

MODEL CONTRACT

THIS AGREEMENT for the Provision of Employee Benefits Consulting and Actuarial and Consulting Services (hereinafter referred to as “Contract”), is effective January 1, 2022, by and between the County of Orange, a political subdivision of the State of California, (hereinafter referred to as “County”) and Mercer Health & Benefits LLC, with a place of business at 17901 Von Karman Ave, Suite 1100 Irvine, CA 92614, (hereinafter referred to as “Contractor”), which are sometimes individually referred to as “Party” or collectively as “Parties”.

RECITALS

WHEREAS, Contractor responded to a Request for Proposal (“RFP”) for the Provision of Employee Benefits Actuarial and Consulting and Actuarial Services as defined herein; and

WHEREAS, the Contractor responded and represents that its proposed services shall meet or exceed the requirements and specifications of the RFP; and

WHEREAS, the County’s Board of Supervisors has authorized the Purchasing Agent or authorized Deputy Purchasing Agent to enter into this Contract with Contractor for the Provision of Employee Benefits Actuarial and Consulting and Actuarial Services;

NOW, THEREFORE, the Parties mutually agree as follows:

ARTICLES

General Terms and Conditions:

1. **Scope of Contract:** This Contract, including any Attachments and Exhibits, specifies the contractual terms and conditions by which the County will procure Employee Benefits Actuarial and Valuation Services from Contractor as further detailed in the Scope of Work, identified and incorporated herein by this reference as “Attachment A” (which may be referred to hereinafter as the “Services”).
2. **Compensation:** The Contractor agrees to accept the specified compensation as set forth in this Contract as full payment for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder.
3. **Term of Contract:** The initial term of this Contract is for three (3) years, effective ~~December 8, 2021~~ January 1, 2022, continuing for three (3) years from that date, unless earlier terminated by the County. The Contract Term may be renewed for two (2) additional consecutive one (1) year terms, upon the mutual written agreement of the Parties. Renewal of the Contract may require approval by the County Board of Supervisors. Permitted renewals of the Contract provided in this paragraph 3 shall not result in any change in any other term, condition or provision of this Contract.
4. **Entire Contract:** This Contract, including its Attachments A, B, C, D, E, and Exhibits 1, 2, and 3 as they now exist or may hereafter be changed, modified or amended and which are attached hereto and incorporated herein by this reference, contains the entire Contract between the Parties with respect to the matters herein. There are no restrictions, promises, warranties or undertakings other than those set forth or referred to herein. No exceptions, alternatives, substitutes, or revisions are valid or binding on the County unless authorized by the County in writing. Electronic acceptance of any additional terms, conditions or supplemental Contracts by any County employee or agent, including but not limited to installers of software, shall not be valid or binding on the County unless accepted in writing by the County’s Purchasing Agent or his authorized designee.

5. **Amendments:** No alteration or variation of the terms of this Contract shall be valid unless made in writing and signed by the Parties; no oral understanding or agreement not incorporated herein shall be binding on either of the Parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on the County unless authorized by the County in writing.
6. **Governing Law and Venue:** This Contract has been negotiated and executed in the state of California and shall be governed by and construed under the laws of the state of California, without reference to conflict of law provisions. The Parties shall resolve any disputes arising under this Contract pursuant to the provisions of Section 36. In the event of any other legal action to enforce or interpret this Contract, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the parties specifically agree to waive any and all rights to request that an action be transferred for trial adjudication to another county.
7. **Contingency of Funds:** Contractor acknowledges that funding or portions of funding for this Contract may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to County; and inclusion of sufficient funding for the services hereunder in the budget approved by County's Board of Supervisors for each fiscal year covered by this Contract. If such approval, funding or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or modify this Contract without penalty.
8. **Taxes:** Unless otherwise provided herein or by law, price quoted does not include California state sales or use tax. Out-of-state Contractors shall indicate California Board of Equalization permit number and sales permit number on invoices, if California sales tax is added and collectable. If no permit numbers are shown, sales tax will be deducted from payment. The Auditor-Controller will then pay use tax directly to the State of California in lieu of payment of sales tax to the Contractor.
9. **Delivery:** Time of delivery of services is of the essence in this Contract. County reserves the right to refuse any services and to cancel all or any part of the services that do not conform to the prescribed Scope of Work, provided that the Contractor shall be provided a reasonable opportunity to cure such nonconformity prior to rejection or cancellation. Acceptance of any part of the order for goods shall not bind County to accept future shipments nor deprive it of the right to return goods already accepted at Contractor's expense. ~~Over shipments and under shipments of goods shall be only as agreed to in writing by County. Delivery shall not be deemed to be complete until all goods or services have actually been received and accepted in writing by County.~~
10. **Independent Contractor:** Contractor shall be considered an independent contractor and neither Contractor, its employees, nor anyone working under Contractor shall be considered an agent or an employee of County. Neither Contractor, its employees nor anyone working under Contractor, shall qualify for workers' compensation or other fringe benefits of any kind through County.
11. **County of Orange Local Small Business (OCLSB) Preference Requirements:** Contractor certifies it is in compliance with County of Orange Local Small Business Preference requirements at the time this Contract is executed.
12. **County of Orange Disabled Veteran Business Enterprise (DVBE) Preference Requirements:** Contractor certifies it is in compliance with County of Orange Disabled Veteran Business Enterprise Preference requirements at the time this Contract is executed.
13. **Assignment or Sub-contracting:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the Parties. Furthermore, neither the performance of this Contract nor any portion thereof may be assigned or sub-contracted by Contractor without the express written consent of County Project Manager, as identified below, such consent not to be unreasonably withheld.

Furthermore, Contractor shall be permitted to rely on its affiliates, from time to time, in the performance of the Services. Notwithstanding this paragraph or any other terms or provisions set forth in this Contract or its attachments, none of the work performed for the County, its employees, agents, directors, elected officials or their dependents may be performed outside the United States. In no case may County specific data be sent, stored, or accessed outside the United States of America. ~~Any attempt by Contractor to assign or sub-contract the performance or any portion thereof of this Contract without the express written consent of County Project Manager shall be invalid and shall constitute a breach of this Contract.~~

14. **Non-Discrimination:** In the performance of this Contract, Contractor agrees that it will comply with the requirements of Section 1735 of the California Labor Code and not engage nor permit any sub-contractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons. Contractor acknowledges that a violation of this provision shall subject Contractor to all the penalties imposed for a violation of anti-discrimination laws or regulations including but not limited to Section 1741 of the California Labor Code.
15. **Performance Warranty:** Contractor shall warrant all work under this Contract, taking necessary steps and precautions to perform the work to County's reasonable satisfaction. Contractor shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other services performed by the Contractor under this Contract. Contractor shall perform all work diligently, carefully, and in a ~~good and workman-like~~ professional manner; shall furnish all labor, supervision, machinery, equipment, materials, and supplies necessary therefore; shall at its sole expense obtain and maintain all permits and licenses required by public authorities, including those of County required in its governmental capacity, in connection with performance of the services; and, if permitted to sub-contract, shall be fully responsible for all work performed by sub-contractors.
16. **Errors and Omissions:** All reports, files and other documents prepared and submitted by Contractor shall be complete and shall be carefully checked by the professional(s) identified by Contractor as project manager and key personnel attached hereto, prior to submission to the County. Contractor agrees that County review is discretionary, and Contractor shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving Contractor's reports, files and other written documents, the reports, files or documents will be returned to Contractor for correction. Should the County or others discover errors or omissions in the reports, files or other written documents submitted by the Contractor after County approval thereof, County approval of Contractor's reports, files or documents shall not be used as a defense by Contractor in any action between the County and Contractor, and the reports, files or documents will be returned to Contractor for correction.
17. **Warranty:** Contractor expressly warrants that ~~the goods~~ services covered by this Contract will be performed in accordance with the applicable professional standards currently recognized by Contractor's profession, ~~are~~ 1) free of liens or encumbrances, 2) merchantable and good for the ordinary purposes for which they are used, and 3) fit for the particular purpose for which they are intended. Acceptance of this order shall constitute an agreement upon Contractor's part to indemnify, defend and hold County and its indemnitees as identified in paragraph 20 19 below, and as more fully described in paragraph 2019, harmless from liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by County by reason of the failure of the goods/services to conform to ~~such~~ the warranties of Contractor set forth in this Contract, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable state or federal codes, ordinances, orders, or statutes, including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law.
18. **Patent/Copyright Materials/Proprietary Infringement:** Unless otherwise expressly provided in this Contract, Contractor shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this Contract. Contractor warrants that any software as modified through services provided hereunder will not infringe upon or violate any patent, proprietary right or trade secret right of any third party. Contractor agrees that, in accordance with the more specific requirement contained in paragraph 2019 below, it shall indemnify, defend and hold County and County Indemnitees harmless from any and all such claims and be responsible for payment of all costs, damages, penalties and expenses related to or

arising from such claim(s), including, costs and expenses but not including attorney’s fees, provided that the foregoing indemnity shall not apply to any claim of infringement to the extent resulting from the acts or omissions of the County including, without limitation, modifications made to the Work.

19. **Compliance with Laws:** Contractor represents and warrants that services to be provided under this Contract shall fully comply, at Contractor’s expense, with all standards, laws, statutes, restrictions, ordinances, requirements, and regulations (collectively “laws”), including, but not limited to those issued by County in its governmental capacity and all other laws applicable to the services at the time services are provided to and accepted by County. Contractor acknowledges that County is relying on Contractor to ensure such compliance, and pursuant to the requirements of paragraph 2049 below, Contractor agrees that it shall defend, indemnify and hold County and County INDEMNITEES harmless from all liability, damages, costs and expenses arising from or related to a violation of such laws.
20. **Indemnification:** Contractor agrees to indemnify, defend with counsel approved in writing by County (which approval shall not be unreasonably withheld), and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County’s Board of Supervisors acts as the governing Board (“County Indemnitees”) harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the negligent acts or omissions or intentional misconduct of ~~services, products or other performance provided by Contractor in its performance of the Services pursuant to this Contract.~~ If judgment is entered against Contractor and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, Contractor and County agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.
21. **Emergency/Declared Disaster Requirements:** In the event of an emergency or if Orange County is declared a disaster area by the County, state or federal government, this Contract may be subjected to unusual usage. The Contractor ~~shall service~~ and the County shall mutually cooperate and work in good faith to determine any necessary adjustments to the manner services are provided during such an emergency or declared disaster under the same terms and conditions that apply during non-emergency/disaster conditions. The pricing quoted by the Contractor shall apply to serving the County’s needs regardless of the circumstances. If the Contractor is unable to supply the goods/services under the terms of the Contract, then the Contractor shall provide proof of such disruption and a copy of the invoice for the goods/services from the Contractor’s supplier(s). Additional profit margin as a result of supplying goods/services during an emergency or a declared disaster shall not be permitted. In the event of an emergency or declared disaster, emergency purchase order numbers will be assigned. All applicable invoices from the Contractor shall show both the emergency purchase order number and the Contract number.
22. **Insurance Provisions:** Prior to the provision of services under this Contract, the Contractor agrees to purchase all required insurance at Contractor’s expense, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Contract have been complied with. Contractor agrees to keep such insurance coverage, Certificates of Insurance, and endorsements ~~on deposit with the County~~ during the entire Term of this Contract. In addition, all subcontractors performing work on behalf of Contractor pursuant to this Contract shall obtain insurance ~~subject to the same terms and conditions as set forth herein for Contractor.~~

Contractor shall not allow subcontractors to work if subcontractors have less than the level of coverage required by County from Contractor under this agreement. It is the obligation of Contractor to provide notice of insurance requirements to every subcontractor and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by Contractor through the entirety of this agreement for inspection by County representative(s) at any reasonable time.

~~Contractor shall ensure that all subcontractors performing work on behalf of Contractor pursuant to this Contract shall be covered under Contractor’s insurance as an Additional Insured or maintain insurance subject to the same terms and conditions as set forth herein for Contractor. Contractor shall not allow subcontractors to work if subcontractors have less than the level of coverage required by County from Contractor under this Contract. It is the obligation of Contractor to provide notice of the insurance~~

requirements to every subcontractor and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by Contractor through the entirety of this Contract for inspection by County representative(s) at any reasonable time.

All self-insured retentions (SIRs) shall be the responsibility of the Contractor, clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in an amount in excess of Fifty Thousand Dollars (\$50,000) shall specifically be approved by the County's Risk Manager, or designee, upon review of Contractor's current audited financial report. If Contractor's SIR is approved, Contractor, in addition to, and without limitation of, any other indemnity provision(s) in this Contract, agrees to all the following:

- 1) In addition to the duty to indemnify and hold the County harmless against any and all liability, claim, demand or suit resulting from Contractor's, its agents, employee's or subcontractor's performance of this Contract, Contractor shall defend the County at its sole cost and expense with counsel approved by Board of Supervisors against same; and
- 2) Contractor's duty to defend, as stated above, shall be absolute and irrespective of any duty to indemnify or hold harmless; and
- 3) The provisions of California Civil Code Section 2860 shall apply to any and all actions to which the duty to defend stated above applies, and the Contractor's SIR provision shall be interpreted as though the Contractor was an insurer and the County was the insured.

If the Contractor fails to maintain insurance acceptable to the County for the full Term of this Contract, the County may terminate this Contract.

Qualified Insurer

Except for professional liability insurance, The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the State of California (California Admitted Carrier).

~~If the insurance carrier does not have an A.M. Best Rating of A /VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.~~

The policy or policies of insurance maintained by the Contractor shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles used in the performance of the Services	\$1,000,000 per occurrence combined single limit
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$5,000,000 per claims made or per occurrence and aggregate
Network Security & Privacy Liability	\$1,000,000 per claims made

Required Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

Required Endorsements

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

- 1) An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the *County of Orange its elected and appointed officials, officers, agents and employees* as Additional Insureds, with respect to their vicarious liability arising from Contractor's provision of services pursuant to this Contract, or provide blanket coverage, which will state **AS REQUIRED BY WRITTEN CONTRACT**.
- 2) A primary non-contributing endorsement using ISO form CG 20 01 04 13, or a form at least as broad evidencing that the Contractor's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing for claims arising from Contractor's provision of services pursuant to this Contract.

The Network Security and Privacy Liability policy shall contain the following endorsements which shall accompany the Certificate of Insurance:

- 1) An Additional Insured endorsement naming the *County of Orange, its elected and appointed officials, officers, agents and employees* as Additional Insureds for its vicarious liability arising from Contractor's provision of services pursuant to this Contract.
- 2) A primary and non-contributing endorsement evidencing that the Contractor's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing, arising from Contractor's provision of services pursuant to this Contract.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation (for injuries resulting from Contractor's performance of the work or operations under this Contract, excluding the recklessness, negligence and willful misconduct of additional insureds) waiving all rights of subrogation against the *County of Orange, its elected and appointed officials, officers, agents and employees* or provide blanket coverage, which will state **AS REQUIRED BY WRITTEN CONTRACT**.

All insurance policies except the Cyber and Professional Liability required by this Contract shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

Contractor shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County upon receipt of such notice. Failure to provide written notice of cancellation may constitute a material breach of the Contract, upon which the County may suspend or terminate this Contract.

If Contractor's Professional Liability and Network Security and Privacy Liability are "Claims-Made" policies, Contractor shall agree to maintain coverage for two (2) years following completion of the Contract.

The Commercial General Liability policy shall contain a severability of interests clause also known as a

“separation of insureds” clause (standard in the ISO CG 0001 policy).

Insurance certificates should be forwarded to the agency/department address listed on the solicitation.

If the Contractor fails to provide the insurance certificates and endorsements within seven (7) days of notification by CEO/Purchasing or the agency/department purchasing division, award may be made to the next qualified vendor.

County expressly retains the right to require Contractor to increase or decrease insurance of any of the above insurance types throughout the Term of this Contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County, subject to review by MMC Risk Management Department.

County shall notify Contractor in writing of changes in the insurance requirements. If Contractor does not deposit copies of acceptable Certificates of Insurance and endorsements with County incorporating such changes within thirty (30) days of receipt of such notice, this Contract may be in breach without further notice to Contractor, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract, nor act in any way to reduce the policy coverage and limits available from the insurer.

23. **Confidentiality:** Contractor agrees to maintain the confidentiality of all County and County-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the Term of this Contract. All such records and information shall be considered confidential and kept confidential by Contractor and Contractor's staff, agents and employees. The foregoing obligations of confidentiality shall not apply to information or data that (a) is already or enters the public domain through no fault of Contractor or (b) is required to be disclosed pursuant to law or legal process, (c) is available to the Contractor from a third party who, to Contractor's knowledge, is not under any non-disclosure obligation to County, or (d) is independently developed by or for Contractor without reference to any confidential information of County. The receiving party will, unless prohibited by law, give prompt notice to the disclosing party of any disclosure required by law so that the disclosing party may seek a protective order.
24. **Contractor Personnel:** Contractor warrants that all Contractor personnel engaged in the performance of work under this Contract shall possess sufficient experience and/or education and the required licenses set forth herein in good standing to perform the services requested by the County. County expressly retains the right to have any of the Contractor personnel removed from performing services under this Contract to the County. Contractor shall effectuate the removal of the specified Contractor personnel from providing any services to the County under this Contract within one business day of notification by County. County shall submit the request in writing to the Contractor's Account Manager. The County is not required to provide any reason, rationale or additional factual information if it elects to request any specific Contractor personnel be removed from performing services under this Contract.
25. **Contractor's Project Manager and Key Personnel:** Contractor shall appoint a Project Manager to direct the Contractor's efforts in fulfilling Contractor's obligations under this Contract. This Project Manager shall be subject to approval by the County and shall not be changed without the written consent of the County's Project Manager, which consent shall not be unreasonably withheld.

The Contractor's Project Manager shall be assigned to this project for the duration of the Contract and shall diligently pursue all work and services to meet the project time lines. The County's Project Manager shall have the right to require the removal and replacement of the Contractor's Project Manager from providing services to the County under this Contract. The County's Project manager shall notify the Contractor in writing of such action. The Contractor shall accomplish the removal within three (3) business days after written notice by the County's Project Manager. The County's Project Manager shall review and approve the appointment of the replacement for the Contractor's Project Manager. The County is not required to provide any additional

information, reason or rationale in the event it requires the removal of Contractor's Project Manager from providing further services under the Contract.

26. **Program Manager:** The County shall appoint a Program Manager to act as liaison between the County and the Contractor during the Term of this Contract. The County's Program Manager shall coordinate the activities of the County staff assigned to work with the Contractor.

The County's Program Manager shall have the right to require the removal and replacement of the Contractor's Account Manager from providing services to County under this Contract. The County's Program Manager shall notify the Contractor in writing of such request for removal of Contractor's Account Manager. The Contractor shall accomplish the removal within three (3) day after written notice by the County's Program Manager. The County's Program Manager shall review and approve the appointment of the replacement for the Contractor's Account Manager. The County is not required to provide any additional information, reason or rationale for the request for removal of Contractor's Account Manager from providing further services under this Contract.

27. **Reports/Meetings:** The Contractor shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this contract. The County's project manager and the Contractor's project manager will meet on reasonable notice to discuss the Contractor's performance and progress under this contract. If requested, the Contractor's project manager and other project personnel shall attend all meetings. The Contractor shall provide such information that is requested by the County for the purpose of monitoring progress under this contract.

28. **Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this Contract by the Contractor (the "Work"). All documents, reports and other incidental or derivative work or materials furnished Work so produced hereunder shall become and remain the sole properties of the County and may be used by the County as it may require without additional cost to the County. None of the Work documents, reports and other incidental or derivative work or furnished materials shall be used by the Contractor without the express written consent of the County. The County shall be responsible for, and Contractor shall have no liability with respect to, use of the Work in a manner not mutually contemplated by the parties. Notwithstanding anything to the contrary herein, Contractor will retain all copyright, patent and other intellectual property rights in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills knowledge and experience possessed by Contractor before the commencement of, or developed or acquired by Contractor during or after, the performance of the Services, including without limitation, all systems, software, specifications, documentation and other materials created, owned or licensed and used by Contractor or its Affiliates or subcontractors in the course of providing the Services, and Contractor shall not be restricted in any way with respect thereto.

29. **Title to Data:** All materials, documents, data or information obtained from the County data files or any County medium furnished to the Contractor in the performance of this Contract will at all times remain the property of the County. Such data or information may not be used or copied for direct or indirect use by the Contractor after completion or termination of this Contract without the express written consent of the County. All materials, documents, data or information, including copies, must be returned to the County at the end of this Contract; provided that, subject to its continued adherence to its obligations to confidentiality, the Contractor may retain one copy of the foregoing for archival purposes and to defend its work product.

30. **Contractor's Records:** The Contractor shall keep true and accurate accounts, records, books and data which shall correctly reflect the business transacted by the Contractor in accordance with generally accepted accounting principles. These records shall be stored in Orange County for a period of three (3) years after final payment is received from the County. Storage of records in another county will require written approval from the County of Orange assigned Deputy Purchasing Agent.

31. **Audits/Inspections:** At County's sole expense, Contractor agrees to permit the County's Auditor-Controller or the Auditor- Controller's authorized representative (including auditors from a private auditing firm hired by the County (provided such auditors execute a nondisclosure agreement reasonably

acceptable to the Contractor and the County) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of Contractor for the purpose of auditing or inspecting any aspect of performance under this Contract. The inspection and/or audit will be confined to those matters directly connected with the performance of the Contract including, but not limited to, the costs of administering the Contract. The County will provide reasonable notice of such an audit or inspection.

The County reserves the right to audit and verify the Contractor's records before final payment is made.

Contractor agrees to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this Contract or by law. Contractor agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to the County to audit records and interview staff of any sub-contractor related to performance of this Contract.

Should the Contractor cease to exist as a legal entity, the Contractor's records pertaining to this Contract shall be forwarded to the surviving entity in a merger or acquisition or, in the event of liquidation, to the County's project manager.

32. **Publication:** No copies of schedules, written documents, and computer based data, photographs, maps or graphs, resulting from performance or prepared in connection with this Contract, are to be released by Contractor and/or anyone acting under the supervision of Contractor to any person, partnership, company, corporation, or agency, without prior written approval by the County, except as necessary for the performance of the services of this Contract. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be administered only by the County unless otherwise agreed to by both Parties.
33. **Conflict of Interest:** The Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to the Contractor; the Contractor's employees, agents, and subcontractors associated with accomplishing work and services hereunder. The Contractor's efforts shall include, but not be limited to establishing precautions to prevent its employees, agents and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers from acting in the best interests of the County.
34. **Termination:** In addition to any other remedies or rights it may have by law, the County has the right to terminate this Contract without penalty immediately with cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any breach of this Contract or any misrepresentation or fraud on the part of the Contractor. Exercise by County of its right to terminate the Contract shall relieve County of ~~all~~ any further obligations. County shall pay Contractor for all services acceptably performed prior to the effective date of termination.
35. **Breach of Contract:** The failure of the Contractor to materially comply with any of the terms, provisions, covenants or conditions of this Contract shall constitute a material breach of this Contract. In such event the County may, and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:
 - a. Terminate this Contract immediately, pursuant to paragraph 33 herein;
 - b. Afford the Contractor written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Contract within which to cure the breach;
 - c. Discontinue payment to the Contractor for and during the period in which the Contractor is in breach; and
 - d. Offset against any monies billed by the Contractor but yet unpaid by the County those monies disallowed pursuant to the above.

36. **Disputes - Contract:** The parties shall deal in good faith and attempt to resolve potential disputes informally. If the dispute concerning a question of fact arising under the terms of this Contract is not disposed of in a reasonable period of time by the Contractor’s Project Manager and the County’s Project Manager, such matter shall be brought to the attention of the County Deputy Purchasing Agent by way of the following process:

- a. The Contractor shall submit to the agency/department assigned Deputy Purchasing Agent a written demand for a final decision regarding the disposition of any dispute between the parties arising under, related to, or involving this Contract, unless the County, on its own initiative, has already rendered such a final decision.
- b. The Contractor’s written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to the Contract, the Contractor shall include with the demand a written statement signed by a senior official indicating that the demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects the Contract adjustment for which the Contractor believes the County is liable.
- c. Pending the final resolution of any dispute arising under, related to, or involving this Contract, the Contractor agrees to diligently proceed with the performance of this Contract, including the delivery of goods and/or provision of services. The Contractor’s failure to diligently proceed shall be considered a material breach of this Contract.

d. Notwithstanding the foregoing, any “final” or other decision that is reached or deemed to have been reached pursuant to the foregoing process shall not be binding, shall have no legal effect on either party, and shall be without prejudice to either party, in each case, unless agreed to in writing, and after such non-binding “final” decision is reached or deemed to have been reached, the following terms shall apply. Each party to this Contract, on behalf of itself and its affiliates, agrees that any dispute, claim or controversy arising out of or relating to this Contract or the provision of Services by Contractor, its affiliates and any officer, director or employee of its and its affiliates (a “Claim”) shall be resolved by binding arbitration pursuant to the Commercial Arbitration Rules (“Rules”) of the American Arbitration Association (“AAA”) then in effect. The arbitration shall be conducted by a panel of three arbitrators, with each party selecting one arbitrator and the two arbitrators selecting the third arbitrator. If the two arbitrators are unable to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. Each of the arbitrators shall have at least fifteen years of relevant industry experience. The arbitrator(s) shall render a reasoned opinion, and neither party shall object to the other party’s request for such an opinion. The arbitrators shall have no authority to award loss of profit, incidental, consequential, special, indirect, punitive or similar damages or any damages not measured by the prevailing party’s actual direct damages, and may not make any ruling, finding or award that does not conform to the terms and conditions of this Contract including, without limitation, the terms and conditions relating to the exclusion or limitation of damages. All fees and expenses of the arbitration shall be borne by the parties equally; except that each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of the arbitration matter. Judgment upon any award rendered by the arbitrators may be entered in any court of competent jurisdiction; provided, however, neither party shall seek to enforce any judgment which does not conform to the terms and conditions of this Contract, including, the terms and conditions relating to the exclusion or limitation of damages. No demand for arbitration may be made on any date on or after which the institution of legal or equitable proceedings based on the applicable claim would be barred by the applicable statute of limitations or by any provision of this Contract. Notwithstanding the foregoing, nothing in this Section 33 prohibits either party from seeking equitable relief from a court of competent jurisdiction to the extent that irreparable harm may occur and damages would not be a sufficient remedy. The arbitrators shall not amend, modify, nullify, ignore or add to the provisions of this Contract and in the event the arbitrators do so or attempt to do so, such act by the arbitrators

shall be null and void and have no effect, and either party may seek to enforce this sentence and the immediately preceding sentence in a court of competent jurisdiction notwithstanding this Section 36.

Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County Deputy Purchasing Agent or his designee. If the County fails to render a decision within 90 days after receipt of the Contractor's demand, it shall be deemed a final decision adverse to the Contractor's contentions. Nothing in this section shall be construed as affecting the County's right to terminate the Contract for cause or termination for convenience as stated in paragraph 3433 herein.

37. **Orderly Termination:** After receipt of a termination notice from the County of Orange, the Contractor may submit to the County a termination claim, if applicable. Such claim shall be submitted promptly, but in no event later than 60 days from the effective date of the termination, unless one or more extensions in writing are granted by the County upon written request of the Contractor. Upon termination County agrees to pay the Contractor for all services performed prior to termination which meet the requirements of the Contract, provided, however, that such compensation combined with previously paid compensation shall not exceed the total compensation set forth in the Contract. Upon termination or other expiration of this Contract, each party shall promptly return to the other party all papers, materials, and other properties of the other held by each for purposes of performance of the Contract.
38. **Force Majeure:** Contractor shall not be assessed with liquidated damages or unsatisfactory performance penalties during any delay beyond the time named for the performance of this Contract caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control, provided Contractor gives written notice of the cause of the delay to County within 36 hours of the start of the delay and Contractor avails himself of any available remedies.
39. **Consent to Breach Not Waiver:** No term or provision of this Contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the Party claimed to have waived or consented. Any consent by any Party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
40. **Remedies Not Exclusive:** The remedies for breach set forth in this Contract are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Contract does not preclude resort by either Party to any other remedies provided by law.
41. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given herein shall be in writing with a copy provided to the assigned Deputy Purchasing Agent (DPA), except through the course of the County's Program Manager and Contractor's Account Manager routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four (4) calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate Party at the address stated herein or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid.

County: Program Manager, Diana Banzet
Human Resource Services/Employee Benefits
333 W. Santa Ana Blvd., 1st Floor, Room 137
Santa Ana, CA 92701

~~Assigned DPA: Human Resource Services/Employee Benefits
Attn: Melvin Chua, Deputy Purchasing Agent
333 W. Santa Ana Blvd., 1st Floor, Room 137
Santa Ana, CA 92701~~

Contractor: **TBD Mercer Health & Benefits LLC**
Attn: Melanie Stangl, Principal
17901 Von Karman Ave, Suite 100
Irvine, CA 92614

With a copy to: Mercer Health & Benefits LLC
Attn: Legal Department
1166 Avenue of the Americas
New York, NY 10036

42. **EDD Independent Contractor Reporting Requirements:** Effective January 1, 2001, the County of Orange is required to file in accordance with subdivision (a) of Section 6041A of the Internal Revenue Code for services received from a “service provider” to whom the County pays \$600 or more or with whom the County enters into a contract for \$600 or more within a single calendar year. The purpose of this reporting requirement is to increase child support collection by helping to locate parents who are delinquent in their child support obligations.

The term “service provider” is defined in California Unemployment Insurance Code Section 1088.8, subparagraph B.2 as “an individual who is not an employee of the service recipient for California purposes and who received Compensation or executes a contract for services performed for that service recipient within or without the state.” The term is further defined by the California Employment Development Department to refer specifically to independent Contractors. An independent Contractor is defined as “an individual who is not an employee of the government entity for California purposes and who receives Compensation or executes a contract for services performed for that government entity either in or outside of California.”

The reporting requirement does not apply to corporations, general partnerships, limited liability partnerships, and limited liability companies.

Additional information on this reporting requirement can be found at the California Employment Development Department web site located at http://www.edd.ca.gov/Employer_Services.htm.

43. **Change of Ownership/Name, Litigation Status, Conflicts with County Interests:** Contractor agrees that if there is a change or transfer in ownership of Contractor’s business prior to completion of this Contract, and the County agrees to an assignment of the Contract, the new owners shall be required under the terms of sale or other instruments of transfer to assume Contractor’s duties and obligations contained in this Contract and complete them to the satisfaction of the County. County reserves the right to immediately terminate the Contract in the event the County determines that the assignee is not qualified or is otherwise unacceptable to the County for the provision of services under the Contract.

In addition, Contractor has the duty to notify the County in writing of any change in the Contractor’s status with respect to name changes that do not require an assignment of the Contract. The Contractor is also obligated to notify the County in writing if the Contractor becomes a party to any litigation against the County, or a party to litigation that may reasonably affect the Contractor’s performance under the Contract, as well as any potential conflicts of interest between Contractor and County that may arise prior to or during the period of Contract performance. While Contractor will be required to provide this information without prompting from the County any time there is a change in Contractor’s name, conflict of interest or litigation status, Contractor must also provide an update to the County of its status in these areas whenever requested by the County.

The Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with County interests. In addition to the Contractor, this obligation shall apply to the Contractor’s employees, agents, and subcontractors associated with the provision of goods and services provided under this Contract. The Contractor’s efforts shall include, but not be limited to establishing rules and procedures preventing its employees, agents, and subcontractors from providing or offering gifts,

entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers in the performance of their duties.

44. **Precedence:** The Contract documents consist of this Contract and its exhibits and attachments. In the event of a conflict between or among the Contract documents, the order of precedence shall be the provisions of the main body of this Contract, i.e., those provisions set forth in the recitals and articles of this Contract, and then the exhibits and attachments.
45. **Headings:** The various headings and numbers herein, the grouping of provisions of this Contract into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not limit or otherwise affect the meaning hereof.
46. **Severability:** It is the intent of the parties that the provisions of this Contract shall be enforced to the fullest extent permitted by applicable law. To the extent that the terms set forth in this Contract or any word, phrase, clause or sentence is found to be illegal or unenforceable for any reason, such word, phrase, clause or sentence shall be modified, deleted or interpreted in such a manner so as to afford the party for whose benefit it was intended the fullest benefit commensurate with making this Contract as modified, enforceable and the balance of this Contract shall not be affected thereby, the balance being construed as severable and independent. ~~If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.~~
47. **Calendar Days:** Any reference to the word “day” or “days” herein shall mean calendar day or calendar days, respectively, unless otherwise expressly provided.
48. **Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Contract, each party shall bear their own attorney’s fees, costs and expenses.
49. **Interpretation:** This Contract has been negotiated at arm’s length and between persons sophisticated and knowledgeable in the matters dealt with in this Contract. In addition, each Party has been represented by experienced and knowledgeable independent legal counsel of their own choosing or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each Party further acknowledges that they have not been influenced to any extent whatsoever in executing this Contract by any other Party hereto or by any person representing them, or both. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Contract against the Party that has drafted it is not applicable and is waived. The provisions of this Contract shall be interpreted in a reasonable manner to effect the purpose of the Parties and this Contract.
50. **Authority:** The Parties to this Contract represent and warrant that this Contract has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.
51. **Health Insurance Portability and Accountability Act (HIPAA):** Contractor understands and agrees that the disclosure of PHI by a health care component of a covered entity is subject to the HIPAA Privacy Rule, Contractor understands and agrees that it is a Business Associate of County for the purposes of the HIPAA Privacy Rule. Therefore, the provisions set forth in ~~Exhibit 3~~ Attachment E hereto shall be operative and control the Business Associate relationship of the parties. Nothing in ~~Exhibit 1~~ Attachment E shall be considered a waiver of the limitation on subcontracting as set forth in this Contract.
52. **Civil Rights:** Contractor attests that services provided shall be in accordance with the provisions of Title VI and Title VII of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975 as amended; Title II of the Americans with Disabilities Act of 1990, and other applicable State and federal laws and regulations prohibiting discrimination on the basis of race, color, national origin, ethnic group identification, age, religion, marital status, sex or disability.

53. **Lobbying:** On the best information and belief, Contractor's personnel performing services under this Contract certifies no federal appropriated funds have been paid or will be paid by, or on behalf of, the Contractor to any person influencing or attempting to influence an officer or employee of Congress; or an employee of a member of Congress in connection with the awarding of any federal contract, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative contract.
54. **Debarment:** To their best knowledge, Contractor's personnel performing services under this Contract shall certify that neither Contractor nor its principles performing services under this Contract are presently debarred, proposed for debarment, declared ineligible or voluntarily excluded from participation in the transaction by any Federal department or agency. Where Contractor as the recipient of federal funds, is unable to certify to any of the statements in the certification, Contractor must include an explanation with the bid/proposal. Debarment pending debarment, declared ineligibility or voluntary exclusion from participation by any Federal department of agency may result in the bid/proposal being deemed non-responsible.
55. **Employee Eligibility Verification:** The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirement set forth in Federal statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by the law. The Contractor shall indemnify, defend with counsel approved in writing by County, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.
56. **Bills and Liens:** Contractor shall pay promptly all indebtedness for labor, materials, and equipment used in performance of the work. Contractor shall not permit any lien or charge to attach to the work or the premises, but if any does so attach, Contractor shall promptly procure its release and, in accordance with the requirements of paragraph 20 above, indemnify, defend, and hold County harmless and be responsible for payment of all costs, damages, penalties and expenses related to or arising from or related thereto.
57. **Changes:** Contractor shall make no changes in the work or perform any additional work without County's specific written approval.
58. **Terms and Conditions:** Contractor acknowledges that it has read and agrees to all terms and conditions included in this Contract.
59. **Incorporation:** This Contract and its Attachments A through E and Exhibits 1 through 3 are attached hereto and incorporated herein by this reference and made a part of this Contract.
60. **Limitation of Liability:** Notwithstanding anything to the contrary contained in this Contract, the aggregate liability of Contractor, its affiliates and any officer, director or employee of Contractor and its affiliates ("Contractor Parties") to County, its affiliates, its officers, directors or employees, or those of its affiliates, and any third party (including any benefit, its fiduciaries or any plan sponsor, acting in that capacity) for any and all Losses arising out of or relating to the provision of services by any of the Contractor Parties shall not exceed \$3,000,000. Contractor shall have no liability for the acts or omissions of any third party (other than its subcontractors).

In no event shall either Party or its affiliates be liable in connection with this Contract or the services for any loss of profit or incidental, consequential, special, indirect, punitive or similar damages. The provisions of this Section 60 shall apply to the fullest extent permitted by law.

Nothing in this Section 60 limiting the liability of a Party shall apply to any liability that has been finally

determined by a court to have been caused by the fraud of such Party.

For purposes of this Contract “Loss” means damages, claims, liabilities, losses, awards, judgments, penalties, interest, costs and expenses, including reasonable attorneys’ fees, whether arising in tort, contract or otherwise. For the avoidance of doubt, multiple claims arising out of or based upon the same act, error or omission, or series of continuous, interrelated or repeated acts, errors or omissions shall be considered a single Loss.

61. **Third Parties:** Neither the Contract nor the provision of the Services is intended to confer any right or benefit on any third party. The provision of Services under this Contract cannot reasonably be relied upon by any third party.
62. **Scope of Services:** Contractor is not a law firm. The Services provided hereunder, which may include commenting on legal issues or drafting documents, are not intended to be a legal opinion, nor are they intended to create an attorney-client relationship or attorney-client privilege. Accordingly, Contractor recommends that the County secure the advice of legal counsel with respect to any legal matter related to the Services or otherwise. Nothing in this Section 63 shall affect any other duty of confidentiality that Contractor owes to the County.
63. **Information Provided by County:** Contactor will assume all information supplied by or on behalf of County is accurate and complete. Contactor’s responsibilities (and associated compensation) do not include independent verification of required information. Problems with information quality or delays in providing such information may result in a delay in performance of Service hereunder or an increase in fees.

64. Additional Terms Relating to the Services

- a. Contractor is not responsible for the adequacy or effectiveness of any insurance program or policy implemented by another broker, or any acts or omissions occurring prior to its engagement. Contractor does not act on behalf of any insurer or other service provider, is not bound to utilize any particular insurer or service provider, and does not have the authority to make binding commitments on behalf of any insurer or service provider. In addition, Contractor does not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to the County. Contractor is not responsible for the solvency or ability to pay claims of any insurance carrier or for the solvency or ability of any service provider to provide service. Insurance carriers or service providers with which the County’s other risk or insurance coverage or other business is placed will be deemed acceptable to the County, in the absence of contrary instructions from the County.
- b. The County understands that the failure to provide, or cause to provide, complete, accurate, up-to-date, and timely documentation and information to Contractor, an insurer, or other service provider, whether intentional or by error, could result in impairment or voiding of coverage or service. The County agrees to review all policies, endorsements and program agreements delivered to the County by Contractor and will advise Contractor of anything which is believed not in accordance with the negotiated coverage and terms within thirty (30) days following receipt.
- c. Title V of the Gramm-Leach-Bliley Act and related state laws and regulations establish limitations on the use and distribution of non-public information collected by financial institutions from their customers and consumers. Contractor’s insurance-related work qualifies it as a financial institution under this Act. Contractor’s Privacy Policy Notice and additional information regarding Contractor’s other compliance policies, including its conflicts of interest policy, are available at www.mercer.com/transparency. At this web address the County will also find information regarding Marsh & McLennan Companies, Inc. and its subsidiaries’ equity interests in certain insurers and contractual arrangements with certain insurers and wholesale brokers.

- d. Contractor and its affiliates serve a wide array of clients, including clients who compete with or whose interests may be adverse to one another. In addition, Contractor interacts with insurance carriers and other service providers through numerous business and contractual relationships, including serving as a broker for its clients and receiving commissions from carriers, providing consulting or administration services to carriers, and auditing carriers' claims data. Contractor is committed to serving each of its clients in an objective manner and maintaining the confidentiality of each of its client's information.

- e. Contractor is unable to provide insurance broking, risk consulting, claims or other services or provide any benefit to the extent that the provision of such services or benefit would violate applicable law or expose Contractor or its affiliates to any sanction, prohibition or restriction under UN Security Council Resolutions or under other trade or economic sanctions, laws or regulations.

CONTRACT SIGNATURE PAGE

IN WITNESS WHEREOF, The Parties hereto have executed this Contract on the dates shown opposite their respective signatures below.

CONTRACTOR*:

Print Name Title

Signature Date

Print Name Title

Signature Date

**If the contracting party is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. The signature of one person alone is sufficient to bind a corporation, as long as he or she holds corporate offices in each of the two categories described above. For County purposes, proof of such dual office holding will be satisfied by having the individual sign the instrument twice, each time indicating his or her office that qualifies under the above described provision.*

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

COUNTY of ORANGE

A political subdivision of the State of California

Print Name Title

Signature Date

APPROVED AS TO FORM:

Deputy, Office of County Counsel
Orange County, California

Attachment A **Scope of Work**

I. Definitions

- a. *The Board.* The Board of Supervisors for the County of Orange is the legislative and policy making body of the County and is responsible for the review and approval of all service agreements and/or contracts with the County.
- b. *Benefits Center.* County participants receive benefits information, make all benefit elections, and direct all benefits customer services inquiries to the County of Orange Benefits Center (Benefits Center). The Benefits Center services are currently provided to the County by Alight Solutions, LLC (“Alight”). Participants can make their elections on the County of Orange Benefits Center website or by calling the toll-free Benefits Resource Line and speaking with a Benefits Specialist. The Benefits Center is the only authorized source of eligibility changes/enrollments on behalf of the County and therefore maintains and distributes all eligibility and coverage information to vendors for all County benefit programs and provides full customer service for benefits enrollment and eligibility to plan participants.
- c. *Employee Benefits Division.* A Division of the Human Resource Department of the County responsible for the design, implementation and on-going administration of the County’s various employee benefit plans and programs.
- d. *Human Resources (HR) Department.* The County’s HR Department is comprised of various divisions and sections that provide a wide array of personnel and employee services to County departments and agencies. The Department Director reports directly to the County Executive Officer (CEO).
- e. *TPA.* Third Party Administrator(s) for the County’s self-insured employee benefits plans. The TPA for the County’s self-insured health and dental plans is currently BlueShield of California.

II. Background of County Employee Benefit Plans and Programs

The County provides an array of comprehensive benefit plans and programs to approximately 17,000 employees plus their eligible dependents. The County also provides health plan coverage for approximately 5,800 retirees. The majority of the County’s benefit plans and programs are outsourced to various health and welfare plan providers.

The County has two (2) self-insured PPOs and three (3) insured HMOs for employees. The County has two (2) self-insured PPOs and eight (8) insured/Medicare advantage plans for retirees. The County offers a separate Prescription Drug Card and Mail Order Program through Optum for four (4) PPO Plans, a Retiree Medical Insurance program, COBRA, Leave of Absence program, Management & Attorney benefit programs which include; dental, life, AD&D, Short & Long Term Disability, Section 125, Superior Court Judges Medical Reimbursement Account, Dependent Care Reimbursement Account, Health Care Reimbursement Account, Employee Assistance Program (EAP), Health Reimbursement Arrangement, Wellness Program, and a self-insured Unemployment program. The majority of employees represented by Employee Organizations receive their supplemental benefits, i.e. dental, vision, life, etc. through their Employee Organization.

The County has established the County of Orange Benefits Center, which uses an outside company for benefits administration including a call center, voice response unit (IVR) and Web technology for all Health and Group Benefit Programs. Employees and retirees enroll and obtain their personalized benefits information 24 hours a day, 7 days a week through the online Benefits Center Web Site or during working hours through the toll-free Benefits Resource Line.

The County of Orange Employee Benefits Web Site may be accessed at www.ocgov.com/gov/hr/eb to view the County's Benefits programs.

The County routinely solicits proposals for benefit programs. This RFP is not a result of dissatisfaction with services provided by the current vendor but rather an opportunity to allow other vendors to present proposals to ensure the County is receiving the optimum level of service and benefits for a competitive cost-effective price.

III. Values and Expectations for Employee Benefit Plans and Programs

The County is committed to providing its employees with comprehensive, high quality, and cost-effective employee benefit plans and programs that provide optimum value to both the County and its employees. The County will establish relationships with its consulting firm to assist in achieving these goals, including the mutual development of performance standards that support the County's key goals and objectives. Examples of these goals and objectives include:

- a. Long-Term Optimal Value in County-Sponsored Health Plans. The County is committed to stabilizing and controlling plan costs in its health and welfare benefits program while obtaining optimal value (best price, quality of care and quality service) for plan participants. This will require the Contractor to assist in holding its providers accountable for delivering high quality, cost-effective care. The County expects providers to help stabilize and control plan costs while minimizing future cost increases in this manner.
- b. Information Reporting and Performance Measurement. Collection, reporting and analysis of data are critical in measuring and comparing plan and provider performance. The County believes a key part of this process requires providers to regularly examine and improve their systems for assuring that necessary performance data is collected and care is being delivered in the most efficient and cost-effective manner. It is expected the County's benefits consultant will fully support the County in its efforts to continue acquiring this important information from County health plan providers.

IV. Scope of Employee Benefits Consulting and Actuarial Services for the County of Orange Health and Welfare Benefit Plans and Programs

Contractor will provide, on an as-needed basis, as a minimum, the following services to the County's health and welfare benefit plans and programs:

a. Financial

1. Contractor will evaluate and negotiate annual renewals for the Insured Benefit Plans and coordinate carrier information necessary for Board approval.
2. Contractor will analyze financial/plan performance for the Benefit Plans.
3. Contractor will provide actuary services as needed for the County's self-insured employee benefit plans including but not limited to tracking historic claims data and calculating

County specific trend factors, and recommend appropriate premium rates and reserves to maintain the viability of the plans, insuring quality and cost-effective benefits are provided by the plans.

4. Contractor will prepare report for Board on self-insured Employee Benefit plans rate requirements.
5. Contractor will provide short- and long-term forecasts for County budget process.
6. Contractor will assist with the development, negotiation and implementation and year-end performance review of performance standards and guarantees with the County's various benefits plan providers.
7. Contractor will evaluate vendors performance. Review and prepare analysis of plan utilization reports submitted by plan providers and TPA's. Recommend additional reports as needed.
8. Contractor will provide financial and/or performance reviews of self-insured and fully insured plans and programs, as well as the County's TPA.

b. Legal Compliance

1. Contractor will regularly and timely communicate changes and proposed changes in federal statutes and regulations that may impact the County's employee benefit plans and programs. Contractor will recommend procedures and/or policies the County should implement to comply with federal and state statutes and regulations.
2. Contractor will provide legislative education.
3. Contractor will assist in the development, design and review of provider contracts. Contractor will ensure contract compliance with current federal and state laws or regulations.
4. Contractor will respond to specific compliance questions (e.g., COBRA, FMLA, HIPAA, PPACA, Internal Revenue Code and other applicable state and federal laws).
5. Contractor will provide guidance on health and welfare non-discrimination issues.
6. Contractor will provide advice pertaining to the County's employee benefit plans and programs including interpretation and application of all relevant laws, statutes, and regulations. If the Contractor contracts its compliance services to another firm or law practice, this must be indicated in the Contractor's response identifying the law firm or practice accompanied by a complete resume of the experience and training of the firm's partners and associates who would be providing legal services to the County.
7. Contractor will perform health and welfare non-discrimination testing and provide results/recommendations (e.g. IRC Sections 105(h), 125, 129).
8. Contractor will assist the County in the preparation and/or review and updating of benefit plan documents and assist in developing benefit summary plan descriptions for all plans, if requested by the County.

9. Contractor will apprise the County of any pending or new legislation that may affect its benefit programs.
10. Contractor will provide actuarial costing, new administrative requirements, and/or required plan design changes for legislative proposals for mandated benefit programs.

c. General

1. Contractor will assist in the development and review of various employee communication materials.
2. Contractor will meet monthly, if requested, with County to provide updates on all ongoing activities.
3. Contractor will be a liaison with insurers/claims administrators.
4. Contractor will assist with claims/administrative issues and facilitate resolution.
5. Contractor will be a liaison with senior management on benefit-related issues.
6. Contractor will assist with labor-management negotiations, as requested.
7. Contractor will provide consulting support around some of the County's unique benefit programs.
8. Contractor will provide clinical second opinions on select disputed self-funded claims.
9. Contractor will conduct demographic analysis of all programs.
10. Contractor will assist in developing and implementing contracts with selected health, welfare, and TPA providers in accordance with County timelines and requirements.
11. Contractor will review and prepare an analysis of all reports submitted by plan providers and TPAs, make recommendations regarding the format and content of the reports, and recommend additional reports as needed.
12. Contractor will provide research and responses to technical questions posed by Employee Benefits staff, and provide assistance, technically and creatively, in the on-going development and preparation of various employee communication materials.
13. Contractor will provide day to day consultation on matters such as, but not limited to, plan interpretation and problem resolution, including attendance at periodic meetings to facilitate and assist in the management of the County's health and welfare plans and programs.
14. Contractor will direct negotiations with health and welfare providers on matters such as, but not limited to, premium rates, benefit levels, performance standards and guarantees, contractual terms and conditions, quality assurance standards, utilization and performance reports, statistical and/or financial reports, and plan specific data such as medical conditions, prescription drugs, high cost procedures, in-patient data, etc.

15. Contractor will provide such other services as requested by the Employee Benefits for which the consultant has the technical capability and capacity to render.
16. Contractor will work with the County's Benefits Administrator for all matters dealing with the County of Orange Benefits Center.
17. Contractor will maintain full and accurate records with respect to all matters and services provided to the County's benefit plans and programs. At the request of County staff or County officials, provide all spreadsheets, assumptions, and calculations upon completion of any project performed on behalf of the County's benefit plans and programs.
18. Contractor will work collaboratively with any other consultants or consulting firms and/or legal firms the County has contracted with for consulting and/or legal services.
19. Contractor will work collaboratively with the County's in-house legal department, County Counsel, providing County Counsel with any and all requested information pertaining to the County's employee benefit plans and programs.
20. Contractor agrees to give the County the right to approve the Account Management Team assigned to this account.
21. Contractor will provide a monthly statement to the County of services performed during the reporting period.
22. Contractor will provide, at a minimum, two (2) annual on-site training programs regarding legislation updates or best practice seminars for Employee Benefits and associated staff.

d. Program Design

1. Contractor will assist with long-term and short-term benefits strategy development.
2. Contractor will coordinate semi-annual benefit strategy meetings.
3. Contractor will compare features of County benefit programs against those of other public sector and private industry institutions.
4. Contractor will apprise the County of benefit developments at other California counties, to the extent doing so does not violate any confidentiality obligations of Contractor.
5. Contractor will advise about health care marketplace developments/changes.
6. Contractor will advise about industry developments/changes.
7. Contractor will propose plan design changes and enhancements.
8. Contractor will facilitate discussions on emerging trends and potential impact to the County.
9. Contractor will help assess employee benefit priorities/needs.
10. Contractor will provide benchmark financial comparisons.

11. Contractor will participate in labor/management meetings, Retirement Association committee meetings and other meetings, as appropriate.
12. Contractor will provide support materials for labor negotiations.
13. Contractor will advise on proposed plan design changes for retiree medical programs.
14. Contractor will assist and coordinate the implementation of new vendors.
15. Contractor will review and make recommendations to the County's Employee Benefits Division (Employee Benefits) for value added benefit plans and programs as well as modifications to the design, cost (rates), and quality of current employee benefit plans and programs.
16. Contractor will project value of proposed plan design changes.
17. Contractor will develop RFPs for review by Employee Benefits and/or approval by the Board, including assisting in the development of the RFP and evaluation criteria, answering written questions from offerors, providing technical support to the Evaluation Committee and preparing a comprehensive report of the proposals received in response to the RFP. Contractor will assist Employee Benefits in developing responses to protests from the RFP process.
18. Contractor will assist in the design, implementation and administration of new and existing programs.
19. Contractor will make recommendations for items of negotiation with benefit plan providers including, but not limited to, plan design, cost (rates), and quality of services.
20. Contractor will assist with the development, negotiation and implementation of performance standards and guarantees with the County's various benefit plan providers.
21. Contractor will at designated intervals, evaluate and report the performance of plans to Employee Benefits.
22. Contractor will provide Employee Benefits with general guidance on items such as trends in benefit plans, methods for improving cost containment, financial arrangements, and administration.
23. Contractor will provide supporting backup and testimony to Board and Board staff, as needed.
24. Contractor will develop and/or assist in developing and evaluating employee needs and satisfaction surveys.
25. Contractor will as requested by Employee Benefits, provide comparison reports of other employers benefit plans and programs to determine competitiveness.
26. Contractor will evaluate impact of cost control approaches such as disease management.

27. Contractor will assist with contribution modeling and setting for alternative contribution approaches.
28. Contractor will assist the County with the process of Medicare Retiree Drug Subsidy (RDS) program. This includes performing actuarial equivalence test for Medicare prescription drug coverage subsidy, reviewing and reconciling cost reports for the County's contracted vendors before submission for reimbursement of payments to Centers of Medicare & Medicaid Services (CMS) quarterly and annually. Contractor will also provide on an as needed basis the estimated amount of subsidies to be acquired in future years based on pharmacy trends and County demographics.
29. Contractor will assist County with the Patient Center Outcome Research Institute (PCORI) fee calculations.

e. Retiree Medical Insurance Program

1. Contractor will work with the County upon request develop a retiree medical redesign work plan. The work plan will include:
 - a) Statement of objectives for the retiree medical redesign project.
 - b) Evaluation of retiree plan design alternatives for both the health insurance and Retiree Medical insurance programs with respect to the stated objectives.
 - c) Evaluation with the County of funding alternatives for the Retiree Medical Insurance program with respect to the objectives.
 - d) Projections of funding costs for options being considered.
2. Contractor will provide other services for the Retiree Medical Insurance program as requested by the County.
3. Contractor will provide services for Health Reimbursement Arrangement that will include but not be limited to plan design, plan document development and review.

f. Prescription Drug Plan Administrator Audit:

1. Contractor will conduct, at the request of the County, a biennial audit of the County's current prescription drug plan administrator which shall meet the following primary objectives: Ensure that prescription drug plan administrator administering and reporting claims with plan provisions and evaluate effectiveness of the transition in claims administrators from prior vendor to current prescription drug plan administrator. Ensure incoming medical adjustments for the Sharewell Choice and Retiree plans are accurately loaded into the claims adjudication system, accumulators are correctly updated, and claims are paid accurately. Obtain independent measurement of prescription drug plan administrator's performance under existing contractual performance guarantees and determine how these guarantees can be enhanced in the future to motivate prescription drug plan administrator to perform at a high level. Determine whether program specifications and pricing are implemented correctly in the system, claims are adjudicating properly, and the members are receiving correct and complete information from the customer service area.

2. Contractor will prepare an audit work plan and timeline that will include but not limited to the following:
 - a) Provide a data request to the County and collect information on benefit design, Contract terms and account structure,
 - b) Request from prescription drug plan administrator the specifications sheet that they used to input the pricing, benefit design, and account structure into the system,
 - c) Compare the prescription drug plan administrator specifications to the County's understanding of the benefit design, contract terms, and account structure and identify any differences,
 - d) Develop a set of test claims to run through prescription drug plan administrator's adjudication system. These test claims are designed to validate features such as coverages/exclusions, coinsurance, prior authorizations, out of network benefits, discounts, dispensing fees, and lower of usual and customary pricing,
 - e) Develop a set of test Sharewell Choice and Retiree claims and accounts to run through the prescription drug plan administrator's accumulator system to validate accumulators are updated accurately to ensure claims are properly adjudicated,
 - f) Conduct an electronic claim review to:
 1. Review test claims to identify potential errors
 2. Review process for measuring and reporting key service performance standards
 - g) Discuss potential errors with the County and prescription drug plan administrator to determine appropriate corrective actions, and work with prescription drug plan administrator to correct errors and retest the system to ensure that corrections have been properly made. Prepare an Action Matrix to enable the County, prescription drug plan administrator, and the Contractor to monitor prescription drug plan administrator's progress in implementing agreed-to-actions in response to audit findings.
- g. Communication Projects:**
 1. Contractor shall assist the County with ad-hoc communication projects on an as needed basis, subject and at the direction of the County.
 2. For any project requested by the County, Contractor shall first conduct a discovery session to understand County needs, requirements, audience, number of versions, and method of delivery.
 3. Based on the discovery session, Contractor shall provide a Statement of Work to the County. The Statement of Work outlines the communication to be prepared, costs, and expected timing. Contractor requires a signature of the Statement of Work before beginning any work.

4. Contractor shall provide writing, editing, communication peer review, graphic design and layout, and project management services.
5. Contractor shall draft language and provide:
 - a. One draft in a text version to the County to review and provide feedback.
 - b. One draft in layout with pictures, graphics, and text.
 - c. One final draft for approval.
6. Contractor shall provide one version of each communication, unless otherwise specified.
7. For foreseen problems, Contractor will build time into the project plan to avoid extra drafts wherever possible. For unforeseen changes, Contractor will charge for additional rounds of review depending on the hours required to make updates. Contractor will provide an estimate of time required upfront and charge time on an hourly basis using the applicable hourly rates specified in Attachment B.
8. Upon approval by the County, Contractor shall provide final files for printing, posting, and distribution at the County’s discretion.
9. Contractor shall not be responsible for printing, mailing, translation, or distribution of communication materials.
10. The following are agreed upon fees for the specified communication documents. For any communication projects not specified below, County and Contractor shall come to a mutual agreement on fees prior to commencement of any work.

Communication Type	Fees
PDF (static)	<ul style="list-style-type: none"> • 2-page document: \$7,000 • 4- page document: \$11,000 • 8-page document: \$13,000 • 12-page document: \$15,000 • 20-page document: \$25,000 • 24-page document: \$35,000
Interactive PDF (via clickable PDF)	<ul style="list-style-type: none"> • 8-page document: \$16,000 • 12-page document: \$20,000 • 20-page document: \$32,000 • 24-page document: \$45,000
Postcard	\$6,000
Poster	\$6,000
Video	\$27,000 for up to 3 minutes
Email	<ul style="list-style-type: none"> • No design: \$4,000 • With design: \$7,000 • Develop email template: \$3,000
Presentation (with script)	<ul style="list-style-type: none"> • 15 slides: \$20,000 • 20 slides: \$25,000 • 25 slides: \$30,000
FAQs	10 questions: \$8,000 20 questions: \$14,000

Attachment B

Cost/Compensation for Contractor Services

- 1. Compensation:** This is a fixed price Contract between the County and Contractor for the Provision of Employee Benefits Consulting and Actuarial Services as provided in Attachment A, Scope of Work. The Contractor agrees to accept the specified compensation as set forth in this Contract as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. If the actual hourly rate incurred for the services provided result in a lower fee in any given contract term than the total contract amount designated below as applicable for that term, then the County will only be responsible to pay the lower cost of the actual hourly rate incurred. If the actual hourly rate incurred for the services provided result in a higher fee in any given term than the total contract amount designated below as applicable for that term, then the County will only be responsible to pay the total contract amount for that term. Such payment shall constitute full remuneration as described above.

The Total Contract amount for this Contract Term (years 1, 2, and 3 as specified below) will not exceed: \$1,245,000.

There is an option to renew the contract for two additional one-year periods (year 4 and 5).

Total Estimated Price for year 4 and 5, if Contract is renewed: \$840,000.

The County shall have no obligation to pay any sum in excess of total Contract amount specified unless authorized by amendment.

The Contractor agrees to accept the specified compensation as set forth in this Contract as full remuneration for performing all services and furnishing all staffing and materials required.

2. Payment Schedule:

A. Consulting Services - Hourly Rate for each level of staff

Classification/Title	Hourly Rate Years 1 - 3	Hourly Rate Year 4	Hourly Rate Year 5
Senior Actuary	\$461.49	\$475.33	\$489.59
Senior Consultant	\$440.27	\$453.48	\$467.08
Attorney	\$424.36	\$437.09	\$450.20
Consultant	\$291.75	\$300.50	\$309.52
Actuarial Consultant	\$312.17	\$321.54	\$331.18
Actuarial Associate	\$262.51	\$270.39	\$278.50
Actuarial Analyst	\$212.18	\$218.55	\$225.10
Associate	\$245.34	\$252.70	\$260.28
Analyst	\$196.27	\$202.16	\$208.22
Support Staff	\$95.48	\$98.34	\$101.29

B. Communication Projects – Refer to Fees Table on Page 26.

- 3. Firm Pricing Structure:** Contractor guarantees that prices quoted are equal to or less than prices quoted to any other local, State or Federal government entity for services of equal or lesser scope. Contractor agrees that no price increases shall be passed along to the County during the term of this Contract not otherwise specified and provided for within this Contract.
- 4. Contractor's Expense:** The Contractor will be responsible for all costs related to photo copying, telephone communications, fax communications, and parking while on County sites during the performance of work and services under this Contract. The County will not provide free parking for any service in the County Civic Center.

- 5. Payment Terms:** Invoices are to be submitted in arrears to the user agency/department to the ship-to address, unless otherwise directed in this Contract. Vendor shall reference contract number on invoice. Payment will be net 45 days after receipt of an invoice in a format acceptable to the County of Orange and verified and approved by the agency/department and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the contractor. Billing shall cover services and/or goods not previously invoiced. The contractor shall reimburse the County of Orange for any monies paid to the contractor for goods or services not provided or when goods or services do not meet the contract requirements.

Payments made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this contract and shall not be construed as acceptance of any part of the goods or services.

- 6. Payment – Invoicing Instructions:** The Contractor will provide an invoice on the Contractor’s letterhead for services rendered. Each invoice will have a number and will include the following information:

1. Contractor’s name and address
2. Contractor’s remittance address, if different from 1 above
3. Name of County agency/department
4. ~~Delivery/service address~~
5. Contractor/Subordinate contract or number
6. Type of fees/service
7. Sales tax, if applicable
8. Dates of fees/service
9. Name and number of hours worked for each staff member (Consulting Services Only)
10. Brief description of fees/service
11. Contractor’s Federal I.D. Number

The Contractor shall be fully responsible for providing an acceptable invoice to the County. Incomplete or incorrect invoices are not acceptable and will be returned to the Contractor for correction.

The Contractor will provide subsidiary reports to support County’s ability to submit Federal or State claims (i.e. COVID related activities).

The County’s Project Manager, or designee, is responsible for approval of invoices and subsequent submittal of invoices to the Auditor-Controller for processing of payment. The responsibility for providing an acceptable invoice to the County for payment rests with the Contractor. Incomplete or incorrect invoices are not acceptable and will be returned to the Contractor for correction.

Invoices and support documentation are to be forwarded to:

Diana Banzet, Project Manager
Human Resource Services/Employee Benefits
Hall of Administration
333 W. Santa Ana Blvd., Rm. 137
Santa Ana, CA 92701

The County’s Project Manager at HR/Employee Benefits is responsible for approval of invoices and subsequent submittal of invoices to the County Auditor-Controller for payment processing.

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ATTACHMENT C

Staffing Plan

1. Primary Staff to perform Contract duties

Name	Classification/Title
Melanie Stangl	Relationship Manager
Tim Upson, FSA	Retiree Medical Lead/Actuarial Lead
Shailey Patel	Health and Benefits Lead Consultant
Monty Sanders, ASA	Retiree Medical/Actuarial/Health & Group
Ben Ku	Actuarial Analyst
Mike Sinkeldam, J.D.	Legal/Compliance/ACA Lead
Leena Bhaka, J.D.	Legal/Compliance/ACA Consultant
Steven Noeldner, PH.D., M.S.	Wellness & Health Management
Melinda Izbicki, MPH	Wellness & Health Management
Kate Goergen, MBA	Pharmacy Consultant
Palak Shah, Pharm.D	Pharmacy Consultant/Pharmacist
Dan Jakobe, MBA	Pharmacy Consultant/Financials
Lisa Oswald	Claims Administration/Clinical Review
Lori Wimsen	Claims Administration/Clinical Review

2. Alternate staff

Name	Classification/Title
Rich Glass	Attorney/Principal
Kaye Pestaina	Attorney/Principal
Jennifer Wiseman	Attorney/Principal
Dorian Smith	Attorney/Principal
Catherine Stamm	Attorney/Principal
Carol Malenka	Attorney/Principal
Patricia Farrell	Attorney/Principal
Fernanda Zendejas	Attorney/Principal
Cheryl Hughes	Attorney/Principal
Jen Faifer	Attorney/Principal
Debbie Doolittle	Senior Consultant/Principal
Andrea Bryant	Senior Consultant/Principal
Melanie Carlson	Senior Consultant/Principal
Kendra Lofgren	Senior Consultant/Principal
David Foley	Senior Consultant/Principal
Courtney DeRoo	Analyst
Amanda Calhoun	Senior Consultant/Principal
Joe Dubay	Senior Consultant/Principal
Cristina Capacchione	Associate
Kaitlin Stabbert	Associate
Kristen Chan	Analyst
Sanjeev Venkatesh	Actuarial Analyst
Carlene Smith	Consultant/Senior Associate
Dana Keller	Support Staff/Operations Analyst
Sherilyn Thurman	Support Staff/Executive Asst.
Erlinda Santos	Support Staff/Executive Asst.

Substitution or addition of Contractor's key personnel in any given category or classification shall be allowed only with prior written approval of the County's Project Manager.

The Contractor may reserve the right to involve other personnel, as their services are required. The specific individuals will be assigned based on the need and timing of the service/class required. Assignment of additional key personnel shall be subject to approval by the County’s Project Manager. County reserves the right to have any of Contractor’s personnel removed from providing services to County under this Contract. County is not required to provide any reason for the request for removal of any Contractor personnel.

3. Sub-contractor(s)

In accordance with Article 12 “Assignment or Sub-Contracting”, listed below are Sub-contractor(s) anticipated by Contractor to perform services specified in Attachment A, Scope of Work.

Company Name	Staff Name
N/A	

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ATTACHMENT E
Performance Standards

<u>Performance Standard Description</u>	<u>County Specific Performance Standard</u>	<u>Financial Amount at Risk</u>
Timely response to verbal inquiries	County to receive verbal response within two (2) County business days of verbal inquiry	4%
Timely response to written inquiries	County to receive written response within two (2) County business days of receipt of inquiry	4%
Projects completed by predetermined deadline*	Consultant shall meet all mutually agreed upon deadlines. If the service is delayed by the County or external vendor, the number of days the project or project phase is delayed will be added to the original due date.	4%
*Penalties will be waived or reduced if project delays are due to extenuating circumstances outside the control of the Consultant. These situations will be reviewed on a 'case by-case' basis.		
Account management satisfaction	An account management satisfaction score of '3' or better on a "1-5" scoring system	4%
Consulting Team Continuity	If key personnel are no longer employed by Consultant, Consultant shall notify the County within 24 hours of the person leaving and shall promptly replace such person with a reasonably acceptable replacement. County shall have the option to interview up to 3 employees of the Consultant before selecting a replacement. The replacement shall be assigned to the County within one week of either the notification date if no interviews are conducted or one week from the County selecting from interviewed employees. A County "key personnel transition" satisfaction score of "3" or better on a 1-5 scoring system.	4%
Total Financial Liability per Plan Year Not to Exceed		20% of total cost of services per plan year

ATTACHMENT F

BUSINESS ASSOCIATE CONTRACT

A. GENERAL PROVISIONS AND RECITALS

1. The Parties agree that the terms used, but not otherwise defined below in Paragraph B, shall have the same meaning given to such terms under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“the HITECH Act”), and their implementing regulations at 45 CFR Parts 160 and 164 (“the HIPAA regulations”) as they may exist now or be hereafter amended.
2. The Parties agree that a business associate relationship under HIPAA, the HITECH Act, and the HIPAA regulations between the Contractor and County arises to the extent that Contractor performs, or delegates to subcontractors to perform, functions or activities on behalf of County pursuant to, and as set forth in, the Contract that are described in the definition of “Business Associate” in 45 CFR § 160.103.
3. The County wishes to disclose to Contractor certain information pursuant to the terms of the Contract, some of which may constitute Protected Health Information (“PHI”), as defined below in Subparagraph B.10, to be used or disclosed in the course of providing services and activities pursuant to, and as set forth, in the Contract.
1. The Parties intend to protect the privacy and provide for the security of PHI that may be created, received, maintained, transmitted, used, or disclosed pursuant to the Contract in compliance with the applicable standards, implementation specifications, and requirements of HIPAA, the HITECH Act, and the HIPAA regulations as they may exist now or be hereafter amended.
2. The Parties understand and acknowledge that HIPAA, the HITECH Act, and the HIPAA regulations do not preempt any state statutes, rules, or regulations that are not otherwise pre-empted by other Federal law(s) and impose more stringent requirements with respect to privacy of PHI.
3. The Parties understand that the HIPAA Privacy and Security rules, as defined below in Subparagraphs B.9 and B.14, apply to the Contractor in the same manner as they apply to a covered entity (County). Contractor agrees therefore to be in compliance at all times with the terms of this Business Associate Contract and the applicable standards, implementation specifications, and requirements of the Privacy and the Security rules, as they may exist now or may hereafter be amended, with respect to PHI and electronic PHI created, received, maintained, transmitted, used, or disclosed pursuant to the Contract.

B. DEFINITIONS

1. “Administrative Safeguards” are administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic PHI and to manage the conduct of Contractor’s workforce in relation to the protection of that information.
2. “Breach” means the acquisition, access, use, or disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule which compromises the security or privacy of the PHI.
 - a. Breach excludes:
 - i. Any unintentional acquisition, access, or use of PHI by a workforce member or person acting under the authority of Contractor or County, if such acquisition, access, or use was made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted under the Privacy Rule.
 - ii. Any inadvertent disclosure by a person who is authorized to access PHI at Contractor to another person authorized to access PHI at the Contractor, or organized health care arrangement in which County participates, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted under the HIPAA Privacy Rule.
 - iii. A disclosure of PHI where Contractor or County has a good faith belief that an unauthorized person to

whom the disclosure was made would not reasonably have been able to retain such information.

- b. Except as provided in paragraph (a) of this definition, an acquisition, access, use, or disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule is presumed to be a breach unless Contractor demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of at least the following factors:
 - i. The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;
 - ii. The unauthorized person who used the PHI or to whom the disclosure was made;
 - iii. Whether the PHI was actually acquired or viewed; and
 - iv. The extent to which the risk to the PHI has been mitigated.
3. “Data Aggregation” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.
4. “Designated Record Set” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.
5. “Disclosure” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.
6. “Health Care Operations” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.
7. “Individual” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).
8. “Physical Safeguards” are physical measures, policies, and procedures to protect CONTRACTOR’s electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.
9. “The HIPAA Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
10. “Protected Health Information” or “PHI” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103 but limited to the information created, received, maintained, or transmitted by Contractor for or on behalf of County.
11. “Required by Law” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.103.
12. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his or her designee.
13. “Security Incident” means attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. “Security incident” does not include trivial incidents that occur on a daily basis, such as scans, “pings”, or unsuccessful attempts to penetrate computer networks or servers maintained by Contractor.
14. “The HIPAA Security Rule” shall mean the Security Standards for the Protection of electronic PHI at 45 CFR Part 160, Part 162, and Part 164, Subparts A and C.
15. “Subcontractor” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.
16. “Technical safeguards” means the technology and the policy and procedures for its use that protect electronic PHI and control access to it.
17. “Unsecured PHI” or “PHI that is unsecured” means PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the

Secretary of Health and Human Services in the guidance issued on the HHS Web site.

18. “Use” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

C. OBLIGATIONS AND ACTIVITIES OF CONTRACTOR AS BUSINESS ASSOCIATE:

1. Contractor agrees not to use or further disclose PHI County discloses to Contractor other than as permitted or required by this Business Associate Contract or as required by law.
2. Contractor agrees to use appropriate safeguards, as provided for in this Business Associate Contract and the Contract, to prevent use or disclosure of PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County other than as provided for by this Business Associate Contract.
3. Contractor agrees to comply with the HIPAA Security Rule at Subpart C of 45 CFR Part 164 with respect to electronic PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County.
4. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a Use or Disclosure of PHI by Contractor in violation of the requirements of this Business Associate Contract.
5. Contractor agrees to promptly report to County immediately any Use or Disclosure of PHI not provided for by this Business Associate Contract of which Contractor becomes aware. Contractor must report Breaches of Unsecured PHI in accordance with Paragraph E below and as required by 45 CFR § 164.410.
6. Contractor agrees to ensure that any Subcontractors that create, receive, maintain, or transmit PHI on behalf of Contractor agree to the same restrictions and conditions that apply through this Business Associate Contract to Contractor with respect to such information.
7. Contractor agrees to provide access, within fifteen (15) calendar days of receipt of a written request by County, to PHI in a Designated Record Set, to County ~~or, as directed by County, to an Individual~~ in order to meet the requirements under 45 CFR § 164.524. Contractor may impose a reasonable cost-based fee for the provision of copies of PHI in a Designated Record Set in accordance with 45 C.F.R 164.524(c)(4).
8. Contractor agrees to make any amendment(s) to PHI in a Designated Record Set that County directs or agrees to pursuant to 45 CFR § 164.526 at the request of County ~~or an Individual~~, within thirty (30) calendar days of receipt of said request by County. Contractor agrees to notify County in writing no later than ten (10) calendar days after said amendment is completed.
9. Contractor agrees to make internal practices, books, and records, including policies and procedures, relating to the use and disclosure of PHI received from, or created or received by Contractor on behalf of, County available to County to the extent such release does not jeopardize the confidentiality or integrity of Contractor’s data privacy and security practices, and to the Secretary in a time and manner as determined by County or as designated by the Secretary for purposes of the Secretary determining County’s compliance with the HIPAA Privacy Rule.
10. Contractor agrees to document any Disclosures of PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County, and to make information related to such Disclosures available as would be required for County to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 CFR § 164.528.
11. Contractor agrees to provide County ~~or an Individual, as directed by County~~, in a reasonable time and manner to be determined by County, that information collected in accordance with the Contract, in order to permit County to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 CFR § 164.528.
12. ~~Contractor agrees to satisfy all applicable provisions of HIPAA standards for electronic transactions and code sets, also known as the Electronic Data Interchange (EDI) Standards, at 45 CFR Part 162, as well as all operating rules that apply to standard transactions, submission of certifications to HHS (to the extent HHS permits)~~

~~concerning standard transactions, and all other electronic data interchange requirements included in the Patient Protection and Affordable Care Act of 2010. Contractor further agrees to ensure that any agent, including a subcontractor that conducts standard transactions on its behalf will comply with the EDI Standards.~~

13. Contractor agrees that it will **take reasonable efforts to** determine the minimum necessary type and amount of PHI required to perform its services and will comply with 45 CFR §§ 164.502(b) and 514(d).
14. Contractor agrees to restrict the use or disclosure of PHI as may be agreed to in accordance with 45 CFR § 164.522, to document those restrictions, and to provide to County such documentation upon request and in a prompt and reasonable manner consistent with the HIPAA regulations.
15. Contractor agrees to accommodate alternative means or alternative locations for communicating PHI and to document those alternative means or alternative locations at the **written** request of County or an Individual, pursuant to 45 CFR § 164.522(b), in a prompt and reasonable manner consistent with the HIPAA regulations.
16. ~~Contractor agrees to be the primary party responsible for receiving and resolving requests from an Individual exercising his or her individual rights described in subsections (7), (8), (10), and (15) of this Paragraph C.~~
17. Contractor agrees that to the extent Contractor carries out County's obligation under the HIPAA Privacy and/or Security rules Contractor will comply with the requirements of 45 CFR Part 164 that apply to County in the performance of such obligation.
18. Contractor shall work with County upon notification by Contractor to County of a Breach to properly determine if any Breach exclusions exist as defined in Subparagraph B.2.a above.
19. Contractor shall not receive direct or indirect remuneration for any exchange of PHI otherwise authorized under the Privacy and/or Security Rules without an Individual's authorization.

D. SECURITY RULE

1. Contractor shall comply with the requirements of 45 CFR § 164.306 and establish and maintain appropriate Administrative, Physical and Technical Safeguards in accordance with 45 CFR § 164.308, § 164.310, § 164.312, and § 164.316 with respect to electronic PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County. Contractor shall follow generally accepted system security principles and the requirements of the HIPAA Security Rule pertaining to the security of electronic PHI.
2. Contractor agrees to ensure that access to electronic PHI related to County is limited to those workforce members who require such access because of their role or function.
3. Contractor agrees to implement safeguards to prevent its workforce members who are not authorized to access such electronic PHI from obtaining access and to otherwise ensure compliance by its workforce with the HIPAA Security Rule.
4. Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit electronic PHI on behalf of Contractor agree through a contract with Contractor to the same restrictions and requirements contained in this Paragraph D of this Business Associate Contract.
5. Contractor shall **promptly** report to County ~~immediately~~ any Security Incident of which it becomes aware. Contractor shall report Breaches of Unsecured PHI in accordance with Paragraph E below and as required by 45 CFR § 164.410.

E. BREACH DISCOVERY AND NOTIFICATION

1. Following the discovery of a Breach of Unsecured PHI, Contractor shall notify County of such Breach, however both Parties agree to a delay in the notification if so advised by a law enforcement official pursuant to 45 CFR § 164.412.
 - a. A Breach shall be treated as discovered by Contractor as of the first day on which such Breach is known to

Contractor or, by exercising reasonable diligence, would have been known to Contractor.

- b. Contractor shall be deemed to have knowledge of a Breach, if the Breach is known, or by exercising reasonable diligence would have known, to any person who is an employee, officer, or other agent of Contractor, as determined by federal common law of agency.
2. Contractor shall provide the notification of the Breach immediately to the County Privacy Officer. Contractor’s notification may be oral, but shall be followed by written notification within **three (3) business days** ~~24 hours~~ of the oral notification.

<p>Rafael Linares, Chief Information Security Officer OCIT – Enterprise Privacy & Cybersecurity 1055 N. Main Street, 6th Floor Santa Ana, CA 92701 (714) 567-7611 Rafael.Linares@ocit.ocgov.com</p>	<p>Linda Le, County Privacy Officer, CHPC, CHC, CHP OCIT – Enterprise Privacy and Cybersecurity 1055 N. Main Street, 6th Floor Santa Ana, CA 92701 (714) 834-4082 Linda.le@ocit.ocgov.com privacyofficer@ocgov.com</p>
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- 3. Contractor’s notification shall include, to the extent possible:
 - a. The identification of each Individual whose Unsecured PHI has been, or is reasonably believed by Contractor to have been, accessed, acquired, used, or disclosed during the Breach;
 - b. Any other information that County is required to include in the notification to Individual under 45 CFR §164.404 (c) at the time Contractor is required to notify County or promptly thereafter as this information becomes available, even after the regulatory sixty (60) day period set forth in 45 CFR § 164.410 (b) has elapsed, including:
 - (1) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
 - (2) A description of the types of Unsecured PHI that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
 - (3) Any steps Individuals should take to protect themselves from potential harm resulting from the Breach;
 - (4) A brief description of what Contractor is doing to investigate the Breach, to mitigate harm to Individuals, and to protect against any future Breaches; and
 - (5) Contact procedures for Individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.
- 4. In the case of a Breach of Unsecured PHI caused by Contractor’s breach of this contract and if Contractor and County agree that notification is required by law in at least one jurisdiction in which individuals are impacted by a security breach, County may require Contractor to provide notice to the Individual and any governmental entities requiring notification ~~at the sole discretion of the County~~. Such notification will contain the elements required in 45 CFR § 164.410 or applicable state law. Contractor agrees that the County will be given reasonable advance opportunity to review the proposed notice or other related communications to any individual or third party regarding the breach; the County may propose revised or additional content to the materials which will be given reasonable consideration by Contractor (or its agent).
- 5. In the event that Contractor is responsible for a Breach of Unsecured PHI in violation of the HIPAA Privacy Rule, Contractor shall have the burden of demonstrating that Contractor made all notifications to County consistent with this Paragraph E and as required by the Breach notification regulations, or, in the alternative, that the acquisition, access, use, or disclosure of PHI did not constitute a Breach.
- 6. Contractor shall maintain documentation of all required notifications of a Breach or its risk assessment under 45 CFR § 164.402 to demonstrate that a Breach did not occur.
- 7. Contractor shall provide to County all specific and pertinent information about the Breach, including the information listed in Section E.3.b.(1)-(5) above, if not yet provided as soon as practicable, but in no event later

than fifteen (15) calendar days after Contractor's initial report of the Breach to County pursuant to Subparagraph E.2 above.

8. Contractor shall continue to provide all additional pertinent information about the Breach to County as it may become available, in reporting increments of five (5) business days after the last report to County. Contractor shall also respond in good faith to any reasonable requests for further information, or follow-up information after report to County, when such request is made by County.
9. Contractor ~~shall bear all expense or other costs associated with the Breach and~~ shall reimburse County for ~~all expenses County incurs in addressing the Breach and consequences thereof, including~~ reasonable direct costs of investigation, notification, remediation, ~~or~~ documentation or other costs associated with addressing the Breach.

F. PERMITTED USES AND DISCLOSURES BY CONTRACTOR

1. Contractor may use or further disclose PHI County discloses to Contractor as necessary to perform functions, activities, or services for, or on behalf of, County as specified in the Contract, provided that such use or Disclosure would not violate the HIPAA Privacy Rule if done by COUNTY except for the specific Uses and Disclosures set forth below.
 - a. Contractor may use PHI County discloses to Contractor, if necessary, for the proper management and administration of Contractor.
 - b. Contractor may disclose PHI County discloses to Contractor for the proper management and administration of Contractor or to carry out the legal responsibilities of Contractor, if:
 - i. The Disclosure is required by law; or
 - ii. Contractor obtains reasonable assurances from the person to whom the PHI is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person and the person immediately notifies Contractor of any instance of which it is aware in which the confidentiality of the information has been breached.
 - c. Contractor may use or further disclose PHI County discloses to Contractor to provide Data Aggregation services relating to the Health Care Operations of Contractor.
2. Contractor may use PHI County discloses to Contractor, if necessary, to carry out legal responsibilities of Contractor.
3. Contractor may use and disclose PHI County discloses to Contractor consistent with the minimum necessary policies and procedures of County.
4. Contractor may use or disclose PHI County discloses to Contractor as required by law.
5. Contractor shall share PHI as reasonably requested by the County to carry out its responsibilities as plan administrator of the Plan(s), including, without limitation, for purposes of auditing the performance of Contractor.

G. OBLIGATIONS OF COUNTY

1. County shall notify Contractor of any limitation(s) in County's notice of privacy practices in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Contractor's Use or Disclosure of PHI.
2. County shall notify Contractor of any changes in, or revocation of, the permission by an Individual to use or disclose his or her PHI, to the extent that such changes may affect Contractor's Use or Disclosure of PHI.
3. County shall notify Contractor of any restriction to the Use or Disclosure of PHI that County has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Contractor's Use or Disclosure of PHI.
4. County shall not request Contractor to use or disclose PHI in any manner that would not be permissible under the HIPAA Privacy Rule if done by County.

5. If PHI is transmitted by electronic transfer or sent in physical media by or on behalf of County, County shall require all such PHI be transmitted to Contractor in a secure manner.

H. BUSINESS ASSOCIATE TERMINATION

1. Upon County's knowledge of a material breach or violation by Contractor of the requirements of this Business Associate Contract, County shall:
 - a. Provide an opportunity for Contractor to cure the material breach or end the violation within thirty (30) business days; or
 - b. Immediately terminate the Contract, if Contractor is unwilling or unable to cure the material breach or end the violation within (30) days, provided termination of the Contract is feasible.
2. Upon termination of the Contract, Contractor shall either destroy or return to County all PHI Contractor received from County or Contractor created, maintained, or received on behalf of County in conformity with the HIPAA Privacy Rule.
 - a. This provision shall apply to all PHI that is in the possession of Subcontractors or agents of Contractor.
 - b. Contractor shall retain no copies of the PHI.
 - c. In the event that Contractor determines that returning or destroying the PHI is not feasible, Contractor shall ~~provide to County notification of the conditions that make return or destruction infeasible. Upon determination by County that return or destruction of PHI is infeasible, Contractor shall~~ extend the protections of this Business Associate Contract to such PHI and limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction infeasible, for as long as Contractor maintains such PHI.
 - d. Notwithstanding these or any other data retention, destruction or return provisions elsewhere in this Agreement, Contractor may in accordance with legal, disaster recovery and records retention requirements, store copies of County 's data in an archival format (e.g. tape backups) or in non-archival backups on secure network drives, which may not be returned or destroyed upon request of County. Such copies are subject to the obligations as set forth in this Agreement.
3. The obligations of this Business Associate Contract shall survive the termination of the Contract.

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