CLARK COUNTY
STAFF REPORT

DEPARTMENT: Community Services

DATE: 04/12/16

REQUESTED ACTION: That the County Manager approve a contract with Beacon Health Options, Inc. that will provide funding for the Clark County Juvenile Drug Court.

____ Consent ____ Hearing __X__ County Manager

BACKGROUND

Beacon Health Options, Inc. was recently awarded a Washington State Health Care Authority (HCA) contract to administer certain behavioral health services in Clark and Skamania Counties under the State's new integrated physical and behavioral health Medicaid managed care model which began on April 1, 2016.

Beacon Health Options, Inc. will, through this subcontract with Clark County, provide the Department of Community Services (DCS) with $153,225 in funding to provide a coordinator for the Juvenile Drug Court. A similar contract was previously awarded to DCS by the Washington Department of Social and Health Services, Division of Behavioral Health and Recovery. Although this is a new contract with Beacon, this funding simply replaces a state contract for an existing program.

☐ This is a new project

☒ This is a continuation of an existing project

COUNCIL POLICY IMPLICATIONS

There are no known Council policy implications.

ADMINISTRATIVE POLICY IMPLICATIONS

There are no known administrative policy implications.

COMMUNITY OUTREACH

None

BUDGET IMPLICATIONS

YES	NO	
X		Action falls within existing budget capacity.
	X	Action falls within existing budget capacity but requires a change of purpose within existing appropriation
	X	Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be

		referred to the county council with a recommendation from the county manager.

BUDGET DETAILS

Local Fund Dollar Amount	$0
Grant Fund Dollar Amount	$153,225 (Beacon Health Options, Inc.)
Account	Fund 1952
Company Name	Beacon Health Options, Inc. (2016-BH1-04)

DISTRIBUTION:
Board staff will post all staff reports to The Grid. http://www.clark.wa.gov/thegrid/

For questions please contact DeDe Sieler or Lynn Mueller at 360-397-2130.

DeDe Sieler, Program Manager II

Vanessa Gaston, Director

APPROVED:_____
CLARK COUNTY, WASHINGTON
BOARD OF COUNTY COUNCILORS

DATE: _____

SR#_____

APPROVED:_____
Mark McCauley, Acting County Manager

DATE: _____

BUDGET IMPACT ATTACHMENT – NONE

Part I: Narrative Explanation

I. A – Explanation of what the request does that has fiscal impact and the assumptions for developing revenue and costing information

Part II: Estimated Revenues

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Total	$0	$0	$0	$0	$0	$0

II. A – Describe the type of revenue (grant, fees, etc.)

Part III: Estimated Expenditures

III. A – Expenditures summed up

Fund #/Title	FTE's	Current Biennium		Next Biennium		Second Biennium	
		GF	Total	GF	Total	GF	Total
Total	$0	$0	$0	$0	$0	$0	$0

III. B – Expenditure by object category

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual						
Supplies						
Travel						
Other controllables						
Capital Outlays						
Inter-fund Transfers						
Debt Service						
Total	$0	$0	$0	$0	$0	$0

AGREEMENT FOR PROVISION OF SERVICES
BY AND BETWEEN
BEACON HEALTH OPTIONS, INC.
AND
CLARK COUNTY

This Agreement is made as of the 1st day of April, 2016 (the "Effective Date"), by and between Beacon Health Options, Inc., a Virginia corporation with offices at 240 Corporate Boulevard, Suite 100, Norfolk, VA 23502 ("Beacon"), and Clark County (hereinafter "Vendor"), a political subdivision of the State of Washington located at 1300 Franklin Street, Vancouver, WA 98660 (each a "Party" and together the "Parties").

WHEREAS, Beacon wishes to purchase services more particularly set out on Schedule A; and

WHEREAS, Vendor desires to provide the said services to Beacon under the terms and conditions set out herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter expressed, the sufficiency and receipt of which is hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

1. Scope of Services. Vendor agrees to provide on a non-exclusive basis the services described in Exhibit A, that is attached and incorporated into this Agreement as if fully set forth herein, and those incidental thereto (the "Services"). Vendor agrees to provide the Services promptly and diligently, in a competent and professional manner, in accordance with all applicable laws, in accordance with the rules, regulations, and policies of Beacon (including, but not limited to, written policies and procedures that relate to the federal False Claims Act and similar state laws and an employee's right to be protected as a whistleblower, as well as policies and procedures for detecting and preventing fraud, waste and abuse in state and federal health care programs), in accordance with accreditation standards applicable to Beacon, and to Beacon's satisfaction. To the extent applicable to Services, Vendor agrees to participate in Beacon's quality improvement and patient safety programs and, as part of those programs, establish and follow Beacon's procedures for consistency and quality of patient care services. Vendor represents and warrants that it is properly licensed and in compliance with the laws and regulations to provide the Services. If any provision or term of Exhibit A and this Agreement are inconsistent, the provision or term of this Agreement shall govern.

2. Compensation. The payment schedule and total compensation to be paid by Beacon to Vendor is set forth in Exhibit A. Beacon will not compensate Vendor for services which are not either contained in Exhibit A or agreed to in writing by the representative authorized to sign this Agreement on behalf of Beacon. Unless expressly advised otherwise in writing, Beacon shall send compensation due to the Vendor to the address set forth in the Notice provisions of this Agreement.

3. Term. This Agreement shall commence as of the Effective Date and will it shall automatically terminate on December 31, 2017 without any further action required on the part of any Party; provided, however, if a Statement of Work described in Exhibit A to this Agreement is in progress at the time of the first anniversary of this

Agreement, then this Agreement shall automatically renew for renewal terms of one year each for so long as necessary to complete the Statement of Work as set forth in Exhibit A.

4. Confidentiality. Vendor understands that during the course of providing Services pursuant to this Agreement, Vendor may receive from Beacon or contribute to the production of "Confidential Information" (as defined below) and accordingly agrees as follow:

   a. For the purposes of this Agreement, "Confidential Information" means information or material proprietary to Beacon or its affiliated or related entities or designated as confidential by Beacon, which Vendor develops or of which it may obtain knowledge or access to as a result of Vendor's relationship with Beacon. This includes information originated, discovered, or developed in whole or in part by Vendor under this Agreement and includes, but is not limited to the following types of information and other information of a similar nature (whether or not reduced to writing): ideas, concepts, designs, audit materials, reports, results, data, documentation, diagrams, research, development, processes, procedures, "know-how", physician fee schedules, reimbursement fee schedules, marketing techniques and materials, marketing and development plans, customer, subscriber, member, officer, director, or provider names, medical records, and other information related to such individuals or entities, price lists, reimbursement policies, and financial information. Confidential Information also includes any information described above that Beacon treats as proprietary or designate as confidential, whether or not owned or developed by Beacon.

   b. It is not intended at the inception of this Agreement that Protected Health Information, as defined below ("PHI") shall be exchanged in the performance of Services under this Agreement. In the event that it becomes necessary for PHI to be exchanged for the performance of Services hereunder, then the parties agree to enter into a Business Associate Agreement.

      "Protected Health Information" shall have the same meaning as the term "protected health information" under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Health Information Technology for Economic and Clinical Health Act, and regulations and guidance promulgated thereunder, but limited to the information created, received, maintained or transmitted by Vendor on behalf of Beacon.

   c. Prior to receiving access to Beacon's system, Beacon reserves the right to require Vendor's employees to execute a data usage agreement substantially similar to that signed by Beacon employees prior to receiving system access. Notwithstanding any provision to the contrary, Beacon reserves the right to bar access in its sole discretion to Beacon's systems (including but not limited to access to PHI) and to the Premises to any of Vendor's employees or agents for any nondiscriminatory reason.

   d. Vendor agrees to turn over all copies of all materials in any way incorporating or reflecting Confidential Information in Vendor's control to Beacon upon the earlier of Beacon's request or termination of Vendor's Services under this Agreement.

e. Vendor agrees during and after the term of this Agreement to hold in confidence and not to directly or indirectly reveal, publish, disclose, or transfer any of the Confidential Information to any person or entity without the prior written consent of Beacon. Vendor agrees not to utilize Confidential Information for any purposes, except in the course of Vendor's rendering of services for Beacon. Vendor agrees to advise its employees, agents and subcontractors with access to the Confidential Information of its confidentiality. Vendor further agrees to require its agents and subcontractors with access to Confidential Information to execute a confidentiality agreement in a form acceptable to Beacon.

f. Notwithstanding anything to the contrary, Vendor shall not have any obligation with respect to any Confidential Information or any portion thereof that Vendor can establish:

   i. is or becomes publicly available through no wrongful act of Vendor;
   ii. was lawfully obtained by Vendor from a third party without any obligation to maintain the Confidential Information as proprietary or confidential;
   iii. was previously known to Vendor without any obligation to keep it confidential;
   iv. was independently developed by Vendor (entirely independent of any services rendered to Beacon); or
   v. is legally required to be disclosed, provided that Vendor uses its commercially reasonable efforts to notify Beacon of any request or subpoena for the production of any Confidential Information so that Beacon may seek an appropriate protective order or other remedy and Vendor will cooperate with Beacon to obtain such protective order. In the event that such protective order or other remedy is not obtained, Vendor (or such other persons to whom such request is directed) will furnish only that portion of the Confidential Information that, in the written opinion of its legal counsel, is legally required to be disclosed and, upon Beacon's request, use its best efforts to obtain assurances that confidential treatment no less favorable to Beacon than that set forth in this Agreement will be accorded to such information.

g. Vendor shall maintain up-to-date "best practices" security measures to protect against unauthorized access to Beacon's Confidential Information. Vendor represents and warrants that all equipment used and maintained to provide services hereunder shall be equipped and routinely updated with all current industry standards security protections, including but not limited to anti-virus protections, spyware and security packages. All security protections shall be in compliance with the specifications of HIPAA.

h. The provisions of this Section 4 shall survive termination of this Agreement.

5. Indemnification. Vendor agrees to indemnify and hold Beacon harmless from all damages and liability, including reasonable attorney's fees, incurred as a result of (a) Vendor's violation any of its obligations under this Agreement; or (b) Vendor's negligence or willful acts; or (c) Vendor's violation of Beacon's or any third-party's privacy rights, property rights, trade secrets, proprietary information, trademark,

copyright, or patent rights and claims for libel and slander or unfair trade practices in connection with the performance of Services under this Agreement. The provisions of this Section shall survive termination of this Agreement.

6. Safeguarding of Property. Vendor agrees to take reasonable precautions to safeguard any of Beacon's property entrusted to Vendor's custody or control.

7. Responsibilities Upon Termination. No later than ten (10) business days from termination of this Agreement for any reason by either Party, Vendor covenants and agrees to transfer, deliver, or make available to Beacon any and all property and materials in its possession or control belonging to or paid for by Beacon. The provisions of this Section shall survive termination of this Agreement.

8. No Commitments to Third Party Vendors. Vendor agrees it shall not commit Beacon to any purchase or other obligations nor will it disseminate any material or make any payments in Beacon's name except pursuant to Beacon's prior written approval.

9. Non-Solicitation of Personnel. Neither Party shall directly or indirectly solicit the employment of any of the other Party's personnel who have been directly involved in this Agreement for a period of three (3) months from the earlier of the termination of such individual's employment at the other Party or the last day Services were rendered under this Agreement or termination of this Agreement, unless agreed to in writing by the other Party. This section shall not apply to individuals responding to an employment advertisement. The provisions of this Section shall survive termination of this Agreement.

10. Vendor Personnel. Vendor shall hire skilled and trustworthy personnel to take all necessary care to prevent loss or damage to Beacon's medical records, files or any other documents, regardless of the media, (collectively as "Documents") stored created or used in performing Services hereunder. If any Documents are lost, damaged or destroyed through fault of Vendor's personnel, Vendor shall pay for all expenses necessary to re-create the Documents. Vendor's personnel shall conform to the requirements of law and to the rules and regulations of Beacon, including those regarding personnel identification and conduct. Beacon has the right to request removal of any of Vendor's personnel from performing Services hereunder for any reason.

11. Submission of Invoices. Vendor shall submit invoices for rendered Services, which describe in reasonable detail the Services for which Beacon are being billed. This invoice shall include a description of the Services provided, for whom they were provided, the hours and date(s) of Services, the Vendor's tax identification number, any requisite tax reporting forms, and the portion of the total project cost that these hours represent. The Parties agree that the total payment for all Services and the payment schedule pursuant to which Vendor is to be paid are described in Exhibit A.

12. Termination. This Agreement shall be for the Term set forth in Section 3 hereof. Notwithstanding the foregoing, this Agreement may be terminated earlier, by either party, as follows:

    a. Without Cause Termination. Either party may terminate this Agreement (including but not limited to any SOWs in effect at the time of termination) at

any time without cause effective upon forty five (45) days prior written notice. In the event of early termination of Services, Vendor shall be entitled to compensation through the date of termination; however, to the extent that compensation has been paid by Beacon in advance of Services being rendered, then Beacon shall be entitled to a return of fees, on a pro-rata basis, attributable to the period of time following termination.

b. For Cause Termination. If either Party defaults in the performance of any of its duties and obligations under this Agreement, and the default has not been substantially cured within ten (10) days after written notice has been given to the defaulting Party, then the Party not in default may, upon written notice to the defaulting Party, terminate this Agreement as of a date specified in that notice and may avail itself of any remedies available at law or in equity.

c. Termination of all Statement of Works ("SOW"). The Term of this Agreement shall automatically terminate upon the effective date of termination or expiration of the last SOW hereunder to expire or be terminated.

d. Prohibition on Criminally Charged or Excluded Owners, Individuals or Entities. Vendor warrants and agrees that, to the best of its knowledge, its employees and/or staff who perform Services (together, "Verified Individuals") have not, are not nor are proposed to be (i) charged with a criminal offense involving government business, (ii) included on the List of Excluded Individuals and Entities (LEIE) posted by the Office of the Inspector General of the Department of Health and Human Services (OIG) or by the applicable state's Office of the Medicaid Inspector General (OMIG) on their respective websites, (iii) indicated as being debarred on the Excluded Parties List System (EPLS) or the System for Award Management (SAM) websites, or (iv) the Office of Foreign Control Specially designated Nationals list (available online at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx or its successor), each administered by the General Services Administration (listings individually as "Excluded List" and collectively as "Excluded Lists"). Vendor shall provide immediate notice to Beacon in the event that it or any of its Verified Individuals becomes or is proposed to be: (i) charged with a criminal offense involving government business; or (ii) listed on an Excluded List or otherwise debarred from performing services paid for by government monies. Vendor understands and agrees that any of the Verified Individuals being charged or included on any of the Excluded Lists may be grounds for immediate termination of the Agreement. Vendor further understands and agrees that Beacon shall not make payment hereunder for any services performed by Vendor while it is charged with a crime involving government business or listed on an Excluded List and that, upon being or proposed to be so charged or placed on an Excluded List Vendor shall immediately cease performing Services hereunder.

13. Records. Notwithstanding any provision to the contrary in this Agreement or in a Statement of Work, Vendor covenants and agrees that it shall not withhold under any circumstance any records of Services provided hereunder, including, but not limited to, one for unpaid compensation on the part of Beacon). This provision of this Section shall survive the Agreement's termination, breach or any other legal right to cease performance by Vendor.

14. Discrimination. Vendor agrees that, in conformity with applicable law and regulations (including, but not limited to, 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a)), it shall not discriminate against qualified individuals based on their status as protected veterans or individuals with disabilities. Vendor further agrees that it will not discriminate against individuals based on their race, color, religion, sex, or national origin.

15. Pre-Placement Requirements. If any of Vendor's employees or agents will perform Services under this Agreement on-site at Beacon or have access to PHI, such individuals must have undergone a pre-placement employment screening as set forth in Beacon's policies and procedures (including but not limited to criminal background checks), as amended from time to time.

16. Insurance. Vendor agrees to insurance in such minimum amounts and under the terms set forth in Exhibit B, which is attached to and made part of this Agreement as if fully set forth herein. Acceptance by Beacon of insurance under terms other than as listed in Exhibit B shall not serve as a waiver or modification of Beacon's rights to require performance at a later time.

17. General Terms.

a. Notices. All notices, requests and other communications to any Party will be in writing and will be addressed to the receiving Party's address set forth below or to such other address a party may designate by notice hereunder, and will be either (i) delivered by hand, (ii) sent by recognized overnight courier, or (iii) sent by certified mail, return receipt requested, postage pre-paid, as follow:

If to Vendor: Clark County Department of Community Services
P.O. Box 5000
Vancouver, WA 98666
Attn: Contract Unit

If to Beacon: Beacon Health Options, Inc.
240 Corporate Blvd.
Norfolk, Virginia 23502
Attention: General Counsel

with a copy to

Beacon Health Strategies LLC
200 State Street, Suite 302
Boston, MA 02109
Attention: Program Director

All notices, requests and other communications hereunder will be deemed to have been given (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if sent by overnight courier service, on the next business day following the day such notice is delivered to the courier service, or (iii) if sent by certified mail, if sent by certified mail, on the date of actual receipt, as evidenced by receipt itself.

b. Amendment. This Agreement constitutes the entire understanding of the Parties and supersedes all prior representations and understandings, whether oral or written with respect to the Services performed under this Agreement. Any amendments or modifications will not be effective unless mutually agreed upon in a writing signed by an authorized representative of each Party. Notwithstanding anything to the contrary in the foregoing, the Parties agree that this Agreement shall be modified as is necessary for Beacon to comply with any changes required in regard to Protected Health Information or Electronic Protected Health Information, as set forth in any Business Associate Agreement.

c. Waiver. No failure to exercise and no delay in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall it affect the right of such party to require performance at a later time.

d. Independent Contractors. This Agreement is not intended and is not to be construed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement. Vendor at no time shall hold itself out as Beacon's agent for any purpose, and shall have no authority to bind Beacon to any obligation. Each Party agrees to assume complete responsibility for itself and its own employees, agents and representatives with regard to federal and state taxes, employer's liability, health care coverage, workers' compensation, social security, and unemployment insurance, occupational safety and health administration requirements and all other federal, state and local laws. The Vendor expressly agrees and acknowledges that Beacon is not responsible to pay or withhold, on behalf of Vendor or any of Vendor's employees, agents or representatives, any state or federal income taxes, self-employment taxes or any other taxes that may be payable as a result of the compensation paid for the services rendered by Vendor. Neither the Vendor nor any employee, agent or representative of the Vendor shall have a claim against Beacon for vacation pay, paid sick leave, retirement benefits, health care coverage, social security, workers compensation, disability, professional malpractice or unemployment insurance benefits or any other employee benefit of any kind. Vendor agrees to indemnify and hold harmless Beacon from any and all loss or liability incurred by Beacon and arising from the Vendor's failure to make any such payments or withholdings and/or to provide such benefits, if any. The provisions of this Section shall survive termination of this Agreement.

e. Headings. The headings contained in this Agreement are for convenience of reading and are not intended to have any substantive significance in the interpretation of this Agreement.

f. Taxes. Except for sales and use tax applicable to products purchased under this Agreement, Vendor is responsible for payment of all taxes arising out of this Agreement.

g. Applicable Law. This Agreement will be governed by and construed according to the laws of Washington, exclusive of its conflicts of laws statute, and any dispute shall be resolved in the proper state or federal court in Washington. The provisions of this Section shall survive termination of this Agreement.

h. Assignment. This Agreement, and any of its rights and obligations hereunder, may not be assigned by any Party without the prior written consent of the other Party(ies), and such consent may be withheld in any Party's sole discretion.

i. Inurement. This Agreement shall bind and inure to the benefit of the Parties, their parent and affiliated corporations and their respective transferees, successors and permitted assigns.

j. Use of Name. Vendor may not use Beacon's name or logo except with Beacon's prior written approval of the specific intended use.

k. Severability. In the event that any portion of this Agreement is determined to be void or unenforceable, that provision will be deemed to be restated to reflect as nearly as possible the original intent of the Parties in accordance with applicable law, and the remaining provision will continue in full force and effect. In the event that the provision cannot be reformed so as to reflect as nearly as possible the original intent of the Parties, then this Agreement may be terminated by either party upon written notice upon the other, and no further obligations shall be owed by the Parties to each other.

l. Counterparts. This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original but all of which shall constitute one and the same instrument. The Parties further agree that an electronically scanned email signature or facsimile signature shall have the same legal significance (for this document and any counter parts only) as an original signature.

m. Meaning of Terms. Whenever required by the context of this Agreement, the singular shall include the plural and the plural shall include the singular, and the masculine, feminine and neuter genders shall each include the others, and the word "person" shall include corporations, partnerships or other entities. This Agreement shall not be construed as having been drafted by one party as opposed to the other.

n. Survival. As of the effective date of termination of this Agreement, no party shall have any further rights or obligations hereunder except for rights and obligations accruing prior to such effective date of termination, or arising as a result of any breach of this Agreement. Notwithstanding the foregoing, any provision of this Agreement creating obligations beyond the term of this Agreement shall survive the termination of this Agreement, regardless of the reason for such termination. Moreover, termination in accordance with the terms of this Agreement shall not affect any rights or obligations arising prior to the effective date of termination.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

BEACON HEALTH OPTIONS, INC.

By: _____
Name: Daniel M. Risku
Title: Executive Vice President & General Counsel
Date: April 22, 2016

CLARK COUNTY

By: _____
Name: Mark McCauley
Title: Acting County Manager

APPROVED AS TO FORM

_____
Deputy Prosecuting Attorney

EXHIBIT A

DESCRIPTION OF SERVICES AND COMPENSATION

The following shall constitute "Services" under the terms of this Agreement:

1. SERVICE REQUIREMENTS

1.1. The Vendor shall provide a coordinator for the juvenile drug court (JDC) who shall ensure that the following services are provided to JDC participants by members of the JDC team:

1.1.1. A drug and alcohol assessment.

1.1.2. Substance abuse and mental health treatment and counseling as appropriate.

1.1.3. A comprehensive case management plan which is individually tailored, culturally competent, developmentally and gender appropriate and which includes educational goals that draw on the strengths and address the needs of the participant.

1.1.4. Drug testing, scheduled and at random, to support the treatment plan and monitor compliance.

1.1.5. Tracking and attendance and completion of activities, and imposing appropriate incentives for compliance and sanctions for lack of compliance.

1.1.6. Engagement of the community to broaden the support structure and better ensure success, such as referrals to mentors, support groups, pro-social activities, etc.

2. REPORTING REQUIREMENTS AND DELIVERABLES

2.1. The Vendor should provide the following:

2.1.1. Monthly report summarizing provision of service requirements established in Section 1.

2.1.2. Quarterly reports due by the 15th of the month following the end of the quarter that include:

2.1.2.1. Participant levels, including the total number of participants, the number of participants terminated for drug use, for new charges, for other reasons and the number of graduating/completions.

2.1.2.2. Drug test information, including number of UAs, and the number of positive UAs.

2.1.2.3. Number of sanctions and incentives handed out by the judge.

2.1.2.4. Percentage of participants and their families involved in best and promising practices, including functional family therapy, aggression replacement therapy, etc.

2.1.2.5. Percentage of participants working on education and/or employment goals.

2.1.2.6. Recidivism rate (conviction-free at six months and one year following graduation)

2.1.2.7. Percentage of graduates who continue with optional aftercare services.

2.2. If state general funds are available, vendor is eligible to receive the following one-time incentive payments, per participant, for achievement of the following activities, as they occur, during each participant's journey throughout the program. Any incentive payment paid by Beacon to the Vendor will be made in addition to the established monthly payment set forth below in Section 4.

2.2.1. A Chemical Dependency assessment within 14 days of referral ($100)

2.2.2. 60 days clean and sober determined by random UA samples ($100).

2.2.3. At least 60 days continuous enrollment in an educational program and passing grades in all classes or upon high school graduation or GED completion. ($200)

2.2.4. The identification and engagement with at least two pro-social support people and monthly participation in at least one pro-social activity. ($200)

3. COMPLIANCE

3.1. Vendor agrees to:

3.1.1. Comply with all applicable state and federal laws, rules and regulations related to services rendered to clients, and applicable requirements of the Beacon and Washington State Health Care Authority Contract.

3.1.2. Provide Beacon with timely access to records, information and data necessary for Beacon to meet their respective obligations under their Contract; and

3.1.3. Submit all reports and clinical information required by Beacon and/or Payors that may be required by Contract(s) and/or applicable laws and regulations.

4. PAYMENT PROVISIONS

4.1. Vendor shall be paid the following amounts for these services:

4.1.1. April – June 2016: $30,645

4.1.2. July 1 2016 – June 30 2017 = $122,580

4.2. Vendor shall request a **monthly** payment in the amount of $10,215.

4.3. If state general funds are available, incentive payments may be distributed per section 2.2 up to a maximum of $10,000 per year.

4.4. Payments shall be considered timely when made within 45 days of receipt of the monthly invoice.

4.5. Invoices must be submitted by the 11th of the month following services, or the first business day thereafter, and be accompanied by the required reports. Invoices should include:

4.5.1. The invoices shall describe and document to Beacon's satisfaction a description of the work performed, activities accomplished, progress of the project and fees.

4.5.2. The invoice shall identify the month of service and include the accomplishment of items per participant, as described in 2.1.2.1 – 2.1.2.7

4.5.3. In the event that the contract is extended, subsequent *monthly* installments may be requested at the end of the month in an amount equal to one twelfth (1/12) of the annual contract amount.

EXHIBIT B

INSURANCE REQUIREMENTS

Vendor, at its sole expense, agrees to maintain all necessary and adequate insurance to protect against losses, claims, injuries and damages that may arise in connection with the operation of its business, including, but not limited to obtaining and maintaining the below stated insurance.

1. Workers' Compensation and Employer's Liability. Worker's compensation coverage in keeping with statutory limits required by applicable law. Coverage shall also include a communicable disease endorsement. Employer's liability insurance with limits of not less than $500,000 per accident per employee per disease.

2. Errors & Omission or Professional Liability. Errors & Omission coverage or professional liability insurance, as applicable with services provided, with limits of not less than $1,000,000 per claim and $3,000,000 in the aggregate.

3. Commercial General Liability. Comprehensive commercial general liability coverage, subject to a combined single limit of at least $1,000,000 for bodily injury and property damage claims relating to the performance of any work under the Agreement. Such coverage shall include, without limitation, (a) coverage for any and all operations of the Vendor, sub-companies and sub-sub companies; and (b) liability for all contractual obligations of the Vendor under the Agreement.

4. Network Security and Privacy Coverage. Network Security and Privacy coverage to provide coverage for losses related to or arising from theft or loss of personal data owned, held or provided by BEACON, including but not limited to protected health information (as defined by HIPAA), personal information (as defined by applicable state security laws), network security and privacy coverage, credit card information, bank account information, and social security information. Such coverage shall include network security liability coverage for the unauthorized access to, use of or temporizing with computer systems, including but not limited to, hacker attacks and liability arising from the introduction of a computer virus or otherwise causing damage to BEACON's or third person's computer system, network or similar computer related property. The minimum limits of $3,000,000 per loss for service contracts under $500,000 and $5,000,000 per loss for service contracts equal to or over $500,000.

5. Business Automobile. Comprehensive motor vehicle coverage subject to limits of at least $1,000,000 for any one person, $1,000,000 for any one accident for bodily injury, and $1,000,000 for property damage, covering all vehicles used in connection with Vendor's performance of any work under the Agreement, whether the vehicles are owned, hired, or other non owned vehicles, and uninsured motorist.

6. Umbrella. Umbrella liability insurance subject to limits of at least $5,000,000 providing excess coverage over the coverages specified in this Exhibit at Sections 1 through 5.

7. Property and Fidelity or Crime. All risk property insurance, including property while in transit, covering all real and personal property belonging to or under the supervision and control of Vendor, which is used in connection with the performance of any work under the Agreement, to the full insurable value of the property. Fidelity or crime coverage is to include employee theft of third party funds. Such insurance shall insure against the perils of fire and extended coverage and shall cover physical loss or damage including theft, vandalism and malicious mischief. Such

insurance shall include the interest of Vendor, BEACON and each of their related entities in all facilities affected by the Agreement.

8. Insurer Authorized to do Business in Washington. All requisite coverages shall be provided by companies authorized to do business in Washington and have a rating of no less than A- VIII. Vendor may self insure, through deductibles or otherwise, for coverage described in these Insurance Requirements, subject to BEACON's sole opinion and absolute discretion and express written approval following review of representations and warranties of Vendor as to sufficiency of assets to satisfy any claims.

9. BEACON Named as Additional Insured/Loss Payee. Vendor shall cause BEACON to be named as an additional insured under the commercial general liability coverage, and Vendor shall cause BEACON to be named as a loss payee under the property and crime/fidelity coverage.

10. Claims-Made Insurance. Should the required coverage be procured on a "claims made" basis, the coverage shall be maintained in full force and effect during the entire term of any Agreement, plus for an additional run-out period that is the longer of (i) the applicable statute of limitation or (ii) seven (7) years, following the later of the last performance of services under the Agreement or termination of the Agreement. The retroactive date of coverage shall be no later than the effective date of the Agreement, such that the coverage is at least retroactive to the effective date, and there shall be no breaks in the continuity of coverage from the effective date of the Agreement through the end of the requisite run-out period. If the procurement of coverage is discontinued on an ongoing basis for any reason, then adequate "tail" coverage shall be procured for any event that may have occurred during the term of the Agreement to cover any and all remaining time on the requisite coverage period.

12. Evidence of Insurance. Evidence of the required coverage shall be provided at the time of the signing of the Agreement and upon such other reasonable written request for same to the below stated addresses. BEACON shall be immediately advised by written notice of any decrease, termination or cancellation of the insurance coverage required to be maintained no less than thirty (30) days prior to such termination, decrease or cancellation. BEACON shall be listed on any notification endorsement.

Beacon Health Options, Inc.
Attention: Vice President Corporate Finance
240 Corporate Boulevard, Suite 100
Norfolk, VA 23502

EXHIBIT C

Washington State Healthcare Authority Addendum

The following terms and provisions are incorporated into the Agreement. To the extent the terms and conditions in this Exhibit C are inconsistent with the Agreement, the terms and conditions of this Exhibit C shall govern.

1. Vendor shall release to Beacon any information that Beacon deems necessary for Beacon to perform its obligations under its Behavioral Health – Administrative Services Organization Contract with the Washington State Health Care Authority ("ASO Contract").

2. Vendor shall provide reasonable access to its facilities and financial and medical records, as applicable, for duly authorized representatives of the Washington State Health Care Authority ("HCA") or the Department of Health and Human Services for audit purposes, and immediate access for Medicaid fraud investigators.

3. Vendor shall submit to Beacon complete and accurate reports and data required under the ASO Contract, including encounter data, as applicable. If Vendor is required to submit encounter data, Vendor hereby represents and warrants that it has the capacity to submit all such HCA-required data to Beacon so as to meet the requirements of the ASO Contract.

4. Vendor shall comply with the ASO Contract's Program Integrity requirements and Beacon's HCA-approved Program Integrity policies and procedures.

5. Vendor shall comply with any term of the ASO Contract that is applicable to the services Vendor performs under this Agreement.

6. To the extent Vendor provides services pursuant to this Agreement that are funded by General Fund State/Substance Abuse Prevention and Treatment Services Block Grant funds, Vendor is advised as follows:

    a. The toll-free number to file oral grievances and appeals is: (855) 228 6502.

    b. Assistance is available in filing a grievance or appeal.

    c. The following rules and timeframes apply to grievances and appeals:

        i. Beacon shall acknowledge receipt of each grievance, either orally or in writing, within two (2) business days.

        ii. Beacon shall acknowledge in writing, the receipt of each appeal to both the Consumer and requesting Vendor within seventy-two (72) hours of receiving the appeal.

iii. Beacon shall ensure that decision makers on grievances and appeals were not involved in previous levels of review or decision-making.

iv. Decisions regarding grievances and appeals shall be made by Health Care Professionals with clinical expertise in treating the Consumer's condition or disease if any of the following apply:

1. The Consumer or Vendor is appealing an action; or

2. The grievance or appeal involves any clinical issue.