IT SERVICES CONTRACT

Washington State Department of Social & Health Services
Transforming lives

IE&E Product #1 Status Tracker

DSHS Contract Number:
2323-47447
☒ Resulting From Competition
Number: 2223-814
☐ Competition Exempt
☐ Sole Source

Program Contract Number:

Contractor Contract Number:

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.

CONTRACTOR NAME	CONTRACTOR doing business as (DBA)
Accenture LLP	Accenture LLP

CONTRACTOR ADDRESS	WASHINGTON UNIFORM BUSINESS IDENTIFIER (UBI)	DSHS INDEX NUMBER
1191 2nd Avenue Suite 100 Seattle, WA 98101		236715

CONTRACTOR CONTACT	CONTRACTOR TELEPHONE	CONTRACTOR FAX	CONTRACTOR E-MAIL ADDRESS
Glen Lutz	(313) 268-5002		glen.c.lutz@accenture.com

DSHS ADMINISTRATION	DSHS DIVISION	DSHS CONTRACT CODE
Office of the Secretary	Enterprise Technology	8900SC-23

DSHS CONTACT NAME AND TITLE	DSHS CONTACT ADDRESS
Curt Parkinson Contracts Manager	1115 Washington St SE Olympia, WA 98504

DSHS CONTACT TELEPHONE	DSHS CONTACT FAX	DSHS CONTACT E-MAIL ADDRESS
(564) 669-0177	Click here to enter text.	curt.parkinson@dshs.wa.gov

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

CONTRACT START DATE	CONTRACT END DATE	CONTRACT MAXIMUM AMOUNT
05/01/2023	08/31/2024	$2,747,655.00

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 Provisions, Exhibit C – Quality Assurance Surveillance Plan, Exhibit D - IRS Publication 1075 Exhibit 7 Requirements, Exhibit E – IE&E Principles**

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	DATE SIGNED

DSHS SIGNATURE	PRINTED NAME AND TITLE	DATE SIGNED
	William Taplin, CCLS Chief	

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. "Acceptance Criteria" means the technical, functional, and other requirements or specifications that define the Deliverables as agreed to by the parties.

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

    c. "Confidential Information" or "Data" means information that is exempt from disclosure to the public or other unauthorized persons under RCW 42.56 or other federal or state laws. Confidential Information comprises both Category 3 and Category 4 Data as described in the DSHS Data Security Requirements Exhibit, if attached to this contract. Confidential Information includes, but is not limited to, DSHS non-publicly available Data, PHI, any information identifiable to an individual that relates to finances, education, business, use or receipt of governmental services, names, addresses, email addresses, telephone numbers, social security numbers, driver license numbers, financial profiles, credit card numbers, financial identifiers and any other identifying numbers, law enforcement records, any nonpublic Specifications, the Custom Software, other DSHS Software, Source Code or Object Code, or DSHS or State security information and any information that is clearly identified as Confidential by DSHS when disclosed.

    d. "Contract" or "Agreement" means the entire written agreement between DSHS and the Contractor, including any Exhibits, documents, or materials incorporated by reference. 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.

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

    f. "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.

    g. **"Custom Software"** means all software developed by Contractor for DSHS, including: (a) all extensions, interfaces and other software-based Deliverables provided to DSHS under the Agreement; (b) all custom interfaces, custom extensions and custom developments provided to DSHS to support DSHS use of Proprietary Software owned by Contractor or an applicable third party; (c) all beta, pre-release or pre-generally available release versions of software developed for DSHS; and (d) all enhancements and modifications to the software described in the foregoing. For clarity, all software provided under this Contract is Custom Software unless expressly identified as Proprietary Software.

    h. "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.

    i. "Deliverables" means Custom Software, Proprietary 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, either alone or jointly with DSHS pursuant to the Contract.

j. **"Documentation"** means tangible or written (digital writings are sufficient) (a) descriptions of features or functionality of the Services and Deliverables; (b) all of the written, printed, electronic or other format materials published or otherwise made available by Contractor to DSHS; and (c) any user, operations, maintenance, repair and similar manuals that the Contractor or other software and/or equipment manufacturers and resellers make generally available to its customers, that relate to the functional, operational and/or performance capabilities of any Deliverables under this Contract.

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

l. "DSHS Data" means any data provided to the Contractor by DSHS, made available by DSHS, or data created by the Contractor during performance of the Agreement; whether or not the data resulted from access to data provided or made available by DSHS pursuant to the Agreement. Without limiting the generality of the foregoing, DSHS Data shall include all data derived from or created through use of any Deliverables under this Contract.

m. "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.

n. "Personal Information" means information identifiable to any person, 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, telephone numbers, Social Security Numbers, driver license numbers, other identifying numbers, and any financial identifiers.

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

p. **"Proprietary Software"** means all software licensed to or otherwise provided to DSHS at established catalog or market prices and sold or leased to the general public, including: (a) any Contractor proprietary software; (b) all proprietary extensions, proprietary interfaces and other proprietary software-based Deliverables provided to DSHS under the Agreement; (c) all third party proprietary software, including all non-custom interfaces, non-custom extensions and non-custom developments provided to DSHS and owned by the applicable third party; (d) all beta, pre-release or pre-generally available release versions of proprietary software; and (e) all proprietary enhancements to the software described in the foregoing.

q. "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/.

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

s. "Requirements" means the technical, functional, and other requirements or specifications that define the Deliverable as set forth in the Agreement or otherwise agreed to in writing by the parties. Notwithstanding anything in the Contract, the Requirements for each Deliverable include the

applicable requirements set forth in any Exhibits to this Contract.

t.   "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.

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

v.   "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.

w.   "Surreptitious Code" means any virus, Trojan horse, worm, or other routine or component designed to permit unauthorized access to any Deliverables under this Contract, or to disable, erase, or otherwise harm any component of the Deliverables under this Contract, or any back door, time bomb, drop dead device, or other routine designed to disable Custom or Proprietary Software automatically with the passage of time or under the positive control of a party other than DSHS, or to perform any other such malicious, mischievous or disruptive actions. Surreptitious Code excludes routines designed to allow remote maintenance, upgrades or technical support under the positive control of the DSHS.

x.   "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.

y.   "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.

z.   "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/.

aa.   "Work Product" means all materials, reports, documents, techniques, ideas, concepts, trademarks, algorithms, software, computer code, routines or subroutines, specifications, plans, notes, drawings, designs, pictures, images, text, audiovisual works, inventions, data, information and other items, expressions, including any and all intellectual property rights therein, prepared by Contractor for delivery to DSHS under the Contract. Work Product includes Custom Software, but does not include Proprietary Software.

bb.   "Zero Trust" refers to an evolving set of cybersecurity paradigms that move defenses from static, network-based perimeters to focus on users, assets, and resources. A Zero Trust Architecture (ZTA) uses Zero Trust principles to plan industrial and enterprise infrastructure and workflows. Zero Trust assumes there is no implicit trust granted to assets or user accounts based solely on their physical or network location (i.e., local area networks versus the internet) or based on asset ownership (enterprise or personally owned). Authentication and authorization (both subject and

device) are discrete functions performed before a session to an enterprise resource is established.

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. DSHS may freely assign this Contract.

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.

   c. 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 applicable federal, state, and local laws and regulations, including but not limited to, nondiscrimination laws and regulations.

   a. **COVID-19 Vaccination Requirements**. Contractor Staff who engage in work while physically present at a building, facility, jobsite, project site, unit, or other defined area owned, leased, occupied by, or controlled by DSHS must be fully vaccinated against COVID-19, unless a DSHS-approved exception exists, or Contractor has granted the Staff a DSHS-approved disability or religious accommodation. Contractor and Contractor Staff shall provide proof of such vaccination or accommodation upon request by DSHS. Contractor shall cooperate with any investigation or inquiry DSHS makes into Contractor's compliance with these requirements, including providing information and records to DSHS upon request, other than information or records that Contractor is prohibited by law from disclosing.

      Contractor may request a copy of the requirements for full vaccination, acceptable methods of proof and DSHS-approved exceptions list from the DSHS Contract Manager listed on page one of this Contract.

   b. **Certification Regarding Russian Government Contracts and/or Investments**. Contractor shall abide by the requirements of Governor Jay Inslee's Directive 22-03 and all subsequent amendments. The Contractor, by signature to this Contract, certifies that the Contractor is not presently an agency of the Russian government, an entity which is Russian-state owned to any extent, or an entity sanctioned by the United States government in response to Russia's invasion of Ukraine. The Contractor also agrees to include the above certification in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor does not comply with this certification. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor does not comply with this certification during the term hereof.

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 computers, documents, or other media containing the Confidential Information.

(3) 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. **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.

9. **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.

10. **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 financial and programmatic records, supporting documents, statistical records, and other records of 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 books, records, documents and other evidence 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 the 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 unless the cost or any other material matter under this Agreement is calculated or derived from these factors.

(6) Contractor shall provide right of access to its facilities 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.

(7) To the extent Contractor may require authorization from a parent, affiliate or subsidiary organization of Contractor in order to comply with this Section 10, Contractor represents and warrants that it has obtained such authorization.

11. **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 according to the parties' intent as expressed in the following order of precedence; PROVIDED that terms or conditions that are more restrictive, specific or particular shall control and shall not be construed as being in conflict with terms that are less restrictive, less specific or less particular, regardless of where such terms are located:

   (a) the Statement of Work;

   (b) the Special Terms and Conditions (not including the Statement of Work);

   (c) the RFP;

   (d) the RFP Bidder Response;

   (e) all Exhibits;

   (f) these General Terms and Conditions.

12. **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.

13. **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; Records Retention, Audit and Access Requirements; Notice of Overpayment; Ownership/Rights in Data; Intellectual Property Indemnification; Public Records Act; Publicity; Termination for Default; Termination or Expiration Procedure, Transition; Damages and Remedies; and Treatment of Property.

14.   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.

15.   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. Any waiver by DSHS must be in writing.

Additional General Terms and Conditions – IT Services Contracts:

16.   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.

17.   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.

18.   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.

19.   **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.

20.   **Contractor Commitments, Representations, Covenants, and Warranties.** Contractor represents, covenants, and warrants that any written commitment by the Contractor within the scope of 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. For purposes of this section, a commitment by the Contractor includes but is not limited to: (i) prices, discounts, and options committed to remain in force over a specified period of time; and (ii) any warranty or representation made by the Contractor in its response to the solicitation resulting in this Contract ("Bid") or contained in any Contractor or manufacturer publications, written materials, schedules, charts, diagrams, tables, descriptions, other written representations, and any other communication medium accompanying or referred to in its Bid or used to effect the sale to DSHS.

Contractor Services will be performed in a good and workmanlike manner and in compliance with the applicable specifications. Contractor disclaims all warranties not expressly included in this Contract or the documents incorporated in it.

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

a.   Contractor has acquired any and all rights, grants, assignments, conveyances, licenses, permissions, and authorization for the Contractor to provide the Services and Deliverables 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.

b.   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.

c.   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.

d.   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.

e.   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.

f.   Contractor has the financial resources to fund the capital expenditures required under the Agreement without advances by DSHS or assignment of any payments by DSHS to a financing source.

g. Contractor's methods of accounting are consistent with generally accepted accounting principles and are capable of segregating costs by stage, segment, or cost objective in order to support, as applicable, Change Order accounting and any other requirements described below in Section 5 *Consideration* of the Special Terms and Conditions.

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

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

j. Contractor will comply with the Data Security Requirements set forth in Exhibit A.

k. The representations contained in the RFP Bidder Response are complete and accurate.

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

m. 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.

n. All Work Product, Deliverables, Custom Software, and Proprietary Software Contractor provides under the Agreement are free of Surreptitious Code. Contractor uses industry-leading technology to detect and remove Surreptitious Code from all Work Product and Deliverables. Contractor further warrants that Contractor shall not intentionally or negligently introduce any Surreptitious Code.

o. Contractor shall give high priority to the performance of the Services.

p. Contractor shall perform timely in connection with performance of the Services.

q. Contractor shall promptly and correctly re-perform Services which are not in material compliance with the Requirements and its representations and warranties at no cost to DSHS. Re-performance of Services will be completed as outlined in Special Terms and Conditions Sections 3.f.(1)(b) Agile Warranty Services and 3.c. Eligibility and Enrollment Status Tracker Deliverable Review of this Agreement.

r. The Deliverables will not:

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

    (2) include any open source software that creates, as a condition of any use or distribution of the 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 Deliverables or (ii) requires DSHS to license the 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).

s. The Deliverables under this Contract and all data-related output or results produced by the Deliverables under this Contract: (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 Custom or Proprietary Software, or interact with date records of the Custom or Proprietary Software provided that other software used by DSHS properly exchange date data with the Deliverables under this Contract in formats that correctly identify the century.

21. **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.

22. **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.

23. **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.

24. **Indemnification and Hold Harmless**.

    a. The Contractor shall be responsible for and shall indemnify, defend, and hold DSHS harmless from any and all third-party claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines, of whatsoever kind or nature, arising out of or relating to a) the Contractor's or any Subcontractor's performance or failure to perform this Contract, or b) the acts or omissions of the Contractor or any Subcontractor.

    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 required in Special Terms and Conditions Section 12. Insurance.

25. **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.

26. **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.

27. **Limitation of Liability.**

DSHS General Terms and Conditions

a. Except as stated in subsection b. below, 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 patent, copyright, or other intellectual property right infringement, in which case liability shall be as set forth elsewhere 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, **and are not subject to any maximum liability cap under this Contract**.

   (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 attorney's fees and other litigation costs DSHS 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, as set in forth in Section 24. above; (ii) intellectual property indemnification, as set forth in Section 30. below; (iii) inspection and maintenance of records; (iv) damages resulting from default; (v) data security requirements; (vi) or breaches of confidentiality including disclosure of PHI, except that PHI and PII breaches shall be subject to a cap on maximum liability as detailed in subsection c. below; or

   (6) Any loss or claim to the extent the loss or claim is covered by a policy of insurance maintained, or required by this contract to be maintained, by the Contractor pursuant to Special Terms and Conditions Section 12. Below.

c. 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 three (3) times the total maximum consideration of this contract and any amendments agreed to.

d. Contractor's maximum aggregate liability to DSHS for all claims not otherwise addressed in this Section, arising out of or in connection with this Contract, is limited to the total fees paid or payable to Contractor under this Contract, as it may be amended by the Parties.

e. The Contractor has no liability for a claim to the extent it arises from:

   (1) The Contractor's compliance with any designs, specifications, or instructions of DSHS where Contractor has submitted a formal written complaint to the DSHS Contract Manager based on data security liabilities and concerns, with sufficient detail to provide DSHS with an understanding of the reason for the complaint; and

   (2) Causes that are beyond the Contractor's control and that Contractor has taken reasonable steps to prevent and recover from, and to the extent the liability does not arise out of the Contractor's negligence; and further provided that if any Subcontractor is approved by DSHS under the Agreement, Contractor shall be responsible for such Subcontractor's performance in

accordance with this section as required under Section 34 of the General Terms and Conditions.

    f.   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.

28.   **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.

29.   **Ownership/Rights.**

    a.   DSHS will have all ownership rights in Custom Software and Work Product, including all modifications thereof, and all 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 29.a. and 29.b. shall not apply to 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 program data obtained as a result of its performance of this Contract without the prior written permission of DSHS.

e. Work Product.

    (1) DSHS and the Contractor agree that all Work Product produced pursuant to this Contract shall be considered work made for hire under the U.S. Copyright Act, 17 U.S.C. §101 et seq., and shall be owned by DSHS. The Contractor is hereby commissioned to create the Work Product. Ownership includes the right to copyright, patent, register and the ability to transfer these rights and all information used to formulate such Work Product.

    (2) If for any reason the Work Product would not be considered a work made for hire under applicable law, the Contractor hereby assigns and transfers to DSHS the entire right, title and interest in and to all rights in the Work Product and any registrations and applications relating thereto and any renewals and extensions thereof.

    (3) The Contractor shall execute all documents and perform such other proper acts as DSHS may deem necessary to secure for DSHS the rights pursuant to this section.

f. The Contractor shall not use or in any manner disseminate any Work Product to any third party, or represent in any way Contractor ownership in any Work Product, without the prior written permission of DSHS. The Contractor shall take all reasonable steps necessary to ensure that its agents, employees, or Subcontractors shall not copy or disclose, transmit or perform any Work Product or any portion thereof, in any form, to any third party.

g. Proprietary Software.

    (1) DSHS does not acquire any rights, express or implied, in the Proprietary Software, other than those specified in this Contract or applicable third-party license. Contractor hereby warrants and represents to DSHS that Contractor is the owner of the Proprietary Software licensed hereunder or otherwise has the right to grant to DSHS the licensed rights to the Proprietary Software provided by Contractor through this Contract without violating any rights of any third party worldwide.

    (2) The Contractor represents and warrants that Contractor has the right to license the Proprietary Software to DSHS as provided in this Contract and that DSHS' use of the Proprietary Software and documentation within the terms of this Contract will not infringe upon any copyright, patent, trademark, or other intellectual property right worldwide or violate any third party's trade secret, contract, or confidentiality rights worldwide.

    (3) The Contractor represents and warrants that: (i) Contractor is not aware of any claim, investigation, litigation, action, suit or administrative or judicial proceeding pending or threatened based on claims that the Proprietary Software infringes any patents, copyrights, or trade secrets of any third party, and (ii) that Contractor has no actual knowledge that the Proprietary Software infringes upon any patents, copyrights, or trade secrets of any third party.

30. **Intellectual Property Indemnification.**

a. The Contractor, at its expense, shall defend, indemnify, and hold DSHS harmless from and against any claims against DSHS that any Custom Software, Proprietary Software, Equipment or Work Product supplied hereunder, or DSHS's use of the Custom Software, Proprietary Software, Equipment or Work Product within the terms of this Contract, infringes any patent, copyright, utility model, industrial design, mask work, trade secret, trademark, or other similar proprietary right of a third party worldwide. Equipment shall mean any Contractor-supplied equipment. 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 Custom Software, Proprietary Software, Equipment or Work Product or to replace or modify the same so that they become non-infringing and functionally equivalent. If use of the Custom Software, Proprietary Software, Equipment or Work Product 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 Custom Software, Proprietary Software, Equipment or Work Product and provide DSHS a refund. In the case of Work Product and/or Custom Software, the Contractor shall refund to DSHS the entire amount DSHS paid to the Contractor for the Contractor's provision of the Custom Software, Proprietary Software and/or Work Product. In the case of Equipment, the Contractor shall refund to DSHS its depreciated value. No termination charges will be payable on such returned Custom Software, Proprietary Software, Equipment or Work Product, and DSHS will pay only those charges that were payable prior to the date of such return. Depreciated value shall be calculated on the basis of a useful life of four (4) years commencing on the date of purchase and shall be an equal amount per year over said useful life. The depreciation for fractional parts of a year shall be prorated on the basis of three hundred sixty-five (365) days per year. In the event the Custom Software, Proprietary Software, Equipment or Work Product has been installed less than one (1) year, all costs associated with the initial installation paid by DSHS shall be refunded by the Contractor.

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 Custom Software, Proprietary Software, Equipment or Work Product by DSHS or a third party without the prior knowledge and approval of the Contractor; or

(3) Use of the Custom Software, Proprietary Software, Equipment or Work Product in a way not specified by the Contractor;

unless the claim arose against the Contractor's Custom Software, Proprietary Software, Equipment or Work Product independently of any of these specified actions.

d. This Section, *Intellectual Property Indemnification*, is intended to survive the expiration or termination of the agreement.

31. **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.

32. **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.

33. **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.

34. **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 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.

35. **Subrecipients**.

    a. General. If the Contractor is 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 Agreement, DSHS may require the Contractor to reimburse DSHS in accordance with 2 CFR Part 200.

36. **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.

37. **Termination for Default**. The CCLS Chief may immediately terminate this Contract for default, in whole or in part, by written notice to the Contractor 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 protect the health or safety of any DSHS client;

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

d. Violated 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.

38. **Termination or Expiration Procedure; Transition**. The following terms and conditions apply upon Contract termination or expiration for any reason:

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 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 data conversion and transition activities are accomplished as needed for in-house conversion of contracted services or for transition to a subsequent contractor.

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. (42 CFR 434.10(b)). To the extent such materials include any Proprietary Software or other materials to which Contractor has proprietary rights, the Contractor must allow DSHS to purchase or lease such materials at the same or lower rates as it currently offers to its other government customers.

h. All Custom Software and Work Product developed, installed, or improved with ninety percent (90%) Federal Funding Participation match must include documentation of components and procedures such that Custom Software, including systems and modules, and Work Product could be operated by a variety of other contractors or other users.

i. Contractor shall promptly confer and reasonably cooperate with DSHS or DSHS's representative (which may be a subsequent contractor) in carrying out the activities required to transition the Services and/or Deliverables in a safe and orderly manner without interruption. Without limitation, such transition may include providing additional Documentation or transfer of DSHS Data. Transfer of DSHS Data and knowledge transfer related to Services and Deliverables already performed will be at no additional charge to DSHS. Transition services that are in addition to Services and Deliverables will be subject to a separate transition Statement of Work. The parties agree that rates for such transition services will be the Contractor hourly rates set forth in the Special Terms and Conditions Consideration Section of this Contract. Contractor agrees to respond and perform promptly with respect to any such transition or transition services.

j. 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.

39. Damages and Remedies.

a. **Holdback**. Holdback Funds may be retained by DSHS in the event of default or breach of the Agreement by Contractor to cover costs or damages for Contractor's failure to adequately perform work or to cover any credits or remedies owed by Contractor to DSHS.

b. **Remedies – Cumulative Nature**. Notwithstanding anything in the Agreement to contrary, all rights and remedies provided in the Agreement are cumulative and not exclusive, and the exercise by DSHS of any right or remedy does not preclude the exercise of any other rights or remedies that

may now or subsequently be available to DSHS at law, in equity, by statute, or otherwise.

c. Holdback Funds not withheld pursuant to this Section shall be paid to Contractor within sixty (60) days after expiration or termination of this Contract. Holdback Funds retained by DSHS pursuant to this Section but not ultimately needed to cover costs or damages shall be paid to Contractor within sixty (60) days after the final determination of costs or damages is made by DSHS.

40. **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.

41. **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.

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.

43. 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, 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.

HIPAA Compliance

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

44. 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. Any reference to Business Associate in this Contract includes Business Associate's employees, agents, officers, Subcontractors, third party contractors, volunteers, or directors.

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.

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 least amount of PHI necessary to accomplish the purpose for which the PHI is needed.

k. "Protected Health Information (PHI)" means individually identifiable health information created, received, maintained or transmitted by Business Associate on behalf of a health care component of the Covered Entity 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. 45 CFR 160.103. PHI includes demographic information that identifies the Individual or about which there is reasonable basis to believe can be used to identify the Individual. 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 (in addition to its definition in the General Terms and Conditions) means a Business Associate that creates, receives, maintains, or transmits Protected Health Information on behalf of another Business Associate.

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

45. **Compliance**. Business Associate shall perform all Contract duties, activities and tasks 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.

46. **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 unauthorized 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.

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 not provided for by this Contract within one (1) business day 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 of which it becomes aware. Upon request by DSHS, Business Associate shall mitigate, to the extent practicable, any harmful effect resulting from the impermissible Use or disclosure.

g. Failure to Cure. If DSHS learns of a pattern or practice of the Business Associate that constitutes a violation of the Business Associate's obligations under the terms of this Contract and reasonable steps by DSHS do not end the violation, DSHS shall terminate this Contract, if feasible. In addition, If Business Associate learns of a pattern or practice of its Subcontractors that constitutes a violation of the Business Associate's obligations under the terms of their contract and reasonable steps by the Business Associate do not end the violation, Business Associate shall terminate the

Subcontract, if feasible.

h. Termination for Cause. Business Associate authorizes immediate termination of this Contract by DSHS, if DSHS determines that Business Associate has violated a material term of this Business Associate Agreement. DSHS may, at its sole option, offer Business Associate an opportunity 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, books, documents, electronic data and/or all other business information received from, or created or received by Business Associate on behalf of DSHS, to the Secretary of DHHS and/or to DSHS for use in determining compliance with HIPAA privacy requirements.

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 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 shall survive the termination or expiration of this Contract.

47.   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 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, 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. When the request is made by DSHS, 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 in a Designated Record Set as directed by DSHS or as necessary to satisfy DSHS's obligations under 45 CFR 164.526 (Amendment of Protected Health Information).

48. **Subcontracts and other Third Party Agreements**. In accordance with 45 CFR 164.502(e)(1)(ii), 164.504(e)(1)(i), and 164.308(b)(2), Business Associate shall ensure that any agents, Subcontractors, independent contractors or other third parties that create, receive, maintain, or transmit PHI on Business Associate's behalf, enter into a written contract that contains the same terms, restrictions, requirements, and conditions as the HIPAA compliance provisions in this Contract 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) .

49. **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).

50. **Liability**. Within ten (10) business days, Business Associate must notify DSHS of any complaint, enforcement or compliance action initiated by the Office for Civil Rights based on an allegation of violation of the HIPAA Rules and must inform DSHS of the outcome of that action. Business Associate bears all responsibility for any penalties, fines or sanctions imposed against the Business Associate for violations of the HIPAA Rules and for any imposed against its Subcontractors or agents for which it is found liable.

51.   Breach Notification.

a. In the event of a Breach of unsecured PHI or disclosure that compromises the privacy or security of PHI obtained from DSHS or involving DSHS clients, Business Associate will take all measures required by state or federal law.

b. Business Associate will notify DSHS within one (1) business day by telephone and in writing of any acquisition, access, Use or disclosure of PHI not allowed by the provisions of this Contract or not authorized by HIPAA Rules or required by law of which it becomes aware which potentially compromises the security or privacy of the Protected Health Information as defined in 45 CFR 164.402 (Definitions).

c. Business Associate will notify the DSHS Contact shown on the cover page of this Contract within one (1) business day by telephone or e-mail of any potential Breach of security or privacy of PHI by the Business Associate or its Subcontractors or agents. Business Associate will follow telephone or e-mail notification with a faxed or other written explanation of the Breach, to include the following: date and time of the Breach, date Breach was discovered, location and nature of the PHI, type of Breach, origination and destination of PHI, Business Associate unit and personnel associated with the Breach, detailed 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. Business Associate will address communications to the DSHS Contact. Business Associate will coordinate and cooperate with DSHS to provide a copy of its investigation and other information requested by DSHS, including advance copies of any notifications required for DSHS review before disseminating and verification of the dates notifications were sent.

d. If DSHS determines that Business Associate or its Subcontractor(s) or agent(s) is responsible for a Breach of unsecured PHI:

(1) requiring notification of Individuals under 45 CFR § 164.404 (Notification to Individuals), Business Associate bears the responsibility and costs for notifying the affected Individuals and receiving and responding to those Individuals' questions or requests for additional information;

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

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

52.   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 Contract shall be interpreted to permit compliance with the HIPAA Rules.

Special Terms and Conditions

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

    a. "E&E Status Tracker" or "Product #1" or "Product" or "the tracker" means the Integrated Eligibility and Enrollment (IE&E) Status Tracker to be developed under this Contract.

    b. "Force Majeure Event" shall mean to the extent that a party's performance of any of its obligations pursuant to this Contract is prevented, hindered or delayed by fire, flood, earthquake, forces of nature or acts of God, government actions, acts of war, terrorism, third-party strikes and third-party labor disputes, or any other similar cause beyond the reasonable control of such party.

    c. "HHS Coalition" means the Washington State Health and Human Services Enterprise Coalition, a collaborative that provides strategic direction, cross-organizational information technology project support and federal funding guidance across Washington's HHS organizations. It includes the Department of Social and Health Services (DSHS); the Department of Health (DOH); the Health Care Authority (HCA); the Department of Children, Youth and Families (DCYF); WaTech; and the Health Benefits Exchange (HBE).

    d. "Integrated Eligibility & Enrollment (IE&E) Program" is defined as a portfolio of projects and/or workstreams associated with modernization of a health and human services integrated eligibility and enrollment solution. This includes the Platform, Product #1, Technical Architecture & Design (TAD), Innovation and Customer Experience, Mainframe as a Service (MFaaS), ACES Mainframe Stabilization, Opportunities for Enhanced Service Delivery (OESD), ACES Maintenance & Operations Contract Transition, and ACES Mainframe as a Service Migration, as well as any other project that comes under leadership of the IE&E Program.

    e. "Platform" means the Integrated Eligibility and Enrollment (IE&E) platform to be developed under a separate DSHS Contract #2323-46924.

    f. "RFP" means DSHS RFP #2223-814 Request for Proposals for *Washington HHS Coalition Product #1: E&E Status Tracker*.

    g. "RFP Bidder Response" means Contractor's response to DSHS RFP #2223-814 *Request for Proposals for Washington HHS Coalition Product #1: E&E Status Tracker*.

    h. "Sprint Zero" means the 2-month that will be allotted to support vendor onboarding and the planning and setup for the MVP release.

    i. "Uptime" means the total amount of time a service is expected to be running and available for use, as set forth in Special Terms and Conditions Section 3.(e) Service Levels & Reporting below.

2. **Purpose and Period of Performance**. The purpose of this Contract is to obtain vendor services that will provide experience and support for the development and implementation of an Eligibility and Enrollment Status Tracker (Product #1). This tracker will provide Washingtonians with a single point of access for eligibility and enrollment across multiple Health and Human Services (HHS) Coalition programs, beginning with Food, Cash, and classic Medicaid programs. Additionally, it will offer eligibility workers, assistors, and applicants access to the same data, reducing confusion as they engage in discussion and support activities.

    DSHS enters into this Contract as the result of DSHS RFP #2223-814.

    a. DSHS incorporates by reference RFP #2223-814, including all Amendments and Attachments.

b. DSHS incorporates by reference the Contractor's written response, including any written addenda, to DSHS RFP #2223-814.

The initial term of this Contract is as set forth on the Contract cover page, starting on the date shown as "**Contract Start Date**" and ending on the date shown as "**Contract End Date**." DSHS may extend this contract for up to three (3) additional terms. Each additional term may be for up to two (2) years. Maximum consideration for each additional term shall be as set forth in the contract amendment / statement of work for the contract extension.

3. **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 below:

a. **Objectives**

Contractor shall design, develop, and build out an Eligibility and Enrollment Status Tracker that includes a new front end designed to be responsive, accessible, inclusive, and intuitive to eligibility workers, assistors, and applicants. Services will include all aspects of software development, including initial planning, user research, design, software development and coding, prototyping, documentation, testing, and configuration, as well as ongoing refinement and maintenance until ownership is transitioned to the State.

The parties intend that the Services and Deliverables will be accomplished by relying on agile development principles to the extent appropriate and through active and ongoing collaboration between state staff (including from DSHS, the HHS Coaltion and from other relevant state agencies) and Contractor's Key Personnel (Scrum Master, Technical Lead, Design Lead) and other resources.

The Product #1 team will be jointly staffed by Contractor staff and DSHS personnel (e.g., Product Owners, Scrum Master, Technical Lead, Full Stack Developer), who will work together to achieve these objectives and the following intial set of **Product 1 Deliverables (Features)**:

(1) Discovery and Planning – Sprint Zero (2 months)

As this is an Agile project, exact dates for some Deliverables may not be known upon contract execution. The Contractor will work with State Staff and the Product #1 team during Sprint Zero to develop a release plan that defines the MVP and establishes timelines and expectations. Activities in Sprint Zero include the following:

(a) Kickoff and Onboarding:

i. Gain clear understanding of mission, vision and goals of the Eligibility & Enrollment Status tracker

ii. Define expectations and project success metrics

iii. Assess Agile training needs for Product #1 team members and develop a plan for ongoing coaching/training throughout the project

iv. Understand project governance structure and communication plan

(b) Agile and Development Process/Framework:

i. Establish Agile ceremonies and cadence

      ii.   Define the Sprint Definition of Done

     iii.   Normalizing on user story and acceptance criteria format

     iv.   Establish testing methodology and approach, including how to incorporate user feedback in design and testing

     v.   Define release plan

     vi.   Establish CI/CD approach and methodology

(c) Product Backlog:

     i.   Review Product #1 roadmap and begin prioritizing features and user stories

     ii.   Identify and conduct any research needed to provide clarity or feasibility to the development of features/user stories

(d) Process/Tools

     i.   Development infrastructure setup

     ii.   Refine and approve technology architecture

     iii.   Address access needs (e.q. software, equipment, programs)

     iv.   Establish technology stack and toolset

     v.   Identify and establish any processes that may be required for the future success of the project

(2) Future Sprints for MVP Product Features

Features selected as part of the MVP will be defined during Sprint Zero and developed within 7 months immediately following. At a minimum, the MVP will include Features (a) through (n) listed below. Features not included in the MVP will be included in the enhancement phase within 7 months following MVP implementation.

Method of Surveillance: Initial release of each of the Product #1 Features will be reviewed through 100% inspection, as individual user stories for the features must meet specific testing acceptance criteria and the definition of done.

Identity Access Management is a Product #1 epic and security framework that enables IE&E to manage the identities and access of users across the system, applications, and data to ensure the right people have the right access to the right resources at the right time, while maintaining compliance with regulatory requirements and industry standards. This epic includes the first three Product #1 Features; User Account Creation, User Login, and Roles Based Account Management.

(a) **User Account Creation**

Allow different types of users to create an account based on how/why they are accessing the tracker to view the status of client eligibility and ongoing benefit information.

    i.   Expectations:

       (A) A variety of user types need to be able to create an account to access the tracker using a mobile-friendly, intuitive user interface.

       (B) User account needs to validate against the identity management solution.

    ii.   Outcomes:

       (A) Users can create an account using their identifying information and they can use this information to login to the system.

(b) **User Login**

Ability for users to log in to the tracker in a secure and easy way.

    i.   Expectations:

       (A) There will be a page created for users to enter their login information.

       (B) The landing page will provide an area for users to reset their password, or contact technical assistance for login issues.

       (C) Users will be able to leverage an existing account (Secure Access Washington) to access the status tracker.

    ii.   Outcomes:

       (A) Users will be able to log in using their identifying information.

(c) **Roles Based Account Management**

The tracker will be able to filter information and customize the functionality based on user role and permission level.

    i.   Expectations:

       (A) A given user's account authorization is assigned using roles-based access control.

       (B) The system will grant permissions.

       (C) There will be functionality available for support staff to manually change or suspend permissions.

    ii.   Outcomes:

       (A) Users can only access the information granted within the roles-based access control.

(d) **Display Pending Application Information**

Display pending application status, including additional information about what is needed to determine eligibility and next steps in the application process, and outcome.

    i. Expectations:

      (A) Users can see the status and outcome of their pending application.

      (B) Users can see their status in the application process and the next steps to complete their application.

    ii. Outcomes:

      (A) Users can quickly complete the steps to finish their application.

      (B) Increase transparency in the application process.

(e) **Display Current Eligibility Information and Status**

Allows users to see a list of active programs and additional information such as certification start and end dates, benefit amount and benefit issuance date.

    i. Expectations:

      (A) Users can see their demographic information in the tracker.

      (B) Users can see what benefits they're receiving, including amounts, certification periods, and issuance amounts.

      (C) Users can link to external resources including FIS/Edge and ProviderOne Medical Services card.

    ii. Outcomes:

      (A) User will be able to more effectively utilize their benefits.

      (B) Users will know the duration of their eligibility.

      (C) Users will have more transparency around their access to current benefits.

      (D) Users are able to access resources that provide them more information about their benefits.

(f) **Display Historical Eligibility and Benefit Information**

Allows users to see a list of closed programs and additional information such as closed or termination dates, reason for closure, and historical benefit amount and issuance date.

    i. Expectations:

      (A) Users can view what benefits they've received, including closure information and benefit amounts.

      (B) Users can quickly understand what they need to do to reinstate or reapply for benefits.

    ii. Outcomes:

(A) Users will understand when and why their benefits closed, so they can correct any discrepancies.

(B) Users can access prior benefits information using the tracker.

(g) **Display Eligibility Renewal Information**

Display eligibility renewal information including the status of the review, additional information about what is needed to determine eligibility and next steps in the review process.

i. Expectations:

(A) Users can view the status and outcome of their pending renewal.

(B) Users can view the status of their renewal and what the next steps are to complete their renewal.

(C) Page can seamlessly link to Washington Connection (without having to log in), so users can complete their renewal online.

ii. Outcomes:

(A) Users can understand what information is needed to complete an eligibility renewal.

(B) Users' benefits can continue without interruption.

(C) Increase transparency in the renewal process.

(h) **Display relevant contact information for questions about status**

Display appropriate contact information (such as agency, office, or specific worker) based on the combination of program(s) the client is applying for or receiving.

i. Expectations:

(A) Users can view which agency, office, and/or worker they should contact with questions about their benefits.

(B) Agency contact information will update based on what type(s) of service the client is applying for or receiving.

ii. Outcomes:

(A) Users can contact the correct person to answer questions the user has on their case.

(i) **Content Management (agency ability to update announcements & messages on the site)**

Allow agencies and non-IT staff the ability to update announcements and messages on the site in real time with a simple user interface.

i. Expectations:

(A) User can view up-to-date announcements from agencies in real time.

(B) Agency staff can make the updates outside of a release cycle and without code changes.

(C) Announcements should be able to target applicable populations based on region and program type.

(D) Multiple announcements should display simultaneously, if applicable.

ii. Outcomes:

(A) Users can receive current and relevant information about their services, by location or program type to increase awareness around impacts.

(B) Agency staff can notify users efficiently to increase transparency.

(j) **User Feedback and Comments**

Develop a mechanism where users can submit feedback and comments on their user experience.

i. Expectations:

(A) Users can provide feedback regarding their experience using the tracker

(B) Agency staff can receive user experience feedback from the tracker.

ii. Outcomes:

(A) Users can provide input regarding their experience.

(B) Agency staff can interpret data and determine what areas of the tracker are working well and what needs improvement.

(k) **Non-English Languages**

Users will be able to view the tracker in their preferred language.

i. Expectations:

(A) Users can view the tracker in their preferred language. The list of languages will initially include English, Spanish, and Russian. Additional languages will be added after MVP Release based on prioritization in Sprint Planning. Translations for languages selected will be provided by DSHS.

ii. Outcomes:

(A) Users whose first language is not English can efficiently and effectively receive information, increasing transparency.

(B) Users can have an equitable experience regardless of their preferred language.

(l) **System Usage and Monitoring Reports**

The tracker will be able to provide usage and monitoring reports regarding performance of the tracker.

   i.   Expectations:

   (A) Agency staff can see usage volume, uptime/downtime, and broken links.

   ii.   Outcomes:

   (A) Agency staff can be aware of any defects or issues that arise.

   (B) Agency staff can see how users are accessing the tracker (e.g. desktop, mobile page, etc.)

(m) **Status Notifications / Push Notifications**

Inform clients when there is a change in their eligibility status and benefit information.

   i.   Expectations:

   (A) Users can receive notifications when there is a change in their application, or eligibility status.

   (B) Users can indicate their preferred notification method.

   (C) Users can elect to receive reminders regarding deadlines for applications and renewals.

   ii.   Outcomes:

   (A) Users can access information about changes to their benefits in their preferred method.

   (B) Increased transparency in the eligibility process.

   (C) Users can receive information about status updates as soon as an action is taken, so they can proceed to next steps.

   (D) Users will know when their status has changed without having to continuously log into the tracker to check for updates.

(n) **Display Bills and Medical Expenses**

The tracker will display the type, amount and provider of the medical bills/expenses used to determine eligibility for spenddown.

   i.   Expectations:

   (A) Users will be able to see details about medical bills/expenses they've provided and are being used for their spenddown.

ii. Outcomes:

(A) Users can tell how close they are to meeting their spenddown, and what they have provided so they don't send in duplicates of the same medical bill/expense.

b. **Program Managers**: Each party will identify a Program Manager who will be the primary point of contact for each party. The Program Managers as of the Effective Date are:

(1) DSHS:
    Dan Renfroe
    IE&E Deputy Program Director
    dan.renfroe@dshs.wa.gov

    Curt Parkinson
    IE&E Vendor and Contract Manager
    curt.parkinson@dshs.wa.gov

(2) Contractor:
    Chris Paige
    Accenture Project Manager
    christopher.m.paige@accenture.com

c. **Eligibility and Enrollment Status Tracker Deliverable Review**:

(1) Roles and Responsibilities

Accurately reviewing and accepting each of the Product 1 Deliverables is supported by DSHS and the HHS Coalition partners, with facilitation provide by the IE&E Program Management Office (PMO) Team. The Contractor shall satisfy their responsibilities outlined in the table below as it relates to the Product 1 Deliverable review process. Specific names are assigned to each of the roles during Sprint Zero.

Role	Responsibilities
Contractor	Submit Product 1 Deliverables. Perform walkthroughs and demonstrations of Product 1 Deliverables with the Review Team. Address feedback from Product 1 Deliverable reviews.
State Contract Manager	Approve or reject Product 1 Deliverables based on outcome of review.
PMO Team	Coordinate with Review Coordinators for review of Product 1 Deliverables across DSHS and the HHS Coalition partners. Store Product 1 Deliverables within the Product 1 document repository (as appropriate). Escalate conflicting Review Team comments to Contract Manager for reconciliation. Communicate review status and feedback to Contract Manager, Contractor, and Governance Committees (e.g., Architecture Review Board).
Review Coordinator	Identify Review Team members within their organization for each Product 1 Deliverable. Distribute Product 1 Deliverables and instructions to their Review Team members. Consolidate review comments and return to PMO Team.
Review Team	Review Product 1 Deliverables in a timely manner. Submit comments to their organization Review Coordinator using the Product 1 Deliverable review comment log.

Role	Responsibilities
Governance Committees	Review Product 1 Deliverable status during committee meetings.

(2) Review Process

    (a) Identification (Pre-Submission)

        i.   All Product 1 Deliverables will be labeled as identified in the Statement of Work (SOW). For each Product 1 Deliverable, DSHS and the Contractor will mutually agree upon a Product 1 Deliverable Expectation Document (DED) that outlines the expected format, content and mutually agreed acceptance criteria. The DED will be developed prior to work commencing on the Deliverable.

        ii.   The PMO Team populates the Product 1 Deliverable Review Tracking Log with Product 1 Deliverables for each executed contract (and amendments as appropriate).

    (b) Review Preparation (Pre-Submission)

        i.   At least one week before the Product 1 Deliverable is due, PMO Team confirms with Contractor that the Product 1 Deliverable is on schedule. PMO Team notifies Review Coordinators and, if desired, schedules the Product 1 Deliverable walkthrough.

    (c) Submission

        i.   Contractor submits the completed Product 1 Deliverable to the Contract Manager and PMO Team based on the process outlined in the contract or in the DED.

    (d) Receipt

        i.   PMO Team logs the Product 1 Deliverable receipt in the Product 1 Deliverable Review Tracking Log and stores the artifact(s) in the Product 1 project library, as appropriate.

        ii.   PMO Team sends the Product 1 Deliverable to Review Coordinators with instructions and timelines.

    (e) Walkthrough

        i.   If scheduled, Contractor performs a walkthrough of the Product 1 Deliverable with the Review Team.

    (f) Review

        i.   Review Team conducts review based on their expert judgment and the acceptance criteria in the DED to confirm completeness of the Product 1 Deliverable.

        ii.   Each Review Coordinator provides PMO Team with a combined set of comments from their organization.

    (g) Submit Feedback

        i.   PMO Team consolidates feedback from each partner. If partner feedback needs to be reconciled, it is escalated to Contract Manager for resolution.

     ii.   PMO Team submits feedback to Contract Manager and Contractor.

(h) Product 1 Deliverable Updates

     i.   If the Product 1 Deliverable requires updates (not a formal rejection), then Contractor addresses the feedback and provides an updated Deliverable (refer to Submission step).

(i) Product 1 Deliverable Acceptance

     i.   When Review Team is satisfied with the Product 1 Deliverable, then PMO Team recommends approval of the Product 1 Deliverable to Contract Manager.

     ii.   Contract Manager notifies Contractor via email that the Product 1 Deliverable is approved.

d. **Assignment of Staff**

(1) The Contractor shall provide the following staff to work for at least the approximate number of hours described. DSHS may at their sole discretion, without cause, and at any time during the term of the Contract, require immediate replacement of a Contractor's employee(s). Unless authorized in writing in advance by the DSHS Program Manager, subcontracting or substituting proposed Contractor staff/employees with other staff/employees will not be allowed. The DSHS Program Manager will have the sole discretion to accept or reject such proposal.

(a) Contractor's Resource Table:

Staff Member	Role	Key Personnel	Approximate Hours over 16-month Term
Elizabeth Bladow	Program Manager		138 Hours
Chris Paige	Scrum Master	✓	1381 Hours
Russ Helfand	Technical Lead	✓	1180 Hours
Adriana Montana	Design Lead	✓	980 Hours
TBD	Front End Developer		2180 Hours
TBD	Full Stack Developer		1400 Hours
TBD	Full Stack Developer		2162 Hours
TBD	Full Stack Developer		1972 Hours
Atenas Fernandez	Business Analyst		1414 Hours
TBD	DevOps Engineer		320 Hours

(2) Key Personnel

(a) The following are Contractor's designated Key Personnel. Contractor shall not make changes to such Key Personnel during the term of the Contract except as requested or approved by DSHS.

     i.   Chris Paige, Scrum Master

     ii.   Russ Helfand, Technical Lead

      iii. Adriana Montana, Design Lead

(b) Substitutions of any of the Key Personnel identified above must be approved in writing in advance by the DSHS Program Manager. Changes to Key Personnel will only be deemed justified in the event of sudden illness, death, change of employment, or termination of employment for cause. Requests by Contractor to make a substitution of Key Personnel must include a detailed explanation of the justifying circumstances, a transition plan and a complete résumé for the proposed substitute or addition, including skills, experience, training, and security clearance level (if applicable).

(c) Contractor must notify DSHS within 24 hours of learning of an event that would justify the replacement of a Key Personnel. Contractor must provide an acceptable replacement to DSHS within ten (10) Business Days after the originally assigned Key Personnel has left.

(3) As a condition of accepting Contractor's proposal for Key Personnel changes, DSHS may require Contractor to compensate DSHS for any training and administrative costs incurred by DSHS in association with such replacement. Such compensation will be in the form of a credit against Contractor's monthly invoice charges to DSHS by Contractor not billing DSHS for hours worked during the first ten (10) Business Days replacement Key Personnel begins work. If DSHS does not accept Contractor's proposed change and Contractor is unable to provide acceptable personnel to DSHS within ten (10) Business Days after the originally assigned Key Personnel have left, then DSHS may terminate the Contract.

(4) DSHS may assign other Contractors and/or DSHS staff to work with the Contractor. The Contractor shall work collaboratively and share knowledge and expertise with DSHS to ensure a successful and timely completion. Additionally, this includes collaboration with other IE&E program projects and workstreams that may be happening in parallel.

e. **Service Levels & Reporting**

(1) <u>**Service Level Requirements**</u>

These Service Level Requirements shall cover all in-scope services to support Product #1 development. These requirements are in addition to expectations around Agile Warranty Services included within the Agile Development process as functionality is developed.

The Contractor shall meet or exceed the requirements listed below:

Severity	Description	Performance Requirement
1 – Catastrophic	**Initial System Development:** Deficiency fully prevents development and testing activities from being performed on Product #1. No work around exists that would allow development and testing activities to continue. All Product #1 users are impacted.	From the time the deficiency is assigned to the Contractor queue, Contractor shall: • Acknowledge the deficiency within 30 minutes • Provide an initial impact analysis and mitigation plan within two (2) hours • Prioritize deficiency within four (4) hours and resolve no later than (8) hours

Severity	Description	Performance Requirement
	Ongoing Production Operations: Incident that causes failure of the System or unrecoverable data loss or exposes DSHS to a critical security vulnerability. Responsible action requires the System to be shut down. There is no work around. The Incident prevents the System from meeting most of the Specifications.	From the time the incident is assigned to the Contractor queue, Contractor shall: • Acknowledge the incident within 30 minutes • Provide an initial impact analysis and mitigation plan within one (1) hour • Prioritize incident within two (2) hours and resolve no later than four (4) hours
2 – Major	**Initial System Development:** Deficiency severely impairs development and testing activities from being performed on Product #1. A work around may exist, but its use is unsatisfactory.	From the time the deficiency is assigned to the Contractor queue, Contractor shall: • Acknowledge the deficiency within 30 minutes • Provide an initial impact analysis and mitigation plan within two (2) business hours • Prioritize deficiency within four (4) hours and resolve no later than 12 hours
	Ongoing Production Operations: Incident results in severely impaired business functionality such that data is improperly processed or stored. A work around may exist, but its use is unsatisfactory. Responsible action requires the System to be fixed as soon as possible, dropping all other development priorities.	From the time the incident is assigned to the Contractor queue, Contractor shall: • Acknowledge the incident within 30 minutes • Provide an initial impact analysis and mitigation plan within two (2) business hours • Prioritize incident within four (4) hours and resolve no later than eight (8) hours
	Initial System Development: Deficiency partially impairs development and testing activities from being performed on Product #1. There is a reasonably satisfactory work around.	Deficiency shall be addressed and corrected within two (2) weeks unless an extended resolution timeframe is approved in advance by DSHS.
3 – Moderate	**Ongoing Production Operations:** Incident causes partial failure of the System. There is a reasonably satisfactory work around. Responsible action requires the System to be repaired at the next scheduled opportunity.	Incident shall be addressed and corrected within two (2) weeks unless an extended resolution timeframe is approved in advance by DSHS.

Severity	Description	Performance Requirement
4 – Standard	**Initial System Development:** Deficiency has limited or no impact to development and testing activities from being performed on Product #1. A work around exists, or the impairment can be tolerated. A limited number of users are impacted.	Deficiency shall be addressed and corrected within three (3) months unless an extended resolution timeframe is approved in advance by DSHS.
	Ongoing Production Operations: Incident of moderate significance or piece of functionality which is not critical. A work around exists, or the impairment can be tolerated. A limited number of users are impacted.	Incident shall be addressed and corrected within three (3) months unless an extended resolution timeframe is approved in advance by DSHS.

(2) **Liquidated damages**:

Failure by Contractor to perform the following obligations will interfere with the proper and timely provision of service of DSHS clients, to the loss and damage of DSHS. In the event of failure, Contractor will incur damages/reduction in payment as detailed in the table below. These damages are in addition to and on top of any other remedies available to DSHS under this agreement provided, however, in no event shall Contractor be liable for duplicate payment of a remedy for any specific non-compliance with any of the terms and conditions under this Contract.

Metric	Description	Amount
Implementation	Operational Product #1 Production Infrastructure is not fully implemented, integrated, and live by an agreed upon target date determined during Release 1.	$10,000 per business day until system is live.
Uptime	Total average Uptime is less than 99.5% for any one (1) month period.	$1,000 per month.
Severity – 1	Contractor does not address a severity 1 (Catastrophic) incident within the service level requirements.	$5,000 per business day until incident is corrected.
Severity – 2	Contractor fails to address a severity 2 (Major) incident within the service level requirements.	$1,000 per business day until incident is corrected.

(3) **Maximum Monthly At-Risk Amount**

(a) The Maximum Monthly At-Risk Amount associated with Liquidated Damages tied to service level failures will be 15% of the applicable monthly service fees for that month for the services, excluding any fees for taxes, expenses, etc.

(b) In no event will the aggregate value of Liquidated Damages payable by Contractor with

respect to all service level failures in a month exceed the Maximum Monthly At-Risk Amount, even if service level failures occur for a group of service levels for which the sum of their associated Liquidated Damages would otherwise have exceeded the Maximum Monthly At-Risk Amount.

(4) **Initial Measurement and Baselining Period**

   (a) With respect to the ongoing operations SLAs (Uptime, SLA-1, and SLA-2), a Baselining Period of sixty (60) days will occur following the completion of implementation.

   (b) During the Baselining Period, Contractor will use commercially reasonable efforts to perform the services at the level specified for each service level, however, Contractor will not be liable for Liquidated Damages or other remedies that might otherwise arise from any service level failures that occur during such Baselining Period.

   (c) Upon completion of the Baselining Period, the parties will review the actual performance against the service level targets as specified and mutually agree to any necessary changes to overall staffing levels that would be required to achieve the service levels targets on an ongoing basis. Alternatively, the parties may mutually agree to adjust the service level targets in a manner that would allow the current staffing levels to continue unchanged.

(5) **Excused Performance**

   (a) Supplier will not be responsible for any service level default to the extent it is caused by:

   i. DSHS (or DSHS third party supplier's) failure to perform any of its responsibilities set forth in the SOW or acts, errors, omissions, or breaches of this SOW on the part of DSHS (or DSHS third party supplier(s); performance shall be excused where delay is because of either the delay from DSHS third party or the service level with the third party gives them more time to resolve than is allowed by the Supplier service level;

   ii. Infringement of third-party proprietary rights by DSHS or any of DSHS third party suppliers;

   iii. Willful misconduct or violations of law by DSHS or any of DSHS third party suppliers;

   iv. Service or resource reductions requested or approved by DSHS and agreed to by the parties through an amendment to this Contract; provided that Contractor previously notified DSHS in writing that the implementation of such request would result in a service level default;

   v. Any Force Majeure Event as defined in the Agreement in which the services are performed during the execution of a business continuity plan or disaster declared in accordance with this SOW;

   vi. DSHS reallocation of Contractor resources then being used to provide the services to the provision of termination assistance services; provided that the reallocation adversely affects the ability of Contractor to meet applicable service levels;

   f. **Design and Development**

   (1) Agile Development Services

Special Terms and Conditions

(a) Agile Development Services. The Contractor is expected to deliver the Eligibility and Enrollment Status Tracker in an iterative manner leveraging agile principles and values. It is expected that the Contractor incorporates a scrum Agile framework and all the appropriate ceremonies. Therefore, Contractor shall:

    i.   Maintain a visible and prioritized backlog of work made up of user stories that include a concise description of the capability requested and clear Acceptance Criteria (as mutually established by the parties) to outline completion of the capability (Sprint Deliverable).

    ii.   Hold/attend regular stakeholder sessions to discuss priority changes and issues that are being encountered.

    iii.   Agree on an increment of work to be accomplished during an iteration.

    iv.   Hold/attend a daily status/planning meeting on what work was accomplished since the last meeting and the strategy for accomplishing work until the next meeting.

    v.   Deliver a shippable product at the end of each iteration and can demonstrate the working product.

    vi.   However, there will be situations where the Contractor will be required to interface with processes within DSHS that are not agile. In these instances, the Contractor will be expected to work with the appropriate DSHS staff to create a strategy to interface with existing processes.

(b) Agile Warranty Services.

    i.   Contractor shall address and fix any defects in a current or subsequent iteration.

    ii.   Contractor shall resolve any issues related to defects within 30 days of identification.

    iii.   DSHS shall utilize the Quality Assurance Surveillance Plan, included as Exhibit C, to monitor and report defects.

    iv.   For the avoidance of doubt, the Eligibility and Enrollment Status Tracker and all associated Deliverables shall conform with the summation of all Requirements associated with each individual Deliverable and with all representations and warranties.

(c) Deliverable Acceptance. If testing of Deliverables identifies that a Deliverable has failed to meet its Acceptance Criteria for any reason, DSHS may:

    i.   reject the Deliverable and the Contractor shall re-supply the Services or Deliverable to rectify any non-conformance;

    ii.   accept the Deliverable notwithstanding any non-conformance; or

    iii.   partially accept the Deliverable and require Contractor to correct any non-conformances as part of a subsequent Deliverable or new Deliverable as appropriate.

(d) Rejection or partial rejection. If DSHS rejects or partially rejects a Deliverable pursuant to Subsection 3.f.(1)(a) or 3.f.(1)(c) above, as applicable, then:

i. in respect of a total rejection, Contractor shall not be entitled to the fees in respect of that Deliverable; and

ii. in respect of a partial rejection, the fees shall be reduced to the extent that the Deliverable has been rejected by DSHS.

(2) In-Scope Services: Using agile principles of development and working in active collaboration with DSHS and HHS Coalition staff, Contractor shall accomplish the following Requirements:

(a) **Governance**

i. Contractor shall provide comprehensive visibility of all Product assets.

ii. Contractor shall provide processes and tooling for continuously identifying and prioritizing Product work needed to support teams across DSHS and HHS Coalition.

iii. Contractor shall provide an approval mechanism for approving Product services before implementing them which includes alignment with state requirements, such as ECC and WaTech Security Standards.

iv. Contractor shall provide ongoing knowledge transfer and specified training to staff that is relevant to Product 1 functionality.

v. Contractor shall work with HHS Coalition staff to identify Key Performance Indicators and develop dashboards across strategic, executive, and operational levels with an understanding of underlying data, data sources, and analytics.

vi. Contractor shall define and implement a process for continuously identifying and prioritizing Product work needed to support teams across DSHS and the HHS Coalition.

vii. Contractor shall perform review of services included in the Contract and to amend and modify as time passes to tailor services to HHS Coalition and DSHS needs.

(b) **Federal and State Regulatory Compliance**

i. Contractor shall adhere to DSHS Security Policies and Standards.

ii. Contractor shall adhere to Washington State Office of Cyber Security (OCS) policies and standards, including Security Design Review, and application security requirements included in the Office of Chief Information Officer (OCIO) Standard 141.10.

iii. Contractor shall adhere to any applicable federal compliance regulations, policies, and standards applicable, including IRS Pub. 1075, to the programs which will be supported by the Eligibility and Enrollment Status Tracker.

iv. Contractor shall ensure and demonstrate that the Eligibility and Enrollment Status Tracker is in compliance with state OCIO and federal standards. It shall also integrate with State approved Authentication and Authorization systems.

v. Contractor shall demonstrate compliance and safeguards via a SOC 2 report.

vi. Contractor shall ensure compliance with Section 508 of the Rehabilitation Act of 1973. The Rehabilitation Act of 1973, as amended (29 U.S.C. Section 792), requires equal

access for people with disabilities to programs and activities that are funded by Federal agencies, including equal access to electronic and information technology. The Department of Homeland Security has a list of 508 web and software tools that may be utilized to achieve Section 508 Accessibility Standards here: https://www.dhs.gov/508-tools . For more information about the Voluntary Product Assessment Template (VPAT), please refer to CMS.gov. The VPAT provides internal CMS Section 508 stakeholders with key insights on a vendor's reported 508 compliance level for a solution targeted for procurement and/or formal testing. Link: https://www.cms.gov/research-statistics-data-systems/section-508/contractors-developers/voluntary-product-assessment-template-vpat-information .

(c) **Data**

   i.   Contractor shall use Microsoft Azure Commercial (MAC) based storage in DSHS Management Group within the WaTech tenant to the maximum extent possible consistent with state and federal security requirements.

   ii.   Contractor shall be available to consult HHS Coalition regarding the use of data stores such as databases, data lakes, and analytic data stores.

   iii.   Contractor shall ensure data stores integrate with existing data stores, including on-premise data stores, as appropriate using developed integrated services.

   iv.   Contractor shall ensure data at rest is encrypted.

   v.   Contractor shall ensure data in transit is encrypted using State-issued certificates.

   vi.   Contractor shall support Product data masking for sensitive data points.

   vii.   Contractor shall ensure disaster recovery is in place, including managing and operating backup restoration. Additionally, the Contractor is responsible for testing the disaster recovery solution to ensure the process is documented and tested and the test results are reviewed, approved, and accepted at regular intervals.

   viii.   Contractor shall use key vault.

   ix.   Contractor shall use secure mechanisms for passwords, secrets, etc.

   x.   Contractor shall follow HHS archival and retention policies.

   xi.   Contractor shall use managed data services wherever possible.

   xii.   Contractor shall implement data store(s) that are appropriate for the data that is being stored and that integrate with existing systems utilizing developed integrated services.

   xiii.   Contractor shall ensure that Confidential Information and production Data, including Federal Tax Information (FTI), is not accessed outside of the United States or its territories. Additionally, Contractor will ensure that Confidential Information and production Data, including FTI, is not received, stored, processed, or disposed of via information technology systems located off-shore.

(d) **Software Development**

i.   Contractor shall build out a continuous integration, development, and delivery (CI/CD) pipeline in support of a DevSecOps model and Agile development.

ii. Contractor shall use a DSHS approved code repository that has security at rest.

iii. Contractor shall use Azure DevOps (ADO) boards to support and track epics, user stories, etc.

iv. Contractor shall enable unit and automated regression testing as well as support the setup and execution of user testing, including delivery of a set of applicable test scripts.

v.   Contractor shall ensure security application testing is embedded in the pipeline and code scanning is embedded in the pipeline. Testing will be conducted using the Chrome and Edge browsers.

vi. Contractor shall ensure approval process and code promotion is embedded in the pipeline.

vii. Contractor shall ensure performance testing is embedded in the pipeline.

viii. Contractor shall be able to support multiple environments at scale in a highly elastic state. Environments must include Development, Test, Training, Production, and others as applicable.

ix. Contractor shall provide customer service and support for various product teams at DSHS and the HHS Coalition, including support for developed processes or tools, and consultations on infrastructure-related questions.

(e) **Data Integration**

i.   The Contractor shall ensure data integration uses federal standards where applicable.

ii. Contractor shall ensure data Integration is able to perform Service Bus functionality where needed.

iii. Contractor shall use MuleSoft as the API Gateway unless there is a compelling reason not to do so. If Contractor wishes to utilize a different API Gateway, the Contractor must receive approval from the State.

iv. Contractor shall satisfy the following API Gateway and development requirements:

(A) Create conceptual and solutions architecture designs to include the API Gateway and its interactions with ACES and any other source systems.

(B) Use the dedicated API Gateway within the already existing HHS Coalition API Gateway solution.

(C) Configure Product 1 specific configurations on an existing API gateway, while ensuring flexibility to support future IE&E Products and releases, including integration with the IE&E Platform and Coalition Source Systems (e.g., ACES). The Product 1 configurations will initially be supported by the Contractor and then maintained and enhanced by the state Platform team.

(D) Define user roles needed to build, implement, operate, and maintain the IE&E API Gateway.

(E) Identify and document the list of required APIs needed to support the Product 1 team.

(F) Complete design, development, and testing of the required APIs identified in requirement (A) above, working with the HHS Coalition Product and Platform teams.

(G) Implement and deploy the APIs by working with the Product Team and ACES M&O vendor to implement.

(H) Create and publish API documentation including information regarding how to invoke and consume the service.

(I) Design and develop, in collaboration with HSS Coalition teams, operational processes including monitoring and administration requirements for APIs.

(J) Design and configure any required custom dashboards or reports needed in the API Gateway to display performance and usage if not available in the out-of-the-box offerings.

(f) **Application Services**

i. Contractor shall ensure application services support the use of service layers (RESTful APIs).

ii. Contractor shall ensure application services support use of server-less architectures.

iii. Contractor shall ensure application services support the use of containerization including a registry, orchestration, and image integrity.

iv. Contractor shall ensure application services support no-downtime deployments.

v. Contractor shall ensure application services support instrumentation of application for performance and health monitoring.

vi. Contractor shall ensure application services provide self-service access to the service catalog by the development teams with appropriate approvals and permissions.

vii. Contractor shall ensure application services define and enable the service catalog, service configuration standards, and deployment policies.

viii. Contractor shall ensure application services support product teams to ensure multi-tenancy, autoscaling and easy integration and administration in their system design.

ix. Contractor shall ensure application services maintain container images.

x. Contractor shall ensure latest patches and version updates are applied, following a safe deployment sequence across environments and DSHS's Patch Management processes.

xi. Contractor shall ensure application services provide security between services in the containers is set up.

xii. Contractor shall ensure application services provide caching design and configuration.

(g) **Containers Management**

i. Contractor shall ensure base image governance.

ii. Contractor shall ensure base image includes all production required software, unless there is an agreed-upon exception with HHS Coalition staff.

iii. Contractor shall set up Azure Red Hat Open Shift (ARO) projects (or alternate comparable technology approved by the State).

iv. Contractor shall ensure infrastructure as code includes all configuration changes as part of container.

v. Contractor shall ensure database as a service is set up and operated.

vi. Contractor shall ensure use of probes (readiness and liveness) to manage performance and avoid slowness.

vii. Contractor shall use three (3) pods as minimum number to avoid impacts of cluster management.

viii. Contractor shall provide response time observability of all endpoints to rapidly triage

(h) **Services Management**

i. Contractor shall establish quick response, asynchronous saga patterns whenever possible.

ii. Contractor shall draft and maintain documentation for services.

iii. Contractor shall work with the Legacy ACES team (state, vendor) and build bi-directional API integration utilizing the API gateway services to ensure Products and legacy system can communicate and exchange data.

(i) **Accessibility**

i. The Contractor shall exercise commercially reasonable efforts to comply with the Office of Chief Information Officer (OCIO) Standard 188.10 – Minimum Accessibility Standard located at https://ocio.wa.gov/policy/minimum-accessibility-standard. The Contractor shall additionally regularly review its systems and at the commencement of the Contract, and annually thereafter, certify to DSHS that their Services meet OCIO Standard 188.10.

ii. The Contractor shall comply with Section 508 of the Rehabilitation Act of 1973 (29 USC § 794d) including completion of a Voluntary Product Assessment Template version 2.0 or higher. For more information about the Voluntary Product Assessment Template (VPAT), please refer to CMS.gov. The VPAT provides internal CMS Section 508 stakeholders with key insights on a vendor's reported 508 compliance level for a solution targeted for procurement and/or formal testing. DSHS will conduct testing and validation of Section 508 compliance as part of User Acceptance Testing. Contractor will be responsible for remediation of accessibility issues identified from this testing.

(3) Out-of-Scope Services

IE&E Platform Development will be the responsibility of the IE&E Platform team. The Eligibility and Enrollment Status Tracker (Product #1) Contractor shall work collaboratively with the IE&E Platform team.
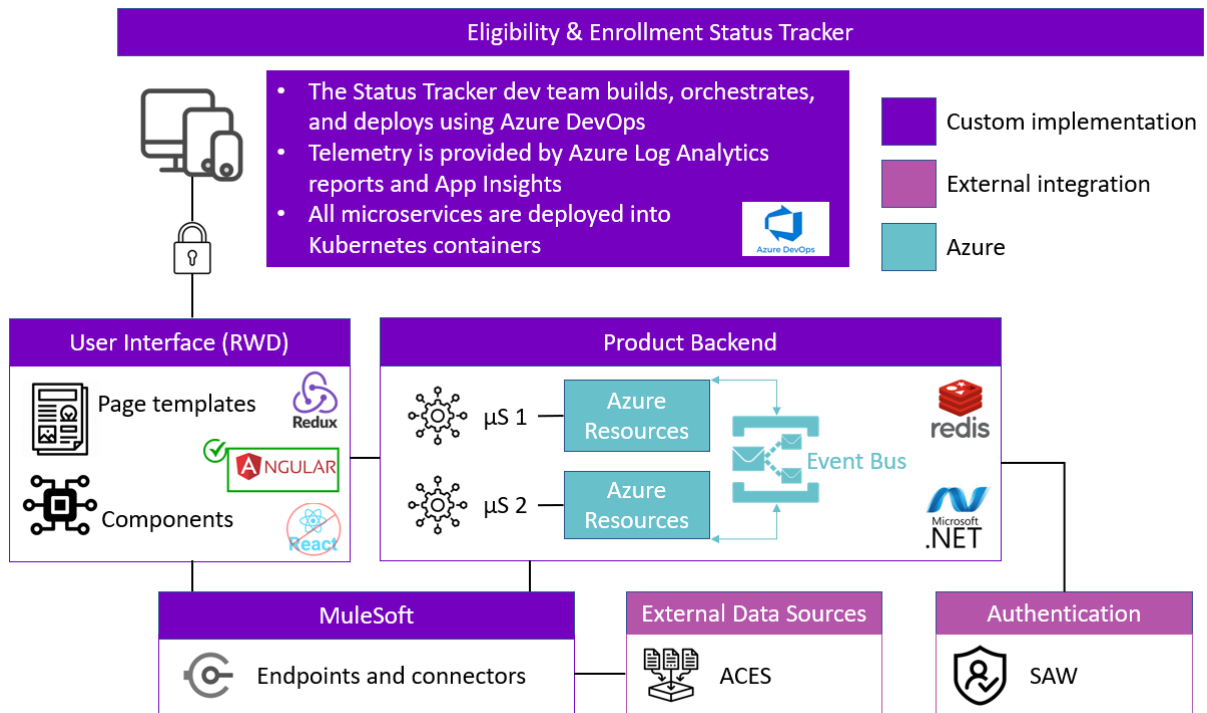
DSHS will be responsible for providing the ACES side of the data integration APIs.

(4) Retained Responsibilities

DSHS will be responsible for procuring/providing all software licensing and cloud service licensing required for Product #1.

g. **Service Environment**

(1) Applications Technical Architecture:

For areas of the Product #1 architecture that include pre-built solutions, walkthroughs of these components are required to ensure DSHS understands the development and functionality and can maintain and enhance these features post-MVP.

(2) Service Delivery Locations:

The Contractor may choose the location(s) from which to perform the required services, however, work may not be performed outside of the United States or its territories. The Contractor will not be required to work at a DSHS facility; however, occasional travel to DSHS facilities may be required.

Normal working hours are from 8:00am to 5:00pm Pacific Time, Monday through Friday.

Special Terms and Conditions

Contractor Key Personnel will be expected to be readily available during core working hours from 8:00am to 5:00pm Pacific Time, Monday through Friday. They are not expected to work federal or state holidays.

Confidential Information and production Data, including Federal Tax Information (FTI), may not be accessed by agency employees, agents, representatives, or contractors located outside of the United States or its territories. Further, Confidential Information and production Data, including FTI, may not be received, stored, processed or disposed via information technology systems located off-shore.

(3) Languages:

Product #1 will be developed using industry standard tools and frameworks, such as Angular, JavaScript, Java, .Net, and Docker/Kubernetes. Any changes will need approval from the State.

4.   **Acceptance Criteria and Quality Metrics**.

All user stories and Deliverables (Features) will include detailed acceptance criteria which will inform quality testing. Acceptance criteria must be fulfilled prior to the acceptance of product functionality. Additional quality metrics used to measure vendor performance is included in the Quality Assurance Surveillance Plan (QASP). The levels of vendor accountability are defined by the IE&E Accountability Pyramid included in Figure 1 of the QASP. The QASP is a living document and shall be updated as necessary in collaboration with DSHS and Contractor to ensure successful outcomes under the contract.

Defects should decrease throughout the progression of Sprint cycles and acceptance criteria should include resolution of all defects that impact intended functionality.

5.   **Consideration**.

a. **Total Consideration**. Total consideration payable to Contractor for satisfactory performance of the work under this Contract in its initial term is up to a maximum of $2,747,655, including any and all expenses, and shall be based on the following:

Staff Member	Role	Key Personnel	Hourly Rate	Approximate Hours over 16-month Term
Elizabeth Bladow	Program Manager		$415/Hour	138 Hours
Chris Paige	Scrum Master	✓	$415/Hour	1381 Hours
Russ Helfand	Technical Lead	✓	$360/Hour	1180 Hours
Adriana Montana	Design Lead	✓	$360/Hour	980 Hours
TBD	Front End Developer		$245/Hour	2180 Hours
TBD	Full Stack Developer		$220/Hour	1400 Hours
TBD	Full Stack Developer		$220/Hour	2162 Hours
TBD	Full Stack Developer		$220/Hour	1972 Hours
Atenas Fernandez	Business Analyst		$200/Hour	1414 Hours
TBD	DevOps Engineer		$250/Hour	320 Hours

b. **Credit for services billed over first 10 months.** Contractor shall provide DSHS with a $77,471 per month credit for each of the first ten (10) months of this contract. This credit shall be applied against the first $77,471 of services billed to DSHS at the hourly rate established above. Should monthly billable services total less than the full amount of the credit, the remaining credit amount shall be rolled over to the next month until the full $774,710 total credit is applied to the Contract.

c. **Sprint Resource Pre-Approval.** In order to ensure overall adherence to the Contract budget, prior to beginning work on each individual sprint the Contractor and DSHS shall consult and agree on a maximum resource budget and allocation of Contractor staff hours for that sprint. Contractor invoices should identify work tied to individual sprints, where applicable.

d. **Holdback.** DSHS shall retain a holdback of fifteen percent (15%) from the payments due on each invoice (each a "Holdback" and such amounts referred herein as the "Holdback Funds"). The Holdback Funds will be released by DSHS following the completion of the Warranty Period or six (6) months after Product #1 Production Release, whichever is sooner. All payments of Holdback Funds are subject to DSHS's exercise of its remedies herein and as provided under the law. "Warranty Period**"** shall mean the 60 day period after Product #1 Acceptance.

The following conditions are required for "Product #1 Acceptance": (a) Deliverable Acceptance has been achieved for all Deliverables and the entire Product #1; (b) Contractor has provided to DSHS all Documentation and other Deliverables relating to Product #1; (c) Contractor has fulfilled its obligations relating to the transfer of knowledge as defined during Sprint Zero and refined as needed during the Sprint Planning and Acceptance processes; and (d) the DSHS IE&E Executive Sponsor, or his or her designee, has provided written confirmation that the conditions specified in subsections (a) through (c) have been satisfied.

e. **Expenses**

(1) Travel Expenses shall be consistent with the travel management provisions for lodging, transportation, and meals and shall be reimbursed at Office of Financial Management (OFM) rates established by State Administrative & Accounting Manual (SAAM) policy, https://www.ofm.wa.gov/sites/default/files/public/legacy/policy/10.90.htm. Airline fees shall be reimbursed at either coach or economy rates; car rental at either economy or mid-size car rental rates; lodging and meals at current State Per Diem Rates which are located at https://www.ofm.wa.gov/accounting/administrative-accounting-resources/travel.

(2) Receipts for all associated travel expenses are required as backup documentation and shall accompany each associated invoice.

(3) All travel costs must be approved by DSHS prior to making any travel arrangements.

6. **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 of properly completed invoices which shall be submitted to the DSHS Contract Manager identified on page one (1) of this contract as well as the IE&E Financial Management Team at dshsdlhhscoalitionieefinancialmgmtteam@dshs.wa.gov by the Contractor not more often than monthly. The invoices shall describe and document to DSHS' satisfaction a description of the work performed, activities accomplished, the progress of the project, and fees. The rates shall be in accordance with those set forth in Section 5, Consideration, of this Contract.

b. Payment. Payment shall be considered timely if made by DSHS within thirty (30) days after receipt

and acceptance by the DSHS Contract Manager identified on page one (1) of this contract. 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 comply with any term or condition of this Contract in accordance with the terms herein upon thirty (30) days prior written notice.

7. **Substitute**

If, in the reasonable judgment of DSHS, a default by Contractor is not so substantial as to require termination, reasonable efforts to induce Contractor to cure the default are unavailing, and the default is capable of being cured by DSHS or another resource without unduly interfering with continued performance by Contractor, DSHS may provide or procure the Services reasonably necessary to cure the default at Contractor's expense.

8. **Right to Inspect**

The Services and Deliverables being provided by Contractor and its Subcontractors, if any, pursuant to this Agreement shall be available for inspection and review at any time by representatives of DSHS.

9. **Right to Assurance**

If DSHS, in good faith, has reason to believe that Contractor does not intend to, or is unable to perform or has refused to perform or continue performing all material obligations under this Agreement, DSHS may demand in writing that Contractor give a written assurance of intent to perform. Failure by Contractor to provide written assurance within the number of days specified in the demand (in no event less than five business days) may, at DSHS's option, be the basis for terminating this Agreement under the terms and conditions or other rights and remedies available by law or provided by this Contract.

10. **Stop Services**

a. DSHS shall have the right at any time during the Agreement to order the Services of Contractor, or any of its Subcontractors or suppliers fully or partially suspended or stopped, if, in the judgment of DSHS, the Deliverables or Services fail to conform to the Specifications and requirements in this Agreement. Contractor shall receive notice of the reasons for such an order.

b. In addition, DSHS shall have the right at any time prior to implementation to order the Services fully or partially suspended for its own convenience. Contractor will receive Notice of the reasons for such an order. The schedule shall be delayed on a day for day basis to the extent DSHS has issued a suspension order to Contractor and such order is causing delays in completing the Services in accordance with the schedule.

11. **Corrective Action Plans.**

a. DSHS Request for Corrective Action Plan.

DSHS may require Contractor to submit to DSHS a Corrective Action Plan, as described in Section 11.b below, to correct or resolve a specific event or events causing the finding of a deficiency or breach or prior to assessment of a liquidated damage or prior to termination of the Contract.

b. Scope of the Corrective Action Plan.

Contractor must provide in any Corrective Action Plan required by DSHS:

(1) a detailed explanation of the cause or reasons for the cited deficiency or breach;

(2) an assessment or diagnosis of the cause of the cited deficiency or breach; and

(3) a specific proposal to cure or resolve the deficiency or breach.

c. Submission and Approval of Corrective Action Plan.

The Corrective Action Plan must be submitted within ten (10) Business Days 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.

d. Contractor Responsibility for Performance.

Notwithstanding Contractor's submission and DSHS's acceptance of a Corrective Action Plan, Contractor remains responsible for achieving all Requirements and compliance with all other obligations under this Agreement. Further, DSHS's acceptance of a Corrective Action Plan under this Section shall not:

(1) Excuse Contractor's prior performance;

(2) Relieve Contractor of its duty to comply with Requirements; or

(3) Prohibit DSHS from assessing additional remedies or pursuing other appropriate remedies for continued substandard performance.

12. 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 their 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

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 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.

h. Evidence of Coverage

The Contractor shall, upon request by DSHS, submit a copy of the Certificate of Insurance, policy, 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

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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 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 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

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 occurrence, $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 $1,000,000 per covered claim without sublimit, $2,000,000 annual aggregate.

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.

13. **CMS Certification**

All State Eligibility and Enrollment (E&E) and E&E-related implementations must adhere to federal guidance for the State to receive enhanced federal funding for the operation of the E&E and other modular replacement projects. DSHS and the HHS Coalition will seek enhanced funding to the maximum extent possible and therefore the E&E solution, including the design, development, and implementation of the IE&E Platform, will undergo required certification as specified by the Centers for Medicare & Medicaid Services (CMS). Contractor shall fully support this process through all activities and artifacts requested by DSHS and the program's Quality Assurance (QA) and Independent Verification & Validation (IV&V) vendor(s), if used by the project. Refer to Conditions for Enhanced Funding per 42 CFR § 433.112 for a full list from CMS.

CMS has begun transitioning its system certification process to one that evaluates how well Medicaid technology systems support desired business outcomes while reducing burdens on states. Additional

information regarding Streamlined Modular Certification can be found here:
https://www.medicaid.gov/medicaid/data-systems/certification/streamlined-modular-certification/index.html

14.   FBI Criminal Justice Information Services (CJIS) Security Requirements

a. In addition to the Exhibit A DSHS Data Security Requirements, the Contractor is required to comply with all applicable requirements of the **FBI Criminal Justice Information Services (CJIS) Security Policy** (http://www.fbi.gov/about-us/cjis/cjis-security-policy-resource-center/view) and the **FBI Security and Management Control Outsourcing Standard for Non-Channelers** (FBI CJIS Compact Council, last updated 05/16/2018 - https://www.fbi.gov/file-repository/compact-council-security-and-management-control-outsourcing-standard-for-non-channelers.pdf/view). These two documents specify the requirements associated with the handling of Criminal History Record Information (CHRI) by parties legally permitted to access this information and by contractors acting on behalf of the parties, including those developing or configuring automated systems.

b. DSHS has determined that Contractor's access to CHRI is limited solely for the configuration, data conversion, and installation of Product #1; and that the level of access meets the exemption requirements in Section 10.01, subsections 1 through 6, of the FBI Security and Management Control Outsourcing Standard for Non-Channelers (outsourcing standard).

c. As required in Section 2.01 of the outsourcing standard, DSHS must request and receive written permission from the Washington State Patrol and Federal Bureau of Investigation prior to allowing Contractor personnel access to CHRI. Contractor staff will have no access to DSHS CHS production data during the term of this Contract until Contractor complies with FBI vendor security requirements as outlined in this Contract.

d. DSHS will conduct a Washington state name/date-of-birth background check on all Contractor staff who will have access to information that includes CJIS CHRI. Individuals with disqualifying background check information may not access CJIS CHRI.

e. When Contractor staff are required to work with CHRI, these conditions, summarized, are required by the Contractor according to the FBI:

    (1) Ensure that each employee is aware of all applicable security requirements and that they certify in writing an understanding of these requirements.

    (2) Confirm in writing that each employee has so certified their understanding and maintain a file of the employee certifications for audit.

    (3) Maintain current records (within 24 hours) of personnel with CHRI access.

    (4) Notify DSHS within 24 hours of changes to personnel with CHRI access.

    (5) Develop and maintain written polity of discipline for security violations.

    (6) Suspend personnel committing security violation (pending investigation).

    (7) Notify DSHS of security violations within 2 hours.

    (8) Provide a written report of security violations within 5 calendar days.

    (9) Maintain site security.

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15. Safeguarding Federal Tax Information

Contractor shall abide by all applicable provisions under IRS Publication 1075. The provisions of Exhibit 7, Contract Language for Technology Services, of IRS Publication 1075 are incorporated as Exhibit D to this Contract.

a. IRS Right to Audit

   (1) Contractor hereby acknowledges that the IRS shall have the right to inspect Contractor's facilities and operations.

   (2) Contractor hereby acknowledges that IRS inspection may include manual and/ or automated scanning tools to perform compliance and vulnerability assessments of information technology assets that access, store, process, or transmit FTI.

b. Contractor's Responsibility to Address Corrective Action Plans

   (1) Contractor agrees to work collaboratively with DSHS to address any Corrective Action Plans as directed by the IRS to resolve findings of noncompliance as it relates to Contractor's duties and responsibilities under this Agreement.

c. Internal Inspection

   (1) DSHS will conduct an internal inspection every 18 months as required under IRS Publication 1075.

d. Background Checks

   (1) Contractor agrees that its Employees with access to FTI must:

      (a) Meet the background check requirements defined in IRS Publication 1075; and

      (b) Receive disclosure awareness training and sign a confidentiality statement, prior to initial access to or use of FTI, as well as annually thereafter.

         i.   These provisions also extend to any contractors or sub-contractors hired by Contractor that have authorized access to FTI.

e. Subcontractors

   (1) Contractor agrees that affiliated subcontractors who receive, transmit, process, and/ or store FTI on behalf of DSHS are subject to review and testing by DSHS and IRS.

f. Incident Response

Contractor acknowledges its obligation to abide by the following incident response and incident reporting requirements:

   (1) Upon discovery of a possible improper inspection or disclosure of FTI by a DSHS or Contractor employee or any other person, the individual making the observation or receiving information must contact the office of the appropriate Special Agent-in-Charge, Treasury Inspector General for Tax Administration (TIGTA).

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    g. Contact the TIGTA Field Division Denver Office at 801-620-7734

        (1) If you cannot reach someone at the Denver Office, contact the Hotline Number at 800-589-3718

        (2) If you cannot reach TIGTA by telephone, contact by mail at:

              Treasury Inspector General for Tax Administration
              PO Box 589, Ben Franklin Station
              Washington DC 20044-0589

        (3) Both TIGTA and the IRS Office of Safeguards should be contacted immediately but no later than 2 hours after identification of a possible issue involving FTI.

        (4) Contractor shall then notify the DSHS Program Manager after the TIGTA has been notified.

        (5) Contractor must coordinate with DSHS in any 45-day notifications that relate to Contractor's administration of the State Enterprise Shared Tenant responsibilities..

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.

Exhibits

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 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 20 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 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 Provisions

The Contractor shall comply with the following requirements of federal law:

1. **Equal Employment**. If applicable, Contractor shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented by the Department of Labor Regulations (41 C.F.R. Part 60), which prohibits federal contractors and federally-assisted 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, and which requires Government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment. In the event of Contractor's noncompliance or refusal to comply with applicable rules listed in herein, this Contract may be rescinded, canceled, or terminated in whole or in part by DSHS under Termination for Default, and Contractor may be declared ineligible for further contracts with DSHS.

2. **The Clean Air Act.** During the performance of this Contract, if applicable, Contractor shall comply with the federal Clean Air Act. In the event of Contractor's conviction of any offense under section 113(c), this Contract may be rescinded, canceled, or terminated in whole or in part by DSHS under Termination for Default, and Contractor may be declared ineligible for further contracts with DSHS.

3. **The Clean Water Act.** During the performance of this Contract, if applicable, Contractor shall comply with the federal Clean Water Act. In the event of Contractor's conviction of any offense under section 309(c), this Contract may be rescinded, canceled, or terminated in whole or in part by DSHS under Termination for Default, and Contractor may be declared ineligible for further contracts with DSHS.

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. Contractor shall comply with all certification and disclosure requirements prescribed by Section 319, Public Law 101-121 (31 U.S.C. § 1352), 45 C.F.R. Part 93. No federal funds under this Contract may be used to influence or attempt 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 awarding of any federal contract, continuation, renewal, amendments other than federal appropriated fund.

5. **The 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, Contractor has adopted the following guidelines:

    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.

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 Contractor certifies that it and its principals:

        (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

        (2) 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;

        (3) 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

        (4) 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.

    b. Where the Contractor is unable to certify to any of the statements in this certification, he or she shall attach an explanation.

8.   **License Reserved.** 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.

9.   **Rights of State and Federal Governments.** In accordance with 45 C.F.R. 95.617, all appropriate state and federal agencies, including but not limited to the Centers for Medicare and Medicaid Services (CMS), will have a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, translate, or otherwise use, and to authorize others to use for Federal Government purposes: (i) software, modifications, and documentation designed, developed or installed with Federal Financial Participation (FFP) under 45 CFR Part 95, subpart F; (ii) the Custom Software and modifications of the Custom Software, and associated Documentation designed, developed, or installed with FFP under this Contract; (iii) the copyright in any work developed under this Contract; and (iv) any rights of copyright to which Contractor purchases ownership under this Contract.

10.   **Access to Data.** In compliance with RCW 39.26.180 (2) and federal rules, the Contractor must provide access to any data generated under this Contract to DSHS, the Joint Legislative Audit and Review Committee, the State Auditor, and any other state or federal officials so authorized by law, rule, regulation, or agreement at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the Contractor's reports, including computer models and methodology for those models.

2323-47447 Exhibit C: Quality Assurance Surveillance Plan

Introduction

The state will use a Quality Assurance Surveillance Plan (QASP) to track and monitor the quality of Contractor performance and deliverables throughout the life of the contract. The QASP will provide a proactive way to avoid unacceptable or deficient performance by the Contractor and provide the basis for regular performance reviews. The QASP is preliminary in nature and is not binding until finalized. It is, and shall be, a living document and shall be revised or modified by the DSHS as circumstances warrant, throughout the life of the contract, to ensure adequate oversight of contractor performance is maintained.

As part of the onboarding process, the Contractor will work closely with the state's Program Management Office to create a detailed set of performance standards and methods of assessment. This QASP shall serve as the starting point for discussion and revision.

The QASP will serve as a living document which may be updated in coordination with the Contractor at the discretion of the state.

The IE&E Accountability Pyramid shown below shall be used as a guide to ensure high-quality deliverables and day-to-day accountability of Contractor performance for delivery of in scope services within each sprint.
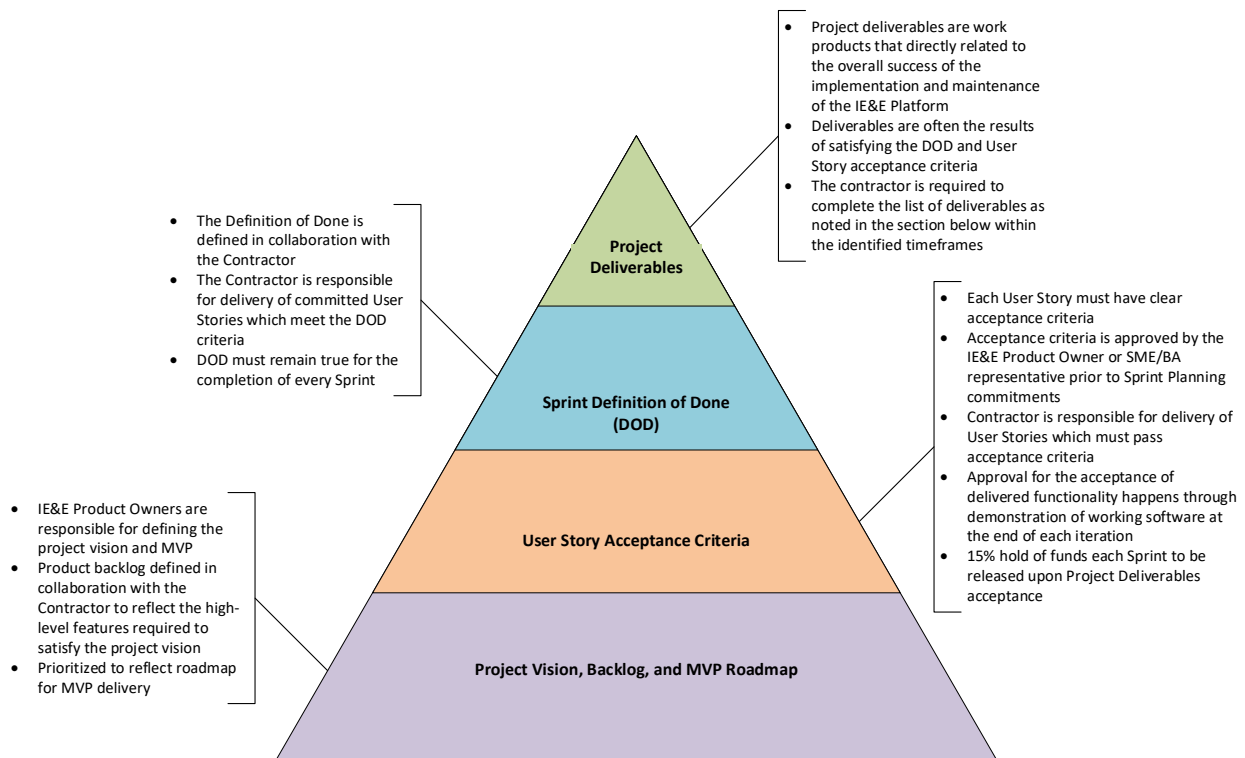

Figure 1. IE&E Accountability Pyramid

2323-47447 Exhibit C: Quality Assurance Surveillance Plan

Purpose

The purpose of the QASP is to describe the systematic methods used to measure performance and to identify the reports required and the resources to be employed. The QASP provides a means for evaluating whether the contractor is meeting the performance standards identified herein.

This QASP is designed to define roles and responsibilities, identify the performance objectives, define the methodologies used to monitor and evaluate the contractor's performance, describe quality assurance reporting, and describe the analysis of quality assurance monitoring results.

Quality Management Systems Mechanisms and Overview

The quality management mechanisms, when working together, are designed to promote early defect detection and process and product quality awareness throughout the contract life cycle for each Product #1 deliverable.

Software quality assurance (SQA) activities and evaluations include reviews, audits, inspection, and test monitoring and reporting throughout the Product #1 development and test cycle.

Quality assurance is a planned and systematic pattern of review and assessment to provide confidence that a software work product conforms to established technical requirements. SQA support is a set of activities designed to evaluate the process by which work products are developed.

The quality management mechanisms include:

1. Quantitative Management
2. Inspections and Reviews
3. User Acceptance Testing
4. Defect Reporting
5. Deviations
6. Waivers

1. Quantitative Management

The purpose of metrics is to monitor and control the Contractor's process, and to provide visibility into project performance and product quality. A vital few metrics are selected and monitored with statistical techniques to enable the project to predict performance to successfully achieve the project's goals and objectives.

The effectiveness of the Contractor is monitored by analyzing metrics and/or reviewing evidence.

Once collected, these measures are analyzed to allow the program to be controlled based on quantitative feedback, providing a basis for ongoing process improvement initiatives.

2323-47447 Exhibit C: Quality Assurance Surveillance Plan

Metric data is used to proactively determine whether the product and process performance is in line with the quality goals.

2. Inspection and Reviews

The Review Team performs inspections of the received, in-process and final product. Received product inspections ensure the incoming product is undamaged, functional, as appropriate, and is consistent with the purchasing documentation or subcontract. In-process and final product inspections ensure the final product has completed the required process steps, actions and is prepared for delivery.

Inspections are performed, and the results are documented and reported. Inspection non-conformances are identified, tracked, and resolved. The team documents the status of products inspected and ensures that nonconforming products are identified and segregated to prevent inadvertent use.

The team identifies, tracks, and ensures the resolution of non-compliances identified during evaluations and inspections. Non-compliances are identified when evaluation and inspection criteria are not met. Non-compliances are:

- Identified, documented, and communicated
- Closed including follow-up, where appropriate
- Verified for effectiveness of corrective and/or preventive actions taken

The Review Team supports verification, validation, and review processes throughout the Product #1 deliverable life cycle. The team verifies that verification, validation, and review activities and associated work products are in compliance with project plans and processes, problems and issues are identified, and provides recommendations and guidance. Problems and issues are identified with recommendations and guidance to assist the program with performing verification, validation, and reviews. The team ensures:

- Peer reviews are effective in identifying and removing defects
- Formal test plans are compliant, consistent, complete, and traceable
- Tests are executed as planned and problems are resolved
- Test reports are consistent with test results
- Validation activities ensure customer needs are met
- Management and technical reviews track and control development and support activities and resolve issues and problems.

3. User Acceptance Testing

All Product #1 deliverables must pass the user story acceptance and sprint DOD criteria which includes all testing phases for compliance to customer requirements.

The following test activities include:

- Ensure acceptance criteria is associated with each user story

- Validate acceptance criteria is used to inform the creation of test scripts

- Confirm negative testing is included in the suite of test scripts

- Warrant the status of the test facility and hardware and software to support the testing

- Ensure the availability of test personnel

- Identify the limitations of testing

- Schedule of testing activities and milestones

- Conduct testing in alignment with schedule

The Review Team will make a final assessment as part of user acceptance testing to the delivery readiness of each Product #1 deliverable.

4. Defect Reporting

The Review Team communicates the results of process, product, and test evaluations and inspections, status of non-compliances, and issues. Defect reporting is used to ensure program awareness of process and product quality performance and issues. These reports provide the feedback, status, and data needed to ensure effective corrective and preventive actions.

5. Deviations

A deviation is required for approval of major non-conformances. Granting of a deviation shall not be allocated to a level lower than the program as described in the IE&E Project Management Plan (PMP).

A major non-conformance is defined as a non-conformance that cannot be completely eliminated by rework or reduced to a minor non-conformance by an authorized standard repair process, or, which adversely affects health or safety, performance, interchangeability, reliability, or maintainability, effective use or operation, weight or appearance (when appearance is a factor).

All major non-conformances originating at vendors or subcontractors must come to the State for processing/concurrence. The major non-conformances must contain the recommended disposition, engineering justification, and root cause corrective action.

6. Waivers

A Contractor may detect a non-conformance and request a deviation. The State may detect a non-conformance and grant a concession (or waiver). Both processes will utilize the IE&E enterprise decision-making matrix to document the issue and the actions taken to address the issue.

Performance Management

Approach

The performance-based structures and acquisition around "what" service is required as opposed to "how" the contractor should perform the work. The QASP defines the performance management approach taken by the State of Washington to monitor, manage, and take appropriate action on the contractor's performance against expected outcomes or performance objectives communicated herein.

Performance management rests upon developing a capability to review and analyze information generated through performance metrics. The ability to make decisions based on the analysis of performance data is the cornerstone of performance management. The data generated in a performance management approach provides information that indicates whether or not expected outcomes for required services are being achieved adequately by the contractor.

Performance management also represents a significant shift from the more traditional Quality Assurance (QA) concepts in several ways. Performance management focuses on assessing whether or not outcomes are being achieved and migrates away from scrutiny on compliance with the processes and practices used to achieve the outcome. The only exceptions to process reviews are those required by law (Federal, State, and local) and compelling business situations such as safety and health. An outcome focus provides the contractor flexibility to continuously improve and innovate over the course of the contract as long as the critical outcomes expected are being achieved at the desired levels of performance.

Strategy

The Contractor's internal quality control system will set forth the staffing and procedures for self-inspecting the quality, timeliness, responsiveness, and other performance requirements in the RFP. The contractor will utilize its internal quality control system to assess and report its performance to the designated State representative.

The State representative will monitor performance and review performance reports furnished by the contractor to determine how the contractor is performing against communicated performance objectives for each deliverable defined in the contract.

The State will make decisions based on performance measurement metric data as defined in the Surveillance Matrix and notify the contractor of those decisions.

The contractor will be responsible for making required changes in quality processes and practices to ensure performance is managed effectively.

Sprint Definition of Done

As part of the Sprint acceptance process, the Definition of Done (DoD) criteria shall be used as a guide for ensuring a complete set of product functionalities, including designing, coding, integrating, testing, and documenting, which in the end will result in the delivery of high-quality Project Deliverables.

The DoD will be defined in collaboration between DSHS and the Contractor and agreed upon before Sprint 1 as a list of general conditions of acceptability for the team's work.

The DoD should include the following criteria, where relevant (Not comprehensive):

- Design Reviewed

- Code and configurations developed in alignment with
  - DSHS/OCIO development standards
  - Relevant security policies and standards
- Acceptance Criteria for all User Stores are met
- All unit tests passed
- Functionality deployed through the CI/CD pipeline
- Performance tests passed
- User acceptance testing passed
- All bugs and defects resolved
- End-user documentation is completed or updated
- User stories Product Owner approval
- Ready to deploy to production

User Story Acceptance Criteria

User story acceptance criteria will be used to define what needs to be true at the functional level for the work to be accepted as complete. Acceptance criteria ensure an understanding between the Product Owner and the Contractor about what conditions should be met for the developed functionality. Additionally, acceptance criteria shall be used to inform user story test scripts.

If acceptance criteria are not met, the user story is not accepted as complete, and the remaining work moves into the backlog for re-prioritization. Common trends in missed delivery of committed user stories may lead to corrective action.

Refer also to Appendix B for additional expectations for delivery.

Methods of Surveillance

Multiple methods of surveillance will be used to measure Contractor performance. These methods include:

- **100% Inspection:** This is an inspection method whereby all outputs are monitored. This method provides the best indication of contractor performance and the most documented basis for determining contract payment actions. However, it requires extensive Contract Manager resources, and therefore, is not practical for most service requirements. 100 percent inspection is preferred when the RFP requirement is so critical that nonperformance would pose a direct risk to the safety of personnel or property, or when the work occurs infrequently, and the output population is small.

- **Sampling (some examples of different sampling types shown below):**
  - **Random Sampling:** When a service is performed relatively frequently, and a statistically valid sample can be selected for audit. The most appropriate method for frequently recurring tasks. Random Sampling is a means of evaluation by observing or inspecting some part (a sample), but not all, of a population or lot of the contract requirements to assist the state with determining whether standards set forth in the contract have been met.

- o **Periodic Sampling:** This method, sometimes called "planned inspection," consists of the evaluation of tasks selected on other than a 100 percent or random basis. It may be appropriate for tasks that occur infrequently, and where 100 percent inspection is neither required nor practical. A predetermined plan for inspecting part of the work is established using subjective judgment and analysis of agency resources to decide what work to inspect and how frequently to inspect it.

Performance Reporting

Corrective Action Report

A Corrective Action Report (CAR) is a formal notification sent to the supplier for rectifications to be done on a nonconforming item, process, or service. Failure to address three (3) consecutive Corrective Action Requests will lead to additional holdback. Common trends in missed completion of acceptance criteria may lead to corrective action.

Suppliers respond to a CAR to report the root cause of a nonconformity and the applied corrective actions to prevent recurrence. Refer to Appendix A for a template of the CAR.

Appendix A – Corrective Action Report (CAR)

CORRECTIVE ACTION REPORT (CAR)

(If more space is needed, use reverse and identify by number)

1. CONTRACTOR	2. CONTRACT NUMBER	3. TYPE OF SERVICES

4. FUNCTIONAL AREA	5. SUSPENSE DATE	6. CONTROL NUMBER

7. DEFICIENCY ☐ MAJOR ☐ MINOR

FINDING:

FINDING IMPACT:

Please respond with a written corrective action plan that details the corrective action of the cited deficiency, the cause of the deficiency, and actions taken to prevent recurrence by Suspense Date in Block 5. If date was not entered in Block 5, the contractor is not required to provide a response.

8. QUALITY ASSURANCE PERSONNEL

TYPED NAME AND GRADE	SIGNATURE AND DATE

9. ISSUING AUTHORITY

TYPED NAME AND GRADE	SIGNATURE AND DATE

10. CONTRACTING OFFICER'S RESPONSE TO CONTRACTOR CORRECTIVE ACTION AND ACTION TAKEN TO PREVENT RECURRENCE

11. CO DETERMINATION ☐ ACCEPTED ☐ REJECTED	12. CLOSE DATE

Appendix B – Supplemental Expectations for Delivery

Support requests receive a timely response and resolution estimate

Performance standards and expectations:

- During the state's core business hours, all emails will receive a response following Service Level Agreements (SLAs) set forth.

- As soon as relevant information is gathered, a time estimate is provided for resolution and tasks are placed into the team's backlog.

Method and frequency of assessment:

- Once per sprint, the backlog of requests is reviewed for responses and estimates.

Support requests are resolved in a timely manner

Performance standards and expectations:

- Catastrophic deficiencies and incidents are responded and addressed following Service Level Agreements (SLAs) set forth with daily communication to DSHS and the HHS Coalition to the progress of the resolution.

- There shall be no more than five (5) outstanding major deficiencies and incidents at any one time and/or during one sprint.

- Security related incident reports are submitted to the DSHS Information Security Office, within 24 hours of discovery of a security incident.

Method and frequency of assessment:

- Once per sprint, request tasks and their estimates are reviewed for accuracy.

- When an incident occurs, incident report submission is confirmed.

Documentation currency

Performance standards and expectations:

- All repeated processes have a written process.

- Documentation is updated whenever a relevant change is made, and the update is confirmed before the task is marked as complete.

- Documentation includes a prominent timestamp of the last update.

- Process documentation includes all steps required to complete the process.

- System documentation includes all elements required by the program or project.

- Custom tooling documentation includes installation and usage instructions.

Method and frequency of assessment:
- Once per sprint, tasks are reviewed to ensure that the documentation step was completed.
- Once per sprint, user stories are reviewed to ensure the tasks and acceptance criteria have been met before tasks are closed.

Documentation is available and accessible

Performance standards and expectations:

- Any documentation created or maintained by the Contractor team can be accessed directly by DSHS and HHS Coalition staff.

- Documentation is stored in a system owned by DSHS and HHS Coalition.

Method and frequency of assessment:

- Once per sprint, tasks are reviewed to identify any new documentation created and ensure that it can be accessed.

Documentation is written in plain language

Performance standards and expectations:

- Process documentation (e.g., user stories) is written from the perspective of a user.

- Documentation does not assume any prior knowledge, and either includes all information necessary to understand it or links to relevant sources.

Method and frequency of assessment:

- When developing a new process or updating an existing process, potential users test the process using only the documentation.

- Once per sprint, newly created documentation is reviewed by DSHS and HHS Coalition.

Project teams are informed and consulted on changes that will require action

Performance standards and expectations:

- The team identifies any project teams that may be impacted by upcoming changes and proactively reaches out to them to discuss the change.

Method and frequency of assessment:

- Once per sprint, tasks are reviewed to confirm that any impacted teams were consulted.

Work is informed by DSHS / HHS Coalition mission and goals

Performance standards and expectations:

- The Contractor team's prioritization reflects the technical strategy of DSHS and the HHS Coalition.

- The Contactor team is able to adjust if DSHS and HHS Coalition priorities change.

Method and frequency of assessment:

- Every month, ongoing and completed features are reviewed to ensure that the team's work is in alignment with the DSHS and HHS Coalition technical strategy.

Product #1 Reviews are demonstrated to DSHS / HHS Coalition staff

Performance standards and expectations:

- Once per sprint, the work completed by the Contractor team is presented to relevant DSHS and HHS Coalition staff.

- Feedback on progress is collected and adjustments and additional items that are discovered during the review are placed onto the backlog and prioritized.

Method and frequency of assessment:

- Once per sprint.

Transparent work

Performance standards and expectations:

- The Contractor team will participate in agile sprint ceremonies in an effort to provide total transparency during sprint work.

- Task tracking is made visible in the Contractor's work tracker.

- Project tasks will be meaningful and well-scoped, assessed by a periodic review of completed tasks and the backlog, such as whether tasks tend to be completed within one sprint.

- The team's task backlog is accessible to DSHS staff and to DSHS and HHS Coalition product teams, assessed by a periodic check.

Method and frequency of assessment:

- As part of each sprint, transparency will be confirmed.

Tasks are tracked in a location accessible to DSHS / HHS Coalition staff

Performance standards and expectations:

- The Contractor team's work tracker (specific tool to be identified) is accessible by DSHS and HHS Coalition staff.

- If possible, the team's work tracker can link to and be linked by other DSHS and HHS Coalition product teams' work trackers.

Method and frequency of assessment:

- Every other month, the accessibility of the work tracker is confirmed.

Custom code is stored in a repository accessible to DSHS / HHS Coalition staff

Performance standards and expectations:

- Custom code developed solely for use on this contract is stored in a repository controlled by DSHS and HHS Coalition.

- Custom code developed for more general use is stored in a repository with public access.

- Custom code developed pursuant to this contract is licensed for continual use by DSHS and HHS Coalition.

- The Contractor shall provide documentation on any custom configurations.

- Custom configurations is stored in a repository accessible to DSHS staff and is licensed for continued use by DSHS and the HHS Coalition, assessed by a periodic check.

Method and frequency of assessment:

- When a new code project is created, the repository is reviewed for DSHS accessibility and licensed reusability.

- Every other month, the collected projects are reviewed for continued accessibility and reusability.

- At least monthly, custom code is reviewed with DSHS Development and Infrastructure leads for adherence to standards.

- At least monthly, review security scan findings and prioritize resolution.

- At least monthly, confirm SIEM log feeds are successfully being digested.

DSHS / HHS Coalition staff have accounts for any infrastructure systems, with the required permissions to view metrics such as uptime and estimated costs

Performance standards and expectations:

- Infrastructure-related metrics and data are directly accessible to DSHS staff.

- The State's Technical Lead has administrative rights to all systems used for work on the contract.

Method and frequency of assessment:

- Every other month, tools in use are cataloged and appropriate access is confirmed.

Teams are successfully employing DevOps practices

Performance standards and expectations:

- Setup continuous implementation and continuous delivery (CI/CD) in conjunction with the Product teams.

- Enable security testing and scanning to be integrated into the pipeline.

- Configure each technology to report logs to SIEM.

- Enable Product teams the ability to use automated tests.

- Enable Product teams the ability to use automated deployments.

- Ensure other Product teams do not experience system downtime.

- Enable other Product teams the ability to deploy to production environment when features are ready.

- Enable other Product teams the ability to immediately roll back changes to the last working deployment if necessary.

- Ensure non SAAS technology products are patched and on latest or n-2 versions of the products

Method and frequency of assessment:

- As part of project kickoff, the Contractor team develops a DevOps strategy. Every other month, the team reviews the strategy and updates it as necessary.

Teams can deploy to the environment of their choice at the time of their choice

Performance standards and expectations:

- Product team deployments do not need to involve any members of the Platform and/or infrastructure team.

- Product team deployments do not need to involve pre-approval or coordination with the Platform and/or infrastructure team.

Method and frequency of assessment:

- Once per sprint, Product team deployments are assessed.

Required processes do not cause delays to software releases

Performance standards and expectations:

- The Contractor team participates in software release planning and implementation.

- The Contractor team alerts the state to newly identified security vulnerabilities and assists in patching them.

Method and frequency of assessment:

- Once per sprint, release management activities are reviewed by the state and newly identified security vulnerabilities to ensure they are addressed.

Infrastructure has a high uptime

Performance standards and expectations:

- IE&E Platform Production infrastructure is available with 99.9% monthly uptime.

Method and frequency of assessment:

- Once per sprint, cumulative uptime data is reviewed.

- For any incidents that impact uptime, an after-action report is created and stored along with team documentation. Any tasks from the after-action report are placed into the team's backlog and prioritized.

Work is highly collaborative

Performance standards and expectations:

- The Contractor team actively includes DSHS and HHS Coalition staff in its work and subsequent deliverables.

- The Contractor team minimizes changes in personnel, especially those designated as Key Personnel.

- The Contractor team includes technology product vendors in ceremonies as needed.

Method and frequency of assessment:

- Once per sprint, the Contractor team conducts a retrospective with DSHS and HHS Coalition staff.

  On an ongoing basis, changes in Key Personnel are monitored for risk and impact to the project.

Exhibits

Exhibit D – IRS Publication 1075 Exhibit 7 Requirements

Exhibit 7, Contract Language for Technology Services

I.   **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:

1) All work will be performed under the supervision of the Contractor.

2) 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 [DSHS] and, upon request, to the IRS.

3) 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.

4) 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.

5) 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.

6) Any spoilage or any intermediate hard copy printout that may result during the processing of FTI will be given to the agency [DSHS]. 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 [DSHS] with a statement containing the date of destruction, description of material destroyed, and the destruction method.

7) 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.

8) No work involving FTI furnished under this Contract will be subcontracted without the prior written approval of the IRS.

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

10) 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 [DSHS] 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 [DSHS] under this Contract.

11) 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 [DSHS] under this Contract.

12) 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.

13) The agency [DSHS] will have the right to void the Contract if the Contractor fails to meet the terms of FTI safeguards described herein.

II.   CRIMINAL/CIVIL SANCTIONS

(1) 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.

(2) 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.

(3) 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.

(4) 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 [DSHS] 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.

(5) Granting a contractor access to FTI must be preceded by certifying that each officer or employee understands the agency's [DSHS'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 [DSHS'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 Publication 1075] Exhibit 4, Sanctions for Unauthorized Disclosure, and Exhibit 5, Civil Damages for Unauthorized Disclosure). The training on the agency's [DSHS'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.

III.   INSPECTION

The IRS and the Agency [DSHS], 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.

Exhibit E – IE&E Principles

Business Principles

To guide the business aspects of the IE&E roadmap journey, the HHS Coalition will follow the Code for America's Principles of a Human-Centered Safety Net[1]. As projects are undertaken it is important to have a set of business principles to guide decisions as choices are being made by the project staff. This set of business principles will be referenced as each product is developed.

Many Welcoming Doors – Provide an equitable and positive experience both online and in person.

Easy to Understand – Clients should be able to make it through the process with minimal case worker support.

Informed Decisions – Clients should clearly understand the implications of all of the actions they have to take throughout the process.

Responsive to Changing Needs – Build things that can change based on clients' needs, as well as shifts in policy and budget.

Simple Actions – Each stage in the enrollment and eligibility process should be able to be completed in as few steps as possible.

Technology Principles

The technology principles were developed in collaboration with architecture and IT leaders across the HHS Coalition and the OCIO, they are depicted in the image below.
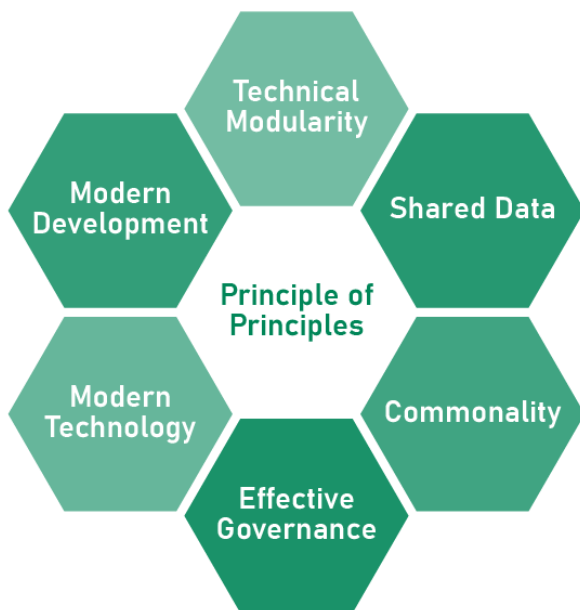
The Principle of Principles: We use architectural principles to make decisions guided by the HHS Coalition IT Strategy and the State IT Strategic Plan. We'll revisit our principles in advance of major decisions and acquisition milestones.

The Principle of Business Value: We maximize business value through the use of human-centered design principles and adjust our priorities based on changes in business or client priorities.

The Principle of Technical Modularity: We use industry-standard approaches to minimize complexity and enable interoperability through flexible and configurable technology for components.

The Principle of Shared Data: Data is an asset; data is shared; and data is easily accessible, aligned with privacy and regulatory standards.

The Principle of Commonality: Components should be common unless there is a compelling business case for unique needs.

The Principle of Effective Governance: Roadmap will be governed by the HHS Coalition, with individual products stewarded by identified organizations; stewardship does not equate to ownership.

The Principle of Modern Technology: We strive to use modern technology that is cloud-native, extensible, interoperable, and secure.

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[1] Code for America, "Blueprint for a Human-Centered Safety Net," 2020, https://www.codeforamerica.org/safetynetblueprint/.

Exhibits

The Principle of Modern Development: We leverage modern application development practices to deliver value in front of the customer quickly with business and technology teams working in tight tandems.

These principles will be maintained and governed by the HHS Coalition workgroup to ensure the roadmap components are designed and built in a manner that they can easily integrate with each other and with existing legacy systems and sub-systems. They will guide decision-making for the platform, all products, and legacy remediation activities.