanding of the agency's security policy and procedures for safeguarding FTI. The initial certification and recertifications must be documented and placed in the agency's files for review. As part of the certification and at least annually afterwards, a contractor and each officer or employee must be advised of the provisions of IRC sections 7213, 7213A, and 7431 (see IRS 1075 Exhibit 4, Sanctions for Unauthorized Disclosure, and Exhibit 5, Civil Damages

for Unauthorized Disclosure). The training on the agency's security policy and procedures provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. (See Section 10) For the initial certification and the annual recertifications, the contractor and each officer or employee must sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements

3.   **Inspection.**   The IRS and the Agency, with 24 hour notice, shall have the right to send its inspectors into the offices and plants of the contractor to inspect facilities and operations performing any work with FTI under this contract for compliance with requirements defined in IRS Publication 1075. The IRS' right of inspection shall include the use of manual and/or automated scanning tools to perform compliance and vulnerability assessments of information technology (IT) assets that access, store, process or transmit FTI. Based on the inspection, corrective actions may be required in cases where the contractor is found to be noncompliant with FTI safeguard requirements.

Exhibits

Exhibit C: Statement of Work

1.   **General**.

a.   DSHS has detailed a set of Services and Deliverables that it believes to be essential for project management and implementation of the proposed solution. This section has been organized to relate the required services to accomplish the ACES Maintenance and Operations (M&O) Services, followed by those required to accomplish Enhancement (as defined below) Services as well as the Enterprise Service Bus Services. Unless specifically identified as a task to be led or "owned" by DSHS or the Mainframe Infrastructure M&O Vendor (as defined below), the Contractor shall assume that its staff will lead the delivery of that service, and completion of related Deliverables, with the assigned DSHS staff participating in a supporting and/or subject matter expert role.

b.   For clarification only and without intending to expand upon the Services required to be performed or Deliverables required to be delivered by Contractor under this Agreement the services described in this Statement of Work (SOW) are intended to be comprehensive, but are not all-inclusive in describing the particular activities, resources or other details necessary for the proper performance of the Services. Services are intended to cover all aspects of application development, maintenance and support for packaged and custom build or customized Applications. In addition to the Services described in this SOW, the Contractor may be asked to provide Enhancement Services.

c.   DSHS follows the ITIL framework for IT Service Management and the Contractor is expected to be knowledgeable and experienced in following similar ITIL processes. Additionally, DSHS is in the process of implementing DevOps automation which will require the Contractor to have the required knowledge and experience in DevOps continuous delivery.

d.   The ACES Applications M&O Services form the foundation of the State's requirement. M&O work is described in detail in section **2, ACES Maintenance and Operations (**Fixed Price ACES M&O**)**, below. An additional service level related to M&O services is referred to as Enhancements is detailed in section **3, Implement ACES and ES Enhancements**, below.

e.   As used in this SOW, "Mainframe Infrastructure M&O Vendor" means the third party vendor providing ACES related infrastructure mainframe services to DSHS.

f.   As used in this SOW, "Eligibility Service Maintenance and Operations" or "ES M&O" means the provision of routine application maintenance and operational support for the Eligibility Service infrastructure for the Health Benefit Exchange in compliance with the Affordable Care Act (ACA) and with the terms of the eligibility rules for CHIP and Medicaid, including the cost sharing and advanced tax credit premium support requirements. These Services must be consistent with Centers for Medicare/Medicaid Services (CMS) and U.S. Department of Health and Human Services (HHS) requirements; including the NPRMs and the CMS seven standards and conditions required for Enhanced Funding.

2.   **ACES Maintenance and Operations (Fixed Price ACES M&O)**

a.   DSHS currently has a list of applications ("Applications") for which the Contractor will provide M&O Services. The inventory of these Applications and the applicable attribute areas are available upon request from the DSHS Contract Manager listed on page 1 of this Contract.

b.   The Services outlined in this section shall be performed for all of the applications captured in the application inventory. Contractor will coordinate with the Mainframe Infrastructure M&O Vendor and any other DSHS vendors providing services to support the functioning of ACES. The DSHS

application portfolio could change over the course of the Contract. The Contractor will be responsible for maintaining an inventory of all Applications in the DSHS portfolio. The current application portfolio listing is available upon request from the DSHS Contract Manager listed on page 1 of this Contract. This inventory will capture any changes to the portfolio and will be captured on an annual basis by re-baselining the portfolio and related M&O costs.

c. The Contractor will be responsible for maintaining and operating all of the Applications listed in the application portfolio that are within the scope of their Services including management of Contractor resources, workloads, priorities and coordination within each Service area as well as across the different Service areas that make up the entirety of the ACES M&O complex. The expectation is that the Contractor, to align with the business goal of efficiently supporting the applications portfolio, will professionally manage performance consistent with the need to efficiently and effectively support ACES and enable ACES to deliver the value proposition in line with DSHS expectations as set forth in the Contract. Additionally, Contractor is expected to identify opportunities to streamline the maintenance and operations processes.

d. In addition, Contractor shall partner with DSHS to develop an ACES Decomposition Plan to detail the incremental activities and requirements associated with the transition from ACES to the new IE&E Solution. The Decomposition Plan shall include, at a minimum:

(1) Architectural views of business, data, systems functions, external interfaces, business rules, and batch processing of ACES with proposed remediation and sunset sequence;

(2) Justification for and narrative describing the proposed sunset sequence;

(3) Identification of any short-term stabilization activities required to support implementation of the sunset sequence until ACES has been fully decommissioned;

(4) Considerations related to the planned IE&E roadmap to ensure IE&E modernization and implementation and ACES remediation are appropriately synchronized; and

(5) a Modular Cost Model to define ACES functionality in terms of modules that may be reasonably partitioned and decommissioned as new IE&E products/modules are implemented (and/or as DSHS/HHS Coalition programs transition to the new IE&E Solution). The Modular Cost Model will assign, as a percentage of the overall ACES system, allocations of functionality that may be decommissioned as part of the sunset sequence. Contractor and DSHS intend to enter into a Change Order as necessary at the end of the first year of performance of this Agreement, based on this Modular Cost Module, agreeing to percentage cost reductions of the ACES M&O Services as the new IE&E Solution is implemented and as corresponding modules/functionality in ACES is decommissioned. The parties will update the scope of Services in a Change Order accordingly. Critical changes impacting the overall ACES system stability will be mutually discussed and prioritized per the change control process.

3.   Implement ACES and ES Enhancements

a. In addition to providing M&O for the legacy applications, the Contractor will make functional and technical enhancements to the existing application portfolio or develop new functionality as set forth in the applicable Contract Change Order. "ES Enhancements" as used herein means specific work that provides resource support for change requests to enhance the Eligibility Service. "ACES Enhancements" as used herein means specific projects with negotiated deliverables and prices and does not include activities which are covered by the Applications M&O Scope (Section 2, ACES Maintenance and Operations (Fixed Price ACES M&O) above). Examples of ACES Enhancements include building new functionality to support implementation of the new IE&E Solution and other

emerging requirements. ACES Enhancements do not include the following changes (i) development, testing and implementation of changes or modifications to the Applications requested by stakeholders or required by state or federal mandate, (ii) implementation of additional functionality within an existing Application, (iii) initiatives to improve the efficiency of providing M&O Services, or (iv) modifications to the Applications required to comply with an audit finding. Such Services, including but not limited to, those Services detailed in (i) through (iv) above as well as Ad hoc Reports as set forth in Section 8 - Reports and Other Resource Materials will be performed on a fixed capacity basis of the maximum capacity of the staff performing development and testing Services identified in the staff roster provided in the monthly status report. If a change is requested, DSHS shall prioritize the scope of Contractor's non-Keeping the Lights On ("KTLO") Services within the established capacity.

b. The exact scope of these projects will be identified during the engagement as needs arise through a specific request from DSHS. In the case of any ES Enhancement or ACES Enhancement Services request, the parties will initiate the Change Order process according to the terms of Section 6 Contract Change Orders in the Special Terms and Conditions.

c. Prior to initiating any design, develop and implementation ("Design, Develop and Implement" or "DDI") project DSHS with the Contractor's assistance, or Contractor will provide a scoping document with sufficient detail for the Contractor to provide a fixed fee based on the full burdened hourly rate for resources. This fixed fee proposal will include an explanation of the basis for the estimate (e.g. the number of hours, level of effort, dependencies, etc.).

d. The focus of this work is any ES Enhancement or ACES Enhancement to the ACES system.

e. ES Enhancement and ACES Enhancement hours are allocated on an as-needed basis, and do not have a minimum number of hours allocated.

4. Enterprise Service Bus Services

a. Contractor shall provide resources to assist DSHS with managing the Message Queuing Hub operational environment that provides the Enterprise Service Bus (ESB).

5. ACES Environment and Baseline Information. DSHS information on the current ACES environment is available upon request from the DSHS Contract Manager listed on page 1 of this Contract.

6. General Contractor Responsibilities. The Contractor shall be required to perform any and all Services without expanding the current scope as set forth in this SOW, necessary for the successful completion of this engagement in accordance with the Process and Procedures Manual, including, but not limited to, the following:

a. ACES Maintenance and Operations Requirements

(1) Collaborate to integrate the Contractor's operational activities into DSHS standard processes and continuously identify opportunities to improve the processes. Future implementation approaches such as the implementation of Agile methodologies will be agreed upon by the parties via a Change Order.

(2) Develop tickets whenever the Contractor requires changes to the infrastructure or application

(a) Capacity Management

i. Collaborate with DSHS to understand any business trends which could impact systems'

capacity requirements, analyze historical trends and provide capacity forecast.

    ii.   Participate in and adhere to DSHS' capacity planning processes.

    iii.   Advise DSHS of need to allocate additional processing resources or allocate additional storage resource based on predefined parameters and observed growth patterns.

(b) Operational Process

    i.   Participate and adhere to DSHS ITIL service management process.

    ii.   Deliver DevOps capability for continuous delivery following industry standards utilizing industry accepted automation tools for DevOps components associated to infrastructure as well as the Applications that are managed by the Contractor.

(c) Change/Release Management

    i.   Identify and submit any Application changes in compliance with DSHS' Change/ Release Management process.

    ii.   Adhere to DSHS ITIL change/release processes.

    iii.   Provide new (if required) and update existing required documentation regarding each Application change/release.

(d) DevOps Capability

    i.   Maintain Application Software configuration in the DSHS Source Code management tool.

    ii.   Capture any Application Software configuration changes.

    iii.   Ensure up-to-date and accurate Application configurations are captured in the Software configuration management tools; any errors will be reported to DSHS immediately.

    iv.   Maintain an inventory of all Applications in the DSHS environment for which Contractor will be providing M&O services (including all attributes captured on the application inventory provided in the procurement library) including version control and configuration management responsibilities to facilitate seamless integration of different code bases due to system changes that occur at different intervals.

    v.   Manage Source Code in DSHS authorized Source Code management tool. Work collaboratively with DSHS Deployment Manager to manage, navigate and promote code throughout the environments.

    vi.   Provide automated deployment methods using DSHS automated continuous deployment tools and technology as well as provide deployment documentation, scripts and configuration to the release processes. Work collaboratively with DSHS Deployment Manager to implement new automation methods.

    vii.   Ensure master copies of new Software versions are captured in a secured Software library for all systems with relevant access provided to all parties that are responsible for software for Maintenance and Operations services for respective updates as needed.

viii. Manage infrastructure as code (IaaC) for using DSHS virtualization tools (such as Puppet, Ansible, etc.) and technology for development, test and production environments that are maintained by the Contractor.

ix. Manage continuous delivery environments responsible by the Contractor as needed by DSHS maintenance and operation and ES and ACES Enhancement activities.

x. Continuously review and assess DevSecOps maturity model and make recommendations to continually improve process, tooling and skill sets.

(e) Disaster Recovery

i. Participate in and complete all Application related disaster recovery activities outlined in the disaster recovery plan.

ii. Participate in disaster recovery planning including developing/updating the disaster recovery plan, identifying required changes in the disaster recovery plan (e.g. a change in contact information).

iii. The Contractor will be responsible for coordinating with DSHS and the Mainframe Infrastructure M&O vendor to support the ACES system during disaster recovery and disaster recovery exercises. Contractor will be responsible for supporting and maintaining the Applications in the disaster recovery environment and return from the disaster recovery environment to normal production. The Contractor will be responsible for ensuring the disaster recovery environment is functioning. Contractor responsibilities include, but are not limited to:

(A) Plan and schedule disaster recovery testing.

(B) Document and perform recovery of the Application.

(C) Recover data according to Recovery Time Objective (RTO)/ Recovery Point Objective (RPO) requirements.

(D) Assist with/resolve remediation of recovery issues.

(E) Return application from recovery site to normal production.

(F) Documentation of exercise.

(G) Actively participating in the execution of the recovery plan in the event of a disaster at the instruction of DSHS.

iv. Identify appropriate resources to support DSHS disaster recovery planning, testing and execution.

v. Perform tasks outlined in the Disaster Recovery Plan in the event DSHS notifies Contractor of a disaster.

(f) Help Desk and Incident Management

i. Adhere to Application support escalation procedures. DSHS uses a tiered incident response process where incidents are triaged by DSHS staff prior to escalation to the

next tier of support.

ii. Provide Application solution expertise and involvement for resolution of service, incident, problem and change, following DSHS ITIL process.

iii. Log updates into the ticket tracking system in a timely manner in alignment with the DSHS processes, policies and procedures.

iv. Review the status of open service, incident, problem, change and related problems and the progress being made in addressing problems related to the Applications.

v. Conduct/participate in incident and problem management review sessions and provide status and problem impact categorization.

vi. Develop, manage and maintain knowledge base to improve self-service and help desk's capabilities to address user questions.

vii. Escalate tickets to Level 2/3 support when additional Application knowledge is required; manage, track and report tickets through the process.

viii. Participate in system incident management reporting, tracking, escalation and resolution activities.

ix. Provide reporting on overall performance and the current status, i.e. number of open tickets, aging, etc.

(g) Problem Management Services and Root Cause Analysis

i. Provide expertise and be an active participant in the process to troubleshoot, diagnose and address the root cause of critical problems as required by DSHS (e.g. participate in "all hands on deck" meetings until a permanent fix to the incident is developed).

ii. Develop/maintain procedures for performing root cause analysis (RCA) that meet requirements and adhere to defined policies.

iii. Conduct proactive trend analysis to identify and mitigate recurring incidents.

iv. Track and report recurring incidents or failures and provide associated consequences of repeating incidents if there is a business impact to DSHS.

v. Recommend solutions to address recurring incidents or failures.

vi. Provide status report detailing the root cause of and work around procedure for correcting recurring incidents until closure through a permanent fix as determined by DSHS.

(h) Security Administration. The scope of the below security administration procedures is limited to the Applications that are managed by the Contractor as defined in this Contract.

i. Adhere to DSHS controls including role-based access control and least privilege for system access for adding, changing, enabling/disabling and deleting log-on access for DSHS employees, agents and subcontractors to the ACES Application(s) to comply with federal and state access control requirements.

Exhibits

ii. Adhere to Application security plan based on Washington State Office of the CIO (OCIO), DSHS and Federal application security requirements, standards, procedures, policies which includes, but is not limited to, procedures for security monitoring and log management functions, including Application vulnerability management. Standards include but are not limited to OCIO Security Standards, the DSHS Security Manual, NIST, and the Washington Office of Cybersecurity.

iii. Adhere to DSHS' security policies and accepted industry standards of physical and logical security plans.

iv. Review all security patches relevant to the Applications that are managed by the Contractor and collaborate with DSHS to classify the need and speed in which the security patches will be installed as defined by security policies.

v. Support DSHS in performing security related activities and corrective action plans, for the Applications that are managed by the Contractor, such as report development, controls documentation, HIPAA compliance activities, IRS 1075 compliance activities, performing security audits, Social Security Administration activities, etc.

vi. Support DSHS in maintaining documentation required for application security audits and internal control and control testing including, but not limited to, source code comments, system design documentation, online help screens, user manuals, data dictionaries, and coding standards documents.

vii. Support DSHS in the placement of systems with particularly sensitive data in controlled access areas and following procedures to ensure only end-users with authorized access permission will be allowed to enter these areas (e.g., read access in logs, write access in some folders, etc.).

viii. Provide a documented set of controls that are used to ensure the protection of data and security information within Applications.

ix. Ensure all Applications and tools managed by the Contractor provide adequate protection of data that is covered by regulatory or other compliance requirements — for example, those of the U.S. HIPAA, IRS 1075, ACA and HITECH Acts.

x. Adhere to requirements on background checks as specified in the Code of Federal Regulations (CFR), the State's Revised Code of Washington (RCW), DSHS' Security Policy and Contractor policy.

xi. Adhere to documented procedures for super user privilege management and database activity monitoring controls or the equivalent to detect inappropriate behavior by personnel with administrative access.

xii. Collaborate with DSHS to identify relevant DSHS policies for reporting security violations and report any security violations for the Applications managed by the Contractor to DSHS per identified and agreed to policies.

xiii. Follow and support DSHS and Washington Office of Cybersecurity Security Design Review process for all required actions.

xiv. Support DSHS with forensic investigations by providing subject-matter support and guidance to the security event monitoring team, including but not limited to, assisting in

the acquisition of forensic images of digital storage devices required for investigation of an incident and supporting forensic analysis during an incident response.

(i) Account Management and Quality Assurance Requirements

    i. Propose account management structure, planning and procedures.

    ii. Provide a team that meets all qualifications outlined in the contract for the duration of the engagement unless explicit approval is received by DSHS in writing.

    iii. Maintain and implement Account Management structure, planning and procedures accordingly.

    iv. Develop a service process that clearly defines how to order, change or delete services.

(j) Application User Account Management

    i. Develop, document, manage and maintain Application user account maintenance procedures including, but not limited to:

        (A) Configuration of new users, roles and responsibilities, credentials, etc.

        (B) Users Refresh / Change / Updates

        (C) Deletion of Users

    ii. Provide assistance to DSHS, as required, in administering Application user accounts.

    iii. Coordinate administration of security access to the DSHS ACES system and dedicated functionality.

    iv. Adhere to DSHS policies for adding, changing, enabling/disabling and deleting log-on access of DSHS employees, agents and subcontractors.

    v. Perform log-on/security-level access changes at the system Software levels as detailed in profiles and policies.

(k) Tool Usage

    i. Leverage all tools available to DSHS. DSHS' preference is to continue using the same tools, however, is open to changing tools if the Contractor can justify the migration.

(l) Application Operations Support

    i. Maintain and enhance procedures for performing Application specific administration.

    ii. Develop new as-built system documentation for ES and ACES Enhancement work and create and maintain existing as- built system logical design documentation and blueprints that reflect the organization and interrelationships of application system components, modules and objects.

    iii. Create, validate, update and maintain the existing data dictionary and business glossary for schemas, tables, and elements in the DB2 data model. This documentation shall

include both technical details (description, data type, character length, acceptable values, required, null acceptable, etc.) and business definitions. Contractor shall use a modern data governance tool that supports a data dictionary and business glossary and establish a process for ensuring it is easily accessible, updated and maintained.

iv. Prepare pre-production release Software for production and pre-production testing.

v. Continually monitor data quality and identify opportunities for improvement.

(m) System Performance/Monitoring

i. Maintain and enhance monitoring policies, procedures and standards for the Applications managed by the Contractor including, but not limited to:

(A) Monitoring of buffers, database buffers, table space fragmentation, database space, unusual growth and proposal of a solution in case of alert.

(B) Monitoring of system logs, update error, database corruption, jobs, and propose solution in case of alert for the non-mainframe infrastructure.

(C) Coordinate with the Mainframe Infrastructure M&O Vendor on the analysis of transaction and trace logs, network event logs and traces, garbage collection, memory and CPU utilization, indexes, etc., and propose a solution in case of an alert or resource issues.

(D) Monitoring of middleware (e.g., workflows, in- and out-bound queues) and report to DSHS according to agreed procedure on the non-mainframe infrastructure.

(E) Monitoring of end-to-end transaction response time to allow measurements against SLRs with the support of the Mainframe Infrastructure M&O vendor.

(F) Monitoring of interfaces and batch and job scheduling.

ii. Perform database administration tasks, including but not limited to:

(A) Managing, monitoring and maintaining ACES databases.

(B) Making requested changes, updates and modifications to database structure and data.

(C) Ensuring database security, integrity, stability and system availability.

(D) Coordinating with the Mainframe Infrastructure M&O Vendor on database backup and recovery infrastructure.

(E) Set and maintain database standards.

(F) Manage database access.

(G) Performance tuning of database systems.

(H) Coordinating with the Mainframe Infrastructure M&O Vendor on the installation, upgrade, and management of database Applications.

(I) Diagnose and troubleshoot database errors.

(J) Create and manage database reports, visualizations, and dashboards.

(K) Create automation for repeating database tasks.

(L) Archiving where appropriate to increase Application performance.

(M) Coordinating with the Mainframe Infrastructure M&O Vendor with regard to platform optimization.

(N) Coordinating with the Mainframe Infrastructure M&O Vendor in logging and monitoring of system performance, system events, issues and errors, and storage of system logs for log review, analysis and correlation.

(O) Coordinating with the Mainframe Infrastructure M&O Vendor in the monitoring of buffers, database buffers, table space fragmentation, database space, unusual growth and propose solution in case of alert.

(P) Coordinating with the Mainframe Infrastructure M&O Vendor in the creation and monitoring of ACES system logs, update error, database corruption, jobs, and propose solution in case of alert.

(Q) Coordinating with the Mainframe Infrastructure M&O Vendor in the creation and monitoring of transaction and trace logs, network event logs and traces, garbage collector, memory and CPU utilization, indexes, etc., and propose a solution in case of an alert or resource issues.

(n) Modification and ES and ACES Enhancement Requirements

   i. Ensuring all service and enhancement requests are logged in the DSHS defined ITSM tool.

   ii. Supporting the annual planning for technology refresh in compliance with software vendor licensing and specifications and upgrades.

   iii. Producing price and labor hour estimates based on DSHS' scope definition document.

   iv. Collaborating with DSHS to clarify any ambiguous requirements and/or to collect more information required to produce a proposal for a specific scoping document.

   v. Providing architectural design approach and price estimation documentation and justification to DSHS and receive approval from DSHS prior to commencing DDI activities on any scoping document.

   vi. Providing estimates for the requirement scope, including but not limited to schedule, (including DSHS resources), testing plan, test scripts, training materials, system documentation, updates to user guides, manuals, FAQs, modifications to user access, staffing plan, infrastructure impact and a release check-list.

   vii. Creating conceptual and functional specifications.

   viii. Creating design documents including architecture, security and technical design.

ix. Providing infrastructure requirements to DSHS in DSHS' required format.

x. Developing application changes including configuration changes/modifications and custom development.

xi. Conducting a walk-through review of configuration change, modification and development.

xii. Programing, compiling and documenting configuration changes, modifications and new code developed.

xiii. Developing the integration strategy (with external applications) and provide functional specifications for any development required on an external system.

xiv. Performing testing outlined in the proposal (e.g. unit testing, integration testing, regression testing) on all changes.

xv. Coordinate with the Mainframe Infrastructure M&O Vendor to manage Application environments during test cycles.

xvi. Updating all related technical architecture and design documentation.

xvii. Maintaining overall accountability for management of technical/ACES system documentation.

xviii. Maintaining existing technical/system documentation as required to reflect system changes and/or to enhance or improve the quality of documentation.

xix. Establishing coding standards (based on DSHS policies and standards), document standards, obtain DSHS approval, and ensure all project teams conform to these standards. The process for enforcing coding standards must:

(A) Include validations to ensure that code comments and in-line code documentation is properly implemented.

(B) Utilize a combination of code peer reviews, custom tools and third-party tools including open source tools.

(C) Include the production of reports demonstrating code standards enforcement and coverage across code base.

(D) Include specific processes to ensure code reusability and enforcement of code reusability standards.

(E) Include support for the DSHS quality assurance team to perform periodic or random audits and code reviews.

xx. Continually identify and implement Software development process improvement opportunities such as:

(A) Implementing automated regression testing, performance testing, etc.

(B) Implementing tools.

(C) Improvements to methodology.

xxi. Maintaining existing and create (where needed) technical/system documentation as required to reflect system changes and/or to enhance or improve quality of documentation.

(o) M&O Improvements

i. Continually identify, and where appropriate and approved, implement M&O improvement opportunities such as:

(A) Improving or automating support processes.

(B) Removing unused, orphaned or "dead code", "dead programs" or "dead transactions".

(C) Identifying opportunities to retire legacy systems.

(D) Improving the quality and modularity of developed code.

(E) Proactive elimination of recurring problems.

(F) Improve performance management.

(G) Improve capacity management.

b. Break Fix/Critical Fault/Corrective Maintenance.

The Contractor will be responsible for:

(1) Fixing failures (not functioning as designed) that cause a crash, degraded state, data loss or corruption, erroneous results, no work around for a major documented function or any other Application related issues which impact the business' ability to perform their work (excluding warranty fixes and design issues, which are addressed elsewhere). Includes associated analysis, design, coding, testing, configuration, communications, documentation, and implementation. Also includes coordinating with third party package vendors and assisting in the deployment of a fix, encountered in the course of keeping purchased application packages up and running. Examples include:

(a) Design, build and test Application errors and fixes.

(b) Release errors.

(c) Code merge errors.

(d) System is down.

(e) Data records not processing as designed due to coding problems.

(f) Problems transmitting data between systems.

(g) System generating incorrect or misleading data.

(h) Data download failures.

(i) System clocking (due to an application problem).

(j) Unacceptable user work around due to system bugs.

(k) Data contention errors.

(l) Batch processing errors.

(m) Performance issues.

(n) Interface issues and integration of external interface issues.

(o) Areas of degraded performance.

(2) Where the resolution of a Defect or error requires changes to the Application functionality or technology, the Contractor will initiate and fulfill a ticket indicating the urgency. The ticketing process is determined by DSHS. The following, non-exhaustive, list of changes are included in the Corrective Maintenance Services as part of Defect or error resolution:

(a) User interface changes.

(b) Changes to system interfaces.

(c) Application module changes.

(d) Database changes.

(e) Modification to standard query structure.

(f) Report changes.

(3) The Contractor will initiate and fulfill a ticket indicating the urgency for the changes described above.

(4) Notwithstanding the foregoing, data fixes that must happen during batch processing will follow a separate process from the above ticketing process.

(5) DSHS will be responsible for:

(a) Providing guidance on any questions that the Contractor team might have for resolving the Defect;

(b) Communicating interim fixes to the downstream users including external stakeholders where applicable;

(c) Providing guidance for writing interim business processes (IBPs);

(d) Prioritizing efforts towards Defect fixing to aid release Defect scope finalization;

(e) Approval of IBPs and suggested modifications to them based on field/business knowledge;

(f) Reviewing progress and escalate concerns, if any;

(g) Providing clarifications for any questions the Contractor team might have during the fixing of the Defects;

(h) Reviewing test results for Defects;

(i) Prioritizing Defects for resolution;

(j) Providing knowledgeable resources to participate in Defect triage meetings;

(k) Timely approvals, testing, feedback and clarifications required to remediate Defects and the break-fix plan associated with such remediation; and

(l) Conducting UAT across all forms of fixes, ES and ACES Enhancements and changes to the Application.

c. Preventative Maintenance

(1) The Contractor will be responsible for improving performance and maintainability and proactively addressing latent Defects and to find and eliminate errors before they can impact the business and performance of an Application where applicable. The expected result of this effort is to improve Application speed, reliability and/or reduce the ongoing support costs.

(2) Examples include:

(a) Addressing documented problems that would save enough analyst support time or have material impact on the business to justify making code changes.

(b) Reducing time spent looking for the root cause of problems regardless of whether any action is taken.

(c) Code refactoring such as extracting one or more smaller sub-routines from a larger routine or removing duplicate routines and replacing with one shared function.

(d) Removing obsolete code or Application modules that are no longer in use.

(e) Improving internal support-related processes.

(f) Making JCL changes to include table backups/reorganizations.

(g) Proposing database changes to support performance improvements.

(h) Introducing automations to streamline repetitive and manual tasks.

(3) DSHS and the Contractor will minimize the potential impact of future events on the supported Applications by agreeing to exchange any information, business, functional and technical, of expected events that might require preventive actions in regard to the supported Applications. The following, non-exhaustive, list of events will trigger preventive maintenance activities:

(a) Changing business volumes.

(b) Application packages releases by any Independent Software provider to the extent such

information is available based on Contractor's access levels.

    (c) Application packages patches and fixes.

    (d) Revisions, and upgrades to platform Software and utilities.

    (e) Special events, such as state and federal holidays, marketing initiatives, fiscal year end.

    (f) On notice of such event, the Contractor will analyze the impact of the event on supported Applications and propose a solution to DSHS. Acceptance and fulfillment of such proposal will be in accordance with the procedure. The following, non-exhaustive, list of preventive maintenance activities can occur:

        i. Application of release upgrades.

        ii. Application of system patches.

        iii. Archiving or purging as appropriate to free up storage for expected data volume increase.

        iv. Pre-production execution simulation.

        v. Testing for special events.

        vi. Applying certificates for interfaces.

        vii. Application Vulnerability Assessment Report and remediation of any vulnerabilities within the timelines specified by DSHS.

(4) The Contractor also understands and accepts that it bears the responsibility, within the scope of its responsibilities as set forth in this SOW, to improve the stability of the supported Applications. The Contractor will therefore perform required activities to minimize the amount of reported incidents for the supported Applications in production.

(5) DSHS will be responsible for:

    (a) Reviewing the results or annual batch runs and providing approval for execution in production.

    (b) Reviewing the results of the monthly vulnerability scans (Static and Dynamic Scan) of the Application.

    (c) Reviewing remediation plans associated with Application vulnerabilities identified during testing.

    (d) Approval of the Application Vulnerability Assessment Report.

    (e) Conducting vulnerability scanning of the ACES enterprise infrastructure components including servers using the selected scanning tool and provide the results from the automated scan to Contractor for manual analysis.

    (f) Providing approval for Defects to be added to or removed from a release.

  d. Adaptive Maintenance

Exhibits

(1) The Contractor will be responsible for adapting the Application to changes in the operating environment (e.g. required by infrastructure, operating system, outside vendor, etc.). This includes associated communication and documentation.

(2) The Contractor understands and accepts that development initiatives of any kind can affect supported Applications interfacing in any way with such initiative. DSHS and Contractor therefore agree to inform each other of any initiative that might impact supported Applications according to the process set forth in the DSHS M&O process.

(3) On notice of such impact, the Contractor will analyze the impact of the initiative on supported Applications and propose a solution by initiating a ticket.

(4) Examples include:

   (a) Installation, configuration and testing of dot releases and patches of Contractor package/COTS software (including security patches) for software products that the Contractor is responsible for.

   (b) To the extent that there needs to be Application side support relating to the infrastructure required changes or upgrades to a new version of the Application's DBMS, language(s), utilities and/or operating system.

   (c) Testing the Application following changes to the hardware environment such as server upgrades, virtualization, etc.

   (d) Changes to support Application security.

   (e) Required modifications due to new framework versions.

   (f) Changing JCL due to changes in versions of Software support tools.

   (g) Net, Java upgrades.

   (h) Ensuring Software is maintained within an N-1 revision level unless agreed upon by DSHS.

   (i) Implement and integrate major Software upgrades. (A list of Applications is available upon request from the DSHS Contract Manager listed on page 1 of this Contract.)

   (j) Logging and monitoring of system performance, system events, issues and errors, and storage of system logs for Contractor maintained systems for log review, analysis and correlation

(5) This does not include implementation of a Contractor package/commercial off-the-shelf (COTS) software which, as determined by DSHS in its sole discretion, include a substantial amount of new or changed business functionality and require significant effort to implement.

(6) DSHS responsible for:

   (a) Conducting user acceptance testing for Software upgrades.

   (b) Providing approval on the tickets.

   (c) Reviewing and approving the system, configuration changes identified as part of adaptive

maintenance.

e. Perfective Maintenance

   (1) The Contractor understands and accepts that it bears the responsibility to continuously aim for improving the performance and efficiency of the supported Applications as set forth in this SOW. The Contractor therefore will consistently analyze the potential improvement areas to maximize the transaction processing capabilities of the supported Applications and shorten the effort required to manage the supported Applications. The following, non-exhaustive, list of perfective maintenance activities can occur:

   (a) General performance tuning.

   (b) Improve incident and change response.

   (c) Improve incident resolution processes.

   (d) Increase automation to shorten change request implementations.

   (e) Archiving to increase Application performance.

   (f) Support Database performance tuning activities.

f. Design Documentation

   (1) The Contractor will be responsible for conducting systems analysis and producing design documentation that reflects any changes or adjustments to the as-built architecture diagrams. The development of such documentation will be based on formal requirement specifications and will follow a formal process of analysis and design. The products of analysis and design will include a reflection of logical and functional changes to the software components of the system.

   (2) DSHS is responsible for:

   (a) Reviewing and approving design and system changes to the design documents in accordance with the Process and Procedures Manual.

g. System Documentation

   (1) The Contractor will be responsible for creating new and maintaining existing system documentation for systems falling under the Contractor's scope that describes the system landscape in the form of as-built architecture diagrams and blueprints, configuration specifications, operating guides and instructions. System changes and ES and ACES Enhancements will build upon existing baselined documentation, with updates made within thirty (30) days of the addition of new functionality or developing new documentation as needed.

   (a) System documentation for Application Software shall include system support and design documentation.

   (b) This includes maintaining and setting up system documentation as set forth by DSHS in DSHS agreed upon repositories.

   (c) DSHS is responsible for:

        i.   Reviewing and approving design and system changes to the design documents.

h. Security

    (1) The Contractor will be responsible for providing access and authorization to systems applicable to their scope of work set forth in the Contract.

    (2) Examples include:

        (a) Application specific access.

        (b) Removing old IDs.

        (c) Shutting off system authorizations.

i. Build and Maintain Test Environments

    (1) The Contractor will be responsible for supporting the building and configuration as well as maintaining system components that fall under its responsibilities to support test environments.

    (2) Examples Include:

        (a) Copying data from production to test.

        (b) Refreshing test environments.

        (c) Defining backups and restores

    (3) Does not include setting up test data to test a new system or ES or ACES Enhancement. This is part of the development project.

j. Maintain Business Rules

    (1) The Contractor will be responsible for maintaining and updating business rules, including:

        (a) Updating business rules stored in editable tables.

        (b) Explanations of and assistance with setting up supplemental tables.

        (c) Change of business rules requiring changes to code.

    (2) State is responsible for:

        (a) Reviewing and approving design and system changes to the design documents.

        (b) Reviewing and approving Application access requests.

        (c) Performing user acceptance testing of perfective maintenance activities.

k. ACES System Disaster Recovery

    (1) The Contractor will be responsible for supporting the ACES Application components and infrastructure components that are being supported by the Contractor during disaster recovery and disaster recovery exercises. Contractor will be responsible for supporting and maintaining

the Applications in the disaster recovery environment and return from the disaster recovery environment to normal production. The Contractor will be responsible for ensuring the disaster recovery environment for infrastructure components that they are responsible for are functioning. The Contractor will coordinate with DSHS and the Mainframe Infrastructure M&O Vendor to support the ACES system during disaster recovery and disaster recovery exercises. Contractor will be responsible for supporting and maintaining the Applications in the disaster recovery environment and return from the disaster recovery environment to normal production. The Contractor will be responsible for ensuring the Applications in the disaster recovery environment are functioning. Contractor responsibilities include, but are not limited to:

(a) Coordinate with State and third party vendors to schedule disaster recovery testing.

(b) Documenting and performing recovery of the Application.

(c) Recovering data according to Recovery Time Objective/Recovery Point Objective requirements.

(d) Assisting with and resolving remediation of recovery issues.

(e) Return Application from recovery site to normal production.

(f) Documentation of the exercise.

(g) Actively participating in the execution of the recovery plan in the event of a disaster at the instruction of DSHS.

(h) In conjunction with the Mainframe Infrastructure M&O Vendor, co-coordinate and execute on any action items that are discovered by the disaster recovery exercise.

(2) The State is responsible for participating, testing and supporting the disaster recovery exercise.

l. System Audits

(1) The Contractor will be responsible for supporting system audits by providing requested reports, data and information as requested by DSHS or any other auditing body. If such an audit request is large enough that its completion presents a capacity issue for Contractor, the State will review the existing M&O activities and provide direction on prioritization of the M&O activities to allow Contractor to support these requests.

m. Data Discrepancies

(1) The Contractor will be responsible for assisting in the resolution of data issues where the data is the problem, not the associated code.

(2) Examples include:

(a) End user misuse of system functionality that can cause undesired effects. DSHS is then asked to "fix" the data.

(b) Customers ask DSHS to investigate data mismatches between two systems and it turns out not to be a system problem, but the way the user was looking at the data.

(c) Physically manipulating production data caused by a customer's inappropriate use of the

system.

    (d) Instances where screen level field edits are not implemented or enabled.

    (e) Circumstances where referential integrity of data is not enforced.

(3) With the exception of data fixes that need to happen during batch processing, the State is responsible for reviewing and approving data fixes when presented by Contractor.

n. IT Operations Support Services

(1) As part of the Applications M&O scope, the Contractor will be responsible to follow DSHS' M&O processes for applications managed by the Contractor. DSHS IT operations process follows the ITIL framework. This includes, at a minimum:

    (a) Change and Release Management

        i. Collaborate with DSHS to maintain and adhere to change and release management processes, procedures and standards to be followed by all of DSHS's Applications systems supported by Contractor.

        ii. Collaborate with DSHS to maintain and adhere to standard procedures and methods for each type of change including Application services, interfaces, etc.

        iii. Collaborate with DSHS to maintain and adhere to a schedule of planned changes and provide to DSHS for review as required.

        iv. Manage and maintain the processes and procedures for production deployment (including roll- back planning).

        v. For each release, ensure the change request has developed a business contingency/back out plan.

        vi. Ensure all DSHS vendors and partners comply with change and release management policies and procedures and environment configurations remain synchronized. For this requirement, the Contractor will only be responsible for identifying and escalating where necessary, for any lack of alignment with policies and procedures.

        vii. Modify and update configuration database, asset management items, and service catalog (if applicable) to reflect any implemented changes.

    (b) Configuration Management

        i. Develop, maintain, and enhance configuration management processes, procedures and standards to support multiple vendors.

        ii. Develop and maintain configuration management processes, policies and procedures for tracking system change.

        iii. Maintain configuration management tools to track and inventory the configuration of the appropriate environments.

        iv. Help DSHS to ensure all DSHS TIA/ESA vendors and partners are using configuration

management tools approved by DSHS and comply with policies and procedures and environment configurations remain synchronized. For this requirement, the Contractor will only be responsible for identifying and escalating where necessary, for any lack of alignment with policies and procedures that have come to Contractor's attention.

(c) Capacity Management

    i.   Develop, maintain and administer comprehensive DSHS Capacity Management process, including, but not limited to:

        (A) Developing capacity forecasts based on forecasted usage (e.g. adding users, adding functionality).

        (B) Practicing proactive and responsible coding, monitoring and deployment in order to ensure Contractor Services are not creating capacity and performance issues.

        (C) Identify areas where capacity levels can be increased while decreasing operating costs by changing the architecture and design.

        (D) Suggest tools that can be implemented to allow for capacity monitoring/trending.

    ii. Provide capacity projections reports for all DSHS infrastructure and applications supported by the Contractor and as required by DSHS.

    iii. Provide utilization and capacity reporting weekly and as requested by DSHS.

    iv. Provide regular reports as requested by DSHS on capacity assessment and evaluation.

    v. Establish process for verifying the accuracy of configuration items, adherence to configuration management process and identifying process deficiencies.

    vi. Provide DSHS with configuration management reports as required and defined by DSHS.

    vii. Ensure up-to-date and accurate system changes are captured in the configuration management tools; that changes were made as prescribed and that the documentation of items and systems reflects their true configurations, and that any errors are reported to DSHS immediately.

    viii. Maintain an inventory of all configuration items in the DSHS environment for which the Contractor will be providing M&O services (including all attributes captured on the Application inventory provided in the procurement library).

(d) Application Quality Management

    i.   Participate in and address any findings in the following areas:

        (A) Operations and service management.

        (B) Quality assurance and control program process.

    ii. Provide hours worked by employee broken down by task as defined by DSHS.

(e) Service Level Management

    i. Define and implement methods for monitoring SLRs which govern the relationships between internal and external service providers (vendors), including provisioning, response times, etc.

    ii. Monitor and report performance against SLRs to DSHS.

    iii. Provide Application service level reporting based on agreed upon SLRs.

    iv. Provide monthly status reports capturing all elements outlined in the Contract, including but not limited to:

        (A) Performance against SLRs.

        (B) Activities performed during reporting period.

        (C) Activities planned in the next reporting period.

        (D) Risks and Issues.

        (E) Status of any active M&O and ES and ACES Enhancement projects against agreed upon scope, schedule and budget.

        (F) Status of any active additional services and work efforts.

(f) Incident Management

    i. Ensure rapid incident detection, ownership, recording, monitoring, tracking, reporting and communications. Log system incidents into the current ticket tracking system and outage log in a timely manner in alignment with the DSHS' processes, policies and procedures.

    ii. Continually review the status of open incidents and related problems, and the progress being made in addressing problems related to the Applications.

    iii. Lead incident management investigation and analysis, and provide status and incident impact categorization.

    iv. Lead process for diagnosis and resolution of critical incidents.

(g) Problem Management and Root Cause Analysis

    i. Support the problem management role and associated responsibilities including, but not limited to:

        (A) Receive and log incidents and problems from Level 1/2 help desks.

        (B) Categorize and log problems.

        (C) Apply formal methods for problem assessment, troubleshooting, and diagnosis.

        (D) Identify and document problem characteristics and root cause.

    (E) Notify DSHS staff and third party service provider(s) as required.

    (F) Monitor problems until permanent resolution.

    (G) Provide ongoing communication and reporting on the status of problem resolution.

    (H) Communicate and document resolution status and provide closure notification.

    (I) Provide analysis and trends of problems and report findings on a monthly basis.

  ii. Track and report recurring incidents or failures and provide associated consequences of repeating incidents.

  iii. Track and analyze all potential modifications (e.g. problem/defects, enhancements, projects across infrastructure) for all Application vendors and report to DSHS for prioritization and approval to commence.

(h) Request Management

(i) Knowledge Management

(j) Security Administration. The scope of the below security administration procedures is limited to the Applications that are managed by the Contractor as defined in this Contract.

  i. Collaborate with DSHS to ensure comprehensive and up-to-date policies and procedures to help governance activities related to access and identity management as well as information privacy and protection. Below are sample documents which may be reviewed and updated related to the Applications managed by the Contractor:

    (A) Privacy Impact Assessment

    (B) System Security Plan and workbook

    (C) Information Security Risk Assessment

    (D) Information protection governance

    (E) Change management

    (F) Incident Response

    (G) NIST 8---53 R4 Compliance Matrix

    (H) NIST 800 Controls Mapping

  ii. Collaborate with DSHS security, privacy, application, and IT Operations, including required vendor personnel, to perform the following activities for the Applications managed by the Contractor:

    (A) Review and update policy and procedural documentation.

    (B) Assess control implementation details to maintain compliance.

(C) Evaluate potential impacts and capture necessary updates to security artifacts (i.e., SSP, PIA, POA&M) based on changes to DSHS policies, technology upgrades or modifications, and/or amendments and additions to applicable regulatory requirements.

iii. Support DSHS in developing and maintaining documentation required for Application security audits and internal control and control testing including, but not limited to, source code comments, system design documentation, online help screens, user manuals, data dictionaries, and coding standards documents.

iv. Assist DSHS in maintaining and managing a control catalogue to ensure the separation of data and security information for the Applications managed by the Contractor.

v. Assist DSHS in developing documented procedures to perform background checks on personnel with administrative or other privileged access to servers, applications or customer data.

vi. Assist DSHS in developing procedures for vulnerability management, intrusion prevention, incident response, and incident escalation and investigation.

vii. Assist DSHS in reviewing and updating documented identity management and help desk procedures for authenticating callers and resetting access controls, as well as for establishing and deleting accounts.

viii. Assist DSHS in reviewing security controls required to meet DSHS' security and privacy policies and assess their operating effectiveness, identify potential gaps in compliance, analyze risks, suggest recommendations around best practices, and collaborate with DSHS to identify remediation efforts.

ix. Assist DSHS in providing security and proactive monitoring on the dedicated and shared environment at the Application level, including the administration of and compliance with code security tools, security design reviews and best practices.

x. Monitor security to ensure compliance to Federal security regulations and approved Application plans, processes and procedures, including developing an Auditing, Logging and Monitoring plan to review security reports, alerts, and dashboards to detect potential security incidents.

xi. Develop, maintain and follow a documented process with DSHS for evaluating security alerts from applications vendors, shielding systems from attack until patched, and installing security patches and service packs on all environments.

xii. Demonstrate that Contractor's security staff average more than four (4) years' experience in information security.

xiii. Demonstrate that more than 75% of the Contractor's security staff has current security industry certification, such as from the Certified Information Systems Security Professional certification program (www.isc2.org), Global Information Assurance Certification or equivalent. Proof of certification must be made available to DSHS upon request.

xiv. The Contractor will be responsible for providing access and authorization to Applications managed by the Contractor. Examples Include:

Exhibits

(A) Application specific access

(B) Removing old IDs

(C) Shutting off system authorizations

(k) Application System Operations Support

   i.   Develop and document the processes and procedures for interfaces and batch operations architecture as part of the Process and Procedures Manual.

   ii.   Manage the processes and procedures for interfaces and batch operations architecture.

   iii.   Define job scheduling requirements, application Software interdependencies, and rerun requirements for all production jobs.

   iv.   Assist with resolution of any failed jobs in conjunction with the Mainframe Infrastructure M&O Vendor.

   v.   Monitor all Applications managed by the Contractor in the documented monitoring policies, procedures and standards in the Process and Procedures Manual. Identify and report Application problems. This includes but is not limited to:

      (A) Monitoring of buffers, database buffers, table space fragmentation, database space, unusual growth and propose solution in case of alert.

      (B) Creation and monitoring of ACES system logs, update error, database corruption, jobs, and propose solution in case of alert.

      (C) Monitoring of middleware (e.g., workflows, in- and out-bound queues) and system services, and report to DSHS according to agreed procedure.

      (D) Monitoring of end-to-end transaction response time to allow measurements against SLRs.

      (E) Monitoring of interfaces, and batch and job scheduling.

o. Maintenance and Support Roles and Responsibilities

   (1) DSHS will:

     (a) Ensure all Contractor managed Applications follow the DSHS maintenance processes in the Process and Procedures Manual including submitting all requests, documentation and other information required.

     (b) Monitor monthly reports (provided by the Contractor) to evaluate performance and help address any issues identified.

     (c) Review all documentation provided by the Contractor according to the applicable timelines set forth in the Process and Procedures Manual.

     (d) Review, and as determined by DSHS in its sole discretion, approve or reject any changes to the M&O processes.

Exhibits

p. Enterprise Data Warehouse and Business Intelligence

   (1) DSHS has a data warehouse and business intelligence solution implemented, however, DSHS' business intelligence and reporting needs are always evolving.

   (2) The Contractor will be providing skilled resources to support DSHS in the following:

   (a) System administrative functions for data warehouse and reporting systems.

   (b) Database administrator functions for data warehouse.

   (c) Data architecture functions for data warehouse.

   (d) Data transformation functions.

   (e) Data reporting functions.

   (f) Analyzing the business users' requests to gain a high level understanding of requirements and costs.

   (g) Working with requestor to fully understand their business need.

   (h) Leveraging multiple techniques to ensure their business needs are fully understood and addressed including, but not limited to:

   i. Developing mock-ups.

   ii. Developing proof of concepts.

   iii. Providing training and demos.

   iv. Leveraging DSHS's approach to development.

   (i) Supporting testing to ensure accurate data prior to migrating to production.

   (j) Following meta data practices and policies to ensure business data is well defined and can be used by the business users.

   (k) Providing data user support after the data, report and tool goes into production.

   (l) Finding opportunities to streamline reports provided including identifying opportunities to consolidate reports.

   (m) Developing and maintain programs and interfaces (ETL) for extracting data from systems of records.

   (n) Developing and maintaining programs and interfaces (ETL) for transforming data in support of business intelligence tooling and Services.

q. Infrastructure Support Related to DevSecOps Platform and Environment

   (1) In terms of infrastructure support related to the DSHS DevSecOps platform and environment, the parties agree to distinguish support roles and responsibilities as follows:

Exhibits

    (a) DSHS NIS (Network & Infrastructure Support): The DSHS team is responsible for the network, servers, OS layers and below.

    (b) The Contractor team is responsible for all layers above the OS layer which includes application and tool installs, product upgrades and patch management, scripting, product bug resolution, job and batch processing and automation, and all general Application support.

    (c) The Contractor scope related to COTS products, DevOps, DevSecOps and non-mainframe (Windows) infrastructure is outlined in Attachment 1.

r. Eligibility Service Maintenance and Operations. Eligibility Service Maintenance and Operations. Under this Contract, the Contractor staff shall perform the following activities:

    (1) Define architecture that meets HBE business and technical needs, addresses security and privacy requirements, and leverages the business rules engine and Enterprise Service Bus (ESB).

    (2) Analyze requirements to determine non-functional impacts on current operational environment and application.

    (3) Develop high level design for infrastructure and non-functional requirements.

    (4) Coordinate solution with overall design for the integrated eligibility solution.

    (5) Assign work to team members, resolve questions, and take corrective actions.

    (6) Identify issues and risk, escalate appropriate items, document and communicate resolutions.

    (7) Coordinate cross team design and development within development teams.

    (8) Communicate and coordinate with business analysts, testers, architects and technical team on definition of design and development tasks.

    (9) Work with teams to estimate resource needs and staffing plan.

    (10)   Modify COBOL application programs to meet requirements;

    (11)   Create and coordinate action records for activities to be completed by other teams.

    (12)   Create and modify JAVA components required for Automated Testing support.

    (13)   Complete analysis of requirements and detail impacts on application code.

    (14)   Identify requirements or design concerns and escalate for resolution by subject matter experts.

    (15)   Modify JAVA application programs and WODM rules to meet requirements.

    (16)   Perform unit test of code, and integration test with other components.

    (17)   Support system test and user acceptance test resolution of defects.

(18)   Determine infrastructure changes and tasks required.

(19)   Model data for best solution to business need and performance.

(20)   Determine changes to existing database schemas.

(21)   Coordinate implementation in various environments.

(22)   Determine and implement required changes to batch jobs and utilities.

(23)   Design, define and configure server infrastructure.

(24)   Provide support for each defined environment (development, test, production, etc.).

(25)   Analyze logs and other information required to fix defects.

(26)   Analyze logs and other information for system health monitoring.

(27)   Complete on-boarding tasks for staffing changes.

(28)   Review and modify process or infrastructure changes for enhanced EServ.

(29)   Provide general support to development team.

(30)   Provide storage management needs.

(31)   Provide support for scripting or other integration required across platforms.

(32)   Provide any system software or configuration changes.

s. Enterprise Service Bus

(1) Provide Contractor staff that would work under the direction of the State to perform the following Services on the IBM Integration Bus and IBM MQ products.

(2) Application Connect Enterprise (ACES) Infrastructure and Operation Consulting. Contractor will consult on currency of the hardware and administration of software components, plan future capacity or performance needs and support operational needs and incidents. In support of these activities, Contractor shall:

   (a) Review currency of system software and plan for necessary upgrades or patching.

   (b) Consult with the State of Washington's operations team for hardware upgrades or capacity changes and upgrade the environment as required.

   (c) Consult on operational environment monitoring and incident response, as required.

(3) Design and develop ACES Configuration Changes. Contractor will consult on environment changes generated by stakeholder requests. In support of these activities, Contractor shall:

   (a) Design solutions that meet requested requirements.

   (b) Design of ACES logical and physical architecture.

    (c) Designing for ACES non-functional requirements.

    (d) Defining ACES message flow design pattern.

    (e) Complete development work to build flows.

    (f) Test solutions with stakeholders.

    (g) Participate in production implementation, as required.

(4) Knowledge Transfer. Contractor will support DSHS' objective to be self-sufficient. In support of these activities, Contractor shall:

    (a) Recommend practices for routing, mapping, transformation, error handling policies and steps of implementation.

    (b) Document current ACES installation and configuration settings.

    (c) Demonstrate ACES monitoring and testing procedures.

t. Decomposition Plan. To support the potential incremental sun setting of the ACES system features and functions, the Contractor shall develop and maintain a Decomposition Plan. The Decomposition Plan shall address the proper action items required to transition from the current architecture to the to-be architecture throughout the IE&E Project(s) while ensuring no and low impact to Washingtonians who rely on ACES for critical services. Contractor and DSHS shall align on the scope and associated activities, roles, responsibilities, timeline and level of effort required relating to decomposition activities. The Decomposition Plan shall at a minimum include the following:

(1) Current ACES application landscape and data analysis.

    (a) Applications: List IT applications and systems to be sunset, as well as those that may be needed in the to-be architecture.

    (b) Integrations between applications: Document upstream and downstream systems (according to the current state) that touch ACES and potential impacts as touchpoints are retired.

    (c) Features: Capture the lowest level capabilities that ACES performs for current clients.

    (d) Data flows: Capture data elements to and from the ACES system.

(2) Transition into the target state architecture (IE&E Modernization Products).

    (a) Applications: Identify components to be sunset, replacement candidates, and gaps.

    (b) Integrations: Approach to minimize impacts to integrated services and current architecture.

    (c) Features: Plan to retaining features or capabilities during the sun setting of the associated ACES components.

    (d) Identification of short-term stabilization activities which would need to be completed while the sunset sequence is implemented (for example, if a particular ACES component is not sunset until year 5, are there any stabilization activities which need to be completed to

ensure the component can sustain itself until year 5.)

(e) Considerations for the modernization roadmap to ensure both modernization and remediation are in synch. This will require Contractor to facilitate discussions with DSHS and the vendors building the platform and products.

(3) Data Decommissioning:

(a) Identify and complete data backup requirements.

(4) Modular Cost Model to define ACES functionality in terms of modules that may be reasonably partitioned and decommissioned as new IE&E products and modules are implemented (and/or as DSHS or HHS Coalition programs transition to new IE&E Solution). The Modular Cost Model will assign, as a percentage of the overall ACES system, allocations of functionality that may be decommissioned as part of the sunset sequence.

(5) Approaches, timelines, risk assessments, Key Performance Indicators (KPIs) and monitoring for the areas noted above.

u. M&O Turn-Over Service Requirements. This section includes general statements about the requirement and roles and responsibilities in case of termination of Contract or migration of the Services under this Contract to an alternate vendor at the time the Contract expires for infrastructure as well as the Applications that are managed by the Contractor.

(1) Create a detailed turn-over plan that covers all activities and the efforts of all involved parties and is agreed to in writing by DSHS ("Turn-Over Plan"). This part of the plan shall express this in time and budget requirements, action ownership and program governance. A finalized Turn-Over Plan shall be delivered to DSHS for approval within nine months after Contractor has fully transitioned into providing the Services. Contractor shall provide quarterly updates to the Turn-Over Plan to reflect modifications to the Services.

(2) Complete inventory of all assets covered by the Contract and required to provide the Services.

(3) Ensure that the Turn-Over Plan includes delivering the key assets to DSHS in an agreed-to format. These key assets include, but are not limited to:

(a) Customer and other records (including subcontractor agreements that are required to provision the Services).

(b) Configuration information.

(c) Databases.

(d) Documentation.

(e) Asset registers.

(f) Programs.

(g) Knowledge databases.

(h) Fault databases.

(i) Asset maintenance history and status.

(j) Manuals.

(k) Process and Procedure Manual and associated documentation.

(l) Any other similar items that Contractor used or produced during the course of, or for the purpose of, provisioning the Services or relating to the configuration control of the Services.

(m) Source Code.

(n) Development tools and procedures.

(o) Architecture and design documents to include logical system models, diagrams and blueprints.

(4) Hold briefings on the status and comprehensive nature of all items handed over.

(5) Complete knowledge transfer of the Services to DSHS or alternate service provider(s).

(6) Define the means by which no interruption of the provision of the Services, or reduction in service levels, will occur during the handover period, and during transfer to DSHS or the new service provider.

(7) Coordinate with DSHS to arrange for the provisioning of a physical data room into which information shall be placed, for the organization and the new service provider to inspect and make copies for removal.

(8) Manage the implementation of the Turn-Over Plan and the disentanglement plan.

(9) Manage regularly scheduled and ad hoc meetings, as well as other communications, to address issues that may affect how involved parties perform their responsibilities in relation to the Turn-Over Plan and/or the disentanglement plan.

(10)   Assist DSHS in developing the final handover and acceptance criteria.

(11)   Introduce the new service provider to all relevant information and training to allow the service provider to leverage the DSHS ACES system, tools and services and operate within the multi- vendor environment, as required.

v. Contractor and Mainframe Infrastructure M&O Vendor Coordination. Contractor shall collaborate with the Mainframe Infrastructure M&O Vendor to ensure the continuous provision of ACES Services. Such collaboration shall include, but is not limited to, the following activities:

(1) The structure and monitoring of queries to ensure they are not placing undue burden on system storage or CPU.

(2) Troubleshooting issues as they arise, including batch issues and modifications to batch run changes.

(3) Infrastructure and DevOps structure modifications that impact the Application.

Exhibits

7.   **Service Compatibility**.

a.   The Contractor will endeavor to work cooperatively with the Mainframe Infrastructure M&O Vendor as well as any other DSHS information technology vendors to problem solve, innovate and coordinate resources to ensure seamless delivery of ACES Services. The Contractor shall use commercially reasonable efforts to work collaboratively with DSHS, the Mainframe Infrastructure M&O Vendor, and its other vendors to ensure that all services, equipment, networks, software, enhancements, upgrades, modifications and other resources, including those provided by DSHS (collectively, the "Resources"), used by the Contractor or approved by the Contractor for utilization by DSHS in connection with the Services, shall be successfully integrated and interfaced, and shall be compatible with the services, equipment, networks, software, enhancements, upgrades, modifications and other resources that are being provided to, recommended to and/or approved for use by third-party service contractors (collectively, the "Third-Party Resources"). Further, the Contractor shall use commercially reasonable efforts to ensure that none of the Services or other items provided to DSHS by the Contractor shall be adversely affected by, or shall adversely affect, those of any such Third-Party Resources, whether as to functionality, speed, service levels, interconnectivity, reliability, availability, performance, response times or similar measures. While the Contractor is not ultimately responsible for the quality or functionality of Third-Party Resources, the Contractor will proactively engage with DSHS regarding architecture to recommend best practices to bring cost-effective performance to the DSHS IT environment.

b.   To the extent that any interfaces need to be developed or modified in order for the Resources to integrate successfully, and be compatible with, the Third-Party Resources, the Contractor shall develop or modify such interfaces as part of the Services. In the event of any Issue as to whether a particular Defect, malfunction or other difficulty with respect to the Services was caused by Contractor, the Contractor shall be responsible for correcting at its cost, such Defect, malfunction or difficulty, except to the extent that the Contractor can demonstrate, to DSHS' reasonable satisfaction, by means of a Root-Cause Analysis, that the cause was not due to Contractor. In addition, the Contractor shall cooperate with all third-party service contractors of DSHS to coordinate its provision of the Services with the services and systems of such third-party service contractors. Subject to reasonable confidentiality and security requirements, such cooperation shall include providing: (i) applicable written information concerning any or all of the systems, data, computing environment, and technology direction used in providing the Services; (ii) reasonable assistance and support services to such third-party service contractors; (iii) access to systems and architecture configurations of the Contractor, and of DSHS to the extent reasonably required for the activities of such third-party service contractors; and (iv) access to and use of the Resources.

8.   **Process and Procedures Manual.**

a.   Development of Manual. The Contractor shall develop and continuously update a detailed, DSHS-specific process and procedures manual that minimally includes the contents specified in this Section ("Process and Procedures Manual"). The existing Process and Procedures manual shall be provided to the Contractor by the previous Maintenance and Operations vendor during the transition-in phase. Contractor will review and update as required. The Contractor will make DSHS aware of the required changes and shall deliver the first draft of the Process and Procedures Manual to DSHS for its review, comments and approval within the reasonable time frame (taking into account the extent of the needed changes) set forth by DSHS and shall, with respect to each draft of the Process and Procedures Manual, incorporate all comments and suggestions from DSHS. Not later than one hundred and twenty (120) calendar days following the effective date, the Contractor shall deliver an updated draft of the Process and Procedures Manual to DSHS for its review, comments and approval and thereafter shall quarterly update the Process and Procedures Manual to reflect changes in the operations or procedures described therein. All such updates to

the Process and Procedures Manual shall be provided to DSHS for its prior review, comments and approval. Prior to completion of the Process and Procedures Manual, the Contractor shall, as applicable, provide the Services in accordance with the previously existing ACES Documentation and standards and procedures generally used by DSHS. The Contractor acknowledges that failure to maintain and update the Process and Procedures Manual may constitute a material breach of this Agreement.

b. Contents. The Contractor shall provide the Process and Procedures Manual to DSHS electronically (and in a manner such that it can be accessed via either the DSHS intranet or the Internet) and communicate the methodology for accessing the Process and Procedures Manual. The Process and Procedures Manual shall describe, among other things, the manner in which the Contractor will provide the Services hereunder, including the software being and to be used, the documentation (including, for example, operations manuals, user guides, quick reference, specifications, and end-user support) that provide further details of such activities and detailed problem and change management procedures in enough detail so that a similarly skilled resource can repeatedly and reliably produce the same end result.

The Process and Procedures Manual also shall describe the activities the Contractor will undertake in order to provide the Services including, where appropriate, direction, supervision, monitoring, staffing levels relative to ongoing activities charged on a time and materials basis, quality assurance, reporting, planning and oversight activities, as well as the specific measures taken to comply with all applicable laws and regulations including, without limitation, those relating to the privacy and security of DSHS Data, including Sarbanes-Oxley Act (SOX), Health Insurance Portability and Accountability Act (HIPAA), Gramm-Leach-Bliley Act (GLB), applicable state and Federal laws, policies, and standards, and any other laws and regulations applicable to DSHS systems and data and/or identified by DSHS, all to the extent and consistent with the format and level of detail generally set forth in the Process and Procedures Manual in use as of the effective date. The Process and Procedures Manual shall describe how the Services will be performed and act as a guide to end-users seeking assistance with respect to the Services offered hereunder. The Process and Procedures Manual shall in no event be interpreted as an amendment to this Agreement or so as to relieve the Contractor of any of its performance obligations under this Agreement.

9. **Reports and Other Resource Materials performed based on Contractor's fixed capacity and DSHS prioritization.**

a. General. In addition to the reports required in this SOW, the Contractor shall furnish Ad hoc Reports to DSHS in the manner, format, and frequency as requested by DSHS based on Contractor's fixed capacity and as prioritized by DSHS ("Ad hoc Reports"). Such Ad hoc Reports may include reports relating to the Contractor's performance of the Services in accordance with the SLRs and reports related to amounts invoiced to DSHS, annual security assessment reporting, including reporting on unauthorized system access incidents, supplier diversity, and any other pertinent data reasonably requested by DSHS. For the sake of clarity, Ad hoc Reports shall not include reports requested by DSHS which are a part of Contractor's KTLO Services. The Contractor promptly shall (but not later than two [2] business days after gaining knowledge thereof) inform DSHS of any deficiencies, omissions or irregularities in any DSHS requirements or in the Contractor's performance of the Services that come to the Contractor's attention. The Services Manager (Services Manager shall refer to the primary point of contact as designated by the Contractor) also shall advise DSHS of all other matters of a material nature that he or she believes would be helpful to DSHS in setting or revising its IT policies or requirements.

b. Media. The Contractor shall furnish to DSHS all reports in hard copy and/or electronic form as agreed by the parties.

c. Adjustments to Reports. DSHS may from time to time adjust the type, nature and distribution of reports as necessary. DSHS will notify Contractor of any such changes within a reasonable time frame and Contractor shall implement such report changes based on its current fixed capacity.

10. Release Management

The Contractor will continue the current release schedule that is in place at the time of transition-in. Scope for releases moving forward will be reviewed, prioritized and approved through change control meetings. Release schedule will be developed at the end of the transition phase and will be documented as part of the project management plan.

11. Pricing

General Pricing Structure. Contractor agrees to provide the Services at the price and the pricing structure as required by this Contract. Contractor will not charge nor be entitled to any other charges, fees or costs of any kind in addition to such price except as expressly set forth pursuant to the Contract Change Order process set forth in the Contract.

12. ACES Transition-In Services

a. Transition-In Timeline. Contractor is proposing the WA ACES M&O transition-in duration of five (5) months and is estimating starting on November 27, 2023 and ending on April 29, 2024. Contractor's approach to maintaining project schedules is via the formal Transition-In Plan. This plan will be updated according to a mutually agreeable schedule. In addition, key milestones and the activities related to transition-in will be reported in the weekly status reports and reviewed and discussed in the corresponding status meetings.

b. The table below details the cost and deliverable schedule for WA ACES M&O transition-in.

Phase	Phase Activities	Estimated Invoice Date	Amount
Transition Planning	• Conduct Transition-In Kickoff Meeting • Prepare Knowledge Transfer Sessions Plan/Transition-in Plan • Begin Transition-In Sessions	Dec 27, 2023	$1,308,090.60

Transition Phase 1	• Complete Knowledge Transfer for the following topics:
	
	   o Current State Assessment
	
	   o Code Verification
	
	   o Functional Overview
	
	   o Application Architecture
	
	   o Data Architecture
	
	   o Infrastructure Architecture
	
	   o Non-mainframe Infrastructure Architecture
	   o Application Framework
		Feb 7, 2024	$1,635,113.25

Transition Phase 2	• Complete Knowledge Transfer for the following topics: o Washington Connection applications (WACON)	March 13, 2024	$1,635,113.25

Exhibits

	o Aces. Online applications		
	o Interview process (3G)		
	o Eligibility Determinations		
	o Eligibility Services (MAGI/HIPTC)		
	o Admin Portal applications		
	o Letter processing		
	o Financial Issuance Control Systems (FICS)		
	o Interfaces		
	o Code Verification and QA Validation		
Transition Phase 3	• Job Shadowing Activities • Transition-In Sessions Complete • Non Prod Cutover Complete	Apr 17, 2024	$1,308,090.60
Final Cutover	• M&O Prod Cutover Complete	Apr 29, 2024	$654,045.30
			$6,540,453

13.   Key Personnel

The following are Contractor's designated Key Personnel. Any modification to the below Contractor Key Personnel shall be in accordance with the requirements set forth in the Contract.

Vendor Team Name	Key Personnel	Name
Leadership Team	Engagement Manager	Sreshta Wickramasinghe
	Team Project Manager	Pritesh Bhawsar
Architecture and Solution Team	Application Architect	Rakesh Agrawal
	Lead System Analyst	Nikhil Dharmardhikari
	Legacy Transition Manager	TBD
	Technical Architect	TBD
DevSecOps and Development Team	App Development Manager (ADM)	Jane Mathias
	ADM Team Lead	Jacob John
	WODM Developer	TBD
	DevOps/Software Config Management Engineer	TBD
Testing Team	Test Coordinator	Srikanth Yaramaka
Security Team	Security Expert	TBD
Server/DBA Team	Database Administrator	TBD
	Data Architect	TBD
	Middleware Administrator	TBD
	Automation Lead	TBD
eDW/BI Team	Tableau Developer	TBD
	ETL Developer	TBD

14.   Defect Urgency Definitions for Contractor Services.

Defects (classified as Major, High, Medium, or Low Defects) for ACES Services are defined in this Section. The classification and reclassification of the Defect level shall be at the reasonable discretion of DSHS; provided, however, that such classifications and reclassifications shall be in accordance with the definitions set forth in this Section. In the event a Defect is reclassified to a higher severity level by DSHS, the time period shall begin at the time the Defect is reclassified.

Exhibits

Urgency	Description
1 - Major	• <u>Full work stoppage with no work around or a System, Application or Network Outage or potential to cause an outage</u> • Instability exists in critical functions causing a significant impact to the users and/or customers • Security vulnerability exists that can harm system performance and/or the ability to protect <u>Category 3</u> or <u>Category 4</u> data, and/or Federal Tax Information (FTI) • Incorrect calculations affecting a significant population
	Action Items
	• Requires ticket response from assigned team within 10 minutes of ServiceNow Incident email notification generating. (This is required of all teams) • Usually requires an Incident Meeting discussion within 1 hour of discovery during core business hours Monday thru Friday between 8-5. Outside of core business hours, the established processes for escalation are followed. • Requires utilization of all available resources for an immediate (hot) fix or reduction to Priority 2 (P2). • A Root Cause Analysis (RCA) and resolution details will be provided to DSHS as available, dependent upon type of outage and the trigger organization.
Urgency	**Description**
2 - High	• <u>Work stoppage with work around available or one exists but creates workload issues</u> (i.e.: cleanup lists) • Security vulnerability exists that can affect the ability in protecting <u>Category 1</u> or <u>Category 2</u> data or Security or data exposures that do not result in immediate organizational risk • Data corruption exists such as examples where incorrect and/or missing data records are created or; • Inconsistent data – If a new instance of inconsistent data occurs not previously documented in a root cause PR. • High visibility issue in Legislature, Media, Courts, Government, etc. or liability issue exists such as QA/QC or payment errors • Missed timelines such as monthly issuance, 10 day notice, or client letters • Situation is critical to business needs, such as: • Previous Priority 1 (P1) Incident (System outage/instability) de-escalated to Priority 2 (P2) for additional analysis/resolution info. • Abends in nightly batch process. • Issues in subsystems or interface functionality that does not cause a work stoppage but impacts users ability to perfor<u>m important</u> aspects of their job such as: Widespread WCAP processing or SSPS connection issues or; Frequently recurring virtual machine or database crashing or; iLINX or MyDocs system stability issues or; Fax server or significant ECR, DMS, HIU, or BC tickle issues • A significant increase in occurrences for any existing incidents will be upgraded to Priority 2 (P2).
	Action Items

	• Requires ticket response from assigned team within 30 minutes of ServiceNow generated email notification. (This is required of all teams) during core business hours Monday thru Friday 8-5. • Requires an Incident Meeting discussion no later than the next regularly scheduled Major Incident Meeting. Responsible team will notify Incident Manager if an earlier meeting is required. • Incidents to be fixed concurrently or by the assessed implementation date. • For system issues reported by HPF Prod Control, the Incident Managers provides updates, RCA and resolution when available.

Urgency	**Description**
3 - Medium	<u>Situation is a minimal impact to business needs</u> such as: • Limited Visibility • Cause has been identified and an approved workaround exists • Barcode issue of moderate impact – that does not does not cause work stoppage - but can impact the ability of a worker to complete needed case work. These would be lower urgency confirmed system issues (internal or external) that do not meet the definition of a Priority 1 (P2) or Priority 2 (P2) incident. A workaround or available quick data fix will be available for these kinds of scenarios. Example: o A single report of a user receiving a JAM or related Barcode error on a specific case.
	Action Items
	• Fix to be scheduled for a future release. • These are not worked as a Hot Fix or concurrent deployments.

Urgency	**Description**
4 - Low	• <u>Situation is a low impact to business needs</u> such as cosmetic issues.
	Action Items
	• Fix to be scheduled for a future release. • These are not worked as a Hot Fix or concurrent deployments.

Exhibits

Exhibit C – Attachment 1

DevOps and Non-Mainframe (Windows) Infrastructure

Application Development		
Code Development Systems ▼	**Deloitte** ▼	**Comments** ▼
ACES Online Web Reports Server	X	Provided support areas are related to OS and below. Deloitte recommends Ensono OR DSHS to support it.
Address Validation Servers	X	
ClearQuest	X	
Cypress Server	X	
DB2 Connect	X	
EngageOne Services	X	
GitHub	X	
InfoSphere client machine	X	
Jenkins	X	
Nexus	X	
ODM Decision Center Software	X	
RAD/IDZ Workstation (DEE)	X	All development tools will be part of the standard image and managed by the State team. Deloitte's scope will be limited to deploying the images for the developer and administering them for OS and COTS patching and upgrades.
Rational Performance Tester	X	
SonarQube	X	

Exhibits

FunctionGroup	ServerClassification	SystemName	Deloitte	SupportArea	ServerArea
Address Validation Servers	Test	DSHSWBOLY4140A1	X	3 - Middleware: CorrectAddress	ACES - Address Validation
Address Validation Servers	Test	DSHSWBOLY4140A2	X	3 - Middleware: CorrectAddress	ACES - Address Validation
Address Validation Servers	Production	DSHSWBOLY4150A1	X	3 - Middleware: CorrectAddress	ACES - Address Validation
Address Validation Servers	Production	DSHSWBOLY4150A2	X	3 - Middleware: CorrectAddress	ACES - Address Validation
ClearQuest	Production	DSHSAPOLY4100CQ	X - Sunsetting; Databases maintained for look-up purposes	3 - Middleware: IBM Data Studio	DevSecOps - ClearQuest
ClearQuest	Production	DSHSAPOLY4100CQ	X	3 - Middleware: IBM Rational ClearQuest	DevSecOps - ClearQuest
ClearQuest	Production	DSHSDBOLY4100RL	X - Sunsetting; Databases maintained for look-up purposes	3 - Middleware: IBM Data Studio	DevSecOps - ClearQuest
ClearQuest	Production	DSHSDBOLY4100RL	X	3 - Middleware: IBM Rational ClearQuest	DevSecOps - ClearQuest
ClearQuest	Test	DSHSDBOLY4199RL	X - Sunsetting; Databases maintained for look-up purposes	3 - Middleware: IBM Data Studio	DevSecOps - ClearQuest
ClearQuest	Test	DSHSDBOLY4199RL	X	3 - Middleware: IBM Rational ClearQuest	DevSecOps - ClearQuest
Cypress Server	Development	DSHSAPOLY4130CP	X	3 - Middleware: ASG-Cypress Server	ACES - Cypress
Cypress Server	Production	DSHSAPOLY4150CP	X	3 - Middleware: ASG-Cypress Server	ACES - Cypress
DB2 Connect	Production	DSHSGWOLY4100A2	X	3 - Middleware: IBM Data Studio	ACES - DB2
EngageOne Services	Development	DSHSAPOLY4130EE	X	3 - Middleware: EngageOne Enrichment	ACES - EngageOne
EngageOne Services	Test	DSHSAPOLY4140EE	X	3 - Middleware: EngageOne Enrichment	ACES - EngageOne
EngageOne Services	Production	DSHSAPOLY4150EE	X	3 - Middleware: EngageOne Enrichment	ACES - EngageOne
EngageOne Services	Production	DSHSAPOLY4151EE	X	3 - Middleware: EngageOne Enrichment	ACES - EngageOne
GitHub	Development	DSHSAPOLY4130gh	X	3 - Middleware: GitHub Enterprise	DevSecOps - GitHub
GitHub	Production	DSHSAPOLY4150gh	X	3 - Middleware: GitHub Enterprise	DevSecOps - GitHub
InfoSphere client machine	Production	DSHSAPOLY4102IS	X	3 - Middleware: IBM InfoSphere	Data Warehouse - Infosphere
InfoSphere client machine	Production	DSHSAPOLY4111IS	X	3 - Middleware: IBM InfoSphere Information Server	Data Warehouse - Infosphere
InfoSphere client machine	Production	DSHSAPOLY4113IS	X	3 - Middleware: IBM InfoSphere Data Replication Access Server	Data Warehouse - Infosphere
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: IBM HTTP Server V8.5	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: IBM Rational Application Developer for WebSphere Software	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: IBM Rational ClearCase	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: IBM WebSphere Application Server V8.5	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: Jenkins	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: nexus	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: Open Object Rexx	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4100JK	X	3 - Middleware: SonarQube	DevSecOps - Jenkins
Jenkins	Sandbox	DSHSAPOLY4101JK	X	3 - Middleware: Jenkins	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J1	X	3 - Middleware: IBM WebSphere Application Server V8.5	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J1	X	3 - Middleware: IBM WebSphere Application Server V9.0	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J1	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J2	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J3	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J4	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J5	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J6	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130J7	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130JM	X	3 - Middleware: Apache2.4	DevSecOps - Jenkins
Jenkins	Development	DSHSAPOLY4130JM	X	3 - Middleware: Jenkins	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J1	X	3 - Middleware: IBM WebSphere Application Server V8.5	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J1	X	3 - Middleware: IBM WebSphere Application Server V9.0	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J1	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J2	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J3	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J4	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J5	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150J6	X	3 - Middleware: Jenkins (Slave)	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150JM	X	3 - Middleware: Apache2.4	DevSecOps - Jenkins
Jenkins	Production	DSHSAPOLY4150JM	X	3 - Middleware: Jenkins	DevSecOps - Jenkins
Nexus	Sandbox	DSHSAPOLY4130NX	X	3 - Middleware: nexus	DevSecOps - Nexus
Nexus	Production	DSHSAPOLY4150NX	X	3 - Middleware: nexus	DevSecOps - Nexus
ODM Decision Center	Production	DSHSAPOLY4112OD	X	3 - Middleware: IBM Data Studio	ACES - ODM
ODM Decision Center	Production	DSHSAPOLY4112OD	X	3 - Middleware: Operational Decision Manager V8.9	ACES - ODM
ODM Decision Center	Production	DSHSAPOLY4152OD	X	3 - Middleware: Operational Decision Manager V8.10.5	ACES - ODM
Rational Performance Tester	Test	DSHS-JMETER1	X	3 - Middleware: JMeter	ACES - Performance Test
Rational Performance Tester	Test	DSHS-JMETER1	X	3 - Middleware: Roslyn Language Services - x86	ACES - Performance Test
Rational Performance Tester	Test	DSHS-JMETER1	X	3 - Middleware: SortSite 5	ACES - Performance Test
Rational Performance Tester	Test	DSHS-JMETER2	X	3 - Middleware: JMeter	ACES - Performance Test
Rational Performance Tester	Test	DSHS-JMETER2	X	3 - Middleware: Roslyn Language Services - x86	ACES - Performance Test
Rational Performance Tester	Test	DSHS-JMETER2	X	3 - Middleware: SortSite 5	ACES - Performance Test
Rational Performance Tester	Test	DSHSAPOLY4151PT	X	3 - Middleware: IBM Rational Performance Tester 10.2.2	ACES - Performance Test
Rational Performance Tester	Test	DSHSAPOLY4152PT	X	3 - Middleware: IBM Rational Performance Tester 10.2.2	ACES - Performance Test
Rational Performance Tester	Test	DSHSAPOLY4153PT	X	3 - Middleware: IBM Rational Performance Tester 10.2.2	ACES - Performance Test
Rational Performance Tester	Test	DSHSAPOLY4154PT	X	3 - Middleware: IBM Rational Performance Tester 10.2.2	ACES - Performance Test
Rational Performance Tester	Test	DSHSAPOLY4155PT	X	3 - Middleware: IBM Rational Performance Tester 10.2.2	ACES - Performance Test
Rational Performance Tester	Test	DSHSAPOLY4156PT	X	3 - Middleware: IBM Rational Performance Tester 10.2.2	ACES - Performance Test
SonarQube	Sandbox	DSHSAPOLY4130SQ	X	3 - Middleware: SonarQube	DevSecOps - SonarQube
SonarQube	Production	DSHSAPOLY4150SQ	X	3 - Middleware: SonarQube	DevSecOps - SonarQube

Exhibits

Exhibit D – Personnel Requirements

1.   **Personnel Requirements**

This personnel section is intended to define the requirements and attributes of personnel roles critical to the success of the contract. This section defines, among other things, minimum proficiency levels, training, supervision, conduct, and management and how, when, by whom and where the Contractor will hire, replace and train personnel. This section contains the descriptions, roles and responsibilities that apply the personnel within the Contractor's organization.

a.   General Skills and Abilities. Contract staff should possess the following skills and abilities above and beyond the technical skills required for their positions:

(1) Interpersonal and Organizational Communication

(a) Verbal Communication: Effectively express ideas and information through the spoken word using language that is appropriate to both the complexity of the topic and the knowledge and understanding of the audience.

(b) Written Communication: Effectively convey ideas and information in writing using language that is appropriate to both the complexity of the topic and the knowledge and understanding of the reader.

(c) Organizational and Political Awareness: Use knowledge and understanding of the organizational and political climate to make decisions and take actions that satisfy diverse interests and contribute effectively to organizational goals.

(d) Dealing with Executive Management: Will be required from time to time to make presentations to executive management. The ability to be effective in this setting is vital to the success of Process Management.

(2) Results Oriented

(a) Focus: Motivation that is focused on long-term results.

(b) Decisiveness: Make timely decisions without sacrificing quality even under ambiguous circumstances or when data is limited.

(c) Prioritize: Applies most effort to the priority needs of the Department.

(d) Planning: Logically integrate various ideas, intentions, and information to form effective action plans and solutions. Express proposals with clear and complete business case material, thoughtful approach to doing the work, complete stakeholder analysis, accurate budget estimate, and realistic project timeline. Effectively direct and integrate all aspects of a project or program, ensuring that work progresses toward achieving goals and objectives.

(e) Self-Management: Be a self-starter. Demonstrate professionalism and integrity as a model for all staff. Ensure adherence to policy, process, standards and procedures, and participate in the development of the same. Continue to seek and assume additional responsibilities as appropriate. Work effectively in a diverse work environment, exhibiting professionalism and integrity as a model for all staff. Meets deadlines.

(f) Commitment to Technical Competence. Commitment to Self-Improvement & Continual

Learning: Demonstrate an ongoing commitment to learning and self-improvement by maximizing training opportunities and keeping technical skills current. Continually strive to expand technical competence.

(3) Core Competencies. Demonstrated behavior that reflects the following core competencies:

(a) Customer Focus: Build and maintain internal and external customer satisfaction with the products and services offered by the organization. Consistently go beyond basic service expectations to implement complete solutions.

(b) Adaptability and flexibility: Adapt easily to changing business needs, conditions, and work responsibilities. Adapt approach, goals, and methods to achieve successful solutions and results in dynamic situations.

(c) Accountability: Accept personal responsibility for the quality and timeliness of your work and meeting expectations. Can be relied upon to achieve excellent results with little need for oversight. Link mission/vision/values to everyday work.

(d) Results orientation and initiative: Focus on results and desired outcomes and how best to achieve them. Identify what needs to be done and take appropriate action before being asked. Act as if you believe that your actions make a real difference in meeting the needs of clients, customers, and fellow employees. Get the job done.

(e) Trust and integrity: Earn the trust, respect, and confidence of coworkers and customers through consistent honesty, forthrightness and professionalism in all interactions.

(f) Relationship-building and influence: Build constructive working relationships characterized by a high level of acceptance, cooperation and mutual regard.

2. Key Personnel – General Requirements.

a. The term "Key Personnel", for purposes of this Contract, means Contractor staff deemed as being both instrumental and essential to the Contractor's performance of all requirements contained in this Contract. Contractor Key Personnel must be the primary team that delivers the Services. Key Personnel are deemed critical to the success of this initiative, they must be full-time and dedicated solely to the DSHS account (unless otherwise noted).

b. The Contractor should ensure Key Personnel have, and maintain, relevant current license(s) and/or certification(s). The Contractor can provide alternative solutions though any changes must be approved by DSHS. Changes to the proposed positions and responsibilities will only be allowed with prior written permission from DSHS.

c. The Contractor shall seek and receive DSHS approval before adding or replacing any Key Personnel. The Contractor shall remove and replace Key Personnel, if requested by DSHS, within four (4) weeks, or a longer period of time as agreed upon by the parties, of the request for removal.

The Contractor must provide DSHS with written notification of anticipated vacancies of Key Personnel within four (4) business days of receiving the individual's resignation notice, the Contractor's notice to terminate the individual, or the position otherwise becoming vacant (excluding any vacancy resulting from DSHS' request set forth in Section 2(c) above). Replacements for Key Personnel shall have qualifications that meet or exceed those specified in this Contract and will be subject to approval by DSHS. The Contractor shall provide DSHS with status update reports every week on the progress of the replacement candidate recruiting process until a qualified candidate is hired. The Contractor shall have in place a qualified replacement within sixty (60) days of

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the last day of employment of the departing Key Personnel. During the recruitment and training period, the Contractor shall provide an interim replacement for all Key Personnel, subject to approval by DSHS.

All Key Personnel must be able to provide expert-level documentation and communication to both technical and business audiences.

Exhibits

Exhibit E: Service Level Requirements

Service Level Requirement Towers	
Q	Quality
E	Efficiency
A	Availability
D	Application Development
C	Computing Services

	Area	System/Type	Service Measure	Performance Target	SLR Performance %	Formula	Measurement Intervals	Monthly Fee Reduction
1.1. SLR Tower – Quality				Fee reduction for this SLR tower applies to each category, with failures in subsequent categories adding to the cumulative reduction amount.				
Q1	Software	All platforms in production region in Contractor's scope of Services	For a specific Production Release, Priority 1 and 2 Defects identified in UAT	> or = to 90% defects initial fix works correctly	> or = 90%	Percentage Missed = Total Priority 1 and 2 Defects Fixed Returned for Rework/ Total Priority 1 and 2 Defects Fixed * 100 100 - Percentage Missed = (Percent of Priority 1 and 2 Defects not failing for the same root cause)	Quarterly	.5% of the monthly fee for fixed price services
Q2	All	Key Personnel Qualifications/Skills	DSHS expects the Contractor to identify quality Key Personnel to provide all services. DSHS may incur significant costs if the proposed Key Personnel do/does not have the qualifications/skills required in the Contract or SOW.	No Key Personnel need to be replaced due to the Key Personnel not meeting the required qualifications/skills required in the Contract or SOW.	No more than two Key Personnel changes required	Number of Key Personnel change required	Measured and Reported Monthly	.5% of the monthly fee for fixed price services

* Definitions:		
1	Total Software Defects	Total Software Defects are defects discovered prior to production (not including defects found in unit test) following one Release and up to the next release
2	Defects Fixed	Fixes made to defects found during testing

3	Release	An agreed upon body of work scheduled for requirements definition through deployment to production environments. Can include problem resolution requests and well as change requests.
4	Defect	Any failure, omission, or error in software that causes the software not to conform to its requirements and/or specification documentation or prevents the system from operating as expected.

	1.2. SLR Tower – Efficiency			Fee reduction for this SLR tower applies to each category, with failures in subsequent categories adding to the cumulative reduction amount.				
	Area	**System/Type**	**Service Measure**	**Performance Target**	**SLR Performance %**	**Formula**	**Measurement Intervals**	**Monthly Fee Reduction**
E1	Notification of Incident Priority Level 1 Outage to Help Desk	All Systems	Response Time	≤10 minutes of discovery	99.9%	Number of requests completed within Performance Target / Total of all requests occurring during Measurement Interval	Measure Weekly, Report Monthly	2% of the monthly fee for fixed price services

	1.3. SLR Tower – Availability			**Fee reduction for this SLR tower applies to each category, with failures in subsequent categories adding to the cumulative reduction amount.**				
	Area	**System/Type**	**Service Measure**	**Performance Target**	**SLR Performance %**	**Formula**	**Measurement Intervals**	**Monthly Fee Reduction**
A1	Application Availability[1,2]	Production ACES Systems in Contractor's scope of Services(Address Verification, Eligibility Service, ACES 3G, ACES Online, Washington Connection, Letters Management System, etc.	Per System Availability	Sunday to Saturday 0000-2400	99.9%	Availability (%) = 100% — Unavailability (%)	Measure Hourly Report Monthly	2% of the monthly fee for fixed price services
A2	System Availability[1,2]	OS and Subsystems Windows Production Servers in Contractor's scope of Services	Per System Availability	Sunday to Saturday 0000-2400	99.9%	Availability (%) = 100% — Unavailability (%)	Measure Daily Report Monthly, Annualized	2% of the monthly fee for fixed price services
A3	System Availability[1,2]	Development, Test and Pre-Production Environments in Contractor's scope of Services	Per System Availability	Monday to Saturday 0400-1900	99.671%	Availability (%) = 100% — Unavailability (%)	Measure Daily Report Monthly Annualized	2% of the monthly fee for fixed price services

	* Definitions:	
1	Availability	The availability of the in-scope infrastructure components required to conduct the normal business operation of DSHS application systems, including processors (e.g., mainframe CPU, memory, and storage), external storage, system Software and Network connection. Excludes Pre-Scheduled maintenance.

2	Pre-Scheduled Downtime Requirements	All pre scheduled system downtime, unless otherwise agreed on in advance by DSHS, will occur: 1. For the systems with 24/7 requirements — all pre scheduled maintenance shall be performed based on DSHS's Change Management policy 2. For systems having non 24/7 requirements — pre scheduled maintenance shall be performed outside of the normal System Availability time frame
3	Unavailability	(∑ Outage Duration × 100%) ÷ (Schedule Time — Planned Outage)

	Area	System/Type	Service Measure	Performance Target	SLR Performance %	Formula	Measurement Intervals	Monthly Fee Reduction
1.4. SLR Tower – Application Development			Fee reduction for this SLR tower is cumulative and limited to a maximum of 1% of the monthly fee for fixed price services.					
D1	Cost	All platforms	Release/Project Estimate Hours within the same scope	Actual not more than + 10% of estimate	> OR = 90%	Estimate hours ÷ Actual hours	Per Release	1% of the monthly fee for fixed price services
D2	Incident Response	All platforms	Time to application incident response	Priority 1 - <= 10 minutes	99%	Time completed – time incident identified	Monthly	
D3	Incident Response	All platforms	Time to application incident response	Priority 2 - <= 30 minutes	99%	Time completed – time incident identified	Monthly	
D4	Incident Resolution	All platforms	Time to application incident workaround or resolution	Priority 1 - <= 24 hours	99%	Time completed – time incident identified	Monthly	
D5	Incident Resolution	All platforms	Time to identification of application incident resolution	Priority 2 <= 72 hours	99%	Time completed – time incident identified	Monthly	

* Definitions:		
1	Release/Project Estimate Hours	Development hours estimated to perform development tasks per release work package
2	Actual Hours	Hours burned to perform development tasks per release work package

| 3 | Priority 1 | Incident occurs in the production environment that meets the following criteria:

• A blocking system issue (stops system functionality) without an implementable workaround.
• System outage (ACES Systems, WaCon)
• Instability exists in critical functions causing a significant impact to the field and/or stakeholders.
• Current security vulnerability includes an active data or Federal Tax Information (FTI) breach.
• Incorrect calculations affecting a significant population causing HBE to take HPF off-line. |
| 4 | Priority 2 | Critical system issue that inhibits normal system function, or results in error condition(s) but for which there is an implementable workaround |

	1.5. SLR Tower – Computing Services			Fee reduction for this SLR tower is limited to a maximum of 1% of the monthly fee for fixed price services.				
	Area	**System/Type**	**Service Measure**	**Performance Target**	**SLR Performance %**	**Formula**	**Measurement Intervals**	**Monthly Fee Reduction**
C1	Notification of vendor Software upgrades and new releases	All Systems	Vendor supplied software report (Patch management)	Contractor managed software is not more than N-2 version. Unless mutually agreed upon by DSHS.	100%	Number of applications exceeding N-2 standards.	Measure Quarterly, Report Quarterly	1%

Exhibits

Exhibit F: Cost Structure

Description	Year 1	Year 2	Year 3	Year 4	Year 5
ACES Maintenance and Operations, Fixed Price, Monthly	$16,656,700	$16,323,566	$16,160,331	$15,998,727	$15,918,734
Implement Enhancements up to 50,000 Hours, minimum of 30,000	$4,577,400	$4,758,900	$4,954,800	$5,163,300	$5,391,000
Additional DevOps scope	$2,125,551	$2,239,249	$2,307,226	$2,376,450	$2,447,692
Total Price	**$23,359,651**	**$23,321,715**	**$23,422,357**	**$23,538,477**	**$23,757,426**

Total Pricing Summary – Eligibility Service Maintenance and Operations (ES M&O) (21 full-time contractors)

Proposed Project Role	Hours/ Year	Year 1 Rate	Year 1 Price	Year 2 Rate	Year 2 Price	Year 3 Rate	Year 3 Price	Year 4 Rate	Year 4 Price	Year 5 Rate	Year 5 Price
Activity 1 - Application Architect (SME)	2088	$195.00	$407,160.00	$200.85	$419,374.80	$206.88	$431,965.44	$213.08	$444,911.04	$219.47	$458,253.36
Activity 2 - Solution Architect	2088	$195.00	$407,160.00	$200.85	$419,374.80	$206.88	$431,965.44	$213.08	$444,911.04	$219.47	$458,253.36
Activity 3 - Devl Team Leads	2088	$175.00	$365,400.00	$180.25	$376,362.00	$185.66	$387,658.08	$191.23	$399,288.24	$196.96	$411,252.48
Activity 4 - Mainframe Developer	4176	$150.00	$626,400.00	$154.50	$645,192.00	$159.14	$664,568.64	$163.91	$684,488.16	$168.83	$705,034.08
Activity 5 - Java Developers	8352	$150.00	$1,252,800.00	$154.50	$1,290,384.00	$159.14	$1,329,137.28	$163.91	$1,368,976.32	$168.83	$1,410,068.16
Activity 6 - WODM Developers	4176	$175.00	$730,800.00	$180.25	$752,724.00	$185.66	$775,316.16	$191.23	$798,576.48	$196.96	$822,504.96
Activity 7 – DBA	2088	$185.00	$386,280.00	$190.55	$397,868.40	$196.27	$409,811.76	$202.15	$422,089.20	$208.22	$434,763.36
Activity 8 – Web Administrator	6264	$160.00	$1,002,240.00	$164.80	$1,032,307.20	$169.74	$1,063,251.36	$174.84	$1,095,197.76	$180.08	$1,128,021.12
Activity 9 – Tech Support/Change Control	4176	$175.00	$730,800.00	$180.25	$752,724.00	$185.66	$775,305.72	$191.23	$798,564.89	$196.96	$822,521.84
Activity 10 – ETL Developer	2088	$175.00	$365,400.00	$180.25	$376,362.00	$185.66	$387,658.08	$191.23	$399,288.24	$196.96	$411,252.48
Activity 11 – Tester	0	$135.00	$0.00	$139.05	$0.00	$143.22	$0.00	$147.52	$0.00	$151.94	$0.00
Activity 12 – Production Control Analyst	6264	$150.00	$939,600.00	$154.50	$967,788.00	$159.14	$996,852.96	$163.91	$1,026,732.24	$168.83	$1,057,551.12
Total Price/Year			**$7,214,040.00**		**$7,430,461.20**		**$7,653,490.92**		**$7,883,023.61**		**$8,119,476.32**

Total Pricing Summary – Enterprise Service Bus Scope (Two full-time resources)

Year 1	Year 2	Year 3	Year 4	Year 5
$776,736	$800,038	$824,039	$848,760	$874,223

Implement Enhancements Pricing	Year 1 Hours/yr	Year 1 Blended Rate	Year 2 Hours/yr	Year 2 Blended Rate	Year 3 Hours/yr	Year 3 Blended Rate	Year 4 Hours/yr	Year 4 Blended Rate	Year 5 Hours/yr	Year 5 Blended Rate
ACES & ES Enhancements	30,000	$152.58	30,000	$158.63	30,000	$165.16	30,000	$172.11	30,000	$179.70

Transition-In Services Pricing

Phase	Phase Activities	Estimated Invoice Date	Amount
Transition Planning	• Conduct Transition-In Kickoff Meeting • Prepare Knowledge Transfer Sessions Plan/Transition-in Plan	Dec 27, 2023	$1,308,090.60

	• Begin Transition-In Sessions		

Transition Phase 1	• Complete Knowledge Transfer for the following topics:
	
	   o Current State Assessment
	
	   o Code Verification
	
	   o Functional Overview
	
	   o Application Architecture
	
	   o Data Architecture
	
	   o Infrastructure Architecture
	
	   o Non-mainframe Infrastructure Architecture
	   o Application Framework
		Feb 7, 2024	$1,635,113.25

Transition Phase 2	• Complete Knowledge Transfer for the following topics:
	
	   o Washington Connection applications (WACON)
	
	   o Aces. Online applications
	
	   o Interview process (3G)
	
	   o Eligibility Determinations
	
	   o Eligibility Services (MAGI/HIPTC)
	
	   o Admin Portal applications
	
	   o Letter processing
	
	   o Financial Issuance Control Systems (FICS)
	
	   o Interfaces
	
	   o Code Verification and QA Validation
		March 13, 2024	$1,635,113.25

Transition Phase 3	• Job Shadowing Activities • Transition-In Sessions Complete • Non Prod Cutover Complete	Apr 17, 2024	$1,308,090.60
Final Cutover	• M&O Prod Cutover Complete	Apr 29, 2024	$654,045.30
		Total	**$6,540,453**

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Exhibit G: Federal Provisions

The contractor must comply with the following provisions:

1. Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented by the Department of Labor Regulations (41 CFR Part 60): The Executive Order prohibits federal contractors and federally-assisted construction contractors and subcontractors who do over $10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. The Executive Order also requires Government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.

2. The Clean Air Act, Section 306:

    a. No Federal agency may enter into any contract with any person who is convicted of any offense under section 113(c) for the procurement of goods, materials, and services to perform such contract at any facility at which the violation which gave rise to such conviction occurred if such facility is owned, leased, or supervised by such person. The prohibition in the preceding sentence shall continue until the Administrator certifies that the condition giving rise to such a conviction has been corrected. For convictions arising under section 113(c)(2), the condition giving rise to the conviction also shall be considered to include any substantive violation of this Act associated with the violation of 113(c)(2). The Administrator may extend this prohibition to other facilities owned or operated by the convicted person.

    b. The Administrator shall establish procedures to provide all Federal agencies with the notification necessary for the purposes of subsection (a).

    c. In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's air, the President shall, not more than 180 days after enactment of the Clean Air Amendments of 1970 cause to be issued an order (1) requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and (2) setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.

    d. The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of the United States and he shall notify the Congress of such exemption.

    e. The President shall annually report to the Congress on measures taken toward implementing the purpose and intent of this section, including but not limited to the progress and problems associated with implementation of this section. [42 U.S.C. 7606]

3. The Clean Water Act:

    a. No Federal agency may enter into any contract with any person who has been convicted of any offense under Section 309(c) of this Act for the procurement of goods, materials, and services if such contract is to be performed at any facility at which the violation which gave rise to such conviction occurred, and if such facility is owned, leased, or supervised by such person. The prohibition in preceding sentence shall continue until the Administrator certifies that the condition giving rise to such conviction has been corrected.

    b. The Administrator shall establish procedures to provide all Federal agencies with the notification

necessary for the purposes of subsection (a) of this section.

c. In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's water, the President shall, not more than 180 days after the enactment of this Act, cause to be issued an order:

    (1) requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and

    (2) setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.

d. The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of the United States and he shall notify the Congress of such exemption.

e. The President shall annually report to the Congress on measures taken in compliance with the purpose and intent of this section, including, but not limited to, the progress and problems associated with such compliance.

f. (1) No certification by a contractor, and no contract clause, may be required in the case of a contract for the acquisition of commercial items in order to implement a prohibition or requirement of this section or a prohibition or requirement issued in the implementation of this section.

g. (2) In paragraph (1), the term "commercial item" has the meaning given such term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

4. The Anti-Lobbying Act: This Act prohibits the recipients of federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the federal government in connection with a specific contract, grant, or loan. As required by Section 1352, Title 31 of the U.S. Code and implemented at 34 CFR Part 82 for persons entering into a grant or cooperative agreement over $100,000, as defined at 34 CFR Part 82, Section 82.105 and 82.110, the applicant certifies that:

a. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the making of any federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal grant or cooperative agreement;

b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Confess in connection with this federal grantor o cooperative agreement, the undersigned shall complete and submit Standard Form – LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

c. The undersigned shall require that the language of this certification be include in the award documents for all sub-awards at all tiers (including sub-grants, contracts under grants and cooperative agreements, and subcontracts) and that all sub-recipients shall certify and disclose accordingly.

5. Americans with Disabilities Act: This Act (28 CFR Part 35, Title II, Subtitle A) prohibits discrimination

on the basis of disability in all services, programs, and activities provided to the public by State and local governments, except public transportation services.

6.　Drug Free Workplace Statement: The Federal government implemented the Drug Free Workplace Act of 1988 in an attempt to address the problems of drug abuse on the job. It is a fact that employees who use drugs have less productivity, a lower quality of work, and a higher absenteeism, and are more likely to misappropriate funds or services. From this perspective, the drug abuser may endanger other employees, the public at large, or themselves. Damage to property, whether owned by this entity or not, could result from drug abuse on the job. All these actions might undermine public confidence in the services this entity provides. Therefore, in order to remain a responsible source for government contracts, the following guidelines have been adopted:

a.　The unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the work place.

b.　Violators may be terminated or requested to seek counseling from an approved rehabilitation service.

c.　Employees must notify their employer of any conviction of a criminal drug statue no later than five days after such conviction.

d.　Although alcohol is not a controlled substance, it is nonetheless a drug. It is the policy of the Arkansas Department of Health WIC Program that abuse of this drug will also not be tolerated in the workplace.

e.　Contractors of federal agencies are required to certify that they will provide drug-free workplaces for their employees.

7.　Debarment, suspension, and other responsibility matters: As required by Executive Order 12549, Debarment and Suspension, and implemented at 34 CFR Part 85, for prospective participants in primary covered transactions, as defined at 34 CFR Part 85, Sections 85.105 and 85.110.

a.　The applicant certifies that it and its principals:

b.　Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

c.　Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

d.　Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

e.　Have not within a three-year period preceding this application had one or more public transactions (federal, state, or local) terminated for cause or default.

f.　Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

Exhibits

8.   The federal government reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, for federal government purposes, the copyright in any work developed under a grant, sub-grant, or contract under a grant or sub-grant or any rights of copyright to which a contractor purchases ownership.

Exhibits

Exhibit H: Bidders Proposal

Contractor's Response to RFP #2223-808 *ACES Maintenance and Operations*, dated September 12, 2022, is incorporated into this Agreement by reference, but is not attached herein due to page length.