



4050 Esplanade Way
Tallahassee, Florida 32399-0950
Tel: 850.488.2786 | Fax: 850. 922.6149

Rick Scott, Governor

Chad Poppell, Secretary

CONTRACT

FOR

GROUP DENTAL BENEFITS INSURANCE

DMS 14/15-018

BETWEEN

THE STATE OF FLORIDA

DEPARTMENT OF MANAGEMENT SERVICES

AND

**UNION SECURITY INSURANCE COMPANY (ASSURANT EMPLOYEE
BENEFITS)**

Contents

| | |
|--|-----------|
| SECTION 1: DEFINITIONS | 5 |
| 1.1. Definitions..... | 5 |
| 1.2. Rules of Interpretation | 8 |
| 1.3. Hierarchy of Documents..... | 8 |
| SECTION 2: TERM | 9 |
| 2.1. Initial Term..... | 9 |
| 2.2. Renewal Term..... | 9 |
| 2.3. Department’s Right to Terminate for Convenience | 9 |
| SECTION 3: CONTRACT ADMINISTRATORS | 9 |
| 3.1. Contract Administrator..... | 9 |
| 3.2. Contract Manager..... | 10 |
| 3.3. Account Management Team | 10 |
| 3.4. Diversity..... | 11 |
| 3.5. Notices | 12 |
| SECTION 4: PAYMENTS AND INVOICING | 13 |
| 4.1. Pricing | 13 |
| 4.2. Price Adjustments..... | 13 |
| 4.3. Detail of Bills | 13 |
| 4.4. Bills for Travel | 13 |
| 4.5. Payments | 13 |
| SECTION 5: CONTRACT ADMINISTRATION..... | 14 |
| 5.1. Ownership of Deliverables and Record Retention | 14 |
| 5.2. Service Provider Obligations..... | 15 |
| 5.2.1. General..... | 15 |
| 5.2.2 Major Organizational Changes..... | 15 |
| 5.2.3 Subcontractors | 15 |
| 5.2.4 Warranty of Security..... | 15 |
| 5.2.5 Work Locations; No Off-shoring of Data..... | 18 |
| 5.2.6 E-Verify..... | 18 |
| 5.2.7 Scrutinized Company List | 18 |

| | | |
|--|--|-----------|
| 5.2.8 | Removal or Replacement of Employees and Subcontractors for Cause | 18 |
| 5.2.9 | Employment of State Workers..... | 19 |
| 5.2.10 | Healthcare Providers are Separate Independent Contractors | 19 |
| 5.3 | Acceptance of Deliverables | 19 |
| 5.4 | Warranty..... | 19 |
| SECTION 6: AUDIT RIGHTS | | 20 |
| SECTION 7: PERFORMANCE GUARANTEES..... | | 20 |
| 7.1. | Liquidated Damages | 20 |
| 7.2. | Failure to Meet Other Performance Guarantees | 21 |
| SECTION 8: INSURANCE | | 22 |
| 8.1. | Insurance Coverage | 22 |
| 8.2. | Performance Bond..... | 23 |
| 8.3. | Bond Requirements | 23 |
| SECTION 9: DEFAULT REMEDIES..... | | 24 |
| 9.1. | Service Provider Events of Default | 24 |
| 9.2. | State Remedies in the Event of Default..... | 25 |
| 9.3. | State Events of Default | 25 |
| 9.4. | Service Provider Remedies in the Event of Default..... | 25 |
| 9.5. | Rights Cumulative, No Waiver | 26 |
| 9.6. | State May Cure Service Provider Defaults..... | 26 |
| SECTION 10: TERMINATION FOR CAUSE AND TRANSITION SERVICES | | 26 |
| 10.1. | Termination for Cause | 26 |
| 10.2. | Exclusive Remedy | 27 |
| 10.3. | Transition Services..... | 27 |
| SECTION 11: GENERAL PROVISIONS | | 28 |
| 11.1. | Scope of Work | 28 |
| 11.2. | Advertising..... | 28 |
| 11.3. | Assignment; Acquisition by Third Party..... | 28 |
| 11.4. | Change of Statute or Regulation or Governmental Restrictions | 29 |
| 11.5. | Florida Law..... | 29 |
| 11.6. | Compliance with Laws | 29 |
| 11.7. | Dispute Resolution..... | 30 |

| | |
|--|----|
| 11.8. Venue..... | 30 |
| 11.9. Entire contract | 30 |
| 11.10. Execution in Counterparts | 31 |
| 11.11. Force Majeure, Notice of Delay and No Damages for Delay | 31 |
| 11.12. Further Assurances | 31 |
| 11.13. Indemnification..... | 31 |
| 11.14. Defense of Third-Party Claims | 32 |
| 11.15. Right of Setoff | 33 |
| 11.16. Independent Contractor Status of Service Provider..... | 34 |
| 11.17. Inspection at Service Provider Site | 34 |
| 11.18. Intellectual Property | 34 |
| 11.19. Lobbying and Integrity..... | 34 |
| 11.20. Loss of Data..... | 35 |
| 11.21. Modification of Terms | 35 |
| 11.22. Public Records | 35 |
| 11.23. Contract as an Agent | 36 |
| 11.24. Rights to Records..... | 36 |
| 11.25. Taxes | 36 |
| 11.26. Waiver..... | 36 |
| 11.27. Warranty of Authority | 36 |
| 11.28. Warranty of Ability Perform | 37 |
| 11.29. Severability | 37 |
| 11.30. Organizational Conflicts of Interest..... | 37 |
| 11.31. Best Pricing Clause..... | 37 |

Attachments:

Attachment A – Statement of Work

Attachment B – Performance Standards and Guarantees

Attachment C – Benefit Documents

Contract

This contract is between the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES (Department), an agency of the State of Florida with offices at 4050 Esplanade Way, Tallahassee, Florida 32399-0950, and Union Security Insurance Company (Assurant Employee Benefits) (Contractor) with offices at 2323 Grand Boulevard, Kansas City, MO 64108-2670.

WHEREAS, section 110.123(3)(h)8.a., Florida Statutes, provides in part:

“Insurance providers offering or providing supplemental coverage as of May 30, 1991, which qualify for pretax benefit treatment pursuant to s. 125 of the Internal Revenue Code of 1986, with 5,500 or more state employees currently enrolled may be included by the department in the supplemental insurance benefit plan established by the department without participating in a request for proposal, submitting bids, negotiating contracts, or negotiating a specially designed benefit package.”

WHEREAS, Service Provider meets the above-mentioned criteria to be included by the Department in the supplemental insurance benefit plan without having to participate in a competitive solicitation; and

WHEREAS, in satisfying its statutory obligation to offer a comprehensive package of health insurance and retirement benefits provided in a cost-efficient and prudent manner and to allow state employees the option to choose benefit plans which best suit their individual needs, the Department has decided to exercise its option under the above-cited statute and enter into this Contract with the Service Provider to provide the services as described herein.

NOW THEREFORE, in consideration of the premises and mutual covenants set forth herein, the Parties agree as follows:

Section 1: Definitions

1.1. Definitions

Capitalized terms used in this Contract (including any attachments thereto) without definition shall have the meanings ascribed below:

- a) **Acceptance** and **Accepted** means, with respect to each Deliverable, that the resulting services provided by the Vendor have been formally acknowledged in writing by the Department as meeting the specified Deliverable requirements established in the Contract.
- b) **Account Management Team** means the individuals employed by the Vendor listed in Section 3.3.
- c) **Business Day** means any day of the week excluding weekends and holidays observed by state agencies pursuant to section 110.117(1)(a)-(j), Florida Statutes, and by the Vendor, as negotiated on an annual basis. Vendor shall maintain with the department a current list of Vendor holidays. Customarily, the Vendor and State agencies have identical holidays, except

when December 25th falls on a Thursday or Tuesday. In those instances, the Vendor schedules an additional day of holiday to allow employees a four day weekend.

- d) **Calendar Day** means any day in a month, including weekends and holidays.
- e) **Claim(s)** means an application for payment of or reimbursement for expenses incurred by Participants, which is filed in accordance with the Vendor's and/or Department's requirements.
- f) **Confidential Information** means information in the possession or under the control of the State or Vendor that is exempt from public disclosure pursuant to Section 24, Article I of the Constitution of the State of Florida; the Public Records Law, Chapter 119 of the Florida Statutes; or to any other provision that serves to exempt information from public disclosure.
- g) **Contract** means this legally enforceable agreement between the Department and the Service Provider consisting of, in order of precedence, the following documents:
 - 1. This agreement, as amended from time to time;
 - 2. The Statement of Work, made part of this Contract as Attachment A;
 - 3. Performance Standards and Guarantees, made part of this contract as Attachment B hereto, as amended from time to time; and
 - 4. Benefit Documents, made part of this Contract as Attachment C hereto, as amended from time to time.
- h) **Contract Administrator** means those persons designated pursuant to Section 3.1 of this Contract.
- i) **Contract Manager** means those persons designated pursuant to Section 3.2 of this Contract.
- j) **Deliverables** means those items and/or materials provided, prepared and delivered in the course of performance of the Services herein by the Service Provider.
- k) **Department** means the Florida Department of Management Services, including the Division of State Group Insurance.
- l) **Division** means the Division of State Group Insurance (DSGI) housed within the Department. The Division is responsible for all aspects of the purchase and contract management of insurance products for State employees, retirees and other eligible Participants under the State Group Insurance Program.
- m) **Effective Date** means January 1, 2015 at 12:00 A.M., Eastern Time, the first date Services are provided to Participants.
- n) **Eligible Dependents** means Dependents of Subscribers, in compliance with Florida Administrative Code and statutes and federal regulations.
- o) **Implementation Date** means the date the Contract is fully executed by all Parties.

- p) **Implementation Plan** means the actions necessary to implement the Plan and begin fulfilling the Contract in a timely manner as described by Vendor in the Proposal and modified as necessary by the Department and Vendor.
- q) **Initial Term of Contract** means the one year period beginning on the Effective Date of this Contract, during which time the Service Provider has responsibility for providing all Services to the Plan as required by the terms of this Contract.
- r) **Participants** means all Subscribers and their enrolled Eligible Dependents.
- s) **Parties** means the Department and Vendor.
- t) **People First** means the State's service center and web-based human resource information system of record that administers the benefits offered by the Division.
- u) **Performance Standards** means specific measurement indicators assigned to Contract tasks representing timeliness and quality of task output.
- v) **Plan** means the State's group dental insurance plan, which is included in the State's group insurance program established by section 110.123(3)(b), Florida Statutes, and implemented by Chapter 60P-10, Florida Administrative Code.
- w) **Plan Year** is based on the calendar year from January 1 to December 31.
- x) **Quarterly on a Quarterly basis, quarterly meeting** or other similar terms mean, unless otherwise stated herein, once every three (3) months, beginning January 1, 2015, unless otherwise stated.
- y) **Secretary** means the Secretary of the Florida Department of Management Services or designee.
- z) **Services** means group dental insurance services, coverage, benefit, and utilization management services, and other specific services required of Service Provider by this Contract. The term "Services" includes, but is not limited to, all Deliverables and any unspecified service that is inherent in proper delivery of a specified service or Deliverable. During the term of the Contract, the Department will have the right to add or delete services and products. If the Department elects to add services or products, the Vendor and the Department will negotiate a mutually agreed amendment to the Contract.
- aa) **Service Provider, Contractor or Vendor** means, the dental insurance entity contracted to provide the Services to Participants under the Plan and pursuant to the Benefit Documents, and to provide other specific services required of it by this Contract.
- bb) **State** means the State of Florida.
- cc) **State Group Insurance Program** means the package of insurance Plans as authorized in section 110.123(2)(l), Florida Statutes.

- dd) **State Law** means the statutes, administrative rules, and case law of the State, as they may be in effect from time to time, particularly as may be related to the legal requirements applicable to the Plan or its administration.
- ee) **Subcontractor** refers only to Vendor's Subcontractors and agents that deliver Services required by this Contract. Health care providers that have contracted with Vendor to participate in Vendor's provider networks shall not be deemed a Subcontractor under this Contract for any purpose.
- ff) **Subscriber** or **Enrollee** means the enrolled employee, retiree or COBRA participant that is the primary insured, as defined in Florida Administrative Code.

1.2. Rules of Interpretation

In this Contract, unless otherwise indicated or otherwise required by the context, the following rules of interpretation shall apply:

- a. Reference to, and the definition of, any document (including any attachments) shall be deemed a reference to such document as it may be amended, supplemented, revised or modified.
- b. The table of contents and section headings and other captions are for the purpose of reference only and do not limit or affect the content, meaning or interpretation of the text;
- c. Defined terms in the singular shall include the plural and vice versa and the masculine, feminine or neutral-genders shall include all genders;
- d. The words "hereof," "herein," "hereunder," and words of similar import, shall refer to this Contract as a whole and not to any particular provision of this Contract;
- e. The words "include," "includes" and "including" are deemed to be followed by the phrase "without limitation"; and
- f. Any reference to a governmental entity or person shall include the governmental entity's or person's authorized successors and assigns.

1.3. Hierarchy of Documents

This Contract sets for the entire understanding of the parties and consists of the documents listed below. In the event of any these documents conflict, the conflict will be resolved in the following order of priority (highest to lowest):

- a. This Contract
- b. Attached Statement of Work
- c. The General Contract Conditions - PUR 1000, which are incorporated by reference, and available at: <http://www.dms.myflorida.com/content/download/2933/11777/version/6/file/1000.pdf>

The Contract is an independent Contract and has no effect upon any other contracts between the Parties.

Section 2: Term

2.1. Initial Term

The Parties agree that the Contract term shall commence upon the Implementation Date and shall expire one (1) year after the Effective Date, unless extended, terminated or renewed as provided herein.

2.2. Renewal Term

The Department may elect to renew the Contract for up to one, one (1) year renewal term. Renewal shall be at the pricing structure quoted in this Contract. Rate increases must be approved by the Department. Renewal in whole or in part shall be at the sole discretion of the Department, and shall be contingent upon the Department's determination, including that Vendor has satisfactorily performed its obligations under the Contract, as determined by the Department or its designated representatives, as well as the availability of funding. The Department shall also consider whether Vendor has been subject to any performance violations and/or liquidated damages in complying with any of the Contract requirements. The Vendor shall not charge any costs for renewing the contract beyond the premium rates. Any renewal shall be in writing and signed by both Parties.

2.3. Department's Right to Terminate for Convenience

The Department, by written notice to Vendor, may terminate the Contract when the Department determines in its sole discretion that it is in the State's interest to do so. Vendor shall not perform any Services after it receives the notice of termination, except as necessary to complete the continued portion of the Contract, if any. Vendor shall not be entitled to recover any cancellation charges or lost profits. If this Contract is terminated for convenience prior to January 1, 2015, the Department shall reimburse Vendor for costs actually incurred for authorized Services satisfactorily performed prior to the notice of termination.

Section 3: Contract Administrators

3.1. Contract Administrator

The Department will name a Contract Administrator during the Term of this Contract whose responsibility will be to maintain this Contract. As of the Effective Date, the Contract Administrator is Lori Anderson, 4050 Esplanade Way, Suite 335, Tallahassee, FL 32399. The Department will provide written notice to Vendor of any changes to the Contract Administrator; provided, such changes will not be deemed Contract amendments.

3.2. Contract Manager

Each Party will designate a Contract Manager during the Term of this Contract whose responsibility will be to oversee the Party's performance of its duties and obligations pursuant to the terms of this Contract. As of the Effective Date, the Department's Contract Manager is Lindsay Lichti, 4050 Esplanade Way, Suite 215, Tallahassee, FL 32399-0950.

As of the effective date, Vendor's Contract Manager is Dana Ennis, 2323 Grand Boulevard, Kansas City, MO 64108.

3.3. Account Management Team

The Account Management Team or designated representative shall be available, at a minimum, by phone or e-mail, Monday through Friday, 8:00 a.m. – 5:00 p.m., Eastern Time, during the entire term of the Contract, excluding Service Provider and State holidays, and shall at a minimum assist in resolving service-related questions and problems, respond to Department personnel regarding general administrative and procedural problems, and ensure that grievance procedures are in place to resolve disputes between the Contractor and Participants. The Account Management Team must have the experience and authority to make routine decisions regarding the State group account such as developing and implementing corrective action plans, facilitating complaint resolution, and providing effective communication about organization and program changes. To avoid interruption to service, changes to members of the Account Management Team shall be communicated to the State as soon as they are known.

The Account Management Team shall:

- a) Devote all time and human resources needed to successfully manage the account, including being available for telephone and on-site consultations. This shall include but not be limited to quarterly meetings between the Account Management Team and the Department's Contract Manager to discuss the Contractor's performance, service improvement opportunities, provider network changes and other issues as needed.
- b) Subject to all provisions of this Contract, meet all performance standards and guarantees of this Contract and be extremely responsive to the needs of the Department and Participants throughout the term of the Contract.
- c) Be comprised of individuals with specialized knowledge of or immediate access to the Contractor's:
 1. Provider networks;
 2. Claims and eligibility systems;
 3. Systems reporting capabilities;
 4. Claims adjudication policies and procedures; and
 5. Relationships with third parties.

d) Prior to the Effective Date of the Contract, provide to the Department copies of its policies and/or standard operating procedures regarding the following operational areas:

1. Hiring standards (employment practices, background checks, etc.);
2. Security protocols (data access, caller verification, etc.); and
3. Monitoring and auditing procedures.

The Vendor's Account Management Team is as follows:

Senior Account Executive: Dana Ennis, National Account Director

2323 Grand Boulevard

Kansas City, MO 64108

Toll-free: 866.909.6999 x 8447

Direct: 337.991.0305

dana.ennis@assurant.com

Account Representative: Wanda Walker, Billing Representative

2323 Grand Boulevard

Kansas City, MO 64108

Toll-free: 800.456.9194 x 7889

Latoya.cannon@assurant.com

Account Representative: Natlie Chastain, Connection Specialist

2323 Grand Boulevard

Kansas City, MO 64108

Toll-free: 800.456.9194 x 5507

Direct: 205.909.5507

rhonda.foster@assurant.com

3.4. Diversity

It is the policy of the State that Minority Business Enterprises, Woman-Owned Business Enterprises and Service-Disabled Veteran Business Enterprises (as those terms are defined by Florida Statutes), have the maximum practicable opportunity to participate in performing contracts let by any state agency. Vendor will carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient Contract performance by reasonably considering such Business Enterprises as Subcontractors for the Services. Vendor further agrees to comply with all controlling laws and regulations respecting the participation of such Business Enterprises in the provision of the Services and to reasonably cooperate in any studies or surveys as may be conducted by the State of Florida to determine the extent of Vendor's compliance with this section.

3.5. Notices

All notices under this Contract shall be served upon the Department by certified mail, return receipt requested, by reputable courier service, or delivered personally to each of the following:

Department of Management Services
Departmental Purchasing, Contract Administrator
4050 Esplanade Way, Suite 335
Tallahassee, FL 32399-0950

Department of Management Services
Office of the Secretary
4050 Esplanade Way, Suite 280
Tallahassee, FL 32399

Department of Management Services
Office of the General Counsel
4050 Esplanade Way, Suite 160
Tallahassee, FL 32399-0950

All notices under this Contract to be served upon Vendor shall be served by certified mail, return receipt requested, by reputable courier service, or delivered personally to:

Union Security Insurance Company
Attn: Dana Ennis, National Account Director
2323 Grand Boulevard
Kansas City, MO 64108

Union Security Insurance Company
Attn: Legal Department
2323 Grand Boulevard
Kansas City, MO 64108

The Parties agree that any change in the above-referenced address or name of the contact person shall be submitted in a timely manner to the other Party. All notices and other communications under this Contract shall be in writing and shall be deemed duly given either (i) when delivered in person to the recipient named above, (ii) upon confirmation of courier delivery to the intended recipient; or (iii) three (3) business days after mailed by certified U.S. mail, return receipt requested, postage prepaid, addressed by name and address to the Party intended.

Section 4: Payments and Invoicing

4.1. Pricing

The following statewide monthly premium rates are applicable for Plan Year 2015, which encompasses January 1st through midnight December 31st, 2015 for the Freedom Advance and Prepaid plans.

| | Freedom Advance | Prepaid |
|---------------------------------|-----------------|---------|
| Employee Only: | \$43.55 | \$14.93 |
| Employee + Spouse: | \$83.61 | \$25.17 |
| Employee + Child(ren): | \$98.83 | \$33.26 |
| Employee + Spouse + Child(ren): | \$130.35 | \$43.54 |

4.2. Price Adjustments

Premium rates must be valid for a minimum of one plan year. Rate increases are subject to the approval of the Department. An appropriate premium rate adjustment may be made via Contract amendment. Without the Department's approval, the premium rates shall not exceed those specified in Section 4.1 of the Contract.

4.3. Detail of Bills

Vendor shall submit bills for fees or other compensation for services or expenses in detail sufficient enough for a proper pre-audit and post-audit. The Department reserves the right to request additional documentation.

4.4. Bills for Travel

Bills for travel expenses, if permitted, must be submitted in accordance section 112.061, Florida Statutes. Travel expenses are not permitted under this Contract.

4.5. Payments

The Vendor shall accept payments from the State processed through the State's standard transmittal process (i.e. electronic funds transfer (EFT) to the Vendor) and by State determined due dates. The Vendor must complete a direct deposit authorization form (currently form number DFS-A1-26E rev 12/2010.)

The Vendor shall provide any payments to the State through the normal transmittal process (i.e. EFT transfer from the Vendor) and by State determined due dates.

All payments to the State shall be made separately by EFT from any payment balances due from the State. The netting of payments related to the Plan is prohibited.

The Department shall cause complete and accurate enrollment and all other necessary data to be provided to Contractor and payments for Services to be made to Contractor in the following manner:

- On a monthly basis, DSGI will verify the calculation of the premium payment due to Contractor based on its contracted premium rates and number of Participants. Convergys (People First) maintains and updates the State's system of records, and will calculate the premium due using its eligibility and enrollment system, with adjustments made by People First based on updated information.
- By the 10th day of each calendar month of service, People First will forward complete and accurate monthly enrollment change data to Vendor in an electronic media format. The data layout of the monthly Vendor eligibility file structure will be provided by People First.
- Upon conclusion of each annual open enrollment period, People First, on behalf of DSGI, will forward to Contractor complete and accurate enrollment data for all enrollees pertinent to Contractor and in sufficient time for Contractor to meet all of its Contract Performance Standards and Guarantees. The data layout for the annual enrollment data will be provided by People First to Contractor.
- By the 10th day of each calendar month of service, in addition to the State's previously mentioned monthly enrollment change data, People First will forward enrollment premium payment data in an electronic media format to Contractor.
- DSGI will subsequently make premium payments to Contractor no sooner than the 15th day of each month and no later than the 30th day of each month. Under this procedure, Contractor will neither prepare nor submit an invoice to DSGI.

Section 5: Contract Administration

5.1. Ownership of Deliverables and Record Retention

All Deliverables, and any papers, documents, materials and other items prepared by Vendor and provided to the State for purposes of the Contract, shall be the property of the Department and shall be available to the Department at any time. The Department shall have the right to use the same without restriction and without compensation to Vendor other than that specifically provided by the Contract. Data deemed proprietary, trade secret or confidential shall be subject to compliance with Florida Statutes and Federal laws and regulations.

Vendor shall retain (i) sufficient documentation to substantiate claims for payment under the Contract No.: DMS 14/15-018 DMS Group Dental Benefits Insurance, and (ii) all other records, electronic files, papers and documents which were made for purposes of the Contract. Such records shall include magnetic tapes, CD-ROM diskettes, or other electronic media of files maintained by Vendor directly relating to the Services, including file labels, complete file layouts, data element descriptions and detailed processing logic to assist the Department auditor in processing or utilizing files. Vendor shall retain all such records, papers and documentation in compliance with Record Retention Schedules published by the State of Florida Department of State on its website at <http://dos.myflorida.com/library-archives/records-management/general-records-schedules/>.

5.2. Service Provider Obligations

5.2.1. General

Vendor will provide any and all labor, materials and supplies necessary to perform the Services in the manner prescribed by this Contract. Vendor will meet or exceed the Performance Guarantees set forth in Attachment B.

No compensation shall be paid by the Department to Vendor for the Services. Except as specifically set forth in this Contract, the Department will not reimburse Vendor for any travel expenses or other costs incurred in connection with the Contract or the Services. Vendor's sole remuneration shall be the premiums paid by the Subscribers.

5.2.2 Major Organizational Changes

The Parties agree that in order for efficient and effective communication to occur, clear lines of authority and areas of responsibility need to be identified for each party. Each party agrees to promptly notify the other in the event of any material change in personnel, address or phone number.

Vendor agrees not to transfer more than 49.9 percent of its interests without the prior written approval of the Department. By execution of this Contract, Vendor represents that it has no knowledge of its intent to transfer more than 49.9 percent of its interests.

5.2.3 Subcontractors

Vendor is responsible for the acts or omissions of all Subcontractors, if any, it uses in the provision of the Services during the term of the Contract. The Department will have no liability of any kind for Subcontractor demands, loss, damage, negligence or any expense relating, directly or indirectly, to Subcontractors.

Vendor will not subcontract any of the Services or enter into any subcontracts or change approved Subcontractors (including their key personnel and/or location of processes for the Services) without the express written consent of the Department. In seeking such consent, Vendor will give the Department prior notice of at least 60 calendar days or, in case of an emergency, as soon as practical. Each approved subcontract will be subject to the same terms and conditions as the Contract. For purposes of this subsection, dental care providers are not considered to be Subcontractors.

5.2.4 Warranty of Security

A. Background Screening

The Vendor shall ensure that a background screening is conducted on all Persons.

Definitions of capitalized terms as used herein:

“Access” means the ability and/or means to approach, instruct, communicate with, store data in, retrieve data from, or otherwise make use of any resources of a computer, computer system or computer network containing State of Florida Data.

“State of Florida Data” means any representation of information, knowledge, facts, concepts, computer software, computer programs or instructions, whether said information is confidential information or personal health information. Data may be in any form, including but not limited to, in storage media, stored in the memory of the computer, in transit or presented on a display device, or a hard copy.

“Person” or “Persons” means the following designated employees who are directly performing Services under the Contract whether or not the Person has access to State of Florida Data or who are not performing Services under the Contract but have access, including indirect access, to State of Florida Data: the State of Florida Account Manager and designated backups; the Florida sales management team and the Florida sales office; the EDX service team and designated back-ups; technical specialists who receive and process State of Florida data files; underwriting team who provide reports and renewal information for the State of Florida; dental claim call specialists; and technical team specialists who receive and process State of Florida data. The minimum background check process shall include a check of the following databases through a law enforcement agency or a professional background screener accredited by the National Association of Professional Background Screeners:

- Social Security Number trace; and
- Criminal Records (Federal, State and County criminal felony and misdemeanor, national criminal database for all States which make such data available);

The Vendor agrees that each Person will be screened prior to performing Services related the Contract or having Access to State of Florida Data. The Vendor is responsible for any and all costs and expenses in obtaining and maintaining the criminal background screening information for each Person described above. The Vendor shall maintain documentation of the screening and other requirements. Within five (5) business days of receipt of a written request from the Department, the Vendor shall provide copies of all documentation of the security screening of any Person, as permitted by state and federal law.. The Vendor shall abide by all applicable laws, rules and regulations including, but not limited to the Fair Credit Reporting Act and/or any equal opportunity laws, rules, regulations or ordinances.

The initial screenings shall be completed on all Persons no later than the Effective Date.

1. Disqualifying Offenses

If at any time it is determined that a Person has a criminal misdemeanor or felony record including adjudication of guilt (a plea of guilty or nolo contendere, or a guilty verdict) within the last 10 years from the date of the court’s determination for the crimes listed below, or their equivalent in any jurisdiction, the Vendor is required to immediately remove that Person from any position with access to State of Florida Data or directly performing Services under the Contract. The disqualifying offenses are:

- Computer-related or information technology crimes
- Fraudulent practices, false pretenses and frauds
- Forgery and counterfeiting

- Violations involving checks and drafts
- Misuse of medical or personnel records

2. Self-Disclosure

The Vendor shall require all Persons to self-report within three (3) business days of adjudication to the Vendor any adjudication of guilt as described in 1. above for the Disqualifying Offenses. The Vendor shall immediately disallow that Person Access to any State of Florida Data or from directly performing Services under the Contract. Additionally, the Vendor shall require that the Person complete an annual certification that he or she has not received an adjudication of guilt as described in 1. above for the Disqualifying Offenses and shall maintain that certification in the employment file.

3. Refresh Screening

Every five years from the time initially performed for each Person during the Term of the Contract, a background screening as described in A. above shall be conducted.

4. Quarterly Reporting

The Vendor is required to submit a written attestation to the Department within 45 days from the end of each quarter certifying compliance with this contract.

B. Duty to Provide Secure Data

The Vendor shall maintain the security of State of Florida Data including, but not limited to, a secure area around any display of such data or data that is otherwise visible. The Vendor shall also comply with all HIPAA requirements and any other State and federal rules and regulations regarding security of information.

C. Department's Ability to Audit Screening Compliance and Inspect Locations

The Department reserves the right to audit the Vendor's background screening process upon five (5) business days prior written notice to the Vendor during the Term of the Contract. The Department shall also have the right to inspect the Vendor's working area and/or location upon five (5) business days prior written notice to the Vendor to ensure that access to the State of Florida Data is secure and in compliance with the Contract and all applicable State and federal rules and regulations.

Upon notice of a security breach, the Department shall have the right to audit the Vendor's background screening process upon 24 hours written notice to the Vendor. This provision shall control over any conflicting provisions within the main Contract.

D. Indemnification

The Vendor agrees to defend, indemnify and hold harmless the Department, the State of Florida, its officers, directors and employees for any claims, suits or proceedings alleging a breach of this Warranty of Security. Following a breach, the Vendor shall provide credit monitoring services at its own cost for a one (1) year period for those individuals affected or potentially affected by a breach of this Warranty of Security.

5.2.5 Work Locations; No Off-shoring of Data

Unless otherwise agreed in writing, (i) Vendor and its subcontractors and agents will not perform any of the Services from outside of the United States, and (ii) Vendor will not allow any State of Florida Data to be sent by any medium, transmitted or accessed outside of the United States.

Vendor agrees that a violation of item (ii) above will result in immediate and irreparable harm to the Department and will entitle the Department to liquidated damages of \$50,000 per violation, with a total cap of \$500,000 per event. This is intended only to cover the Department's internal staffing and administrative costs as well as the diminished value of Services provided under the Contract, and will not preclude the Department from recovering other damages it may suffer as a result of such violation. For purposes of determining the damages due hereunder, a group of violations relating to a common set of operative facts (e.g., same location, same time period, same off-shore entity) will be treated as a single event. A violation of this provision will also entitle the Department to recover damages, if any, arising from a breach of this section and constitutes an event of default.

5.2.6 E-Verify

Pursuant to State of Florida Executive Order No.: 11-116, Vendor is required to utilize the U.S. Department of Homeland Security's E-Verify system to verify the employment of all new employees hired by Vendor during the Contract term. Also, Vendor will include in related subcontracts a requirement that Subcontractors performing work or providing services pursuant to the state contract utilize the E-Verify system to verify employment of all new employees hired by the Subcontractor during the Contract term.

5.2.7 Scrutinized Company List

In executing this Contract, Vendor certifies that it is not listed on either the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, created pursuant to section 215.473, Florida Statutes. Pursuant to section 287.135(5), Florida Statutes, Vendor agrees the Department may immediately terminate this contract for cause if the Vendor is found to have submitted a false certification or if Vendor is placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List during the term of the Contract.

5.2.8 Removal or Replacement of Employees and Subcontractors for Cause

The State may refuse access to or require replacement of any Vendor employee, Subcontractor or agent for cause, including, but not limited to, technical or training qualifications, quality of work, change in security status or non-compliance with a Department's security or other requirements. Such action shall not relieve Vendor of its obligation to perform all work in compliance with the Contract. The State may reject and bar from any facility for cause any of Vendor's employees, Subcontractors or agents.

5.2.9 Employment of State Workers

During the term of this Contract, Vendor shall not knowingly employ, subcontract with or sub-grant to any person (including any non-governmental entity in which such person has any employment or other material interest as defined by section 112.312(15), Florida Statutes) who is employed by the State or who has participated in the performance or procurement of this Contract, except as provided in section 112.3185, Florida Statutes.

5.2.10 Healthcare Providers are Separate Independent Contractors

Neither Party, nor any of their officers or employees, provides vision care Services to Participants. The Parties expressly agree that vision care providers rendering dental care Services to Participants are not the employees or agents of the Vendor or the Department. In this regard, it is the express intent of the Parties herein that dental care providers not be considered or deemed their employees or agents, and the Parties hereby expressly disclaims any such relationship, actual or implied, with any health care provider. The Parties do not, by virtue of making coverage, benefit and payment decisions under the Plan, exercise any control or direction over the medical judgment or clinical decisions of any dental care provider.

5.3 Acceptance of Deliverables

The Department will conduct its acceptance review in a manner so as to identify how the Deliverable materially fails to conform to the Contract (each such respect, "Nonconformity"). After the Department notifies Vendor in writing of any Nonconformity, specifying for each Nonconformity, how the Deliverable materially fails to meet the Contract. Vendor will correct such Nonconformity within five (5) business days, or proceed on another mutually acceptable basis as set forth in writing. The Department will then verify that the previously reported Nonconformity has been corrected and report any Nonconformity caused by the correction of the previous Nonconformity.

5.4 Warranty

Generally: Vendor warrants that (i) the Services shall be delivered in a professional, workmanlike manner in accordance with the standards and quality prevailing among first-rate nationally recognized firms in the industry and in accordance with this Contract; and (ii) this warranty will remain in effect for a period of 365 days following delivery of the Service (the "Warranty Period").

Remedies: In the event that the Department discovers that the Services are not delivered in accordance with the foregoing warranties during the Warranty Period, Vendor will promptly correct, cure, replace or otherwise remedy such performance at no cost to the State.

Exceptions: Vendor makes no warranty with respect to any portions of the Service that have been produced by anyone other than Vendor or a Subcontractor. Furthermore, the warranty extends only to the Service existing at the time of the Department's acceptance and does not apply to any modifications to the Service made by anyone other than Vendor or a Subcontractors or without Vendor's specific prior

written consent, nor does it apply to any use of the Service in a manner or for any purpose other than those contemplated in the Contract.

WARRANTY DISCLAIMER: EXCEPT AS EXPRESSLY STATED IN THE CONTRACT, THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. VENDOR'S WARRANTIES EXTEND SOLELY TO THE STATE.

This section shall survive termination of this Contract.

Section 6: Audit Rights

Vendor recognizes and acknowledges the requirements of Chapter 119, Florida Statutes, and Section 24, Article I of the Florida Constitution. As such, upon reasonable notice Vendor shall provide the State, including any officer or employee, with reasonable access to inspect and copy all records and information, including records and information stored electronically, related to this Contract that are public record under Chapter 119, Florida Statutes, and Section 24, Article I of the Florida Constitution, and which have not been exempt. Vendor shall permit inspection and copying of exempt or confidential records in the possession of Vendor by officers or employees authorized to have access in the performance of their official duties. Without limiting the class of those authorized to perform an audit, Vendor acknowledges that the State Comptroller (and its successor), the State Auditor General, and the Department's Inspector General may conduct audits.

The following records are specifically excluded from inspection, copying, and audit rights under this Contract: (i) financial records of Vendor that are unrelated to this Contract, (ii) documents created by and for the State or other communications related thereto that are confidential attorney work product or subject to attorney-State privilege, unless those documents would be required to be produced for inspection and copying by the State under the requirements of Chapter 119, Florida Statutes, and Section 24, Article I of the Florida Constitution, (iii) information of Vendor that is confidential, proprietary or is a trade secret, and (iv) personal and financial data exchanged as required by this Contract, to the extent generally protected by law.

Vendor shall be responsible for any taxes or any other liabilities imposed as a result of such audits and inspections. The State will use reasonable efforts to minimize the number and duration of such audits or inspections conducted and to conduct such audits and inspections in a manner that will minimize the disruption to Vendor's business operations. The State shall be responsible for the costs associated with the audit review. Information disclosed during any such audit is subject to the requirements of Chapter 119, Florida Statutes, and Section 24, Article I of the Florida Constitution.

Section 7: Performance Guarantees

7.1. Liquidated Damages

Time is of the essence in performing the Contract; this is true generally and particularly with respect to achieving an Effective Date of January 1, 2015 and meeting performance guarantees. Vendor

acknowledges that untimely performance or other material noncompliance will damage the Department, but by their nature such damages are impossible to ascertain presently and will be difficult to ascertain in the future. The issues involved in determining the amount of damages will be multiple and complex, and will be dependent on many and variant factors, proof of which would be burdensome and require lengthy and expensive litigation, which the Parties desire to avoid. Accordingly, the Parties agree that it is in the Parties' best interests to agree upon a reasonable amount of liquidated damages, which are not intended to be a penalty and are solely intended to compensate for unknown and unascertainable damages. The Parties acknowledge that liquidated damages are contemplated by section 110.123(3)(d)3, Florida Statutes.

7.2. Failure to Meet Other Performance Guarantees

- a. Vendor agrees to payment of additional liquidated damages ("Performance Guarantees") if it fails to meet the performance standards set forth within Attachment B to this Contract.
- b. Performance Guarantees are intended only to cover the Department's internal staffing and administrative costs and the diminished value of the Services provided under the Contract. In accepting liquidated damages, the Department does not waive its right to pursue other remedies provided for under this Contract, including a claim for any damages not covered by the liquidated damages.
- c. Notwithstanding anything in the Contract to the contrary, the total of any and all Performance Guarantees paid or to be paid by Vendor pursuant to this Contract for any calendar quarter will not exceed 100% of the Compensation due under Section 2 above.
- d. Upon mutual agreement of the Parties, Performance Guarantees may be suspended from time to time for special circumstances. Suspension of a Performance Guarantee will not excuse Vendor from accumulating data relevant to that Performance Guarantee and reporting such data to the Department as part of the management reports delivered pursuant to this Contract.
- e. Vendor will provide the Department with a Performance Standards Guarantee Report for all Performance Guarantees prescribed by Attachment B on a quarterly basis. For each Performance Guarantee that the Vendor fails to meet, based on the Performance Standards Guarantee Report, the Vendor will provide appropriate payment to the Department within 45 calendar days of end of the reporting quarter.
- f. The Department may require the Vendor to propose and implement a reasonable Corrective Action Plan to address and correct the root causes of any missed Performance Standard.
- g. The inclusion of Performance Guarantees in this Agreement is intended to address unsatisfactory performance in the context of ongoing operations without resort to the default provisions set forth in Section 8 of the Contract. However, if Vendor's performance falls below the minimum level of performance for the same Performance Guarantee for

three (3) quarters and such failure is not otherwise excused, then the Department may declare an Event of Default.

- h. Vendor will be excused for failing to meet any Performance Standard to the extent such failure is caused by the Department not performing any of its obligations under the Contract.
- i. Vendor will advise the Department in writing as soon as possible of any circumstance or occurrence which would excuse or affect Vendor's ability to achieve any of the Performance Standards. In all such cases, Vendor will continue to make all reasonable efforts to achieve the Performance Standards.

Section 8: Insurance

8.1. Insurance Coverage

During the Contract term, Vendor will, at its sole expense, continuously maintain commercial insurance of such a type and with such terms and limits as may be reasonably associated with the Contract and as required by law. Providing and maintaining adequate insurance coverage is a material obligation of Vendor and performance may not commence on this Contract until such time as insurance is secured by the Vendor and is approved by the Department, which approval will not be unreasonably withheld or delayed. The limits of coverage under each policy do not limit Vendor's or Subcontractor's liability and obligations under the Contract. Unless otherwise agreed in writing by the Department, all insurance policies must be through insurers authorized or eligible to write policies in Florida.

- a. **Commercial General Liability:** The Vendor must continuously maintain commercial general liability insurance (inclusive of any amounts provided by an umbrella or excess policy) in the face amount of Five Million Dollars (\$5,000,000.00).
- b. **Business Interruption Insurance:** Vendor must continuously maintain business interruption insurance coverage in the face amount of Five Million Dollars (\$5,000,000.00).
- c. **Workers' Compensation Insurance:** The Vendor must continuously maintain workers' compensation insurance coverage as required under all relevant workers' compensation statutes under applicable state and federal laws. The insurance must cover all of Vendor's employees connected with the provision of Services under this Contract. Vendor will require any Subcontractor similarly to provide workers' compensation insurance coverage for all of the Subcontractor's employees unless such employees are covered by the Vendor.
- d. **Professional Indemnity Insurance:** The Vendor must continuously maintain professional indemnity insurance that must cover Professional Liability and Error and Omissions in the face amount of Five Million Dollars (\$5,000,000.00) or must self-insure for losses that would typically be covered by professional indemnity insurance. Vendor will indemnify, defend and hold harmless the Department and its employees and agents, from and against any third party claims, demands, loss, damage or expense caused by Vendor in connection with the

performance of the Services relation to Professional Liability and Error and Omissions. Each insurance certificate for such policy must include an agreement that the insurer will provide 30 calendar days prior written notice to the Department of cancellation for any coverage.

The Vendor will provide all certifications of insurance as proof of insurance including renewed or replacement evidence of coverage at least 30 days prior to the expiration or termination of any insurance policy.

8.2. Performance Bond

In accordance with section 110.123(3)(d)2, Florida Statutes, within 30 days executing the Contract, Vendor will furnish at no additional cost to the Department, a performance bond or, if approved by the Department, a negotiable irrevocable letter of credit or other form of security (collectively the bond) for the performance of work under the Contract. At no time will the bond amount be less than \$150,000. The bond will be annually maintained throughout the term of the Contract, issued by a reliable surety company which is licensed to do business in the State of Florida, as determined by the Department, and must include the following conditions:

- a. **Obligee/Beneficiary:** The Department will be named as the obligee/beneficiary of the bond. Vendor's bond will provide that the insurer or bonding company will provide performance and/or payment remuneration directly to the Department.
- b. **Notice of Attempted Change:** The Department will receive 30 days prior written notice of any attempt to cancel or to make any other material change in the status, coverage or scope of the required bond or of Vendor's failure to pay bond premiums.
- c. **Premiums:** The Department will not be responsible for any premiums or assessments on the bond.
- d. **Purpose of Bond:** The bond is to protect the Department against any loss sustained through failure of Vendor or any of its employees, officers, directors, agents and representatives to accurately perform the Services required by the Contract for the entire term of the Contract. No compensation will be due to Vendor until the performance bond is in place and approved by the Department in writing.

8.3. Bond Requirements

Any bond required by this Contract shall be maintained throughout the term of the contract and shall, upon the request of the Department or the Service Provider, be adjusted to account for fluctuations in inflation and/or enrollment. The bond shall be issued by a company which is licensed to do business in the State of Florida and is rated A+ by Best's.

Section 9: Default Remedies

9.1. Service Provider Events of Default

Any one of the following events by Vendor, which is not cured within 10 calendar days after receipt of written notice thereof by the State shall constitute a default; provided, however, if such obligation is of a nature that it could not reasonably be performed within 10 calendar days, such 10-day period may, at the Department's discretion, be extended so long as Vendor begins performance or adequate corrective action within such 10-day period and thereafter diligently and continuously pursues performance, all being subject to Force Majeure.

Any one or more of the following events shall constitute an "Event of Default" on the part of Vendor:

- a. Vendor fails to provide the Services required under this Contract; or
- b. Vendor employs an unauthorized alien in the performance of any work required under this Contract; or
- c. Vendor fails to correct work that the State has rejected as unacceptable or unsuitable; or
- d. Vendor discontinues the performance of the work required under this Contract; or
- e. Vendor fails to resume work that has been discontinued within a reasonable time after notice to do so; or
- f. Vendor abandons the project; or
- g. Vendor becomes insolvent or is declared bankrupt; or
- h. Vendor files for reorganization under the bankruptcy code; or
- i. Vendor commits any act of bankruptcy or insolvency, either voluntarily or involuntarily; or
- j. Vendor fails to promptly pay any and all taxes or assessments imposed by and legally due the State or federal government; or
- k. Vendor makes an assignment for the benefit of creditors without the approval of the State; or
- l. Vendor made or has made a material misrepresentation or omission in any materials provided to State; or
- m. Vendor commits any material breach of this Contract; or
- n. Vendor transfers ownership in violation of the Contract; or
- o. Vendor utilizes a Subcontractor in the performance of the work required by this Contract which has been placed on the State's Convicted Vendors List; or

- p. Vendor is suspended or is removed as an authorized Vendor by any State or federal agency or Vendor is convicted of a felony; or
- q. Vendor refuses to allow public access to all documents, papers, letters, or other material subject to the provisions of Chapter 119, Florida Statutes, made or received by Vendor in conjunction with this Contract and not otherwise deemed confidential, proprietary or a trade secret; or
- r. Vendor refuses to allow auditor access as required by the Contract; or
- s. Vendor's license to provide dental insurance in the State is suspended or revoked; or
- t. For any other cause whatsoever that Vendor fails to perform in an acceptable manner.

9.2. State Remedies in the Event of Default

Upon the occurrence of an "Event of Default" on the part of Vendor, the State is entitled to any one or all of the following remedies:

- a. Terminate this Contract;
- b. Seek equitable relief and/or institute legal proceedings against Vendor to collect payment of any damages or sums owed by Vendor hereunder, including liquidated damages and the costs of re-procurement; and
- c. Without limiting the foregoing, violations may also result in:
 - 1. Vendor's name being removed from State Purchasing Vendor mailing list(s).

The Vendor will not be eligible for an award by the Department until such time as Vendor reimburses the Department for all re-procurement and transition costs.

9.3. State Events of Default

Any one or more of the following events shall, after the required notice(s) and opportunity to cure, except as otherwise provided below, constitutes an "Event of Default" on the part of the State:

- a. The State fails to timely pay all non-disputed amounts. The cure period for failure to pay shall be 45 calendar days from receipt of notice of failure to pay, unless State law allows a longer period to pay; or

The State breaches any other material obligation under this Contract. The cure period for a material breach by the State shall be 45 calendar days from receipt of notice of material breach.

9.4. Service Provider Remedies in the Event of Default

If an Event of Default has occurred pursuant to Section 9.3 above, and if Vendor wishes to elect to terminate this Contract, then Vendor shall provide the State with a second written notice ("Termination Notice") evidencing its intent to terminate the Contract pursuant to this subsection and reciting that

Vendor intends to pursue termination of the Contract if the Event of Default is not cured. The Termination Notice will not be effective unless it references this Section 9.4 and provides that Vendor intends to pursue termination of the Contract if the Event of Default is not cured. If the State fails to cure the default within 90 calendar days from receipt of the Termination Notice, then Vendor may institute legal proceedings to terminate the Contract and exercise all of its remedies hereunder. Vendor agrees that the remedies set forth in this Contract shall be its exclusive remedy for termination and that, except as otherwise provided, Vendor is not entitled to, and will not seek, any other reimbursement or payment, or damages, including but not limited to lost profits.

In the event of termination, Vendor shall work with the State in good faith to phase out the Services of this Contract pursuant to Section 10 below.

9.5. Rights Cumulative, No Waiver

The rights and remedies provided and available to the State and Vendor in this Contract are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by a party, shall be deemed to be in exclusion of any other. The election of one remedy shall not be construed as a waiver of any other remedy.

9.6. State May Cure Service Provider Defaults

If Vendor commits an "Event of Default" in the performance of any term, provision, covenant or condition on its part to be performed hereunder, the State may, upon notice to Vendor after the expiration of any curative periods for which provision is made in this Contract, perform the same for the account and at the reasonable expense of Vendor. If, at any time and by reason of such default, the State is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, such sum or sums, with a rate of interest if not established herein then as statutorily set by the State Comptroller (or successor), which together shall be repaid to the State by Vendor promptly when billed therefor.

Section 10: Termination for Cause and Transition Services

10.1. Termination for Cause

The Department may terminate the Contract if Vendor commits an Event of Default under Section 9.1 of this Contract. Vendor shall be liable for any re-procurement costs. Vendor shall continue work on any work not terminated. Except for defaults of Subcontractors at any tier, Vendor shall not be liable for any excess costs if the failure to perform the Contract arises from events completely beyond the control, and without the fault or negligence, of Vendor. If the failure to perform is caused by the default of a Subcontractor at any tier, and if the cause of the default is completely beyond the control of both Vendor and the Subcontractor, and without the fault or negligence of either, Vendor shall not be liable for any excess costs for failure to perform, unless the subcontracted Services or supplies were obtainable from other sources in sufficient time for Vendor to meet the required delivery schedule. If, after termination, it is determined that Vendor was not in default, or that the default was excusable, the

rights and obligations of the Parties shall be the same as if the termination had been issued for the convenience of the Department. The rights and remedies of the Department in this clause are in addition to any other rights and remedies provided by law or under the Contract.

10.2. Exclusive Remedy

Vendor agrees that the provisions of this Section 9 shall be its exclusive remedy for termination and that Vendor is not entitled to, and will not seek, any other reimbursement or payment, claims or damages, including but not limited to lost profits, consequential or indirect damages, home office overhead, or costs for accelerating performance.

10.3. Transition Services

In the event of termination, Vendor shall work with the Department in good faith to transition and/or phase out the Services of this Contract.

Upon any notice of termination of the Contract, the Vendor shall provide transition assistance services to the Department without regard to the reason for termination. Transition assistance upon termination services shall be provided for up to 12 months, unless otherwise waived by the Department and such services shall include: (i) continued provision of specified, identifiable Deliverables; (ii) Vendor's cooperation with the Department and/or another Vendor designated by the Department in connection with the transfer of services to such other Vendor; (iii) notification of current procedures; (iv) listing of equipment and software licenses then used to provide the services; (v) explanation of operations to new staff; (vi) submission of a schedule for transition activities; (vii) return of Department-owned materials being utilized by Vendor; and (viii) in post migration status, answering reasonable questions on an as-needed basis. The transition services rendered during the term of the Contract shall be provided at no additional cost.

Vendor recognizes that the Services under the Contract are vital to the Department and must be continued without interruption and that, upon Contract expiration or termination, a successor may continue them. Vendor's failure to cooperate with a succeeding third party administrator selected by the Department in providing continuity of Services is default and breach of Contract, which shall entitle the Department to damages. Vendor shall provide experienced personnel during the Contract completion period to ensure that the Services required by the Contract are maintained at the same required level of proficiency, subject to the required Performance Guarantees, and to furnish phase-out training to either the Department or another Vendor.

Vendor shall upon written notice furnish phase-out Services for up to six (6) months after the Contract terminates and negotiate in good faith a Plan with a successor to determine the nature and extent of phase-in, phase-out Services required. The Plan shall specify a training program, subject to Department approval, necessary to avoid interruption of the Services.

Within 30 work days from the effective date of termination, Vendor shall deliver in the manner, at the times, and to the extent directed by the Department all files, records, or other documentation, in any form, that relate to the work terminated; provided, however, attorney-client and work product

privileged information and proprietary and competitively sensitive trade secret information belonging to the Vendor shall not be subject to this provision.

This section shall survive termination of this Contract.

Section 11: General Provisions

11.1. Scope of Work

For the term of the Contract and any renewal period (if the right to renew is exercised by the Department), Vendor shall provide group dental insurance as detailed in this Contract and Attachment A to this Contract.

11.2. Advertising

Vendor shall not publicly disseminate any information concerning the Contract without prior written approval from the Department, including, but not limited to mentioning the Contract in a press release or other promotional material, identifying the Department or the State as a reference, or otherwise linking Vendor's name and either a description of the Contract or the name of the State or the Department in any material published, either in print or electronically, to anyone except Participants, network providers, or potential or actual Subcontractors. Within a reasonable time after the Effective Date, the Parties may issue a mutually agreeable joint press release regarding the Contract and the Services to be provided hereunder.

11.3. Assignment; Acquisition by Third Party

Vendor shall not sell, assign or transfer any of its rights, duties or obligations under the Contract, or under any purchase order issued pursuant to the Contract, without the prior written consent of the Department; provided, Vendor assigns to the State any and all claims it has with respect to the Contract under the antitrust laws of the United States and the State. The Department may assign the Contract with prior written notice to Vendor of its intent to do so. No change in Vendor's organization, if any, will operate to release the Vendor from its liability for the prompt and effective performance of its obligations under this Contract.

Because uninterrupted delivery of Services is a prime requirement, the Parties agree the following shall govern acquisition of the Vendor by a third party:

- a. No Participant shall be assigned to any other entity by Vendor during the term of the Contract, without the express written permission of the Department, which shall not be unreasonably withheld or unreasonably delayed.
- b. Vendor shall not represent to the acquiring entity that this Contract or the Participants would automatically be transferred to the successor entity.

- c. The Department may approve/disapprove of the assignment of the Participants; provided that approval shall not be unreasonably withheld or unreasonably delayed. In determining whether or not to approve said assignment, the Department will evaluate the following factors:
 1. The financial and operational status of the successor entity;
 2. The extent to which assignment would directly and negatively impact Participants; and
 3. The extent to which the assignment would require direct communication with Participants and the extent to which the successor entity would assume the financial responsibility for this communication.

11.4. Change of Statute or Regulation or Governmental Restrictions

Any changes in existing statute or regulation, or the promulgation of new regulations or the issuance of new statutes, shall not entitle Vendor to any extension of time, term, or increase in compensation, except for those changes that materially cause an increase in the technical specifications or materially cause a delay in the project schedule, in which event, the Department shall place in writing to Vendor a description of any requested changes to the technical specifications or project schedule.

11.5. Florida Law

This Contract shall serve as the entire agreement between the Parties with respect to the administration of the dental Plan and Benefit Documents, and shall supersede any and all prior negotiations, representations or contracts, either written or oral, between the Parties relating to its subject matter. The Contract shall be construed according to the laws of the State of Florida. Each Party acknowledges that it is entering into the Contract solely on the basis of the representations contained herein, and for its own purposes and not for the benefit of any third party. Although mediation may be required first, in the event of a dispute, any legal proceedings against the Department relating to or arising out of this Contract shall be brought in the State of Florida administrative or judicial forums, as required under the laws of the State of Florida. Venue shall be in Leon County, Florida.

11.6. Compliance with Laws

- a. **Generally:** Vendor shall comply with all laws, rules, codes, ordinances and licensing requirements that are applicable to the conduct of its business, including those of federal, State, and local agencies having jurisdiction and authority. By way of non-exhaustive example, Chapter 110.123 of the Florida Statutes and Chapter 60P of the Florida Administrative Code govern the Contract. By way of further non-exhaustive example, Vendor shall comply with Section 247A(e) of the Immigration and Nationalization Act, the Americans with Disabilities Act, and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status or veteran's status. Violation of such laws shall be grounds for Contract termination.

- b. **Anti-Kickback Statute:** Each party certifies that it will not violate the following laws with respect to the performance of its obligations under this Contract: the federal anti-kickback statute, set forth at 42 U.S.C§ 1320a-7b(b); Florida’s Anti-Kickback Law, set forth at §409.920, Florida Statutes; the federal Stark law, set forth at 42 U.S.C. § 1395nn; the Patient Self-Referral Act of 1992, set forth at §456.053, Florida Statutes; the Patient Brokering Act, set forth at §817.505, Florida Statutes; and the Florida False Claims Act, set forth at §§ 68.081 – 68.092, Florida Statutes.

11.7. Dispute Resolution

The Parties acknowledge that efforts should always be made to avoid disputes through good communication and prompt requests for clarification and information. However, if a dispute arises under this Contract, the Parties agree that the following procedures shall be the sole and exclusive procedures for resolution.

- a. **Executive Level Negotiations:** The Parties will attempt in good faith to resolve any dispute arising out of or relating to this Contract (a “Dispute”), promptly by negotiation between executives of the Department and the Vendor who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration of the Services at issue. To the extent permitted by law, all negotiations shall be treated as confidential settlement negotiations for purposes of discovery and admissibility in a later legal action.
- b. **Legal Action:** The Parties will allow for at least 30 days of executive level negotiations, commencing on the date the aggrieved Party provides formal notice of the Dispute to the other Party. If a Dispute is not resolved within this timeframe, the disputing Party may bring an action to seek redress in any court of law having jurisdiction thereof.

This section shall survive termination of this Contract.

11.8. Venue

The exclusive venue of any legal action that arises out of or relates to the Contract shall be the appropriate State court in Leon County, Florida; in any such action, Florida law shall apply.

This section shall survive termination of this Contract.

11.9. Entire contract

This Contract constitutes the full and complete Contract of the Parties hereto and supersedes any prior contracts, arrangements and communications, whether oral or written, with respect to the subject matter hereof. Each Party acknowledges that it is entering into the Contract solely on the basis of the representations contained herein, and for its own purposes and not for the benefit of any third party.

11.10. Execution in Counterparts

The Contract may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

11.11. Force Majeure, Notice of Delay and No Damages for Delay

Vendor shall not be responsible for delay resulting from its failure to perform if neither the fault nor the negligence of Vendor or its employees or agents contributed to the delay and the delay is due directly to acts of God, wars, acts of public enemies, strikes, fires, floods or other similar cause wholly beyond Vendor's control, or for any of the foregoing that affect Subcontractors or suppliers if no alternate source of supply is available to Vendor. In case of any delay Vendor believes is excusable, Vendor shall notify the Department in writing of the delay or potential delay and describe the cause of the delay either (1) within 10 days after the cause that creates or will create the delay first arose, if Vendor could reasonably foresee that a delay could occur as a result, or (2) if delay is not reasonably foreseeable, within five days after the date Vendor first had reason to believe that a delay could result. THE FOREGOING SHALL CONSTITUTE VENDOR'S SOLE REMEDY OR EXCUSE WITH RESPECT TO DELAY. Providing notice in strict accordance with this paragraph is a condition precedent to such remedy. No claim for damages, other than for an extension of time, shall be asserted against the Department. Vendor shall not be entitled to payment of any kind from the Department for direct, indirect, consequential, impact or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency, arising because of delay, disruption, interference, or hindrance from any cause whatsoever. If performance is suspended or delayed, in whole or in part, due to any of the causes described in this paragraph, after the causes have ceased to exist Vendor shall perform at no increased cost, unless the Department determines, in its sole discretion, that the delay will significantly impair the value of the Contract to the State, in which case the Department may (1) accept allocated performance from Vendor, provided that Vendor grants preferential treatment to the Department with respect to Services subjected to allocation, and/or (2) purchase from other sources (without recourse to and by Vendor for the related costs and expenses) to replace all or part of the Services that are the subject of the delay, which purchases may be deducted from the Contract quantity, or (3) terminate the Contract in whole or in part.

11.12. Further Assurances

The Parties will, subsequent to the Implementation Date, and without any additional consideration, execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate the purposes of this Contract.

11.13. Indemnification

Vendor shall be fully liable for the actions of its agents, employees, partners, or Subcontractor and shall fully indemnify, defend, and hold harmless the State, and its officers, agents, and employees, from suits, actions, damages, and costs of every name and description, including attorneys' fees, arising from or relating to personal injury or wrongful death, damage to real or personal tangible property, or any other

action alleged to be caused in whole or in part by Vendor, its agents, employees, partners, or Subcontractor; provided, however, that Vendor shall not indemnify for that portion of any loss or damages proximately caused by the negligent act or omission of the State.

Further, Vendor shall fully indemnify, defend, and hold harmless the State from any suits, actions, damages, and costs of every name and description, including attorneys' fees, arising from or relating to violation or infringement of a trademark, copyright, patent, trade secret or intellectual property right. If any Service is the subject of an infringement suit, or in Vendor's opinion is likely to become the subject of such a suit, Vendor may at its sole expense procure for the State the right to continue using the Service or to modify it to become non-infringing. If Vendor is not reasonably able to modify or otherwise secure the State the right to continue using the Service, Vendor shall remove the Service and refund the State the amounts paid in excess of a reasonable rental for past use. The State shall not be liable for any royalties.

Vendor's obligations under the preceding two paragraphs with respect to any legal actions are contingent upon the State giving Vendor (1) written notice of any action or threatened action, (2) the opportunity to participate in the defense of and settle any such action at Vendor's sole expense, and (3) assistance in defending the action at Vendor's sole expense. Vendor shall not be liable for any cost, expense, or compromise incurred or made by the State in any legal action without Vendor's prior written consent, which shall not be unreasonably withheld.

Vendor shall also indemnify, defend, and save harmless the Participants for any financial loss caused by the failure of Vendor, its officers, directors, or agents to comply with the terms of this Contract.

This section shall survive termination of this Contract.

11.14. Defense of Third-Party Claims

Notice of Claims: Vendor shall promptly notify the Department of any Plan-related legal actions or proceedings brought or initiated against the Vendor, the Department, or the Plan, of which the Vendor becomes aware. The Department shall promptly notify the Vendor of any Plan-related legal actions or proceedings, brought or initiated against the Vendor, the Department, or the Plan, of which the Department becomes aware. Vendor shall, when possible, notify the Department prior to the filing of any motion specified above or, if notification was not possible prior to the filing of such motion, no later than five (5) business days after the filing of any such motion.

Department As Real Party In Interest: If a Participant files suit against the Vendor regarding eligibility, enrollment or coverage that is the legal administrative responsibility of the State without previously requesting an administrative hearing pursuant to Chapter 120, Florida Statutes, the Vendor shall file a motion to dismiss or file any appropriate motions and shall notify the Department of its action. Prior to filing any such motions, the Vendor shall, when possible, advise the party filing the suit, as appropriate, that issues regarding eligibility, enrollment or coverage that is the legal administrative responsibility of the State require the exhaustion of administrative remedies and/or in such instances the real party in interest is the Department. In reference to legal proceedings regarding eligibility, enrollment or

coverage that is the legal administrative responsibility of the State, the Department may support the Vendor's motions, as specified in this subsection, to drop the Vendor and/or to substitute the Department, if the Department is not already a party to the lawsuit, as the real party in interest when requested by the Vendor. If the Department is a codefendant in any such lawsuit, the Department may support any appropriate motion(s) to drop Vendor from the lawsuit.

Service Provider As Real Party In Interest: In the event a lawsuit is filed against the Vendor which raises a recognized cause of action or Claim for relief based on Vendor's professional practices and/ or application of its own policies or procedures to the administration of the Plan, the Vendor shall, at its expense, defend such lawsuit provided. Vendor shall support the Department in any motion filed to drop the Department from any lawsuit where the damages sought by the filing litigant allegedly arise out of the professional practices and the policies and procedures of Vendor that do not concern eligibility, enrollment or coverage that is the legal administrative responsibility of the State.

Cooperation In the Defense of Administrative and/or Legal Actions: The Parties shall, upon request, cooperate fully with each other concerning any administrative or legal proceeding, brought or initiated against them individually or jointly by Plan Participants, providers of health care, or other persons, relating to the administration of this Contract. In this regard, the Parties shall use their best efforts to keep each other apprised of any significant developments relating to such litigation or proceedings and the status of such legal matters as may be requested by their respective attorneys. In all administrative or legal proceedings, Vendor shall make available all files and documents requested by Department and Vendor attorneys, investigate the facts related to allegations raised in the proceedings, and make available as required by the Department and at no additional cost, witnesses for depositions, administrative hearings and/or trial in any such proceedings.

Administrative Proceedings: The Department, as an agency of the State of Florida, shall be responsible, in accordance with State Law, for handling and defending any administrative actions or proceedings brought by Participants in accordance with sections 120.569, 120.57 or 120.574, Florida Statutes. Upon request, the Vendor shall promptly provide the Department with all records, including but not limited to, materials, available data, schedules, guidelines, audit trail, protocols, or other materials that are necessary for the preparation of the defense in such proceedings.

Support and Communication with Service Provider's Legal Affairs Department: Vendor shall, upon request of the Department, assist attorneys representing the Department by providing information and support in administrative and legal proceedings being contested by Participants. Vendor shall advise the Department in writing within 30 days after the Effective Date of the Contract of the representative who will assist the Department's attorneys.

This section shall survive termination of this Contract.

11.15. Right of Setoff

The State may, in addition to other remedies available to it at law or equity and upon notice to Vendor, retain such monies from amounts due Vendor as may be necessary to satisfy any claim for damages,

penalties, costs and the like asserted by or against the State. The State may set off any liability or other obligation of Vendor or its affiliates to the State against any payments due Vendor under any contract with the State.

11.16. Independent Contractor Status of Service Provider

Vendor, together with its agents, Subcontractors, officers and employees, shall have and always retain under the Contract the legal status of an independent contractor, and in no manner shall they be deemed employees of the State or deemed to be entitled to any benefits associated with such employment. Vendor remains responsible for all applicable federal, State, and local taxes, and all FICA contributions.

11.17. Inspection at Service Provider Site

The Department reserves the right to inspect, at any reasonable time with prior notice, the equipment or other facilities of a Vendor or prospective Vendor to assess conformity with Contract requirements and to determine whether they are adequate and suitable for proper and effective Contract performance.

11.18. Intellectual Property

Any ideas, concepts, know-how, data processing techniques, software, documentation, diagrams, schematics or blueprints developed exclusively by Vendor's personnel in connection with this Contract will be the exclusive property of the Department as part of delivering the required Services. Any joint or future software development effort will be subject to a separate agreement signed by State and Vendor, wherein all ownership and license rights to such developed product shall be specified in detail. In the absence of such agreement, each party shall maintain sole ownership of its own protectable proprietary materials, which are developed or owned solely by State or Vendor, respectively.

11.19. Lobbying and Integrity

Vendor shall not, in connection with this or any other agreement with the State, directly or indirectly (1) offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for any State officer or employee's decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty, or (2) offer, give, or agree to give to anyone any gratuity for the benefit of, or at the direction or request of, any State officer or employee. For purposes of clause (2), "gratuity" means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, Services, employment, or contracts of any kind. Upon request of the Department's Inspector General, or other authorized State official, Vendor shall provide any type of information the Inspector General deems relevant to Vendor's integrity or responsibility. Such information may include, but shall not be limited to, Vendor's business or financial records, documents, or files of any type or form that refer to or relate to the Contract. Vendor shall retain such records for the longer of (1) three years after the expiration of the Contract or (2) the period required by the General Records Schedules maintained by the Florida Department of State (available at: <http://dhis.dos.state.fl.us/barm/genschedules/gensched.htm>). Vendor agrees to reimburse the State

for the reasonable costs of investigation incurred by the Inspector General or other authorized State official for investigations of Vendor's compliance with the terms of this or any other agreement between Vendor and the State which results in the suspension or debarment of Vendor. Such costs shall include, but shall not be limited to: salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. Vendor shall not be responsible for any costs of investigations that do not result in Vendor's suspension or debarment.

11.20. Loss of Data

In the event of loss of any State data or record where such loss is due to the negligence of Vendor or any of its Subcontractors or agents, Vendor shall be responsible for recreating such lost data in the manner and on the schedule set by the Department, in addition to any other damages the State may be entitled to by law or this Contract.

This section shall survive termination of this Contract.

11.21. Modification of Terms

The Contract contains all the terms and conditions agreed upon by the Parties, which terms and conditions shall govern all transactions under the Contract. The Contract may only be modified or amended upon mutual written agreement of the Department and Vendor. No oral agreements or representations shall be valid or binding upon the Department or Vendor. Vendor may not unilaterally modify the terms of the Contract by incorporating terms onto Vendor's order or fiscal forms or other documents forwarded by Vendor for payment. The Department's acceptance of Service or processing of documentation on forms furnished by Vendor for approval or payment shall not constitute acceptance of the proposed modification to terms and conditions.

11.22. Public Records

Any and all records produced or used regarding this Contract are subject to Chapter 119 of the Florida Statutes. Absent a valid exemption, Vendor shall allow public access to all documents, papers, letters, or other material subject to Chapter 119 that are made or received by Vendor in conjunction with this Contract. Violation of this section shall constitute grounds for termination of the Contract.

If Contractor considers any portion of any documents, data, or records submitted to the Department to be confidential, proprietary, trade secret or otherwise not subject to disclosure pursuant to Chapter 119, Florida Statutes, the Florida Constitution or other authority, Contractor must simultaneously provide the Department with a separate redacted copy of the information it claims as Confidential and briefly describe in writing the grounds for claiming exemption from the public records law, including the specific statutory citation for such exemption. This redacted copy shall contain the Contract name and number, and shall be clearly titled "Confidential." The redacted copy should only redact those portions of material that the Contractor claims is confidential, proprietary, trade secret or otherwise not subject to disclosure.

11.23. Contract as an Agent

If, under this contract, the Vendor is providing services and is acting on behalf of the Department as provided under section 119.011(2), Florida Statutes, the Vendor, subject to the terms of section 287.058(1)(c), Florida Statutes, and any other applicable legal and equitable remedies, shall:

- a. Keep and maintain public records that ordinarily and necessarily would be required by the Department in order to perform the service.
- b. Provide the public with access to public records on the same terms and conditions that the Department would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law.
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law.

Meet all requirements for retaining public records and transfer, at no cost, to the Department all public records in possession of the Vendor upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the Department in a format that is compatible with the information technology systems of the Department.

11.24. Rights to Records

Vendor agrees that all documents and materials prepared by Vendor for purposes of this Contract shall be the sole property of the Department and shall be available to the Department at any time. The Department shall have the right to use the same without restriction and without compensation to Vendor other than that specifically provided by this Contract.

11.25. Taxes

The State does not pay Federal excise or sales taxes on direct purchases of tangible personal property. The State will not pay for any personal property taxes levied on Vendor or for any taxes levied on employees' wages.

11.26. Waiver

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

11.27. Warranty of Authority

Each person signing the Contract warrants that he or she is duly authorized to do so and to bind the respective party to the Contract.

11.28. Warranty of Ability Perform

Vendor shall provide the Department appropriate documentation demonstrating that Vendor is in good standing and legally authorized to transact insurance business in Florida. Vendor warrants that, to the best of its knowledge, there is no pending or threatened action, proceeding, or investigation, or any other legal or financial condition, that would in any way prohibit, restrain, or diminish Vendor's ability to satisfy its Contract obligations. Vendor warrants that neither it nor any affiliate is currently on the convicted Vendor list maintained pursuant to section 287.133 of the Florida Statutes, or on any similar list maintained by any other State or the federal government. Vendor shall immediately notify the Department in writing if its ability to perform is compromised in any manner during the term of the Contract.

11.29. Severability

If a court deems any provision of the Contract void or unenforceable, that provision shall be enforced only to the extent that it is not in violation of law or is not otherwise unenforceable and all other provisions shall remain in full force and effect.

11.30. Organizational Conflicts of Interest

By executing this Contract, Vendor represents that either (i) it has disclosed all organizational conflicts of interest to the Department in writing, or (ii) no organizational conflicts of interest exist. The term "organizational conflicts of interest" means the existence any past, present, or currently planned interests of Vendor that either directly or indirectly (through a client, contractual, financial, organizational or other relationship) relates to the Services and which (a) may diminish Vendor's capacity to give impartial, technically sound, objective assistance and advice, or (b) may give Vendor unfair negotiating advantage with respect to the Department.

11.31. Best Pricing Clause

During the Contract term, if Vendor sells substantially the same Services at a lower price to any other substantially similar clients, then Vendor shall immediately reduce the cost to State Participants to the lowest price. In addition, Services and programs not currently part of the benefits offered to State Participants, but offered to substantially similar clients, shall likewise be offered to State Participants for the same or lower price. This does not include or apply to other benefit designs or Plan offerings. New offerings cannot be added or incorporated under this provision. The Vendor agrees to submit to Department at least annually an affidavit from an authorized representative attesting that the Vendor is in compliance with this preferred pricing provision.

SO AGREED by the Parties' authorized representatives on the dates noted below.


DEPARTMENT OF MANAGEMENT SERVICES

C. Darren Brooks, Deputy Secretary

1/16/15
Date

UNION SECURITY INSURANCE COMPANY
(ASSURANT EMPLOYEE BENEFITS)


Signature

Signature

Dianna D. Duvall Senior Vice President
Print Name and Title

Print Name and Title

1.15.2015
Date

Group Dental Benefits

Attachment A: Statement of Work

Vendor shall comply with and provide services in accordance with the Statement of Work. All references to PGs refer to the performance guarantees found in Attachment B.

For the term of the Contract and any renewal period (if the right to renew is exercised by the Department and agreed to by Service Provider), Service Provider shall provide group dental coverage and insurance only to the extent and scope Service Provider currently provides the Services to Participants.

I. Account Management

1. Account Manager

The Vendor shall assign an account manager as the primary contact for the Department. If requested by the Department, the account manager shall be replaced with one that the Department may interview and approve.

2. Account Management Team

The Vendor shall assign an Account Management Team, as identified in Section 3.3 of the Contract. The Account Management Team shall include an executive sponsor and an account manager.

- a) The Account Management Team shall devote the time and resources necessary to successfully manage the State of Florida account, including being available for telephonic, email and on-site consultations.
- b) The Account Management Team shall be thoroughly familiar with the Vendor's functions and operations related directly or indirectly to the Department and the Plan including, but not limited to, provider networks, customer service operations, claims and eligibility systems, systems reporting capabilities, claim adjudication policies and procedures, banking arrangements and relationships with third parties.
- c) The Plan may be subject to Performance Reviews developed and conducted by the Department. Performance will be measured using a report card and such review shall be subject to PG-3 of Attachment B: Performance Guarantees. If any Performance Review score is less than the measurement criteria, an action plan must be implemented as mutually agreed to by the Department and Vendor.

3. Quarterly Meetings

The Account Management Team (excluding the executive sponsor) shall attend all quarterly meetings at the State offices in Tallahassee, Florida, or via conference call, as determined by the Department. The Vendor shall not be entitled to additional compensation for meeting preparation or attendance. The meetings shall be held no later than the seventh Monday following the end of

each reporting quarter. The meeting to review the fourth quarter of a calendar year is considered both a quarterly and year-end meeting.

4. Benefit Fairs

The Vendor shall participate in all locations of the annual Open Enrollment Benefit Fairs that are sponsored by the Department or its designee, including the 2014 fairs. Vendor representatives attending the Benefit Fairs shall be adequately trained and knowledgeable about the Plan. Vendor shall be responsible for all costs associated with participating in Benefit Fairs including, but not limited to, travel and a proportionate share of facility fees.

II. Support Services

5. Plan Materials

No promotional, educational, or any other materials or written communication related to the Plan may be distributed or otherwise communicated without the prior review and written approval of the Department. The Department shall be provided the opportunity to customize all such communications. The final materials used by the Vendor must not differ in form or utility from those approved by the Department.

- a) Upon request of the Participant, the Vendor shall provide printed materials in a medium widely accepted for the hearing and/or visually impaired.
- b) All printed material shall be provided in electronic format with final versions submitted to the Department in PDF file format.

6. ID Cards

The Vendor shall provide Participants with ID cards either as a new Participant or when there are changes in the card's elements, at no additional cost to the Participants or the Department. The design of the ID card is subject to the approval of and customization by the Department.

- a) The Vendor shall mail one (1) ID card for each individual contract and at least one (1) additional ID card for contracts with multiple Participants.
- b) The Vendor will provide additional ID cards upon request of a Participant.
- c) A unique member ID number assigned by the Vendor will be printed on each ID card printed after July 15, 2015.
- d) ID cards, including those mailed in the Fall of 2014 for the 2015 coverage year, annual Open Enrollment periods and otherwise as required due to Plan or law changes, shall be mailed in accordance with PG-4 and PG-5 of Attachment B: Performance Guarantees.

7. Public Records Requests and Subpoenas

Service Provider shall, upon request and at no additional cost, provide the Department with any necessary data, documents, etc., to enable the Department to timely (as defined by the Department) respond to Public Record Requests and subpoenas. Vendor may receive inquiries relating to the Plan. The Vendor shall notify the Department immediately in writing of such inquiries. Any response or material responding to such an inquiry shall be submitted to the Department for approval prior to dissemination by the Vendor.

8. Responding to Requests

Service Provider shall, upon request of the Department or its attorneys and at no additional cost, make available all necessary resources to assist the Department in responding to any aspect of Services delivered under the Contract, including but not limited to Departmental inquiries or those received by the Department from Participants, providers, or any other persons or entities. Such requests shall 1) be given a priority status, 2) be subject to a method of tracking, 3) result in the delivery of all requested information, documentation, etc., and 4) be overseen by a lead staff person specific to the subject matter area. When the Department is required to provide immediate responses to inquiries, the Vendor shall immediately assist the Department in preparing its reply including providing data and documentation within the timeframes prescribed by the Department at that time.

9. Responding to Requests for Legislative Initiatives

The Vendor shall make available all necessary resources to assist the Department in responding to bill analysis, legislative inquiries and requests related to any aspect of Services delivered under the Contract, at no additional cost. The Vendor shall respond in the timeframe set by the Department, which shall be determined at the time of inquiry depending on the scope and complexity of the request.

10. Grievance Procedures

The Vendor shall develop and maintain formal and informal grievance procedures designed to fairly and expeditiously resolve problems related to the Plan. The procedures shall be made available to the Department, at no additional cost, immediately upon request. The Vendor shall maintain a record of all grievances from Participants and shall provide a summary of grievances to the Department quarterly, or more frequently upon request.

11. Returned Mail

Mail returned to the Vendor shall be held for 30 calendar days, during which time the Vendor shall search for an updated address on the subsequent enrollment file. After 30 days, if no updated address information is provided via the subsequent enrollment file, the Vendor may destroy the returned mail. The Vendor's system must indicate type or topic of the written correspondence and corresponding dates that individual mailings are provided to specific Participants.

III. Customer Service

12. Customer Service Unit

The Vendor shall maintain a Customer Service Unit, comprised of employees of the Vendor (not contracted or temporary labor) to perform all aspects of customer service to assist Participants, prospective Participants, providers, etc., regarding all aspects of the Plan. Calls to this unit shall be accepted and answered promptly by a live customer service representative during the hours of 8:00 a.m. to 5:00 p.m. Eastern Time, Monday through Friday, excluding State holidays as defined in the Contract and in accordance with PG-6 and PG-7 of Attachment B: Performance Guarantees. The Vendor shall maintain with the Department a current list of Vendor's holidays.

13. Participant Complaint Call Resolution

The Customer Service Unit shall have the capability to adequately provide service and issue resolution, as well as sufficient numbers of qualified personnel trained in the administration of the Plan to meet or exceed related Performance Guarantees. The Vendor shall maintain an adequate number of incoming lines dedicated to servicing Participants and provider inquiries.

14. Provider Directory

The Vendor shall provide an online directory of all available network providers that shall be made available to Participants and shall be updated within seven Calendar Days of any network change. The directory shall indicate that the list is subject to change. Participants must be able to search for providers by distance. Specifically, Participants must be able to search for providers that are within a 30 mile radius of an address or ZIP code.

15. Plan Website

The Vendor shall provide and maintain a Plan specific Participant website, with 24/7 access, for general information. Design and content shall be approved in advance by the Department. This website shall include links to the Department website, the Vendor (non-Participant) website, and others as appropriate to make available a variety of information to Participants. Such web-based access shall include, at a minimum, the ability to:

- a) Access forms and brochures
- b) Order ID cards
- c) Download and print ID cards
- d) Locate Network providers and hours of operation

IV. Network

- a) The Vendor shall provide and maintain a national comprehensive provider network of sufficient numbers to meet the needs of Participants.
- b) The Vendor shall provide written notice to the Department of anticipated material changes to the network which may impact Plan Participants. Such written notice shall be provided at

least 90 calendar days in advance or as soon as feasible if the terminating provider gives the Vendor less than 90 calendar days' notice. The Vendor shall provide impacted Participants enrolled in the Prepaid plan with 15 days written notice or as soon as feasible if the terminating provider gives the Vendor less than 90 days' notice. For the purposes of this requirement, Participant shall mean a Participant who has seen a terminating provider within the last 365 calendar days.

- c) The Vendor shall, at no additional cost to the Department, defend the Department, the State and/or Participants against any litigation brought by participating network providers seeking payment for Covered Services in excess of the applicable payment negotiated by the Vendor. The Vendor agrees to pay all resulting damages awarded or settlement amounts in any such litigation, provided that the Department, the State and/or the affected Participants provided timely written notification to the Vendor of such litigation and provided that the Vendor had sole control of the defense of such litigation and any related settlement negotiations.

V. Data and Interface

Service Provider shall be fully capable of accepting and implementing eligibility and other data files via FTP on or before October 30, 2014.

The Vendor shall not use, or otherwise disseminate, sell, copy or make available to any person or entity, data relating to any aspect of performance of the Services, without prior written authorization of the Department. This requirement shall survive the termination of the Contract.

16. Eligibility File Transfers from the Department

The Vendor shall maintain an information system capable of electronically receiving and updating Participant eligibility information (e.g., eligibility, name, address, coverage code). The Vendor shall accurately convert and load the Department's eligibility files.

- a) The Vendor shall maintain eligibility records for all Participants based on the Department's eligibility files submitted to the Vendor.
- b) The maintenance of eligibility records shall be compliant with the required HIPAA standards.
- c) The Department's eligibility file shall be the official system of record and the Vendor shall not overwrite, update or in any way change the eligibility information without express direction from the Department.
- d) The Vendor shall accept the eligibility files in a format and frequency as required by the Department.
- e) In addition to routine eligibility files, the Vendor shall accept an Open Enrollment eligibility file (generally provided at the end of November following Open Enrollment) for the purpose of generating ID cards for distribution prior to the coverage effective date. The Open

Enrollment eligibility file shall not be loaded into production by the Vendor prior to loading the December eligibility file.

- f) The eligibility files shall be processed as required in PG-11 of Attachment B: Performance Guarantees.
- g) File transfers with other entities shall be exchanged in a secure method and approved by the Department.

17. Disaster Recovery Plan

The Vendor shall develop, implement and maintain a Disaster Recovery Plan which shall be reviewed by the Department on or before the effective date of the Contract. At a minimum, the Vendor shall maintain backup of State files/data and shall be fully operational within 48 hours of a disaster.

VI. Reporting and Deliverables

18. Ad Hoc

The Vendor shall prepare and provide, at no additional cost, ad hoc reports in formats required by the Department. The Vendor shall provide the Department with priority positioning for delivery of ad hoc report requests made by the Department or its designee regarding Plan-specific financial and statistical files, Participant services, network adequacy, patient management and utilization reports. The Vendor shall acknowledge report requests within one (1) business day and shall provide an expected timeline for completion and delivery.

19. Recurring Reports

The Department requires a number of regular monthly, quarterly and annual reports and/or deliverables. Reports that provide utilization, claims reporting, and administrative services data by Plan and by subgroup shall be provided in a format subject to customization by and approval of the Department. The subgroups at a minimum are Active and COBRA. Reports shall contain all such data/details as required by the Department. Reports shall be delivered electronically to the Department and/or its designee, and in hard copy by request. Reports that contain proprietary, trade secret and/or confidential information shall also be delivered in a redacted format at the same time as the non-redacted format; the redacted report is only required to be delivered electronically.

- a) Complete and detailed backup/supporting documentation must be provided with submission of each report. Backup/supporting documentation must identify the source of the material. The Department may require Vendor to propose and implement a reasonable Corrective Action Plan to address the root causes of any missed Performance Standard.
- b) Each report and/or deliverable shall be subject to PG-12 of Attachment B-6: Performance Guarantees.

- a. Monthly Reports

- i. Eligibility Discrepancy Reports. Vendor shall deliver eligibility discrepancy reports based on the monthly eligibility file, indicating (where applicable) (i) duplicate records, (ii) reject records and (iii) address errors.

b. Quarterly Reports

- i. Network adds/deletes. Vendor shall deliver a Network Provider Summary that includes the number of provider adds/deletes including geographic information and net impact to the network.
- ii. Top Providers. Vendor shall provide a summary of top providers by volume of incurred claims. The report shall indicate the name, location and network status of all listed providers.
- iii. Claims Experience Report. The Vendor shall provide a summary by month of enrollment, premium collected, claims paid in the month, claims incurred in the month and incurred loss ratio. The report shall provide subtotals for the reporting period(s) and the Plan Year.
- iv. Utilization Report. Vendor shall provide a paid claims report by service and provider type.
- v. Benchmark Utilization Report. Vendor shall provide benchmark utilization data for clients of similar size and complexity.
- vi. Performance Guarantees Summary Report. Vendor shall deliver the Performance Guarantee Report as developed and provided by the Department (or as developed by the Vendor if one cannot be provided by the Department) at least three business days prior to each quarterly meeting.
- vii. Internal audit report. Based on the results of the Vendor's internal audits as specified in PG-5, PG-8 and PG-16, the Vendor shall provide a report detailing the audit, its findings and financial impact on the Plan and Participants.

c. Annual Reports

- i. Subscriber Satisfaction Survey Report. The Vendor shall survey a sample of Participants using Plan services annually to verify satisfaction levels relating to the Vendor's customer service unit and other related services and to gauge satisfaction with the Plan. The Vendor will provide a copy of the survey instrument and results to the Department. The survey instrument and results reporting format shall be prescribed, or otherwise approved in advance, by the Department.

- ii. Performance Bond and Insurance Report. The Vendor shall provide the Department with verification that a sufficient bond is valid and will remain in force for the calendar year as prescribed in Section 8 of the Contract.
- iii. Best Pricing Report. The Vendor shall provide the Department with an affidavit from an authorized representative attesting that the Vendor is not providing substantially the same Services at a lower cost to other substantially similar clients as prescribed in Section 11.32 of the Contract.
- iv. Offshoring Report. The Vendor shall provide the Department with an affidavit from an authorized representative that the Vendor is not utilizing services for this Contract from a subcontractor outside the United States.

d. Renewal Report

By July 2015, and annually thereafter, the Vendor shall submit to the Department a rate renewal report, subject to the Department's approval, to establish premiums for the renewal term. The report shall include at least the following information:

- i. Projection of incurred claim costs for renewal year, a description of the methodology used to project incurred claims costs and justification of the use of any data not specific to the State of Florida;
- ii. Detailed description of the methodology used to estimate claims trend;
- iii. Disclosure of the targeted loss ratio used in the renewal calculation;
- iv. Disclosure of supporting data used in calculations, including enrollment, large claim analysis, trend analysis, demographic analysis, etc.

Upon the Department's approval of the renewal report, an appropriate premium rate adjustment may be made via Contract amendment. Without the Department's approval, the premium rates shall not exceed those specified in the Vendor's financial proposal.

VII. Claims Processing

20. Claims Processing and Adjudication

The Vendor shall establish and perform all aspects of claims processing, claims reimbursement, point-of-sale transactions, adjudication and payment in accordance with the Plan Design in Attachment C. Pursuant to section 110.123(5)(g), Florida Statutes, the Vendor shall provide written notice to Participants if any payment to any provider remains unpaid thirty-five (35) calendar days after receipt of the Claim. Vendor shall provide the Department with a monthly report listing those Participants having Claims not finalized within the thirty-five (35) day timeframe and the status of any such Claims.

21. Accounting System

The Vendor shall maintain an accounting system and employ accounting procedures and practices conforming to generally accepted accounting principles and standards. The Vendor's accounting records and procedures shall be open to inspection by the Department, or its authorized representatives, at any time during the Contract period and for so long thereafter as the Vendor is required to maintain records and such inspections shall be subject to confidentiality protocol requirements. All charges, costs, expenses, etc., applicable to the Contract shall be readily ascertainable from such records. Supporting documentation for all charges, fees, etc., shall be readily ascertainable from such records. The Vendor shall prohibit network providers who render covered services to Plan Participants from billing such Participants for amounts in excess of the allowed amounts established by the Vendor. Network provider may bill for applicable cost shares (as allowed by the Plan Design) and non-covered services.

22. Medical Necessity Determination and Review

Prior to any denial of a claim as not-medically-necessary, the claim shall be reviewed by an appropriate medical professional. The Vendor shall create, maintain and annually update related medical necessity policy guidelines. Vendor shall provide copies of any and all clinical and/or medical necessity policy guidelines upon the request of the Department.

VIII. Audits

- a) The Vendor shall give the Department full access rights to perform audits, or have audits performed by a third party, as determined necessary or required to ensure and validate that premiums are being expended timely, efficiently and within compliance of all governing Florida Statutes and the contract between the Vendor and the Department. The Department's audit rights are further specified in the Contract.
- b) The Vendor shall make a designated, internal audit representative available to the Department or its designee throughout the entire audit process.
- c) The Vendor shall research discrepancies identified during the audit and report the results of this research within ten (10) Business Days of the identification of the discrepancies.
- d) The Vendor shall review draft audit reports and provide written responses within ten (10) Business Days of receipt. Vendors response will be included in final report.
- e) The Vendor shall provide one non-redacted response to the audit and one redacted response to the audit in the event confidential or proprietary information is contained within the report. Only confidential or proprietary information should be redacted.
- f) The Vendor shall provide a corrective action plan to address all audit findings in the manner and timeframe designated by the Department. All audit findings are to be completely remediated (system corrections, financial impact analyses and reimbursement – where applicable) within 60 calendar days of the issuance of the audit report.

- g) The Vendor shall reimburse impacted Participants for any financial findings identified during the audit within 20 days of notification from the Department as to the final amount due.
- h) The Vendor shall perform, no less frequently than quarterly, internal audits on a statistically valid sample of claims and shall report results to the Department quarterly.

IX. Payment Specifications

The Vendor shall accept payments from the State processed through the State's standard transmittal process (i.e. electronic funds transfer (EFT) to the Vendor) and by State determined due dates. The Vendor must complete a direct deposit authorization form (currently form number DFS-A1-26E rev 12/2010.) The Vendor shall provide any payments to the State through the normal transmittal process (i.e. EFT transfer from the Vendor) and by State determined due dates. All payments to the State shall be made separately by EFT from any payment balances due from the State. The netting of payments related to the Plan is prohibited.

X. Special Provisions

- a) The Vendor shall notify the Department immediately if the Vendor loses any accreditation, licenses or liability insurance coverage.
- b) The Vendor agrees to adhere to leading industry practices in the development, implementation and application of administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the protected health information that the Vendor creates, receives, maintains or transmits in the Vendor's administration of the Plan, as required by the HIPAA security standards. Records shall be retained for ten (10) years after the later of (i) the final disposition of a claim, (ii) the expiration of this Contract, (iii) the conclusion of any judicial or administrative proceedings or audits or other action. Records may be retained in a digital imaging format.

Group Dental Benefits

Attachment B: Performance Standards and Guarantees

It is critical to the success of the State's benefits plans that services be maintained in a timely manner and that the Vendor operates in a reliable manner. It would be impracticable and difficult to repair the actual damage sustained by the State in the event of certain delays or failures in claims administration, service, reporting and attendance of Vendor personnel on scheduled work and provision of services to the State employees, retirees and dependents served by this Contract. The Department and Vendor, therefore, agree that in the event certain delays and failures, the amount of damage that will be sustained will be the amounts set forth in this Attachment. Further, the Vendor agrees that in the event of any such failure of performance, the Vendor shall pay such amount as liquidated damages and not as a penalty. At its option, the Department may, for any amount due to the State as liquidated damages, deduct such amount from any money payable to the Vendor or may bill the Vendor as a separate item.

THIS SPACE INTENTIONALLY LEFT BLANK.

| PG # | Performance Indicator | Standard/Goal | Measurement Criteria | Frequency of Measurement | Liquidated Damages | Measurement Methodology (Formula used to measure results) |
|------------------------------|-------------------------------|--|---|--------------------------|---|---|
| I. Account Management | | | | | | |
| 1. | Quarterly Meetings | The Account Management Team shall attend and participate in all required quarterly performance meetings. | 100% attendance | Quarterly | \$500 per meeting in which each member of the Account Management Team is not in attendance unless an absence is pre-approved by the Department. | Department will confirm Account Management Team attendance. |
| 2. | Open Enrollment Benefit Fairs | The Vendor shall guarantee trained staffing at each annual benefit fair sponsored by the Department or its designee. | 100% of open enrollment meetings shall be staffed by trained personnel | Annually | \$5,000 per benefit fair not staffed. | Department will confirm attendance. |
| 3. | Plan Performance Review | Within 10 calendar days following delivery of a performance review from the Department, the Vendor shall develop and submit a corrective action plan approved by the Department. | Vendor shall implement such corrective action(s) within ten (10) Calendar Days. | No specified frequency | \$2,500 per Calendar Day beyond (10) Calendar Days. | Measurement from the date of delivery of the Plan Performance Review in Calendar Days. |
| II. Support Services | | | | | | |
| 4. | ID Cards | a) Maintenance: ID cards throughout the calendar year shall be mailed within the time specified. | 99.0% or more within ten (10) business days of receipt of eligibility file | Quarterly | \$1,000 per percentage point, or fraction thereof, less than 99% | Maintenance ID card turnaround means (i) the number of maintenance ID cards that are processed by Vendor for Participants within ten (10) business days, divided by (ii) the total number of maintenance ID cards processed by Vendor for Participants. |

| | | | | | | |
|------------------------------|-------------------------|---|---|-----------|--|---|
| | | b) Open Enrollment ID cards shall be mailed within the time specified | 99.0% or more shall be mailed within ten (10) business days of receipt of eligibility file | Annually | \$1,000 per percentage point, or fraction thereof, less than 99% | Vendor shall mail ID cards to Participants December 17 annually, provided that processable eligibility file is received by Vendor (files typically sent at the end of November or beginning of December). |
| 5. | ID Card Accuracy | 100% of member ID cards will be accurate upon initial distribution to Participants compared to the eligibility file. | Measured as a percentage of the total number of ID cards as shown by an internal audit conducted by Vendor or Vendor's Subcontractor on a statistically valid sample. | Quarterly | \$1,000 per percentage point, or fraction thereof, below 100%. | Measured by an internal audit of a statistically valid sample, the number of ID cards without errors distributed, divided by the total number of ID cards distributed. |
| III. Customer Service | | | | | | |
| 6. | Average Speed to Answer | The Customer Service Unit phone line shall answer calls within an average of 30 seconds. Measurement shall be from the initial ring following navigation through an Integrate Voice Response Unit (IVRU). | 99.0% of calls shall be answered within an average of 30 seconds or less. | Quarterly | \$1,000 per percentage point, or fraction thereof, less than 99% | "Average Speed to Answer" means (i) the total number of seconds from the time a caller is queued and the call is answered for all calls queued to a Member Service Representative or IVRU, divided by (ii) the total calls handled by a Member Service Representative or IVRU of the member service telephone line. |
| 7. | Call Abandonment Rate | The call abandonment rate of the dedicated toll-free customer service phone line shall not exceed the specified rate. | Less than or equal to 3.0% | Quarterly | \$2,500 per percentage point, or fraction thereof, greater than 3.0% | The call abandonment rate percentage represents the number of calls in queue in which the caller has hung up the phone before the Member Service Representative or IVRU has answered the call divided by the total calls offered. |

| | | | | | | |
|-----|-------------------------------------|--|---|-----------|---|--|
| 8. | Written inquiries | 99% of written inquiries related to the State's Plan will be acknowledged and resolved in 21 calendar days. Written inquiries include communication via mail, email and fax from Participants. | Quarterly internal audit performed on written inquiries from Plan Participants. The internal audit shall be conducted by Vendor or Vendor's Subcontractor on a statistically valid sample. | Quarterly | \$2,000 per percentage point, or fraction thereof, below 99%. | Number of written inquiries received from Plan Participants resolved within 21 calendar days divided by the total number of written inquiries received from Plan Participants. |
| 9. | Subscriber Satisfaction Survey | The level of overall member satisfaction, with services provided by the Vendor, as measured annually by a State approved satisfaction survey instrument, will be equal to or greater than 90%. | Annually, Vendor will conduct a State-approved Subscriber Satisfaction Survey that contains a State designed overall satisfaction question. Approval of the Subscriber Satisfaction Survey includes approval of survey methodology and the methodology in obtaining the result as a percentage. | Annually | \$2,500 per percentage point, or fraction thereof, below 90%. | Measurement of the difference between overall satisfaction (measured by survey as a percent of members satisfied) and 90%. |
| 10. | Plan Specific Participant Directory | Provider Networks will be updated on the Vendor's website within seven Calendar Days of any change to the network. | Each change to the provider network shall be reflected on the participant directory within seven Calendar Days of the occurrence of the change. | Quarterly | \$500 for each noncompliance. | Measured as the total number of provider network changes not reflected on the website within seven Calendar Days of the network change. |

| IV. Data and Interface | | | | | | |
|-------------------------------|--|---|---|-----------|---|--|
| 11. | Eligibility Updates | a.) Routine updates. Eligibility files as described in Attachment A shall be accurately and timely loaded within the time frame specified. | 100% within two (2) Business Days of receipt. | Quarterly | \$2,000 for each Business Day past the deadline, per incident. | Measured from the date/time of receipt of a processable eligibility file until the file is loaded. |
| | | b.) Non-routine updates. Ad hoc or non-routine manual enrollment updates at the request of the Department or its designee shall be completed in the time frame specified. | 100% within the same business day if requested within normal business hours; otherwise, during the next Business Day. | Quarterly | \$2,000 for each Business Day past the deadline, per incident. | Measured from the date/time of receipt of a processable eligibility file until the non-routine update is loaded. |
| V. Reporting and Deliverables | | | | | | |
| 12. | Timeliness of the Delivery of Reports and Deliverables | Reports and deliverables shall be delivered to the Department and/or the Department's designee within the time period specified. | a.) Due quarterly: Within 45 calendar days of the end of the reporting quarter | Quarterly | \$250 per day for each calendar day past the due date that a report or deliverable is not received. | Measured as the difference between the date a report is delivered to the Department and the due date. |
| | | | b.) Due annually: Due by December 31 of each year | Annually | \$1,000 per day for each calendar day past the due date that a report or deliverable is not received. | |

| VI. Claims Processing | | | | | | |
|-----------------------|----------------------------|---|--|-----------|---|--|
| 13. | Claims Timeliness | Measured from the date the claim is received in the office (day 1) to the date the processed claim reaches final action determination (includes weekends and holidays). | Average quarterly turn-around time for claims processing will not exceed 20 Business Days for 95% of all claims submitted by Participants. | Quarterly | \$2,000 per percentage point, or fraction thereof, below 95%. | <p>(Total number of original claims processed within 20 days / total number of original claims processed during the quarter)</p> <p>For electronically submitted claims, Day 1 is the date the claim was received, irrespective of the time of day and including weekends and holidays. For paper claims, Day 1 is the date that the claim was stamped upon receipt.</p> <p>Pended claims will be measured as the total amount of time prior to being pended and the time from removal of pending status to completed processing. Turn-around time for pended claims will be applied to the quarter the claim was either paid or denied.</p> |
| 14. | Claims processing accuracy | Measured as the percent of claims processed without non-financial error. | Average quarterly processing accuracy of 97% or greater. | Quarterly | \$2,000 per percentage point, or fraction thereof, below 97%. | (Number of claims in strata sample without an administrative error / number of claims in sample) x (number of claims in strata population / number of claims in total population) |
| 15. | Claims payment accuracy | Measured as the percent of claims processed without financial payment error. | Average quarterly payment accuracy of 97% or more. | Quarterly | \$2,000 per percentage point, or fraction thereof, below 97%. | (number of claims in sample paid accurately / number of claims in sample) x (number of claims in strata population / number of claims in total population) |

| | | | | | | |
|-----|--------------------|---|---|-----------|---|--|
| 16. | Financial accuracy | Measured as the absolute value of financial errors divided by the total paid value of audited dollars paid based on the quarterly internal audit of a statistically valid sample. | Average quarterly financial accuracy of 99% or more | Quarterly | \$2,500 per percentage point, or fraction thereof, below 99%. | (Amount of claims dollars in sample paid correctly / amount of claims dollars paid in sample) x (strata population dollars / total population dollars) |
|-----|--------------------|---|---|-----------|---|--|