

# ATTACHMENT V

## Illustration

### Off-site Services Medical Care Pool Risk/Reward Sharing Computations

Calculation of Annual Pool Based on Actual Average Daily Population (ADP) X  
annual cost per inmate = \$ \_\_\_\_\_ Total annual Off-Site Services Pool.

#### Contracted Facility

A) Greater than 17% Excess Cost:	Actual Cost minus Line B	DOC 100%
B) Up to 17% Excess Cost:	Line C X 117%	PHS/DOC 50/50 Split
C) Off-site Services Pool		ADP X annual cost/inmate
D) Up to 17% Savings Below Pool:	Line C X 83%	PHS/DOC 50/50 Split
E) Greater than 17% Savings:	Line D minus actual cost	DOC 100%

## Attachment VI

### Illustration

### Staffing Pool Risk/Reward Sharing Computations

#### Contracted Facility

A) Greater than 10% Excess Cost:	Actual minus Line B	DOC 100%
B) Up to 10% Excess Cost:	Line C X 110%	PHS/DOC 50/50 Split
C) Staffing Pool:		Per IV. B.
D) Up to 10% Savings:	Line C X 90%	PHS/DOC 50/50 Split
E) Greater than 10% Savings:	Line D minus Actual	DOC 100%

**DEPARTMENT OF CORRECTIONS  
6900 ATMORE DRIVE  
RICHMOND, VIRGINIA 23225**

**CONTRACT DOC-05-024-PHS**

This contract entered into this \_\_\_ day of April 2006 between Prison Health Services, Inc. a corporation under the laws of the State of Delaware hereinafter called the "Contractor or PHS" and the Commonwealth of Virginia, on behalf of the Virginia Department of Corrections hereinafter called "Purchasing Agency or DOC."

**WITNESSETH** that the Contractor and the DOC, in consideration of the mutual covenants, promises and agreements herein contained, agree as follows:

**SCOPE OF CONTRACT:** The Contractor shall provide the Services to the Purchasing Agency as set forth in the Contract Documents.

**PERIOD OF PERFORMANCE:** May 1, 2006 through April 30, 2008 and renewable for five (5) one-year periods.

The contract documents shall consist of:

1. This signed Contract including the attached Memorandum of Understanding and Attachments I through VII;
2. The Request for Proposal # DOC-05-024 dated March 20, 2005 sections and attachments as follows: Section II: Small, Women and Minority-Owned Business Participation, Section III: Purpose, Section IV: Background, Section V: Statement of Needs, and Attachments A through J; and
3. The Contractor's proposal dated August 1, 2005 excluding the fee proposal in section 1. A. and B. of the Proposal Form.

To the extent that the terms of the contract documents as listed above are in conflict, the specific provisions as stated in this Contract, Memorandum of Understanding and Attachments I through VII shall prevail. Other contract documents listed in #2 through #3 above shall take precedence based upon the order in which they are listed.

**IN WITNESS WHEREOF**, the parties have caused this Contract DOC-05-024-PHS to be duly executed intending to be bound thereby.

CONTRACTOR:	PURCHASING AGENCY:
Signature:	Signature:
Title:	Title: Director
Date:	Date:

**Note:** This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.



**Memorandum of Understanding  
Contract DOC-05-024-PHS**

As a result of the competitive negotiation process applicable to Request for Proposals (RFP) DOC-05-024 for the procurement of Healthcare Management and Services, the Contractor, Prison Health Services, Inc., hereinafter referred to as the "Contractor" or "PHS" and the Virginia Department of Corrections, hereinafter referred to as the "Purchasing Agency" or "Department of Corrections" or "DOC", do hereby agree to the following:

**I. SERVICES TO BE PROVIDED BY THE CONTRACTOR**

The parties agree as follows:

**I. SERVICES TO BE PROVIDED:**

- A. **General Contractor Responsibilities:** Except as otherwise explicitly provided in this Memorandum of Understanding, PHS shall, at its own expense, provide all medical, dental and mental health services (including, but not limited to, all primary care, preventative care, specialty consultations, inpatient hospital care, infirmary care, medications, equipment maintenance, medical and dental supplies, x-ray services, laboratory services, optometric services, ambulance services, and infectious waste disposal) needed to provide adequate and necessary health care for all inmates at the Greensville Correctional Center (including the Greensville Work Center), the Sussex I State Prison, the Sussex II State Prison, Powhatan Correctional Center (including the Powhatan Reception & Classification Center) and the Fluvanna Correctional Center for Women and to provide health care services for DOC employees and DOC on-site contract vendors required by these contract documents. PHS shall, at its own expense, provide all professional and non-professional personnel necessary to provide these services.
  
- B. **Standards of Performance:** All services shall be provided in accordance with American Correctional Association (ACA) health care standards and in accordance with the DOC's Department Operating Procedures (DOP's), DOC's Institutional Operating Procedures (IOPs), DOC's Inmate Health Care Plan and the Virginia Board of Corrections' standards, as they now or hereafter may exist. In addition, PHS must comply with the Centers for Disease Control (CDC) Corrections standards and treatment protocols adopted by DOC from time to time, as those standards now or hereafter may exist. To the extent that a change in such health care standards or DOC procedures or protocols or any change in applicable laws or regulations result in a change in the scope of work under this agreement that result in increased or decreased costs, PHS and DOC will negotiate an increase or reduction in compensation in accordance with Section L of Attachment I.
  
- C. **Medical Infirmaries:** PHS shall operate DOC's medical infirmaries at Greensville Correctional Center, Powhatan Correctional Center and Fluvanna Correctional Center for Women (hereinafter, "Greensville",

“Powhatan” and “Fluvanna” respectively). The major infirmaries at Greensville, Powhatan and Fluvanna shall not only provide health care to the inmates permanently assigned to these Institutions, but shall also provide health care service to inmates from various other Institutions who are temporarily assigned to these Institutions for a level of health care that cannot be provided at the Institution where they are incarcerated. The cost of infirmary care for such inmates coming from other Institutions or from other jurisdictions to Greensville, Powhatan or Fluvanna is included within the pricing structure of this Contract, however, all off-site services for infirmary inmates permanently assigned to another Institution will be the responsibility of the Institution to which the inmate is permanently assigned. For the purposes of this Contract, “off-site medical services” are defined as only inpatient hospitalization, outpatient hospital care, and physician care provided by some entity other than PHS away from the Institutions where PHS provides health services, which are of a type beyond the capability of PHS at the major medical infirmary and which are not normally provided by PHS at the major medical infirmary in question.

- D. Janitorial Services: PHS shall provide all janitorial services (including the cost of supplies) related to areas associated with services in the health care unit. All cleansers used by PHS must receive prior approval from the DOC.
- E. ACA Accreditation: All Institutions in which PHS will provide health services are currently accredited by the American Correctional Association (ACA). While these Institutions are accredited as a whole and the health services operation is not accredited separately, it is necessary that the health services operation meet ACA standards so that the whole Institution may continue to be accredited. Therefore, the Contractor must do all things necessary to assure that the health care operation at each Institution meets American Correctional Association accreditation standards at all times. PHS’s health care operations may be audited, at anytime, by DOC or at the request of PHS (no more than twice during each contract year) for continuous ACA standard compliance.
- F. Mental Health Licensure: PHS must do all things necessary to assure that the Mental Health Units at Greensville, Powhatan and Fluvanna Correctional Centers are licensed by the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services at all times.
- G. Costs For Which PHS Is Not Responsible: PHS is responsible for providing the following services or arranging to have them provided, as the case may be, but PHS is not responsible for bearing the cost of said services as a part of its basic fee. For these services DOC will reimburse PHS its actual costs without markup for overhead or profit.
  - 1. PHS will not be responsible for costs associated with organ transplant surgery costs (admission through discharge), however,

all other costs associated with the organ transplant are the responsibility of the Contractor. All organ transplant surgery must be approved in advance in writing by the DOC Health Services Director. If PHS fails to obtain DOC advanced written approval, PHS shall be responsible for all costs associated with the organ transplant costs.

2. PHS shall not be financially responsible for the cost of antiretroviral medications specifically required for the treatment of HIV+/Aids or medications prescribed for the treatment of Hepatitis C. Such medications will be provided by the DOC through its contracted DOC pharmacy providers. PHS is responsible for the storage and administration of such medications, as well as all costs other than the above described medications associated with the treatment of inmates requiring such medications. The cost of medication for the treatment of opportunistic infections are the responsibility of PHS
3. PHS shall provide Factor 8 treatment, other blood products and treatment required for inmates suffering from hemophilia, but the DOC shall reimburse PHS for the cost of Factor 8 medications and blood products. PHS shall provide all other health care services for hemophiliacs including all other medications necessary for general health care treatment without additional compensation as a part of its basic services.

#### H. Hemodialysis

1. Fluvanna Correctional Center for Women
  - a.) PHS is responsible for providing and paying for all hemodialysis treatments;
2. Greensville Correctional Center

On-site hemodialysis treatments at the GRCC will be provided under a separate DOC Contract, however, PHS shall be responsible for the following:

  - a.) providing the nephrologist and all of the labs ordered by him. PHS will charge the DOC a dialysis lab surcharge of \$7.00 per dialysis patient visit. The dialysis lab surcharge is in addition to the base fee. These lab tests must be billed directly to PHS and paid by PHS, not billed to the DOC's third party administrator nor included in the off-site medical care pool;
  - b.) all other medical care, including if dialysis is provided elsewhere from Greensville Correctional Center; and
  - c.) the janitorial services of the dialysis areas.

#### I. Miscellaneous:

1. If the DOC becomes dissatisfied with any health care personnel provided by PHS, PHS will, upon notification by the DOC

detailing the matter of concern, exercise its best effort to resolve the problem. If the problem is not resolved to the satisfaction of the DOC, PHS will remove the individual(s) from the correctional center at the DOC's request.

2. Upon request by the DOC, for no additional compensation, PHS will provide reports to the DOC in a timely manner to aid the DOC in its administration of health services and/or oversight of this Contract. PHS's records and inmate medical records shall be available to the DOC for inspection by its personnel at all times during the course of this Contract and subsequent thereto. The Contract parties agree that these peer review records are privileged documents and therefore are not subject to release. Also, as a part of its basic services, PHS will respond to inmate grievances involving health care issues in accordance with the procedures and within the time limits provided in DOC's DOP 866.
3. PHS shall use telemedicine whenever possible to reduce transportation costs. Telemedicine shall be used for clinical consultations whenever and wherever available, unless directed otherwise by the DOC. The cost of the consultations will be the responsibility of PHS and will be included in the Off-Site Medical Pool. The DOC will be responsible for the costs associated with maintaining the telemedicine communication system and equipment.
4. When PHS uses a hospital or other health services provider away from the Institutions where it serves either by face-to-face consultations or telemedicine, charges for such off-site services shall be paid through the DOC's contractor for Third Party Administration Services (TPA) in accordance with the TPA's procedures. All such costs, plus administrative fees charged by the TPA, will be billed to PHS by the DOC and will be reimbursed to the DOC by PHS within 30 days after the invoice is received. It will be presumed that the billing from the DOC to PHS was received not more than five days after it was sent, unless PHS demonstrates that it was received at a later date. Late payments by PHS shall accrue interest in the manner provided for late payment by public bodies in accordance with the Prompt Payment Act §2.2-4347 et.seq. *Code of Virginia*. The DOC may offset any amounts, which it determines to be due from PHS under this paragraph or any other amounts, which it determines to be due from PHS for other reasons, from any amounts, which it owes to PHS. Before exercising its right to offset, the DOC will give PHS written notice of its intent to offset, the amount it intends to offset and the justification therefore. In the event PHS disputes such offset, PHS will have 20 calendar days from receipt of the DOC's written notice to respond to the DOC with information disputing such offset and the DOC shall render a decision within 30 calendar days from



receiving PHS' response. Upon rendering its decision, the DOC may then, if applicable, proceed with the offset. Notwithstanding the foregoing, in the event PHS continues to dispute the offset, the parties shall follow the procedure for disputes specified in Attachment II Section J.

5. Inmate Co-Pay: Each time an inmate seeks treatment, PHS will make a determination as to whether a co-pay amount is due from the inmate in accordance with the DOC policies, as they may be amended from time to time. PHS shall communicate that information to the DOC daily in accordance with DOP 733. Failure to do so shall make PHS liable for said co-pays. All co-pays shall be the property of the DOC.
6. The Contractor shall adhere to the background check requirements detailed in Department of Corrections Procedure Manual, Chapter 10, Procedure #10-9 – Background Investigation Program. However, a background investigation is not required when it is imperative that the Contractor must make an immediate hiring decision before completion of the background investigation, regarding a candidate for a highly professional or technical position. If approved by the appropriate Deputy Director or his designee, the applicant may be hired on a probationary basis pending the completion of a favorable VCIN/NCIC and DMV check. A background investigation will then be made and a report provided. The Contractor will communicate to all new employees that their continued employment at any DOC site is contingent upon successful completion of the complete background check.
7. The Contractor shall not request reimbursement of any costs from the DOC, except for (i) the cost of actual organ transplant surgery, (ii) the cost of Factor 8 medications and other blood products for inmates suffering from hemophilia.
8. The Contractor shall provide medical discharge planning to effect an appropriate transition for inmates who are being released from the DOC into the community.
9. The Contractor shall provide all DOC Employee/DOC Contractors, health care in accordance with the RFP Section V, Statement of Needs, #5. Additionally, the Contractor shall provide, subject to availability, all vaccines for inmates and DOC employees/Contractors health and provide chest x-rays (including radiological services) for all positive PPD's at no additional cost to the DOC.
10. The Contractor shall comply with all federal and state laws and regulations pertaining to pharmaceuticals.

11. When an inmate is transferred from another DOC Institution, to an Institution in which health care services are provided by the Contractor, the Contractor will not cancel a medical appointment without first conferring with the sending Institution's medical provider and notify the inmate for the reason for cancellation..
12. Dental Clinics must follow the Dental Department Operating Procedure (DOP) including submission of monthly activity reports. Emergency and urgent dental care has the highest priority and are not to be put on a waiting list. Emergency patients will be seen the same day and urgent patients the same day or next available clinical day. Routine dental treatment will be initiated with a request form.
  - a.) Patients will be scheduled for their initial routine appointment in the chronological order their request was received.
  - b.) A written treatment plan will be developed for each patient and the treatment plan will guide the course of treatment.
  - c.) Patients do not have to submit a request form for reappointment but they should indicate their desire to continue with the treatment plan before they are reappointed. The waiting time between appointments should be based on the severity of treatment needs. There should be no routine "go to the bottom of the list" reappointment protocol. If the patient declines to continue with the treatment plan, a new request form must be submitted to restart treatment and the patient will be appointed in chronological order of receipt of his request.
  - d.) Dental Clinics will not maintain separate lists for extractions, fillings, prosthodontics and endodontics.
  - e.) Oral hygiene care is an integral part of the DOC Dental Program. Such care will be included in the treatment plan according to DOC dental procedure. A separate list may be maintained for oral hygiene care. Appointments will be made from this list on a planned and regular basis.
13. Contractor shall provide all psychiatric care including psychiatrists and medications at all PHS contracted the Institutions. Additionally, the contractor will provide:
  - a) all staffing required for mental health care at the Fluvanna Correctional Center for Women, Sussex I State Prison and Sussex II State Prison, and

b) all staffing required for mental health care at the Greenville Correctional Center's residential treatment mental health and special housing units.

14. Any Medical supplies or medications on hand as of the termination date of this Contract shall become the property of the DOC.
15. The Contractor shall abide by the DOC Employee drug testing policy. The Contractor Health Services Administrator shall arrange, in advance with the DOC Institutional Human Resource Officer, for testing of all prospective health care workers, at the time of first interview.
16. Any inmate admitted to a hospital prior to Contract expiration shall be the financial responsibility of the Contractor even if the hospital discharge is after the Contract expiration.
17. The Contractor shall be financially responsible for any debts incurred due to not following DOC procurement procedures in the purchase of goods and services to support this Contract.
18. During the term of the Contract, the DOC reserves the right to add or delete DOC Institutions to the Contract as deemed desirable for the provision of healthcare services. It is understood that any addition or deletion will be documented as a Contract Modification.
19. In the event inmates from Coffeewood Correctional Center, Lunenburg Correctional Center and/or Indian Creek Correctional Center are assigned to major infirmaries managed by PHS and they are required to have off-site medical care, PHS will notify Armor.
20. The Contractor will comply with the training requirements in Section V. A. 7 of the RFP.

## II. DOC SERVICE SUPPORT

A. The following are responsibilities of the DOC with respect to this Contract:

1. The DOC will provide transportation services and security personnel required for off-site hospitalization care and specialty services, provided that PHS requests and schedules transportation needs in advance, except in case of emergencies. PHS will be responsible for the arrangement and associated cost of ambulance services when transportation by ambulance is required.

2. The DOC shall be responsible for the physical security of the Correctional Center facilities and the continuing security of inmates, however, it shall be an affirmative duty of PHS to follow the rules and directions of the DOC with respect to security and conduct its operations in a secure manner in accordance with those rules and directions.
3. The DOC will provide food, clean linens and security for inmates in the infirmaries.
4. The DOC will provide office space and the DOC owned office furniture and equipment now in place at the Correctional Centers. All such property will at all times remain the property of the DOC and must be accounted for by PHS. Any new additional equipment and supplies required by PHS, together with the maintenance of such equipment, shall be the responsibility of PHS. The DOC will be responsible for regular maintenance and replacement of the DOC owned equipment, however, PHS shall reimburse the DOC for any costs of repairs resulting from abuse of the DOC equipment. At the termination of this contract, PHS shall return to the DOC possession and control of all the DOC owned medical and office equipment. At such time, the medical and office equipment shall be in good working order, reasonable wear and tear excepted.
5. PHS will retain the title to computers provided by PHS for administrative services, but any software purchased by PHS for use at the Institutions shall to the extent permitted under the applicable software licensing agreement(s), be licensed to the DOC and shall become the property of the DOC. It is understood that PHS owns all right, title and interest to any software developed by PHS and used by PHS in conjunction with the services under this Contract.
6. The DOC will provide public utilities, including: water and electrical services, but PHS shall be responsible for payment of its monthly telephone/fax bill and for any computer lines not provided by the DOC. The DOC will provide PHS access to the DOC's electronic mail network for the purpose of communication with the DOC and between Institutions.
7. Subject to the Commonwealth of Virginia's Privacy Protection Act and any similar state or federal law now or hereafter existing, the DOC will provide, as-needed, information in the DOC's possession pertaining to inmates that is reasonable and necessary for PHS to adequately perform its obligations to the DOC. PHS shall safeguard and protect such information about inmates or about the DOC personnel from disclosure to any other

party, except as may be necessary to obtain medical care for the inmates or the DOC employees.

8. The DOC shall retain full responsibility for updating OBSCIS records (which shall be termed CORIS records when the DOC's new offender management software is installed), but it shall be a duty of PHS as a part of its obligations under this Contract to provide all medical, dental, and mental health information to the DOC, which is needed to update those records.

### III. STAFFING

- A. The negotiated staffing plans for the Institutions are attached hereto as Attachment III. In addition to the staffing plans, the base staffing plans, attached hereto as Attached III-A, will serve as the basis for determining liquidated damages. At the end of each monthly reconciliation period, liquidated damages shall be assessed by DOC for the Contractor's failure, if any, to provide health service workers in accordance with the base staffing plans of Attachment III-A. It shall be the duty of the Contractor to promptly supply DOC within twenty (20) calendar days after the end of each monthly reconciliation period, with all information deemed necessary by DOC to determine whether liquidated damages should be assessed. Furthermore, DOC shall have the right to inspect the Contractor's records, as it deems necessary, to ascertain and/or verify data. Once DOC has requested additional information, there will be seven calendar days to submit the requested information. At the end of the seven calendar day reconciliation period, deliberation is over and the DOC may continue its collection of liquidated damages. Notwithstanding the foregoing, in the event PHS continues to dispute the liquidated damages, the parties shall follow the procedure for disputes specified in Attachment II Section J. The DOC may, however, proceed with the deduction of liquidated damages as the parties settle the dispute. The Contractor shall provide an automated time and attendance system to document the actual arrival/departure times of its staff at each Institution.

1. It is the duty of the Contractor to manage its workforce so that there is sufficient staffing on each and every shift at each Institution in order to assure the delivery of both routine and emergency health care services to all inmates at all times. The following specific rules apply with respect to primary care physicians.

At each Institution, at least one primary care physician must be present for duty during the day shift each weekday, except holidays, weekends, or two continuous days of absence (e.g. training, sick time) from the Institution when no primary care physicians need be present, but at least one must be on call per Institution and readily available for emergencies.

2. With respect to nursing, the minimum permissible nursing staff for each shift on weekdays, weekends and holidays is shown on Attachment III to this Memorandum of Understanding. These minimum staffing levels of nurses and nursing assistants shall be referred to as "Base Staffing" (Attachment III). Liquidated damages for failure to maintain base staffing at all times shall be assessed in the following manner.
    - a. Beginning on May 1, 2006, if the Contractor fails to maintain the base staffing level of Registered Nurses, Licensed Practical Nurses and/or nursing assistants on any shift, then liquidated damages will be assessed for that shift at that Institution by multiplying the number of hours short in that particular category of employee (i.e., RN, LPN, etc.) times the dollar rate per hour shown in Attachment IV. Monthly aging of these categories of employees is explained in Attachment IV.
  3. RN's may be substituted for LPN's and LPN's may be substituted for certified nursing assistants to avoid a shortfall in staffing, but certified nursing assistants cannot be substituted for LPN's or RN's and LPN's cannot be substituted for RN's.
  4. Health services workers employed by the Contractor at one of the Institutions may not be used at another facility as substitute workers unless they are working overtime in addition to their regular work at the facility to which they are assigned.
  5. Health services worker hours may be covered by use of overtime work, by use of qualified Contractor staff or by the use of "locum tenens" health services workers. Any "locum tenens" health services worker or any other health services worker not regularly assigned to a facility must have a satisfactory DOC background investigation completed prior to being allowed into the Institution just the same as any permanent employee. . If approved by the appropriate Deputy Director or his designee, the applicant may be hired on a probationary basis pending the completion of a favorable VCIN/NCIC and DMV check. A background investigation will then be made and a report provided. The Contractor will communicate to all new employees that their continued employment at any DOC site is contingent upon successful completion of the complete background check.
- B. Liquidated damages for failure to staff in accordance with the base staffing levels of Attachment III-A may be determined by the DOC and withheld from payments due to the Contractor in accordance with the procedure described in Section III. A. above. To the extent that liquidated damages exceed the payments due to the Contractor, if ever,

the Contractor shall make payment to the DOC within thirty days after receiving the DOC's invoice.

#### IV. RISK/REWARD SHARING POOLS

- A. Off-Site Medical Services Pool: Due to the uncertainty of future health care cost trends, an "Off-Site Medical Services Pool" has been incorporated into the contract pricing. For the purposes of this contract, "off-site medical services" are defined as only telemedicine consultations, inpatient hospitalization, outpatient hospital care and physician or other health care provided by some entity other than PHS away from the DOC Institutions and billed through the DOC third party administrator.

Annually, a computation of off-site medical costs will be performed by comparing the total medical expenditures paid by the DOC third party administrator on behalf of the contractor during the contract year to the Off-Site Medical Services Pool dollar amount for the comparable period. See Attachment V for illustration of annual settlement computation. Based on the variance between actual off-site medical costs incurred and the Medical Services Pool amounts (determined by multiplying the Medical Services Pool Per Inmate amount times the actual ADP for the contract period), PHS will be paid for additional costs incurred, or the DOC will be reimbursed for savings achieved according to the settlement computations shown on Attachment V.

Medical Care Off-Site Services Risk/Reward Pool Amounts per inmate:

<u>5/1/06 – 4/30/07</u>	
Fluvanna	\$1,461
Greensville	\$1,212
Sussex I	\$ 592
Sussex II	\$ 417
Powhatan	\$1,920

- B. Staffing Pools: Based on the staffing costs, a "Staffing Pool" has been developed to provide a risk/reward cost sharing relationship between the DOC and PHS.

Annually, a reconciliation of the total actual staffing costs (computed by totaling the actual payroll dollars plus benefit costs computed at 22% of payroll dollars plus all on-site contract physician and agency nursing costs) will be performed utilizing pay period reports comparing the total actual staffing costs. Within 180 days of the end of each contract year (90 days for PHS to send pay period reports to DOC and then 90 days for DOC to verify PHS staffing costs), a reconciliation and settlement will be done. The DOC and PHS will share costs equally up to 10% in excess or 10% below the staffing pool dollar amount. Costs incurred which exceed 10% of the staffing pool dollars will be reimbursed to PHS by the

DOC. All savings below 10% of the staffing pool dollars will go to the DOC. See Attachment VI for illustration of annual settlement.

Staffing Pool Dollar amounts for the first year ending 4/30/07:

<u>5/1/06 – 4/30/07</u>	
Fluvanna	\$3,957,000
Greensville	\$7,533,000
Sussex I	\$2,276,000
Sussex II	\$2,091,000
Powhatan	\$4,290,000

V. NON-COMPLIANCE WITH STANDARDS OF PERFORMANCE

- A. In order to provide quality health services for the inmates entrusted to the care and keeping of the Department of Corrections, the Contractor shall at all times meet ACA Health Care Standards as contained in the Standards for Adult Correctional Institutions, with supplements, as amended or superseded from time to time. DOC will seek ACA Accreditation for each of the facilities covered by this Contract. ACA accreditation audits will be conducted approximately every three years. If, during an ACA accreditation audit, a facility is found to be deficient in any health care standards, the Contractor shall pay to DOC as liquidated damages the sum of \$10,000 for any deficient mandatory standard and \$7,500 for any deficient non-mandatory standard. If a facility fails an ACA Accreditation Audit and receives a reconsideration audit, the liquidated damages for any health care standard found deficient shall be twice the liquidated damages stated above. In no event shall PHS be responsible for liquidated damages in the event a deficiency was the result of actions or inactions on the part of the DOC.
- B. The Contractor shall also at all times meet the Virginia State Board of Corrections Standards pertaining to health care, as amended or superseded from time to time. State Board of Corrections audits are conducted approximately every three years. For each health care standard for which an Institution is deficient during a State Board of Corrections audit, the Contractor shall be assessed liquidated damages of \$3,000. On any re-audit by the State Board of Corrections, the Contractor shall be assessed liquidated damages of \$6,000 for any deficient health care standard.
- C. In between ACA Accreditation Audits and State Board of Corrections audits, DOC may conduct ongoing evaluations of the Contractor's performance using ACA and State Board of Corrections standards. If the DOC determines that the Contractor is persistently failing to meet one or more of the standards contained in either the ACA or State Board of Corrections Standards, the DOC may notify the Contractor that it will conduct a formal audit of its own within the next 30 to 60 days, using ACA Standards, State Board of Corrections Standards, or both. The DOC will assess the same liquidated damages for deficiencies found



during these audits as it would during an official ACA or State Board of Corrections Audit.

- D. At PHS' request, not more than once in any contract year per Institution, with respect to each of the following standards, the DOC will do a courtesy evaluation of PHS in accordance with ACA Standards and/or State Board of Corrections Standards.
- E. Liquidated damages for failure to comply with standards of performance referenced in Section V. may be determined by the DOC and withheld from payments due to the Contractor. To the extent that liquidated damages exceed the payments due to the Contractor, if ever, the Contractor shall make payment to the DOC within thirty days after receiving the DOC's invoice.

## VI. MISCELLANEOUS PROVISIONS

- A. **Renewal of the Contract:** This contract may be extended at the option of the DOC, for five (5) additional renewal periods of one year each, under the same terms and conditions, subject only to a change in compensation as provided by below. The DOC will provide PHS with 60 days notice prior to the end of the current term of its intent to renew or cancel this Contract.

**Fee Adjustments:** Upon the Contractor's written request and DOC's written approval, commencing on May 1, 2007 and each year thereafter, the fees paid by the DOC shall be increased subject to negotiation but not to exceed the Consumer Price Index (CPI-W) for Medical Care category of the U.S. Department of Labor Consumer Price Index for the following: Price schedules, liquidated damage rates, dialysis lab surcharge, staffing and off-site medical pool amounts. Any increase or decrease in the fee resulting from negotiations shall be adjusted and set forth as a Contract Modification at the time of contract renewal. The fact that health care provider contracts entered into by DOC's Third Party Administrator may or may not increase or decrease at different rates or on different dates shall not give PHS any claim to an adjustment in its compensation :

- B. **Termination of Contract:**
  - 1. Termination for Breach by the Contractor: In the event of breach of the contract by PHS, the DOC may elect to send the President of PHS a Cure Notice, specifying the nature of the breach and giving PHS a specific period of time in which to cure the breach. The time period to cure the breach shall be not exceed thirty (30) days from the date of receipt of the Cure Notice by PHS or if the breach is of such nature as cannot be completely remedied within said thirty (30) day time period, then PHS shall have commenced such cure within that thirty (30) day time period and shall

request from the DOC a reasonable extension to complete the Cure. Any extension of the Cure period shall be subject to DOC approval and shall be confirmed in writing (request from PHS in writing and approval from the DOC in writing). If the DOC elects to give PHS a cure notice and PHS fails to cure the breach to the reasonable satisfaction of the DOC after the Cure Notice time period, the President of PHS shall be notified of termination for breach by a written Termination Notice, which may specify that the contract is terminated immediately, as of a specific date, or in stages. In the event a court of competent jurisdiction or any other method of conflict resolution adopted by the parties determines that PHS did not, in fact, breach the contract, the termination shall be deemed to have been a termination by the DOC for the convenience of the Commonwealth, except that no prior notification or other procedures required herein for termination for the convenience of the Commonwealth shall be required.

A provision of twenty-five percent (25%) retainage of the annual value of the contract is owed to the DOC by the Contractor if the Contractor defaults or breaches the Contract.

Notwithstanding any other Contract provision to the contrary, if the Contractor shall have refused to perform the Contract or shall have otherwise defaulted and failed to cure the default within the Cure Notice time period and/or, if there are unpaid providers of materials and/or labor at the time the Contract ends or is breached by the Contractor, and the Contractor has failed to cure within the Cure Notice time period then the DOC shall have the right to retain from any amounts due to the Contractor the sum of the twenty-five percent (25%) annual value of the Contract. The DOC shall have the right to use said retained money to pay any providers of materials and/or labor for the materials and/or labor provided; to reimburse itself for all reasonable costs to itself, if any, arising from the Contractor's breach; and to reimburse itself for any money, which may be owed to it by the Contractor. Use of said money for said purposes shall not release the Contractor from liability for damages or any money owed in excess of the amount retained and used for said purposes. The DOC shall account to the Contractor for all such money retained and the manner of its disposal. All such money not paid out for the allowed purposes shall be paid to the Contractor. The DOC's right to reimburse suppliers of material and labor shall not constitute an obligation to do so, nor shall the DOC's decision to pay the remaining monies over to the Contractor constitute a guarantee that any or all such suppliers have been paid. The right to retain such sums from monies due to the Contractor and to utilize them in the manner described in this paragraph shall be in addition to and not in lieu of any other rights, which the DOC may have under the terms of this Contract and in law and at equity. The DOC may exercise the rights granted it in this

paragraph without reducing its claims against the Contractor to judgment and may pay suppliers of materials and labor without requiring that they reduce their claims against the Contractor to judgment prior to payment by the DOC.

2. Termination for Breach by the DOC: In the event of breach of contract by the DOC, PHS may elect to send the DOC a Cure Notice, specifying the nature of the breach and giving DOC a specific period of time, not less than 30 days, in which to cure the breach. If PHS elects to give the DOC a cure notice and the DOC fails to cure the breach to the satisfaction of PHS, the DOC shall be notified of termination for breach by a written Termination Notice, which may specify that the contract is terminated immediately or as of a specific date.
3. Termination Due to Unavailability of Funds: The DOC shall request an appropriation from the General Assembly of Virginia sufficient to fund its needs, including but not limited to the funding of this contract. Nevertheless, the payment of money by the DOC under any provision of this Contract is contingent upon the availability of funds appropriated by the General Assembly of Virginia. In the event that sufficient funds for this contract become unavailable due to non-appropriation or an insufficient appropriation to the DOC to cover all of its monetary needs, the DOC shall promptly notify the Contractor of such nonappropriation or insufficient appropriation and the DOC shall have the right to terminate this Contract without payment of damages as of the date upon which, in the judgment of the DOC, sufficient funds will no longer be available. If terminated under this provision, the Contractor shall not be entitled to lost profits or any other type of damages, except that it shall be paid for all amounts then due under the terms of this Contract, if any, and the fees and reimbursements which become due under the terms of this Contract for services actually rendered subsequent to Notice of Termination.
4. Termination for the Convenience of the Commonwealth: The DOC may terminate this Contract in whole or in part whenever, for any reason, the Department determines that it is in the best interest of the DOC, an agency of the Commonwealth of Virginia, to do so. The DOC shall give PHS written Notice of Termination at least sixty (60) days prior to termination date, specifying the extent and effective date(s) of the termination or termination by stages. Upon termination for the convenience of the Commonwealth, the Contractor shall have no right to any general, special, incidental or other damages or any description or amount, except that it shall be paid for all amounts then due under the terms of this Contract, if any, and the fees and reimbursements which become due under the terms of this contract for services actually rendered subsequent to Notice of Termination.

5. Contractor's Right of Termination Other Than for Breach: The Contractor may not terminate the Contract except for the DOC's breach of the Contract during the first two contract years. Subsequent to the first two contract years, the Contractor may terminate the Contract for any reason simply by giving not less than ninety (90) days advance written notice to the Director of the DOC, which notice shall be effective upon receipt. Although the Contractor may not terminate the Contract under this provision with respect to the first two contract years, the Contractor may give notice at any time during the first two years with respect to any of the subsequent years.
  
6. Contractor's Duties in Event of Termination: In the event of termination, whether because the term of the Contract has ended, because of breach by the Contractor, because of breach by the DOC, because of lack of funding, or because of termination for the convenience of the Commonwealth, the Contractor shall cooperate with the DOC in the transition to the follow-on health services provider, whether it be another company or the DOC itself. During the transition it shall be the duty of the Contractor:
  - a. to continue providing health services to the inmates in all Institutions until such duties are actually taken over by the successor health services provider, so that at no time are the inmates in the Institutions served by PHS without health services;
  - b. to coordinate the transition with the successor health services provider and to fully inform the successor health services provider about the medical conditions of all inmate patients;
  - c. to preserve and turn over to the DOC all records of any type, whether electronic or paper, which are maintained by the Contractor with respect to the performance of the Contract, including, but not limited to, inmate medical records and PHS employee records;
  - d. to preserve, inventory, account for and turn over to DOC all property belonging to DOC, including, but not limited to, computers and office furniture;
  - e. to preserve, inventory, account for and turn over to the DOC any and all pharmaceuticals and supplies on hand at the Institutions or in shipment to the Institutions; and,
  - f. to allow the successor health services provider timely access to PHS's employees at the Institutions to

interview them and to offer any or all of them future employment.

7. The DOC's Duties in Event of Termination: In the event of termination, whether because the term of the Contract has ended, because of breach by the Contractor, because of breach by the DOC, because of lack of funding, or because of termination for the convenience of the Commonwealth, the DOC shall facilitate the Contractor's transition out of service and shall require the successor health services provider, whether it be another company or the DOC, to interview and offer continuing employment to as many of the Contractor's willing employees at each Institution as the successor health services provider deems suitable and needed in its operations.
  
8. Payments upon Termination: In the event of termination, whether because the term of the Contract has ended, because of breach by the Contractor, because of breach by the DOC, because of lack of funding, or because of termination for the convenience of the Commonwealth, the DOC shall promptly pay the Contractor all amounts due to it in accordance with the normal schedule for monthly payment, subject to withholding any amounts in dispute, any liquidated damages, or any amounts (per VI, B.1.) which the Contractor may owe to the DOC. The DOC may also withhold amounts which it deems sufficient to offset any amounts which its Third Party Administrator may have paid, or will pay, on behalf of the Contractor, any anticipated liquidated damages, or any other amounts which it believes the Contractor owes or will owe to the DOC, and, when it has ascertained to its satisfaction the amounts owed to it by the Contractor, it may offset the amounts owed to it against the amounts which it owes to the Contractor and shall pay the remainder to the Contractor with a full accounting of the amounts owed and the amounts offset.

The third party administration accounting withhold will be calculated by multiplying 110% by the total of 25% of the latest twelve (12) months Third Party Administrator charges related to the contracted facility, adjusted for the estimated Staffing Pool and Of-Site Medical Services Pool settlements. Final settlement of any amounts withheld will be based on the date on which no Third Party Administrator charges paid subsequent to the termination date of the contract are made for two (2) successive months or eighteen (18) months, whichever is sooner. PHS shall be paid interest on the average outstanding balance of any amount withheld by the DOC at a rate determined by the Prime Interest Rate as published in the Wall Street Journal on the date on which the contract terminates, plus 2.0%.

Should the contract be terminated as of a date other than the end of a contract year, the annual Staffing Pool and Off-Site Medical

Service Pool baseline amounts will be pro-rated for the number of days during which the contract was in force during the year, calculated using a formula based on a thirty (30) day month and three hundred sixty (360) day contract year.

- C. The assessment and collection of liquidated damages for PHS's failure to staff or failure to meet standards is not an exclusive remedy and shall not preclude the DOC from terminating the Contract in whole or in part, because of such failures.

VII. FEE STRUCTURE

- A. The basic fees for services provided by PHS at each Institution which it serves shall be calculated by determining the Average Daily Population (ADP) for that Institution during the month in question, using the Institution's headcount plus any assigned to the Institution who are receiving medical care elsewhere and are still the responsibility of PHS and adding together the monthly costs of medical, dental and mental health services shown for that ADP on the Pricing Schedule for that Institution, as listed on Attachment VI. Attachment VI includes Pricing Schedules for Greensville Correctional Center, Greensville Work Center, Powhatan Correctional Center, Fluvanna Correctional Center, and Sussex I State Prison and Sussex II State Prison.
- B. The Average Daily Population (ADP) used for calculating the fee for service will be calculated by adding the official DOC Institutional daily inmate count for each day during the month in question at the Institution in question, plus the number of inmate/days for inmates admitted to hospitals from that Institution during that month, divided by the number of days in that particular month.
- C. PHS shall invoice for services rendered during the course of each calendar month within 5 work days after the end of each calendar month. DOC shall pay all undisputed amounts for services rendered during each calendar month within 30 days after receipt of the PHS invoice, less any offsets as described above herein.

IN WITNESS WHEREOF, each of the parties has caused this Memorandum of Understanding to be executed on its behalf by the undersigned.

PRISON HEALTH SERVICES, INC.

A corporation under the laws of the

State of Delaware

BY: \_\_\_\_\_

Date: \_\_\_\_\_

COMMONWEALTH OF  
VIRGINIA

DEPARTMENT OF  
CORRECTIONS

BY: \_\_\_\_\_  
Gene Johnson, Director

Date: \_\_\_\_\_

## ATTACHMENT I

### GENERAL TERMS AND CONDITIONS

- A. **VENDORS MANUAL:** This contract is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any revisions thereto, which are hereby incorporated into this contract in their entirety. A copy of the manual is normally available for review at the purchasing office and in addition a copy can be obtained by calling the Division of Purchases and Supply (804) 786-3842.
- B. **APPLICABLE LAWS AND COURTS:** This contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Contractor shall comply with all applicable federal, state and local laws, rules and regulations.
- C. **ANTI-DISCRIMINATION:** The Contractor certifies to the Commonwealth that it's firm will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §11-51 of the *Virginia Public Procurement Act*.

In every contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the Contractor agrees as follows:
  - a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or disabilities, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
  - b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
  - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

2. The Contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

D. **ETHICS IN PUBLIC CONTRACTING:** The Contractor certifies that it's proposal was made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their bid, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** The Contractor certifies that it's firm will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

F. **DEBARMENT STATUS:** The Contractor certifies that it's firm is not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

G. **ANTITRUST:** By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

H. **PAYMENT:**

1. **To Prime Contractor:**

a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number, social security number (for individual Contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).

b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.

c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public agency is being billed.



- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges, which appear to be unreasonable, will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the Contractor, in writing, as to those charges, which it considers unreasonable, and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges, which are not in dispute (*Code of Virginia*, §11-69).

2. To Subcontractors:

- a. A Contractor awarded a contract under this solicitation is hereby obligated:
  - (1). To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
  - (2). To notify the agency and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.
- b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

- I. **PRECEDENCE OF TERMS:** Paragraphs A-H of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- J. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.
- K. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth.
- L. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of the written contract to modify the scope of the contract.
  2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Department of Corrections a credit for any savings. Said compensation shall be determined by one of the following methods:
    - a. By mutual agreement between the parties in writing; or
    - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Department of Correction's right to audit the Contractor's records and/or to determine the correct number of units independently; or
    - c. By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Department of Corrections with all vouchers and records of expenses incurred and savings realized. The Department of Corrections shall have the right to audit the records of the Contractor, as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Department of Corrections within thirty (30) days from the date of receipt of

the written order from the Department of Corrections. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Department of Corrections or with the performance of the contract generally.

- d. During the term of the Contract, the DOC will not process a Contract Modification involving money unless the change has an annualized impact to the Contractor of greater than \$100,000 and/or will be implemented at the time of Contract renewal subject to section VI. A. of this Contract.

**M. DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies, which the Commonwealth may have.

**N. TAXES:** Sales to the Commonwealth of Virginia are normally exempt from State sales tax. State sales and use tax certificates of exemption, Form ST-12, will be issued upon request. Deliveries against this contract shall usually be free of Federal excise and transportation taxes. The Commonwealth's excise tax exemption registration number is 54-73-0076K.

**O. INSURANCE:** The Contractor certifies it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*.

The Offeror further certifies that the Contractor and any subcontractors will maintain the insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

**INSURANCE COVERAGES AND LIMITS REQUIRED:**

1. Worker's Compensation – Statutory requirements and benefits; require that the Commonwealth of Virginia be added as an additional named insured on Contractor's policy.
2. Employers Liability - \$100,000.

3. Commercial General Liability - \$500,000 combined single limit. The Commonwealth of Virginia must be named as an additional insured with respect to the services being procured. These coverages are to include Products and Completed Operations Coverage.
4. Automobile Liability - \$500,000 – Combined single limit.
5. Health Care Practitioner (to include Dentists, Optometrists, Nurses, Pharmacists, Doctors, etc.) - \$1,000,000 per occurrence, \$3,000,000 aggregate

The Commonwealth of Virginia is to be named as additional insured with respect to the services being procured. In addition, at the request of the Virginia Department of Corrections, the Contractor shall cause any state, territory of the United States, the United States, the United States of America itself, other political entity and/or the corrections department of any of the foregoing, whose felons are incarcerated in facilities of the Virginia Department of Corrections, to be an additional insured under the Contractor's liability policies described above, including but not limited to the Contractors policies of insuring against the professional liability of health care practitioners.

**P. DRUG FREE WORKPLACE:** The Contractor acknowledges and certifies that it understands that the following acts by the Contractor, its employees, and/or agents performing services on state property are prohibited:

1. The unlawful manufacture, distribution, dispensing, possession or use of alcohol or other drugs; and
2. Any impairment or incapacitation from the use of alcohol or other drugs (except the use of drugs for legitimate medical purposes).

The Contractor further acknowledges and certifies that it understands that a violation of these prohibitions constitutes a breach of contract and may result in default action being taken by the Commonwealth in addition to any criminal penalties that may result from such conduct.

The Contractor's employees will be subject to a pre-employment drug screening. All contract personnel shall be subject to post accident drug testing and testing where reasonable suspicion exists that the terms of this clause have been violated. In addition, Contractors who work in correctional facilities, detention centers, boot camps, diversion centers, probation and parole offices, day reporting centers, and central or regional offices or with offenders will be subject to random urinalysis testing.

## ATTACHMENT II

### SPECIAL TERMS AND CONDITIONS:

- A. **ADVERTISING:** In the event a contract is awarded for supplies, equipment, or services resulting from this bid/proposal, no indication of such sales or services to the Department of Corrections will be used in product literature or advertising. The Contractor shall not state in any of its advertising or product literature that the Commonwealth of Virginia or any agency or Institution of the Commonwealth has purchased or uses its products or services.
- B. **AUDIT:** The Contractor shall retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. The Department of Corrections, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period.
- C. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the Department of Corrections shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.
- D. **INDEMNIFICATION:** Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Contractor/any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the using agency or to failure of the using agency to use the materials, goods, or equipment in the manner already and permanently described by the Contractor on the materials, goods or equipment delivered.
- E. **INSPECTION OF JOB SITE:** The Contractor certifies that it's staff has inspected the job site and are aware of the conditions under which the work must be accomplished. Claims, as a result of failure to inspect the job site, will not be considered by the Commonwealth.
- F. **MINORITY/WOMEN OWNED BUSINESSES SUBCONTRACTING AND REPORTING:** Where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the Contractor is encouraged to offer such business to minority and/or women-owned businesses. Names of firms may be available from the buyer and/or from the Division of Purchases and Supply. When such business has been subcontracted to these firms and upon completion of the contract, the Contractor agrees to furnish the purchasing office the following information: name of firm, phone number, total dollar amount subcontracted and type of product/service provided.
- G. **PRIME CONTRACTOR RESPONSIBILITIES:** The Contractor shall be responsible for completely supervising and directing the work under this contract and all subcontractors that he may utilize, using his best skill and attention. Subcontractors who perform work under this contract shall be responsible to the

prime Contractor. The Contractor agrees that he is as fully responsible for the acts and omissions of his subcontractors and of persons employed by them as he is for the acts and omissions of his own employees.

- H. **SUBCONTRACTS:** No portion of the work shall be subcontracted without prior written consent of the Department of Corrections. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Department of Corrections the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.
- I. **WORK SITE DAMAGES:** Any damage to existing utilities, equipment or finished surfaces resulting from the performance of this contract shall be repaired to the Commonwealth's satisfaction at the Contractor's expense.
- J. **CONTRACTUAL DISPUTES:** In Accordance with Section 12.2-4363 of the Code of Virginia, claims arising out of this contract, whether for money or other relief, may be submitted by the Contractor for consideration by the DOC, by submitting the claim in writing, with all necessary data and information to substantiate the claim attached, to the Director, Department of Corrections, 6900 Atmore Drive, Richmond, VA 23225, no later than sixty (60) days after a payment by the DOC on the contract; provided, however, that no claim may be submitted unless written notice of the Contractor's intention to file the claim has been submitted at the time of the occurrence or at the beginning of the work upon which the claim is based. The DOC shall render a final written decision upon the claim within 90 days after the claim is submitted unless the parties agree to an extension of time in which the DOC may make its decision. If the DOC should fail to render its decision within ninety (90) days, the Contractor's sole remedy for such failure will be that the Contractor then has the right to institute legal action pursuant to Section 11-70 of the Code of Virginia. The Contractor shall not be granted his claim or any other relief by the DOC or any court simply as a result of delay in rendition of a decision by the DOC. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with performance of this contract, and failure to do so shall be deemed a default. All time periods specified above (except the initial sixty (60) day filing period) may be extended by mutual agreement.
- K. **DEFENSE AGAINST LAWSUITS:** Any staff member provided by the Contractor will fully cooperate with the DOC and Virginia Office of the Attorney General in the defense of any lawsuits initiated against the DOC or any of its employees. These staff members will work together with the Office of the Attorney General in the preparation and execution of affidavits which the Office of the Attorney General requests, and will provide the Office with any inmate medical records which may be needed in the defense of any lawsuit against the DOC or any of its employees. The Contractor further agrees that staff persons will be available to testify in court proceedings when the Office of the Attorney General informs these persons that their testimony is needed in the trial of any action brought against the DOC or any of its employees.

- L. **OWNERSHIP OF MATERIAL:** Ownership of all data, material and documentation originated and prepared for the State pursuant to the RFP shall belong exclusively to the Commonwealth of Virginia and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by a Contractor shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Contractor must invoke the protection of this section prior to or upon submission of the data or other materials, and must identify the data or other material to be protected and state the reasons why protection is necessary.
- M. **MEDICAL RECORDS:** The Selected Contractor shall maintain, cause, or require to be maintained complete and accurate medical records for each inmate who has received healthcare services utilizing the DOC's approved forms for documenting such contracts. Each medical record will be maintained in accordance with applicable laws, ACA standards, and the Virginia Board of Corrections Standards. The medical records shall be kept separate from the inmate's confinement record. A complete legible copy of the applicable medical record shall be available to accompany each inmate who is transferred from the facility to another location for off-site services or transferred to another Institution. **Medical records shall be kept confidential.** Subject to applicable law regarding confidentiality of such records, the Selected Contractor shall comply with Virginia law with regard to access by inmates and staff to medical records. No information contained in the medical records shall be released by the Selected Contractor except as provided by the Correctional Institution's Operation Procedure, by court order, or otherwise in accordance with applicable law. The Selected Contractor shall, at its own cost, provide all medical records, forms, jackets, and other materials necessary to maintain medical records. At the expiration of the contract period, the DOC shall provide the Selected Contractor with reasonable ongoing access to all medical records even after expiration of the contract for the purpose of defending litigation. The medical records of inmates shall at all times be the property of the Commonwealth of Virginia.
- N. **CONFIDENTIAL INFORMATION:** Any information provided by the DOC to the Contractor that the DOC considers confidential shall be kept confidential by the Contractor and shall not, except as may be required by law, be distributed to any third party without prior written approval by the DOC. Notwithstanding any provision of this contract to the contrary, the DOC's internal affairs investigation records shall not be required to be provided to the Selected Contractor or any other person or entity, except as required by law.
- O. **NON-COMPETITION AGREEMENTS:** The Contractor shall not include any provision in the contract or terms of employment of any person working for the Contractor to provide health services in DOC's institutions, whether as an employee or otherwise, which would preclude that persons from working for DOC or a successor to the Contractor within the facilities.

The Contractor is prohibited from hiring DOC healthcare personnel for six (6) months following their last date of DOC employment. If a DOC medical unit of an Institution is added to the contract, then the Contractor may immediately hire former DOC health-care personnel from the Institution.

- P. **HIRING PRACTICES:** In the event a Contractor proposes to employ ex-offenders, the DOC may determine that it is not in the best interest to allow some ex-offenders to provide service. Some of the factors that the DOC may consider are: where the ex-offender served time, the nature of the crime and the length of time since sentence obligation was completed.
- Q. **BACKGROUND CHECKS:** The DOC may require full or partial background checks for Contractor staff. The Contractor shall be required to pay for all background checks processed for its on-site staff at the current rate for a full background check – fees are on a per background check basis.



**ATTACHMENT III  
Negotiated Staff**

**Greenville Correctional Center (GVCC)  
Staffing Plan**

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
<b>Sr. Health Services Administrator</b>	8	8	8	8	8			40	1.0
<b>Clinical Health Services Administrator</b>	8	8	8	8	8			40	1.0
<b>Medical Director</b>	8	8	8	8	8			40	1.0
<b>Physician</b>	24	24	24	24	24			120	3.0
<b>PA/NP</b>	16	16	16	16	16			80	2.0
<b>Nurse Manager</b>	48	48	48	48	48			240	6.0
<b>UM/QI (Infection Control)</b>	8	8	8	8	8			40	1.0
<b>DON</b>	8	8	8	8	8			40	1.0
<b>ACA Coordinator</b>	8	8	8	8	8			40	1.0
<b>Psychiatrist</b>	16	16	16	16	16			80	2.0
<b>Mental Health Director</b>	8	8	8	8	8			40	1.0
<b>Psychologist</b>	8	8	8	8	8			40	1.0
<b>MSW</b>	48	48	48	48	48			240	6.0
<b>RN</b>	8	8	8	8	8	8	8	56	1.4
<b>RN Supervisor</b>						8	8	16	0.4
<b>LPN</b>	105	105	105	105	105	80	80	696	17.4
<b>Pharmacy Tech</b>	16	16	16	16	16			80	2.0
<b>Lab Tech</b>	8	8	8	8	8			40	1.0
<b>Medical Assistant</b>	16	16	16	16	16	16	16	112	2.8
<b>X-ray Tech</b>	8	8	8	8	8			40	1.0
<b>Medical Records Supervisor</b>	8	8	8	8	8			40	1.0
<b>Medical Records Clerk</b>	8	8	8	8	8			40	1.0
<b>Dentist</b>	16	16	16	16	10			74	1.9
<b>Dental Assistant</b>	16	16	16	16	16			80	2.0
<b>Secretary</b>	16	16	16	16	16			80	2.0
<b>Clerk</b>	64	64	64	64	64			320	8.0
<b>Housekeeper</b>	16	16	16	16	16			80	2.0
<b>Total</b>								2,827	70.7
<b>Evening Shift</b>									
<b>RN Supervisor</b>	8	8	8	8	8	8	8	56	1.4
<b>RN</b>	8	8	8	8	8	8	8	56	1.4
<b>LPN</b>	72	72	72	72	72	72	72	497	12.5
<b>Medical Assistant</b>	8	8	8	8	8	8	8	56	1.4
<b>Total</b>								665	16.7
<b>Night Shift</b>									
<b>RN Supervisor</b>	8	8	8	8	8	8	8	56	1.4
<b>LPN</b>	72	72	72	72	72	41	41	442	11.1
<b>Medical Assistant</b>	8	8	8	8	8	8	8	56	1.4
<b>Total</b>								554	13.9
<b>Total - All Shifts</b>								4,046	101.15

Powhatan Correctional Center (PCC)  
Staffing Plan

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
Health Services Administrator	8	8	8	8	8			40	1.0
Medical Director	8	8	8	8	8			40	1.0
Physician	16	16	16	16	16			80	2.0
DON	8	8	8	8	8			40	1.0
Psychiatrist	8	8	8	8	8			40	1.0
Charge RN	8	8	8	8	8			40	1.0
RN	40	40	40	40	40	32	32	264	6.6
LPN	72	72	72	72	72	64	64	488	12.2
X-ray Tech	4	4	4	4	4			20	0.5
Dentist	8	8	8	8	8			40	1.0
Dental Assistant	16	16	16	16	16			80	2.0
Administrative Assistant	8	8	8	8	8			40	1.0
Unit Secretaries/MRC	32	32	32	32	32			160	4.0
CAN	16	16	16	16	16	16	16	112	2.8
Lab Tech	8	8	8	8	8			40	1.0
Pharmacy Tech	16	16	16	16	16			80	2.0
Housekeeper	8	8	8	8	8			40	1.0
<b>Total</b>								<b>1,644</b>	<b>41.1</b>
<b>Evening Shift</b>									
LPN	40	40	40	40	40	40	40	280	7.0
<b>Total</b>								<b>280</b>	<b>7.0</b>
<b>Night Shift</b>									
LPN	40	40	40	40	40	40	40	280	7.0
<b>Total</b>								<b>280</b>	<b>7.0</b>
<b>Total - All Shifts</b>								<b>2,204</b>	<b>55.1</b>

Fluvanna Correctional Center for Women (FCCW)  
Staffing Plan

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
Health Services Administrator	8	8	8	8	8			40	1.0
Medical Director	8	8	8	8	8			40	1.0
Physician	8	8	8	8	8			40	1.0
PA/NP	8	8	8	8	8			40	1.0
DON	8	8	8	8	8			40	1.0
Psychiatrist	11	11.5	11	11.5	11			56	1.4
Mental Health Director	8	8	8	8	8			40	1.0
Psychologist	32	32	32	32	32			160	4.0
MSW	32	32	32	32	32			160	4.0
Charge RN	24	24	24	24	24			120	3.0
RN (psych)	16	16	16	16	16	16	16	112	2.8
LPN/Pharm Tech	48	48	48	48	48	16	16	312	6.8
X-ray Tech	8	8	8	8	8			40	1.0
Medical Records Clerk	16	16	16	16	16			80	2.0
Dentist	11	11.5	11	11.5	11			56	1.4
Dental Assistant	16	16	16	16	16			80	2.0
Secretary/Unit Clerk	16	16	16	16	16			80	2.0
Administrative Assistant	8	8	8	8	8			40	1.0
CNA	16	16	16	16	16			80	2.0
Housekeeper	8	8	8	8	8			40	1.0
<b>Total</b>								<b>1,656</b>	<b>42.4</b>
<b>Evening Shift</b>									
RN	16	16	16	16	16	16	16	112	2.8
LPN	24	24	24	24	24	16	16	152	3.8
<b>Total</b>								<b>264</b>	<b>6.6</b>
<b>Night Shift</b>									
RN	16	16	16	16	16	16	16	112	2.8
LPN	16	16	16	16	16	16	16	112	2.8
CNA	8	8	8	8	8	8	8	56	1.4
<b>Total</b>								<b>280</b>	<b>7.0</b>
<b>Total - All Shifts</b>								<b>2,200</b>	<b>55.0</b>

Sussex I State Prison (SISP)  
Staffing Plan

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
Health Services Administrator	8	8	8	8	8			40	1.0
Medical Director	8	8	8	8	8			40	1.0
DON	8	8	8	8	8			40	1.0
Psychiatrist		7		7				14	0.4
Psychologist	32	32	32	32	32			160	4.0
RN	16	16	16	16	16	8	8	96	2.4
LPN	48	48	48	48	48	24	24	288	7.2
Pharmacy Tech	8	8	8	8	8			40	1.0
X-ray Tech	4	4	4	4	4			20	0.5
Medical Records Clerk	8	8	8	8	8			40	1.0
Dentist	8	8	8	8	8			40	1.0
Dental Assistant	8	8	8	8	8			40	1.0
Medical Secretary	8	8	8	8	8			40	1.0
CNA	8	8	8	8	8			40	1.0
Housekeeper	8	8	8	8	8			40	1.0
<b>Total</b>								<b>978</b>	<b>24.5</b>
<b>Evening Shift</b>									
RN	8	8	8	8	8	8	8	56	1.4
LPN	16	16	16	16	16	16	16	112	2.8
<b>Total</b>								<b>168</b>	<b>4.2</b>
<b>Night Shift</b>									
RN	8	8	8	8	8	8	8	56	1.4
LPN	16	16	16	16	16	16	16	112	2.8
<b>Total</b>								<b>168</b>	<b>4.2</b>
<b>Total - All Shifts</b>								<b>1,314</b>	<b>32.9</b>

Sussex II State Prison (SIISP)  
Staffing Plan

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
Health Services Administrator	8	8	8	8	8			40	1.0
Medical Director	8	8	8	8	8			40	1.0
DON	8	8	8	8	8			40	1.0
Psychiatrist		5		5				10	0.25
Psychologist	32	32	32	32	32			160	4.0
Charge RN	8	8	8	8	8	8	8	56	1.4
RN	8	8	8	8	8			40	1.0
LPN	40	40	40	40	40	16	16	232	5.8
Pharmacy Tech	8	8	8	8	8			40	1.0
X-ray Tech	4	4	4	4	4			20	0.5
Medical Records Clerk	8	8	8	8	8			40	1.0
Dentist	8	8	8	8	8			40	1.0
Dental Assistant	8	8	8	8	8			40	1.0
Administrative Assistant	8	8	8	8	8			40	1.0
Housekeeper	8	8	8	8	8			40	1.0
<b>Total</b>								<b>878</b>	<b>21.95</b>
<b>Evening Shift</b>									
Charge RN	8	8	8	8	8	8	8	56	1.4
LPN	16	16	16	16	16	16	16	112	2.8
<b>Total</b>								<b>168</b>	<b>4.2</b>
<b>Night Shift</b>									
Charge RN	8	8	8	8	8	8	8	56	1.4
LPN	16	16	16	16	16	16	16	112	2.8
<b>Total</b>								<b>168</b>	<b>4.2</b>
<b>Total - All Shifts</b>								<b>1,214</b>	<b>30.35</b>

VDOC Regional Office  
Staffing Plan

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
Regional Vice President	8	8	8	8	8			40	1.0
Regional Director	8	8	8	8	8			40	1.0
Regional Mental Health Director	4	4	4	4	4			20	0.5
Administrative Assistant	8	8	8	8	8			40	1.0
Medical Director*	8	8	8	8	8			40	1.0
UM Coordinator*	16	16	16	16	16			80	2.0
Data Entry Clerk*	16	16	16	16	16			80	2.0
<b>Total</b>								<b>340</b>	<b>8.50</b>

\*Dedicated to the UM program at the VDOC

## ATTACHMENT III-A

### Base Staffing

Base Staffing is defined as the minimum essential staff needed to be present at the facility.

#### Fluvanna CC

Day	RN	2
	LPN	2 (1 may be C.H.A.) <sup>1</sup>
	C.N.A.	0
Evening	RN	2
	LPN	3 (1 may be C.H.A.) <sup>2</sup>
	C.N.A.	0
Night	RN	2
	LPN	2
	C.N.A.	1

#### Greensville CC

Day	RN	2
	LPN	10 (3 may be CHA)
	C.N.A.	1
Evening	RN	2
	LPN	9.5 (4 may be CHA)
	C.N.A.	1
Night	RN	2
	LPN	5 (3 may be CHA)
	C.N.A.	1

#### Sussex I State Prison

Day	RN	1
	LPN	3 (2 may be CHA) <sup>2</sup>
	C.N.A.	0
Evening	RN	1
	LPN	2 (1 may be CHA)
	C.N.A.	0
Night	RN	1
	LPN	2 (1 may be CHA)
	C.N.A.	0

<sup>1</sup> CHA = Correctional Health Assistant. The Contractor must follow the same credentialing requirements as the DOC.

<sup>2</sup> Three LPN's Monday-Friday, Two LPN's Saturday, Sunday & Holidays.

**Sussex II State Prison**

Day	RN	1
	LPN	3 (2 may be CHA) <sup>2</sup>
	C.N.A.	0
Evening	RN	1
	LPN	2 (1 may be CHA)
	C.N.A.	0
Night	RN	1
	LPN	2
	C.N.A.	0

**Powhatan CC**

Day	RN	1
	LPN	6
Evening	RN	1
	LPN	5
Night	RN	1
	LPN	4

**ATTACHMENT IV**

**ILLUSTRATION OF AGING ANALYSIS & LIQUIDATED DAMAGE HOURLY RATES**

Development of Aging Analysis:

<u>Contract Period</u>	<u>Total Hours Deficient for Contract Period</u>	<u>Aging Category</u>						
		<u>Period #1</u>	<u>Period #2</u>	<u>Period #3</u>	<u>Period #4</u>	<u>Period #5</u>	<u>Period #6</u>	<u>Period #7</u>
May, 2006	10	10						
June, 2006	17	7	10					
July, 2006	32	15	7	10				
August, 2006	23	0	6	7	10			
September, 2006	8	0	0	0	0	8		
October, 2006	0	0	0	0	0	0	0	
November, 2006	15	15	0	0	0	0	0	0

Narrative of how to compute the # of hours to be allocated to each Aging Category:

As a general rule, the aging of deficient hours for any contract period be performed as follows:

1. Shift the hours per each Aging Category of the prior contract period's aging analysis to the next older Aging Category.
2.
  - a. If the total # of hours deficient in the current contract period is greater than the total # of deficient hours per the previous contract period, enter the additional hours in the Period #1 Aging Category.
  - b. If the total # of hours deficient in the current contract period is less than the total # of deficient hours per the previous contract period, deduct the # of hours reduced from the left to right commencing with Aging Category Period #2.

May, 2006                      The first month that any deficiency exists, the total # of hours deficient is to be allocated to Period #1.

June, 2006                      Since the total of 17 hours deficient in the June, 2006 period exceeds the total # of 10 hours deficient in the May, 2006 contract period, the aging should be performed as follows: Shift the 10 hours classified in Period #1 on the May, 2006 aging to the next Aging Category to the right (Period #2) and insert the increase in the # of hours deficient in the Period #1 Aging Category.

July, 2006                      Because the 32 hours deficient in July, 2006 is greater than the total 17 hours deficient in the June, 2006 contract period, the aging should be developed by shifting the hours aged in June, 2006 to the next Aging Category to the right, and assigning the additional hours to the Period #1 Aging Category.

August, 2006                      In order to age the 23 hours delinquent in August, 2006, shift the hours aged in April, 2004 to the next Aging Category to the right, and deduct any reduction in delinquent hours from the Aging Categories starting at the left (Period #2,



Period #3, etc.) until the total # of hours reduced from the April, 2004 contract period have been allocated.

September, 2006

In August, 2006 the total # of deficient decreased to an amount less than any previous period. This aging should be performed utilizing the same method as for July, 2006. The July, 2006 aging should be shifted to the next older Aging Category, and the # of hours reduced from the July, 2006 contract period should be deducted from the # of hours assigned to each Aging Category starting at the left, until the total # of hours reduced from the July, 2006 contract period have been allocated.

**LIQUIDATED DAMAGE HOURLY RATES**

**COMPUTATION OF LIQUIDATED DAMAGES:**

**RN - \$70.00/hour**

**LPN/CHA - \$52.00/hour**

**CNA - \$30.00/hour**

**Development of Aging Analysis and Computation of Liquidated Damages**

1. Develop the aging analysis, by position type and the number of hours deficient (see previous page) in each position type.
2. Multiply the number of hours deficient, by position type, times the "Hourly Liquidated Damages Rate" (above) for each aging category.
3. Multiply the dollar amount of liquidated damages computed through step #2 above times the following rates for each successive aging category:

1<sup>st</sup> period: 100%  
 2<sup>nd</sup> period: 110%  
 3<sup>rd</sup> period: 125%  
 4<sup>th</sup> & Succeeding Periods: 150%

The below computation is based on the assumption that the above aging is for the LPN positions where the Liquidated Damage Hourly Rate = \$52.00.

<u>Contract Period</u>	<u>Liquidated Damage Dollars</u>							<u>Total</u>
	<u>Period #1</u>	<u>Period #2</u>	<u>Period #3</u>	<u>Period #4</u>	<u>Period #5</u>	<u>Period #6</u>	<u>Period #7</u>	
May, 2006	520.00	-	-	-	-	-	-	520.00
June, 2006	364.00	572.00	-	-	-	-	-	936.00
July, 2006	780.00	400.40	650.00	-	-	-	-	1830.40
August, 2006	-	343.20	455.00	780.00	-	-	-	1578.20
September, 2006	-	-	-	-	624.00	-	-	624.00
October, 2006	-	-	-	-	-	-	-	-
November, 2006	780.00	-	-	-	-	-	-	780.00

ATTACHMENT VII  
PRICING SCHEDULES

**Virginia Department of Corrections  
Monthly pricing schedule**

**FLUVANNA CORRECTIONAL CENTER FOR WOMEN**

(500-1500) ADP	Monthly Cost
500	527,314
501	527,523
502	527,733
503	527,943
504	528,152
505	528,362
506	528,572
507	528,782
508	528,991
509	529,201
510	529,411
511	529,620
512	529,830
513	530,040
514	530,249
515	530,459
516	530,669
517	530,878
518	531,088
519	531,298
520	531,508
521	531,717
522	531,927
523	532,137
524	532,346
525	532,556
526	532,766
527	532,975
528	533,185
529	533,395
530	533,605
531	533,814

532	534,024
533	534,234
534	534,443
535	534,653
536	534,863
537	535,072
538	535,282
539	535,492
540	535,701
541	535,911
542	536,121
543	536,331
544	536,540
545	536,750
546	536,960
547	537,169
548	537,379
549	537,589
550	537,798
551	538,008
552	538,218
553	538,427
554	538,637
555	538,847
556	539,057
557	539,266
558	539,476
559	539,686
560	539,895
561	540,105
562	540,315
563	540,524
564	540,734
565	540,944
566	541,154
567	541,363
568	541,573
569	541,783
570	541,992
571	542,202
572	542,412
573	542,621
574	542,831
575	543,041
576	543,250
577	543,460
578	543,670
579	543,880
580	544,089
581	544,299

582	544,509
583	544,718
584	544,928
585	545,138
586	545,347
587	545,557
588	545,767
589	545,977
590	546,186
591	546,396
592	546,606
593	546,815
594	547,025
595	547,235
596	547,444
597	547,654
598	547,864
599	548,073
600	548,283
601	548,493
602	548,703
603	548,912
604	549,122
605	549,332
606	549,541
607	549,751
608	549,961
609	550,170
610	550,380
611	550,590
612	550,799
613	551,009
614	551,219
615	551,429
616	551,638
617	551,848
618	552,058
619	552,267
620	552,477
621	552,687
622	552,896
623	553,106
624	553,316
625	553,526
626	553,735
627	553,945
628	554,155
629	554,364
630	554,574
631	554,784

632	554,993
633	555,203
634	555,413
635	555,622
636	555,832
637	556,042
638	556,252
639	556,461
640	556,671
641	556,881
642	557,090
643	557,300
644	557,510
645	557,719
646	557,929
647	558,139
648	558,348
649	558,558
650	558,768
651	558,978
652	559,187
653	559,397
654	559,607
655	559,816
656	560,026
657	560,236
658	560,445
659	560,655
660	560,865
661	561,075
662	561,284
663	561,494
664	561,704
665	561,913
666	562,123
667	562,333
668	562,542
669	562,752
670	562,962
671	563,171
672	563,381
673	563,591
674	563,801
675	564,010
676	564,220
677	564,430
678	564,639
679	564,849
680	565,059
681	565,268

682	565,478
683	565,688
684	565,897
685	566,107
686	566,317
687	566,527
688	566,736
689	566,946
690	567,156
691	567,365
692	567,575
693	567,785
694	567,994
695	568,204
696	568,414
697	568,624
698	568,833
699	569,043
700	569,253
701	569,462
702	569,672
703	569,882
704	570,091
705	570,301
706	570,511
707	570,720
708	570,930
709	571,140
710	571,350
711	571,559
712	571,769
713	571,979
714	572,188
715	572,398
716	572,608
717	572,817
718	573,027
719	573,237
720	573,447
721	573,656
722	573,866
723	574,076
724	574,285
725	574,495
726	574,705
727	574,914
728	575,124
729	575,334
730	575,543
731	575,753

732	575,963
733	576,173
734	576,382
735	576,592
736	576,802
737	577,011
738	577,221
739	577,431
740	577,640
741	577,850
742	578,060
743	578,269
744	578,479
745	578,689
746	578,899
747	579,108
748	579,318
749	579,528
750	579,737
751	579,947
752	580,157
753	580,366
754	580,576
755	580,786
756	580,996
757	581,205
758	581,415
759	581,625
760	581,834
761	582,044
762	582,254
763	582,463
764	582,673
765	582,883
766	583,092
767	583,302
768	583,512
769	583,722
770	583,931
771	584,141
772	584,351
773	584,560
774	584,770
775	584,980
776	585,189
777	585,399
778	585,609
779	585,818
780	586,028
781	586,238

782	586,448
783	586,657
784	586,867
785	587,077
786	587,286
787	587,496
788	587,706
789	587,915
790	588,125
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795	589,174
796	589,383
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**DEPARTMENT OF CORRECTIONS  
6900 ATMORE DRIVE  
RICHMOND, VA 23225**

**CONTRACT MODIFICATION AGREEMENT**

Date: April 10, 2007

Contract Number: DOC-05-024

Modification Number: 001

Issued By: Department of Corrections  
Procurement and Risk Management  
6900 Atmore Drive  
Richmond, VA 23225

Contractor: Prison Health Services, Inc.  
America Service Group, Inc.  
105 Westpark Drive, Suite 200  
Brentwood, TN 37027

Commodity: Health Care Services

This contract modification is entered into pursuant to Attachment I, paragraph L. of the Contract.

Description of Modification:

1. Effective May 1, 2007, Memorandum of Understanding paragraph I., remove H. 2. a.) and replace with the following:
  - a.) Providing the nephrologist and all of the labs ordered by the nephrologist. PHS will charge the DOC a dialysis lab surcharge of \$7.31 per dialysis patient visit. The dialysis lab surcharge is in addition to the base fee. These lab tests must be billed directly to PHS and paid by PHS, not billed to the DOC's third party administrator nor included in the off-site medical care pool;
2. Effective May 1, 2007, Memorandum of Understanding Section IV., for paragraphs A. and B. remove Medical Care Off-Site Services Risk/Reward Pool Amounts per inmate and replace with the following:

Medical Care Off-Site Services Risk/Reward Pool Amounts per inmate:  
5/1/07 – 4/30/08

Fluvanna	\$1,525
Greensville	\$1,265
Sussex I	\$ 618
Sussex II	\$ 435

Powhatan \$2,004

Staffing Pool Dollar amounts for the first year ending 4/30/08:  
5/1/07 - 4/30/08

Fluvanna	\$4,131,000
Greensville	\$7,864,000
Sussex I	\$2,376,000
Sussex II	\$2,183,000
Powhatan	\$4,479,000

3. Effective May 1, 2007, Attachment IV, remove LIQUIDATED DAMAGES HOURLY RATES and replace with the following:

**LIQUIDATED DAMAGE HOURLY RATES**

**COMPUTATION OF LIQUIDATED DAMAGES:**

RN	-	\$73.08/hour
LPN/CHA	-	\$54.29/hour
CNA	-	\$31.32/hour

4. Effective May 1, 2007, remove current Attachment VII, PRICING SCHEDULES and replace with new PRICING SCHEDULES attached.
5. Attachment I, General Terms and Conditions add Paragraph Q.

Q. **eVA Business-To-Government Vendor Registration:** The eVA Internet electronic procurement solution, web site portal [www.eVA.virginia.gov](http://www.eVA.virginia.gov), streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All bidders or offerors must register in eVA; failure to register will result in the bid/proposal being rejected.

- a. eVA Basic Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
- b. eVA Premium Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic

Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.

- c. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- d. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
  - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.
  - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, capped at \$1,500 per order.

6. Attachment II, Special Terms and Conditions add Paragraph R.

R. **eVA Business-To-Government Contracts and Orders:** The solicitation/contract will result in 1 purchase order(s) with the eVA transaction fee specified below assessed for each order.

- a. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- b. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
  - (i) DMBE-certified Small Businesses: 1%, Capped at \$500 per order.
  - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, Capped at \$1,500 per order.

The eVA transaction fee will be assessed approximately 30 days after each purchase order is issued. Any adjustments (increases/decreases) will be handled through eVA change orders.



Internet electronic procurement solution, web site portal [www.eva.virginia.gov](http://www.eva.virginia.gov), streamlines and automates government purchasing activities in the Commonwealth. The portal is the gateway for vendors to conduct business with state agencies and public bodies.

Vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution and agree to comply with the following:

If this solicitation is for a term contract, failure to provide an electronic catalog (price list) or index page catalog for items awarded will be just cause for the Commonwealth to reject your bid/offer or terminate this contract for default. The format of this electronic catalog shall conform to the eVA Catalog Interchange Format (CIF) Specification that can be accessed and downloaded from [www.eVA.virginia.gov](http://www.eVA.virginia.gov). Contractors should email Catalog or Index Page information to [eVA-catalog-manager@dgs.virginia.gov](mailto:eVA-catalog-manager@dgs.virginia.gov)."

This contract renewal is contingent upon the Contractor providing the required catalog or index page as outlined in the eVA Business-to-Government Contracts Special Term and Condition stated above. When submitting, please copy the contract officer, J. D. Oates III at [jd.oates@vadoc.virginia.gov](mailto:jd.oates@vadoc.virginia.gov). If you need assistance with this requirement, please contact me at (804) 674-3308, ext. 1405.

Except as provided herein, all terms and conditions of contract DOC-05-024-PHS, dated April 18, 2005, as heretofore changed, remain unchanged and in full force and effect.

CONTRACTOR:		PURCHASING AGENCY:	
BY:		BY:	
TITLE:	President & CEO	TITLE:	Director
DATE:	4/17/07	DATE:	4-24-07

Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, §§2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

APPROVED AS TO FORM  
by LEGAL DEPT.



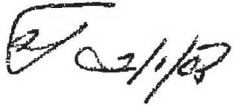
DEPARTMENT OF CORRECTIONS  
6900 ATMORE DRIVE  
RICHMOND, VA 23225

'08 JAN 31 PM 1:55

CONTRACT MODIFICATION AGREEMENT

Date: January 25, 2008

Contract Number: DOC-05-024-PHS

Modification Number: ~~001~~ 002 

Issued By: Department of Corrections  
Procurement and Risk Management  
6900 Atmore Drive  
Richmond, VA 23225

Contractor: Prison Health Services, Inc.

Commodity: Healthcare Management and Services

This contract modification is entered into pursuant to Attachment I. L. of the Contract.

Description of Modification:

1. Effective May 1, 2007 the Powhatan Medical Unit (Infirmery) was closed by the DOC for replacement of the electrical and HVAC systems. The DOC construction project required PHS to modify its nursing staff and radiological operation in order to provide the required healthcare services.

The temporary relocation of the Powhatan Infirmery to the Deep Meadow Correctional Center necessitated the addition of a Registered Nurse position to provide coverage of the Powhatan Correctional complex and the Monday through Friday evening and night shifts and all shifts on Saturday and Sunday. This coverage had previously been provided by the infirmery staffing. Additionally, due to the temporary closing of the Powhatan radiology suite, PHS has been required to rent mobile x-ray equipment starting in July of 2007 in order to provide continuity of care for non-infirmery inmates at the Powhatan Correctional Center and Powhatan Reception and Classification Center.

PHS shall be reimbursed for the above detailed nursing services and for the rental of the mobile x-ray equipment based upon the following negotiated fees:

Registered Nurse position for the period of May 23, 2007 through September 30, 2007 - \$107, 109.15. In addition, the Registered Nurse position will be reimbursed at a rate of \$25,000,00 per month through the completion of the DOC construction at Powhatan Medical Unit (anticipated construction completion between August - December 2008).

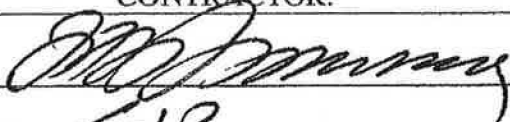
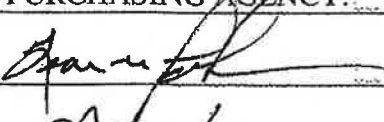
Mobile X-ray Equipment rental effective July 2008 through the completion of the DOC construction at Powhatan Medical Unit (anticipated construction completion between August - December 2008) - \$1,000.00 per month.

- PHS was requested by the DOC to rent special mattresses for an eight (8) month period of time. The specialty mattresses were required for patients with limited mobility which restricts blood flow of patients confined to bed which can result in pressure sores or decubitus ulcers at point of patient contact with the bed.

PHS shall be reimbursed for the above detailed rental of specialty mattresses based upon the following negotiated fee:

Rental of Specialty Mattresses for a period of eight (8) months - \$80,000.

Except as provided herein, all terms and conditions of contract DOC-05-024-PHS, which went into effect on May 1, 2006, as heretofore changed, remain unchanged and in full force and effect.

CONTRACTOR:		PURCHASING AGENCY:	
BY:		BY:	
TITLE:	SVP	TITLE:	Director
DATE:	1/30/08	DATE:	2-1-08

Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, §§2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.



**DEPARTMENT OF CORRECTIONS  
6900 ATMORE DRIVE  
RICHMOND, VA 23225**

**CONTRACT MODIFICATION AGREEMENT**

Date: April 8, 2008  
Contract Number: DOC-05-024-PHS  
Modification Number: 003  
Issued By: Department of Corrections  
Procurement and Risk Management  
6900 Atmore Drive  
Richmond, VA 23225  
Contractor: Prison Health Services, Inc.  
Commodity: Healthcare Management and Services

This contract modification is entered into pursuant to Attachment I. L. of the Contract.

Description of Modification:

1. Whereas the Contract # DOC—05-024-PHS will expire on April 30, 2008, the Commonwealth desires to renew the contract performance period, it is agreed that the contract performance period shall be renewed from May 1, 2008 through April 30, 2009.
2. Effective May 1, 2008, the Medical Care Off-Site Service Risk/Reward Pool Amounts per inmate detailed in Contract Modification 001 dated April 10, 2007 shall be removed and replaced with the following:

5/1/08 – 4/30/09

Fluvanna	\$1,597
Greensville	\$1,324
Sussex I	\$ 647
Sussex II	\$ 455
Powhatan	\$2,098

3. Effective May 1, 2008, the Staffing Pool Dollar amounts detailed in Contract Modification 001 dated April 10, 2007 shall be removed and replaced with the following:

5/1/08 - 4/30/09

Fluvanna	\$4,325,000
Greensville	\$8,234,000
Sussex I	\$2,554,000
Sussex II	\$2,286,000
Powhatan	\$4,690,000

Effective May 1, 2008, the Liquidated Damages Hourly Rates detailed in Contract Modification 001 dated April 10, 2007 shall be removed and replaced with the following:


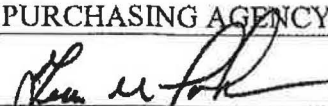
**LIQUIDATED DAMAGES HOURLY RATES**

**COMPUTATION OF LIQUIDATED DAMAGES:**

RN	-	\$76.51/hour
LPN/CHA	-	\$56.84/hour
CAN	-	\$32.79/hour

- Effective May 1, 2008 Attachment III: Negotiated Staff for Sussex I State Prison , Powhatan Correctional Center and Greensville Correctional Center shall be removed and replaced with the revised Attachment III for those facilities. Attachment IIIA Base Staffing for Greensville Correctional Center shall be removed and replaced with the revised Attachment IIIA for that facility.
- Effective May 1, 2008, the dialysis surcharge will increase to \$7.65 per dialysis patient visit (reference Contract section I.I. H. 2.).
- Effective May 1, 2008, Contract Attachment VII: Pricing Schedules, detailed in Contract Modification 001 dated April 10, 2007 shall be removed and replaced with the new Attachment VII: Pricing Schedules (attached).

Except as provided herein, all terms and conditions of contract DOC-05-024-PHS dated April 18, 2006; Contract Modification 001 dated April 10, 2007; and Contract Modification 002 dated January 25, 2008, remain unchanged and in full force and effect.

CONTRACTOR:		PURCHASING AGENCY:	
BY:		BY:	
TITLE:	President & CEO	TITLE:	Director
DATE:	4/16/08	DATE:	4-18-08

APPROVED AS TO FORM  
by LEGAL DEPT



of 230

**Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, §§2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.**

### Attachment III

Sussex I State Prison (SISP)

#### Staffing Plan

Position	M	T	W	R	F	S	S	Hrs/Wk	FTE
<b>Day Shift</b>									
<b>Health Services Administrator</b>	8	8	8	8	8			40	1.0
<b>Medical Director</b>	8	8	8	8	8			40	1.0
<b>DON</b>	8	8	8	8	8			40	1.0
<b>Psychiatrist</b>		7		7				14	0.4
<b>Psychologist</b>	40	40	40	40	40			200	5.0
<b>RN</b>	16	16	16	16	16	8	8	96	2.4
<b>LPN</b>	48	48	48	48	48	24	24	288	7.2
<b>Pharmacy Tech</b>	8	8	8	8	8			40	1.0
<b>X-ray Tech</b>	4	4	4	4	4			20	0.5
<b>Medical Records Clerk</b>	8	8	8	8	8			40	1.0
<b>Dentist</b>	8	8	8	8	8			40	1.0
<b>Dental Assistant</b>	8	8	8	8	8			40	1.0
<b>Medical Secretary</b>	8	8	8	8	8			40	1.0
<b>CNA</b>	8	8	8	8	8			40	1.0
<b>Housekeeper</b>	8	8	8	8	8			40	1.0
<b>Total</b>								1018	25.5
<b>Evening Shift</b>									
<b>RN</b>	8	8	8	8	8	8	8	56	1.4
<b>LPN</b>	16	16	16	16	16	16	16	112	2.8
<b>Total</b>								168	4.2
<b>Night Shift</b>									
<b>RN</b>	8	8	8	8	8	8	8	56	1.4
<b>LPN</b>	16	16	16	16	16	16	16	112	2.8
<b>Total</b>								168	4.2
<b>Total - All Shifts</b>								1,354	33.9

<b>Total - All Shifts</b>								<b>4,046</b>	<b>101.15</b>
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**ATTACHMENT III-A**

**Base Staffing**

**Base Staffing is defined as the minimum essential staff needed to be present at the facility.**

**Fluvanna CC**

<b>Day</b>	<b>RN</b>	<b>2</b>
	<b>LPN</b>	<b>2 (1 may be C.H.A.)<sup>1</sup></b>
	<b>C.N.A.</b>	<b>0</b>
<b>Evening</b>	<b>RN</b>	<b>2</b>
	<b>LPN</b>	<b>3 (1 may be C.H.A.)<sup>2</sup></b>
	<b>C.N.A.</b>	<b>0</b>
<b>Night</b>	<b>RN</b>	<b>2</b>
	<b>LPN</b>	<b>2</b>
	<b>C.N.A.</b>	<b>1</b>

**Greensville CC**

<b>Day</b>	<b>RN</b>	<b>2</b>
	<b>LPN</b>	<b>10 (3 may be CHA)</b>
	<b>C.N.A.</b>	<b>1</b>
<b>Evening</b>	<b>RN</b>	<b>2</b>
	<b>LPN</b>	<b>9 (4 may be CHA)</b>
	<b>C.N.A.</b>	<b>1</b>
<b>Night</b>	<b>RN</b>	<b>1</b>
	<b>LPN</b>	<b>5 (3 may be CHA)</b>
	<b>C.N.A.</b>	<b>1</b>

**Sussex I State Prison**

<b>Day</b>	<b>RN</b>	<b>1</b>
	<b>LPN</b>	<b>3 (2 may be CHA)<sup>2</sup></b>
	<b>C.N.A.</b>	<b>0</b>
<b>Evening</b>	<b>RN</b>	<b>1</b>
	<b>LPN</b>	<b>2 (1 may be CHA)</b>
	<b>C.N.A.</b>	<b>0</b>
<b>Night</b>	<b>RN</b>	<b>1</b>
	<b>LPN</b>	<b>2 (1 may be CHA)</b>
	<b>C.N.A.</b>	<b>0</b>

<sup>1</sup> CHA = Correctional Health Assistant. The Contractor must follow the same credentialing requirements as the DOC.

<sup>2</sup> Three LPN's Monday-Friday, Two LPN's Saturday, Sunday & Holidays.