

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

537



**FROM:** Riverside University Health System (RUHS)

**SUBMITTAL DATE:**  
April 27, 2016

**SUBJECT:** Approval of agreement with Vereco Inc. without seeking competitive bids to provide managed print services for \$1.48 million per year based on current printing quantity; District 5; [\$7.4 million over 5 years] paid from Hospital Enterprise Fund

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and Execute the Agreement with Vereco for print services for \$1.48M annually, without seeking competitive bids for a three year term with two one year renewal options.
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding as approved by County Counsel, to: (a) sign amendments that do not change the substantive terms of the Agreement; (b) sign amendments to the compensation provisions that do not exceed 20% annually; (c) and provide notice of termination according to the terms of the contract if necessary.

**BACKGROUND:**  
Summary

See Page 2

  
Zareh Sarrafian  
Assistant CEO – Health System

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.25M	\$ 1.48M	\$ 7.4M	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	
<b>SOURCE OF FUNDS:</b> Hospital Enterprise Funds 40050				<b>Budget Adjustment:</b> None	
				<b>For Fiscal Year:</b> 15/16 – 20/21	

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY:   
Christopher M. Hans

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

Prev. Agn. Ref.:

District:

Agenda Number:

**3-31**

FORM APPROVED COUNTY COUNSEL  
 PURCHASING & FLEET SERVICES: Lisa Brandl, Director  
 BY:  ANITA C. WILLIS  
 DATE: 4-28-16  
 Departmental Concurrence

- A-30
- 4/5 Vote
- Positions Added
- Change Order

**BACKGROUND:**

**Summary**

Riverside University Health System (RUHS) has conducted market research on printing services. This included best practices and vendor services, and analysis of its own current state. The goal was to identify opportunities to improve print service efficiencies and save money. The research was conducted keeping in mind the unique requirements for healthcare (domain knowledge, security, service level and clinical requirements). Finally a contract structure was sought that would incent both RUHS and the vendor to reduce the cost of printing and faxing over the contract term.

As a result, one vendor has been identified that met all these requirements. The recommended vendor, Vereco, Inc. offers a fully staffed document services group that will report to the RUHS information services division. The service plan includes both full-time healthcare print experts and technical print service staff onsite.

The contract structure includes incentives for the vendor and RUHS to reduce the cost of printing and faxing over the contract term, as well as penalties for increased utilization. Additionally, the contract will take advantage of allowable discounts for printers, multi-function devices (copy, print, fax machines; multi-functional devices) that may be provided through countywide awards. The price and contract structure are inclusive of all costs (labor, paper, printers, MFDs, toner and repairs) and a service level agreement that will meet or exceed operational requirements for RUHS.

Savings in the first full year of the agreement are estimated at \$230,000 at current print, copy and fax volume. This is for the hospital and clinics. More savings will be achieved when this services is rolled out to Behavioral Health and Public Health.

The services offered by Vereco make it uniquely qualified to manage the complex printing needs of the health system, particularly the hospital and its clinics. Vereco is not a manufacturer or dealer of print equipment.

- Vereco provides a management support service. Whereas other vendors manage a hospital's print equipment alone, Vereco manages the whole print environment. This includes taking responsibility for RUHS print services and other vendors in the paper and print space.
- The recommended vendor provides Print as a Service (PaaS). This means RUHS's print activity is 100% scalable, up and down, and RUHS only pays for pages actually produced. There are no minimum fees.
- Vereco is incentivized through a shared savings program to help RUHS print less, and is at risk for any increases in printing by sharing any additional cost.
- With the print-related cost, RUHS is hedged against inflationary increases.
- Vereco provides management web dashboards which provide actionable insights into print activity, trends and patterns which support intervention departments with abnormal trends.
- Vereco also ensures that its print services partners provide real-time network software to monitor print activity, printer status on equipment and supplies.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11: Approval of agreement with Vereco Inc. without seeking competitive bids to provide managed print services for \$1.48 million per year based on current printing quantity; District 5; [\$7.4 million over 5 years] paid from Hospital Enterprise Fund**

**DATE: April 27, 2016**

**PAGE: 3 of 3**

- Vereco procures all goods and services on behalf of the hospital and clinics, therefore RUHS print program is shielded from programs that are incentivized to keep selling equipment.
- Because Vereco's offering is a 100% service, there is no sales tax payable on PaaS - this is an additional 8% savings over other Vendors' offerings.
- Lastly, Vereco is equipment agnostic – so RUHS will have consistency in printers, copiers and fax machines where required.

**Impact on Citizens and Businesses**

Currently RUHS-Hospital and Clinics spends over \$1.7 million per year (7.4 cents per page) for its printing needs. The proposed contract is expected to cut \$231,000 off this baseline cost. The contract includes incentives for additional savings and penalties should volumes increase above those of the vendor's estimate.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Pricing is 6.15 cents per page and includes all paper, all toner/ink, all forms (RUHS currently spends over \$410,000 per year to print forms), forms security service, equipment lease costs, all labor for repairs, guaranteed compliance for Epic EHR business and security requirements, vendor management, cost reporting - consumption by facility, department and printer, and a vendor agnostic solution.

**Contract History and Price Reasonableness**

Riverside University Health System (RUHS) has conducted market research on printing services. This included best practices and vendor services, and analysis of its own current state. The goal was to identify opportunities to improve print service efficiencies and save money. The research was conducted keeping in mind the unique requirements for healthcare (domain knowledge, security, service level and clinical requirements). Finally a contract structure was sought that would incent both RUHS and the vendor to reduce the cost of printing and faxing over the contract term.

As a result, one vendor has been identified that met all these requirements. The recommended vendor, Vereco, Inc. offers a fully staffed document services group that will report to the RUHS information services division. The service plan includes both full-time healthcare print experts and technical print service staff onsite.



Date: April 27x, 2016  
From: Zareh Sarrafian, Assistant CEO, Health System  
To: Board of Supervisors/Purchasing Agent  
Via: Todd Christiansen, 951-486-7503  
Subject: Sole Source Procurement; Request for Healthcare specific print services

The below information is provided in support of my Department requesting approval for a sole source.

1. **Supplier being requested: Vereco**
2. **Vendor ID:** \_\_\_\_\_
3. **Supply/Service being requested:** RUHS is requesting to purchase print as a service in support of EPIC and standard business functions using Vereco. Vereco's managed print as a service is focused on the complexities of the healthcare industry.
4. **Alternative suppliers that can or might be able to provide supply/service and extent of market search conducted:** Market research was conducted into business based managed print services providers, but no other vendors had the sole area of focus on healthcare, which requires a very specific domain knowledge.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide** (if proprietary software or machinery, hardware, please provide a supporting letter from the manufacturer): Vereco's managed print as a service is focused on the complexities of the healthcare industry, and provides a fully staffed Document Services (DS) Department that reports to RUHS-Information Services. This includes full-time healthcare print experts onsite in addition to full time onsite technical print service staff that report directly to the DS Department.

Pricing is per page inclusive of:

- Paper (all paper)
- Toner/ink
- Forms (RUHS currently spends over \$410K / yr to print forms)
- Forms security
- Lease costs
- Labor/repairs
- Compliance for Epic EHR business and security requirements
- Vendor management
- Cost reporting - consumption by facility, department and printer

- Vendor agnostic solution

6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** Vereco differs from other offerings in this space as follows:

- Vereco is not an Managed Print Service (MPS) manufacturer nor dealer of print equipment;
- Vereco provides a management support service. Whereas MPS vendors manage a hospital's print fleet, Vereco manages the print environment. This includes taking responsibility for the MPS and other vendors in the paper and print space.
- Vereco has a unique financial model that provided Print as a Service (PaaS). This means RUHS's print activity is 100% scalable, up and down, and the hospital only pays for pages actually produced. There are no minimum fees.
- Vereco is incentivized through a shared savings program to help RUHS print less, and is at risk for any increases in print by sharing additional cost.
- Vereco takes all the risk for the hospital's savings which are guaranteed.
- With the print-related cost, RUHS is hedged against inflationary increases, etc.
- Vereco provides unique management web dashboards which gives actionable insights into print activity, trends and historical patterns.\*\*
- Vereco also ensures that its MPS partners provide real-time network software to monitor print activity, printer status on equipment and supplies, etc.\*\*\*
- Whereas other MPS models sell equipment and solutions to the hospital, Vereco buys the goods and services on behalf of the hospital, so RUHS knows its print program is shielded from programs that are incentivized to keep selling equipment.
- Because Vereco's offering is a 100% service, there is no sales tax payable on PaaS - this is an additional 8% savings over other Vendors' offerings.
- The Vereco print as a service agreement will decrease RUHS print costs by \$231,000 annually.

7. **Period of Performance:** From: May 1, 2016 to April 30, 2021  
(total number of years)

Is this an annually renewable contract?       No       Yes  
Is this a fixed-term agreement:               No       Yes

*(A fixed- term agreement is set for a specific amount of time; it is not renewed annually. Ensure fixed-term agreements include a cancellation, non-appropriation of funds, or refund clause. If there is no clause(s) to that effect, than the agreement must be submitted to the Board for approval.) The term of the contract is three (3) years with two one year renewal periods.*

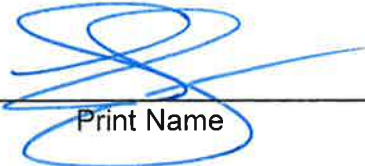
8. Identify all costs for this requested purchase. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained. (Note: ongoing costs may include but are not limited to subscriptions, licenses, maintenance, support, etc.)

Description:	FY <u>17</u>	FY <u>18</u>	FY <u>19</u>	FY <u>20</u>	FY <u>21</u>	Total
One-time Costs:	0	0	0	0	0	0
Ongoing Costs:	1.48M	1.48M	1.48M	1.48M	1.48M	
<i>Estimated annual cost based upon current print consumption</i>						
Total Costs	1.48M	1.48M	1.48M	1.48M	1.48M	

Note: Insert additional rows as needed

9. **Price Reasonableness:** (Explain why this price is reasonable or cost effective, and if this service/commodity will be bid out in the future.) Department staff interviewed and provided in-depth comparative analysis of a leading business based Managed Print Service provider and compared them to the costs and range of services provided by Vereco's print as a service model. In that comparison, the business Managed Print Services provider's cost far exceeded Vereco's cost after a full comparison of services and costs. Vereco's cost proposal will decrease RUHS print costs by \$231,000 annually.

10. **Projected Board of Supervisor Date (if applicable):** \_\_\_\_\_  
 (Form 11s must accompany the sole source request for Purchasing Agent approval.)

Zareh Sarrafian  4/28/14  
 Department Head Signature \_\_\_\_\_ Print Name \_\_\_\_\_ Date \_\_\_\_\_  
 (or designee)

Purchasing Department Comments:

Approve \_\_\_\_\_ Approve with Condition/s \_\_\_\_\_ Disapprove \_\_\_\_\_  
 Not to exceed: \$ 1.48M One time \_\_\_\_\_ Annual Amount through 6/30/21  
 (Date)

  
Purchasing Agent

4/28/16  
Date

16-526  
Approval Number  
(Reference on Purchasing Documents)

List Attachments:

*Fiscal 4/26/16*

**Request for Supplies / Capital Equipment/ Services**

**SECTION 1: Required Information**

*Requesting Department	Prepared for Hospital Administration
*Department Manager and Phone Extension	On behalf of Todd Christiansen, CCIO ext. 65906
*Description of request (purchase or contract)	Purchase (Printing as a Service for RUHS - MC)
* If Contracts - (New / Renewal / Amendment)	
Current Vendor and Contact Information	Vereco Jacques@vereco.com Phone: (949) 230-0054
*Supply/Service Needed By (ASAP is not a date)	Date: Within the next two weeks, if possible.

**SECTION 2: Purchase Type**

Is this item a Sole Source Request? (Items with 1 manufacturer and 1 distributor are considered sole source)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Presented to Value Analysis Program?	Yes <input type="checkbox"/> No <input type="checkbox"/> Approved _____ Date _____
Is GPO pricing available? Novation or Other	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

**Justification**

Complete page 2 of this document. Note **\*\*All requests must have this document attached to the RSS form.**

**Approval: Plant Operations and Information Services**

For all equipment purchases including furniture, Plant Operations must sign off on the request to ensure that the requested items will meet the Hospital Grade Specifications.  
**Approved by Chief of Plant Operations** \_\_\_\_\_ Date \_\_\_\_\_  
 For all computer hardware and software, Information Services must sign off on the request to ensure that the requested items will meet network and configuration requirements. You will also be required to submit an approved H-11 along with your RSS.  
**Approved by Information Services (Name)** Angela P. Fort Date 4/15/16

**SECTION 3: Required Fiscal Approval**

Dept ID: # 43001-86100 Hospital Administration	Request Amount: <b>\$1.4 million</b>
Account Code: 525440 Professional Services	Fiscal Officer: _____ Date: _____

**SECTION 4: Required signatures (Incomplete forms will be returned to departments unsigned)**

Department Manager (up to \$5,000): <u>Angela P. Fort</u>	Date: <u>4/15/2016</u>
AHA/CNO/Director (up to \$10,000): <u>[Signature]</u>	Date: <u>4-18-16</u>
COO/CFO (up to \$100,000): <u>[Signature]</u> <u>Todd Christiansen</u>	Date: <u>4/29/16</u>
CEO (over \$100,000): <u>[Signature]</u>	Date: _____

Upon successful submission, you will receive an email indicating your control number for this request. Please use this number when contacting Purchasing for project status.



Material Management / Purchasing  
**Pre-Requisition Form**  
 (Supplies, Equipment, and Maintenance Agreements)

**SECTION 5: Provide Responses to the items requested below.**

- 1) If this is an annual renewal, this would be: Year \_\_\_\_\_ of \_\_\_\_\_ (skip 2 - 8).  
 No. If yes, will the rate remain the same?  
 If no, proceed to number 2.
- 2) Supply/Service being requested: RUHS Hospital Admin is requesting to purchase a print as a service in support of Epic and standard business functions using Vereco (in the amount of \$1.4 million). The current system at RUHS has a high level of variation in current printer/MFD fleet, ranging in age from new to 17 years and service levels vary across RUHS. New printers and MFD's are required as part of Epic and business process compatibility (e.g. secure Rx drawers) and using Vereco print services agreement would decrease RUHS annual print costs by \$231K annually (see attachments).
- 3) Alternative supplier that can or might be able to provide supply/service and extent of market search conducted (if none, state "none"): "None"
- 4) Unique features of the supply/service being requested from this supplier:
- 5) Reasons why my department requires these unique features and what benefit will accrue to the County/Hospital.
- 6) Price reasonableness, including purchase price and any ongoing maintenance or ancillary costs from the supplier/vendor.
- 7) Does moving forward on this product or service further obligate the County/Hospital to future similar contractual arrangements or any ongoing costs affiliated with this request? (i.e., maintenance, support, or upgrades?): No
- 8) Period of Performance. Is this a multi-year contract (fixed term) or to be renewed annually? N/A
- 9) What is (are) the expected outcome(s) if the request is not approved? If the request was not approved, the high level of variation in the current fleet would incur replacement, repair, and new purchase costs.



RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM  
 To be completed for all departmental purchases of IT systems, services or renewals

PR2011-04 021  
 Tracking Number for Internal Use Only

412

<b>REQUESTED PURCHASE:</b> PRINTING AS A SERVICE IN SUPPORT OF RUHS - MC (VERECO)																					
<b>DEPARTMENT/AGENCY:</b> HOSPITAL ADMINISTRATION, RUHS - MC																					
<b>CONTACT NAME/PHONE:</b> MARYGRACE HEDGE - EXT. 64973; JENNIFER SANDOVAL - EXT. 64392																					
<b>PURCHASE REQUEST:</b> <input checked="" type="checkbox"/> NEW EQUIPMENT/SERVICES <input type="checkbox"/> UPGRADE <input type="checkbox"/> REPLACEMENT																					
<b>PURCHASE TYPE:</b> <input checked="" type="checkbox"/> PROFESSIONAL SERVICES <input type="checkbox"/> SOFTWARE <input checked="" type="checkbox"/> HARDWARE <input type="checkbox"/> RENEWAL																					
<b>DESCRIBE REQUESTED PURCHASE</b>	<p>RUHS Hospital Administration is requesting to purchase a print as a service in support of Epic and standard business functions using Vereco in the amount of \$1.4 million. The current system at RUHS has a high level of variation in current printer/MFD fleet, ranging in age from new to 17 years and service levels vary across RUHS.</p> <p>New printers and MFDs are required as part of Epic and business process compatibility (e.g. secure Rx drawers) and using Vereco print services agreement would decrease RUHS annual print costs by \$231K annually. (see attached documentation).</p>																				
<b>BUSINESS NEEDS ADDRESSED</b>	Vereco provides print as a service for more than 40 health systems, including Loma Linda University Health.																				
<b>ARE THERE ANY OTHER COUNTY SYSTEMS THAT PROVIDE THE SAME FUNCTIONALITY?</b> <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> UNKNOWN																					
<b>BUSINESS CRITICALITY</b>	<b>BUSINESS IMPACT (SELECT ALL THAT APPLY)</b>																				
<input type="checkbox"/> Run the business <input type="checkbox"/> Grow the business <input checked="" type="checkbox"/> Transform the business	<input type="checkbox"/> Support current operations <input checked="" type="checkbox"/> Reduce Expenses <input type="checkbox"/> Improve Customer Service <input checked="" type="checkbox"/> Improve Operational Efficiencies																				
<b>BUSINESS RISKS</b>	Financial: Operational: Customer:																				
<b>ALTERNATIVE SOLUTIONS</b>	1. [Solution] 2. [Solution] 3. [Solution]																				
<b>TRANSACTION</b>	<input type="checkbox"/> Cash Purchase <input type="checkbox"/> Lease Purchase Lease Years: _____																				
<b>PURCHASE COSTS</b>	<b>COST BENEFIT ANALYSIS</b>																				
Professional and Hardware services:  Total Cost: \$1.4 million	<table border="1"> <thead> <tr> <th></th> <th>ALTERNATIVE STATUS QUO</th> <th>ALTERNATIVE</th> <th>ALTERNATIVE</th> </tr> </thead> <tbody> <tr> <td>Current Annual Cost</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ongoing Annual Cost</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Annual Cost Savings</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net Annual Savings</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		ALTERNATIVE STATUS QUO	ALTERNATIVE	ALTERNATIVE	Current Annual Cost				Ongoing Annual Cost				Annual Cost Savings				Net Annual Savings			
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Annual Cost Savings																					
Net Annual Savings																					



**RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM**  
 To be completed for all departmental purchases of IT systems, services or renewals

Tracking Number for Internal Use Only

Is this Budgeted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Project Implementation Cost			
	Project Payback Period? yrs			

Department Head Signature: *[Signature]* Date: 4-11-16

**RCIT RECOMMENDATION - for purchases and renewals under \$100,000**

Recommended:  Yes     No (Non-recommended requests submit to TSOC)

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Chief Information Officer Signature: *[Signature]* Date: 4/12/16

**RCIT explanation for non-recommended requests:**

[Empty box for RCIT explanation]

**TSOC RECOMMENDATION - for purchases and renewals over \$100,000 and RCIT non-recommended purchases or renewals**

Recommended:  Yes     No (In no, provide explanation below)

TSOC Chair Signature: *[Signature]* Date: 4/13/16

**TSOC explanation for denied requests:**

[Empty box for TSOC explanation]

## MANAGEMENT SUPPORT SERVICES AGREEMENT

This Management Support Services Agreement is dated and effective as of May 1, 2016 by and between Vereco, Inc., a California corporation, and the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (herein referred to as "COUNTY") on behalf of Riverside University Health System (herein referred to as "RUHS"):

### Recitals

A. Riverside University Health System includes the following elements:

1. Riverside University Health System – Medical Center;
2. Riverside University Health System – Behavioral Health;
3. Riverside University Health System – Care Clinics;
4. Riverside University Health System – Public Health.

with supporting offices and affiliates located as detailed hereinunder.

B. Vereco provides management support services and has offered to provide RUHS with the services described in Exhibit A, which Exhibit is incorporated herein by this reference (the "Services").

C. RUHS desires to engage Vereco pursuant to the terms and conditions herein and Vereco desires to accept such engagement.

### Definitions

In this agreement, unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them hereunder:

1. "**Agreement**" shall mean this Management Support Services Agreement, comprising (a) these Terms and Conditions; (b) a description of the Services as set out in Exhibit A; (c) The Standards We Live By (Exhibit B); (d) the Business Associate Agreement (Exhibit C) and (e) a list of organizations and locations to be included under this service offering (Exhibit D).
  2. "**Effective Date**" means May 1, 2015;
  3. "**Vereco**" means Vereco, Inc., a California corporation;
  4. "**Party**" means either Vereco or RUHS, and "**Parties**" means Vereco and RUHS collectively;
  5. "**Facility**" means RUHS and its core and affiliate organizations as detailed in Exhibit D;
  6. "**Services**" means the management support services provided by Vereco as described in Exhibit A;
  7. "**Initial Term**" means a period of (3) three years that commences on the Effective Date;
  8. "**Renewal Term**" means a period of (2) two years after the Initial Term;
  9. "**Term**" means the Initial Term and the Renewal Term collectively;
- "**Monthly Fee**" means Vereco's total monthly fee for all services provided, and which shall include all aspects of staffing, equipment, service and supplies for black and white as well as color pages, including all forms, whether purchased or printed, and faxing

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, agree as follows:

1. Term. The term of this Agreement shall commence as of the Effective Date, and shall continue for a period of three (3) years (the "Initial Term"), subject to earlier termination pursuant to Section 7 below. After the Initial Term, this Agreement shall, at the election of RUHS, renew for a period of two (2) years (the "Renewal Term"), also subject to earlier termination pursuant to Section 7 below. The Initial Term and Renewal Term are referred to collectively as the "Term."

2. Services. Subject to any termination of this Agreement that may occur prior to the expiration of the Term, Vereco shall provide RUHS with the Services at the Facility for the duration of the Term.

3. Compensation. In full and complete consideration for the Services to be provided by Vereco to RUHS during the Term, RUHS shall compensate Vereco as provided in Section B of Exhibit A.

4. Invoice processing., Vereco shall invoice and be paid monthly within thirty (30) days of RUHS's receipt of a properly submitted invoice evidencing, consistent with Exhibit A, the Services performed by Vereco under this Agreement. If an invoice is submitted that does not adequately or accurately disclose the services for which it is submitted, RUHS shall notify Vereco of the necessary information required in connection with such invoice within fifteen (15) business days of RUHS's receipt thereof. Thereafter, Vereco shall have the right to resubmit its invoice for such items within thirty (30) days of its receipt of the RUHS's notice of deficiency. Payment of any such resubmitted invoice shall be made within thirty (30) days following RUHS's receipt of an accurate, adequate properly resubmitted invoice.

5. Independent Contractor Status. Vereco shall provide the Services as an independent contractor and, as such, shall not be considered, construed or deemed an officer, employee, agent, partner, joint venturer or principal of RUHS or COUNTY. Vereco understands and agrees that it has no authority to enter into contracts or incur expenses on behalf of RUHS or COUNTY, or otherwise bind or make representations on behalf of RUHS or COUNTY in any way. Nothing herein shall be construed or deemed as creating a joint venture, partnership or unincorporated association between Vereco and RUHS or COUNTY. Vereco is solely responsible for payment of all wages, salary, benefits, state and federal taxes, social security contributions, and payments of all government mandated employment-related insurance programs that may be due any employees, agents, contractors, or other personnel engaged by Vereco, or as a result of the payment of Vereco's compensation as provided for hereunder. Notwithstanding the foregoing, if RUHS or COUNTY determines or is advised that it is required by law to compensate or pay applicable taxes for, or provide employee benefits of any kind (including contributions to government mandated, employment-related insurance and similar programs) to, or on behalf of Vereco, on-site personnel, or any other person employed or retained by Vereco, Vereco shall reimburse RUHS for such expenditures within thirty (30) days after being notified of such expenditure. Vereco shall ensure that any contractor, employee,

agent, or other person retained or contracted by Vereco to assist Vereco in the performance of any Services that are the subject of this Agreement is fully aware of the terms hereof and that RUHS shall not be subject to any obligation to pay for any of Vereco's obligations to any such person. During the Term of this Agreement and extending for a period of one (1) year immediately following the expiration or termination of this Agreement at any time and for any reason, Vereco shall immediately notify RUHS of, and indemnify, defend and hold RUHS harmless from, any workers' compensation claim, wage claim, disability claim or other claim or litigation brought against Vereco by any subcontractor or employee involving any allegation by the claimant relating to services performed by such claimant on RUHS premises. Vereco agrees to be solely responsible and liable for the performance of its employees, agents, contractors or other personnel under this Agreement, and any breach of this Agreement by its employees, agents, contractors or other personnel will be treated as a breach by Vereco.

6. Taxes and Benefits. Vereco shall be responsible for and pay all costs of conducting its business, including but not limited to the expense and responsibility for any and all applicable insurance, city, county, state and federal licenses, permits, taxes and assessments of any and all regulatory agencies, boards or municipalities. Vereco, its employees and / or contractors, shall not be eligible to participate in any employer-paid benefit programs provided by RUHS to RUHS's employees, including without limitation group medical and dental insurance plans, group disability plans, workers' compensation insurance, and retirement or pension plans.

7. Termination.

7.1. After the Initial Term and at any time during the Renewal Term, RUHS may terminate this Agreement without cause, by providing at least ninety (90) days prior written notice to Vereco. Either Party may terminate this Agreement for cause by providing at least thirty (30) days advance written notice to the other Party that the Party to whom such notice is given is in breach of any material provision of this Agreement. The Party giving such notice of termination shall set forth in the notice the facts underlying its claim that the other Party is in breach of this Agreement. Notwithstanding the foregoing, this Agreement shall not terminate in the event that the breaching Party cures the breach, to the satisfaction of the non-breaching Party, within thirty (30) days of the receipt of such notice. Termination of this Agreement for cause shall be without prejudice to any other remedy otherwise available to the non-breaching Party.

7.2. Upon termination of this Agreement for any reason, Vereco shall cooperate with RUHS in the orderly transfer of the Services to internal resources and/or such vendors as RUHS may indicate.

7.3. In the event that RUHS elects to renew the Agreement for the Renewal Term, it shall give notice thereof to Vereco, in writing, at least one hundred and eighty (180) days prior to the expiration of the Initial Period.

7.4. In the event legal counsel for either Party advises in writing that this Agreement or any practices which could be, or are, employed in exercising rights under this Agreement poses a material risk of violating any law, or RUHS's tax-exempt status, tax exempt

bond financing, or its participation as a provider under the Medicare, Medi-Cal or other Federal or State health care programs or its status as a fully licensed and accredited acute care hospital or adversely affect any other material license or certification of RUHS, at the request of either Party the Parties shall undertake in good faith to revise this Agreement to comply with such legal and/or other requirements. In the event the Parties are unable to agree upon revised terms within ten (10) days after legal counsel's advisement in writing above, either Party may terminate this Agreement immediately upon written notice to the other.

7.5. RUHS may terminate this Agreement as provided in Section 14.1 below.

7.6. Upon expiration or termination of this Agreement for any reason, neither Party shall have any further obligation hereunder except for the following: (i) Vereco shall be paid accrued, but unpaid, compensation; (ii) obligations due and owing which arose prior to the date of termination, and (iii) obligations, promises, or covenants contained herein which expressly extend beyond the Term of this Agreement. Following the expiration or termination of this Agreement, Vereco shall not do anything that might interfere with RUHS's efforts to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between RUHS and any person or entity who may replace Vereco or provide services hereunder.

8. Non-Disclosure and Confidentiality. The parties acknowledge that during the Term each may be permitted access to documents and exposed to other information regarding the confidential affairs of the other, its subsidiaries and affiliates, including, without limitation, information about their past, present and future financial condition, the markets for their services, client lists, business plans, key personnel, trade secrets, current and prospective payor lists, operational methods, acquisition plans, prospects, plans for future development and other business affairs and information about each other, all of which is information not available to the public, or which is subject to protection under copyright, trademark, patent, or similar law (the "Confidential Information"). In recognition of the foregoing, the parties covenant and agree as follows:

8.1. No Disclosure or Use of Confidential Information. At no time shall either party ever divulge, disclose or otherwise use any Confidential Information, unless and until such information is available in the public domain by reason other than by unauthorized disclosure or use thereof, or unless such disclosure or use is expressly authorized by the other party in writing in advance of such disclosure or use. Confidential Information may be disclosed only to a party's employees, agents, representatives or consultants who have a need to know such information and who are bound in writing by restrictions regarding disclosure and use no less restrictive than the terms of this Agreement. Each party also hereby acknowledges and agrees that all Confidential Information shall remain the sole property of the other party and that, unless expressly otherwise provided in a writing signed by the other, they have not and shall not acquire any right, title or interest in and to any of the Confidential Information.

8.2. Return of RUHS Property, Records and Files. Unless necessary to fulfill Vereco's obligations under any other agreement with RUHS, upon the expiration or termination of this Agreement, at any time and for any reason, or at any other time RUHS Representative may so direct, Vereco shall promptly deliver to RUHS's offices at the Facility, all of the property

and equipment of RUHS and its subsidiaries (including any cell phones, pagers, credit cards, personal computers, etc.) and any and all documents, records, and files, including any notes, memoranda, customer lists, reports or any and all other documents, including any and all copies thereof, whether in hard copy form or on a computer disk or hard drive, or fixed in another electronic or tangible medium, which relate to RUHS, its subsidiaries, affiliates, successors or assigns, and/or their respective past and present officers, directors, employees or contractors (collectively, the "RUHS Property, Records and Files"); it being expressly understood that, upon expiration or termination of this Agreement, Vereco shall not be authorized to retain any of the RUHS Property, Records and Files, except to the extent expressly so authorized in writing by RUHS's Representative and that any failure to fully comply with this provision which results in any loss or damage to RUHS, including any adverse impact on RUHS's reputation or that of any RUHS director, officer, employee, or agent shall be actionable by RUHS and any such party(ies) and may be enforced.

8.3. Publication. Vereco shall not advertise or otherwise publicize its relationship with RUHS or the terms and conditions of this Agreement in any marketing or other type of publication (including on any website or other electronic marketing), or identify RUHS as a client or customer, and shall not use of any RUHS logo or trade or service mark or name without the prior written permission of RUHS. Any press release or publication regarding this Agreement or the transaction described herein is subject to prior review and written approval of both Parties.

9. Non-solicitation. Deleted by Agreement

10. Rights and Remedies Upon Breach. If either party commits a breach or an anticipatory breach of any of the provisions of Section 8 , the aggrieved party shall be entitled to seek injunctive relief, in addition to, and not in lieu of, any other rights or remedies available to them.

11. Insurance.

General Requirements. : Without limiting or diminishing the VERECO'S obligation to indemnify or hold the COUNTY harmless, VERECO shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

**A. Workers' Compensation:**

If VERECO has employees as defined by the State of California working in California, VERECO shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside.



**B. Commercial General Liability:**

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of VERECO'S performance of its obligations hereunder. Policy shall name the COUNTY as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

**C. CYBER / Data Breach Liability:**

VERECO shall maintain Cyber Liability Insurance, with limits not less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Vereco in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

If the Vereco maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained by the Vereco. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the County.

**D. Vehicle Liability:**

If vehicles or mobile equipment is used in the performance of the obligations under this Agreement, then Vereco shall maintain liability insurance for all owned, non-owned, or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the COUNTY as Additional Insureds.

**E. General Insurance Provisions - All lines:**

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an AM BEST rating of not less than A unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) VERECO must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceeds \$500,000 per occurrence each such retention shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the COUNTY, and at the election of the County's Risk Manager, VERECO'S carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the COUNTY, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) VERECO shall cause VERECO'S insurance carrier(s) to furnish the County of Riverside with (a) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and (b) if requested to do so orally or in writing by the County Risk Manager, original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. VERECO shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier shall sign the original endorsements for each policy and the Certificate of Insurance.

4) It is understood and agreed to by the parties hereto that the VERECO'S insurance shall be construed as primary insurance, and the COUNTY'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the COUNTY reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the VERECO has become inadequate.

6) VERECO shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

7) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the COUNTY.

8) VERECO agrees to notify COUNTY of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

12. Indemnification. Vereco shall indemnify and hold RUHS and COUNTY (and COUNTY's and RUHS's affiliates and their respective directors, officers, trustees, employees, medical staff, successors, assigns, insurers, licensees, distributors, attorneys, representatives, and

agents (collectively “RUHS’s Associated Parties”)) harmless from and against any and all claims, damages, liabilities, losses, costs, and expenses of any nature whatsoever, including without limitation attorneys’ fees, asserted against or incurred by RUHS or one or more of RUHS’s Associated Parties arising out of or resulting from (i) Vereco’s, or any employee, agent, representative or contractor of Vereco’s, provision or failure to provide Services hereunder; (ii) any alleged or actual act or omission of Vereco or any employee, agent, representative or contractor of Vereco; (iii) any alleged or actual breach of this Agreement by Vereco or any employee, agent, representative or contractor of Vereco; or (iv) any alleged or actual breach of any applicable law, rule or regulation by Vereco or any employee, agent, representative or contractor of Vereco. The indemnification provided hereunder shall specifically include, but not be limited to, any claim made against RUHS or one or more of RUHS’s Associated Parties arising from or with respect to Vereco’s use of any software or other patented or otherwise protected intellectual property of any third party in connection with the performance of the Services. This section shall survive termination or expiration of this Agreement.

13. Ownership of Papers and Products. During the Term of this Agreement and upon its expiration or termination, RUHS shall have complete unrestricted ownership of all final papers and products produced through the efforts of Vereco under this Agreement. Vereco shall have no proprietary interest in any process, paper or product produced under this Agreement. All outstanding work, finished work and/or supplies, will be returned by Vereco on or prior to the termination or expiration of this Agreement.

14. Compliance.

14.1. Compliance with Applicable Laws. Vereco and RUHS hereby acknowledge and agree that the Services to be performed by Vereco hereunder are, or may be deemed to be, subject to various laws and regulations (collectively, the “Applicable Laws”) and RUHS policies and procedures, including without limitation, the False Claims Act policy, available on RUHS’s website or upon request (the “Applicable Policies”). If, at any time throughout the Term of this Agreement, RUHS, or any of its subsidiaries, affiliates, successors or assigns, reasonably determines that the Services to be performed hereunder are or may be in violation of any Applicable Laws or Applicable Policies, RUHS may terminate this Agreement, which termination, notwithstanding any other provision of this Agreement, shall be effective immediately upon the date such notice is given to Vereco. Vereco shall not use any portion of the Facility for any purpose other than providing the Services; Vereco may not use the Facility for any personal or commercial use not related to the Services. Vereco shall obtain and maintain throughout the Term of this Agreement any and all Federal, State or local licenses, permits, certifications or other approvals or similar approvals and, if applicable, accreditation by private organizations or similar non-governmental approvals of Vereco’s capabilities and experience (collectively, “the Regulatory Authorizations”) applicable to both the Services and Vereco’s services and operations generally and to the Services and shall provide copies or other adequate evidence thereof to Regulatory Compliance.

14.2. The Standards We Live By. Vereco agrees to fully cooperate with any compliance-related activities of RUHS, whether voluntarily initiated by RUHS or required by any federal, state, or local agency Vereco shall be responsible for the conduct of any of its

employees, subcontractors or other agents or representatives who may at any time be located on or have access to the Facility or RUHS's premises in connection with their performance of Services hereunder. It shall be Vereco's responsibility, including the provision of appropriate education and/or training, to ensure that all such persons comply at all times with relevant RUHS rules and regulations including but not limited to the Applicable Policies and any applicable dress codes, badge or other identification requirements, and the maintenance of the privacy and confidentiality of RUHS patients and other RUHS visitors. At no time shall Vereco or any such person take any electronic or other photograph or image or make any sound recording while at the Facility or on RUHS premises without the prior written authorization of RUHS.

14.3. During the Term of the Agreement, and for four (4) years after the termination of this Agreement, each Party shall have the right to examine any records, charts or other materials prepared by the other Party in connection with the performance of duties and responsibilities pursuant to this Agreement.

14.4. Vereco shall assist RUHS in maintaining all records in compliance with federal and state laws. Pursuant to Section 1395x(v)(1)(I) of Title 42 of the United States Code, until the expiration of ten (10) years after the termination of this Agreement, Vereco shall make available, upon written request of the Secretary of the Department of Health and Human Services ("Secretary"), the Comptroller General of the United States General Accounting Office ("Comptroller General"), or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records of Vereco as are necessary to certify the nature and extent of the costs of the service provided by Vereco pursuant to this Agreement. If Vereco carries out any of the duties of this Agreement through a subcontract, with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such services pursuant to such subcontract, the sub-Vereco shall make available, upon written request by the Secretary, or upon request by the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such sub-Vereco that are necessary to verify the nature and extent of such costs of providing the services pursuant to the subcontract. Vereco shall promptly notify RUHS of its receipt of any such request, and shall, if requested by RUHS, either provide RUHS the opportunity to make copies of, or deliver copies of any materials which Vereco supplies to any government office or officer pursuant to this provision.

14.5. During the term of the Agreement, neither Vereco nor any of Vereco's employees, agents, or contractors assigned to perform functions under the Agreement ("Assigned Employees") shall be or have been debarred, excluded or barred from participation in any Government health care program, including but not limited to Medicare, Medi-Cal, CHAMPUS or Tricare, nor received a Criminal Conviction (as defined herein below). For purposes of this Agreement, a "Criminal Conviction" shall mean: (i) a judgment of conviction that has been entered against Vereco or an Assigned Employee by a federal, state, or local court, regardless of whether there is an appeal pending or whether the judgment of conviction or other record relating to criminal conduct has been expunged; (ii) a finding of guilt against Vereco or an Assigned Employee that has been accepted by a federal, state, or local court; (iii) a plea of nolo contendere by Vereco or an Assigned Employee that has been accepted by a federal, state, or

local court; or (iv) the entering by Vereco or an Assigned Employee into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld. Vereco shall notify RUHS of any (i) material change in Vereco's or an Assigned Employee's status with respect to its compliance with this Section; and (ii) any professional liability action against Vereco that is pending, settled or goes to judgment during the Term or within the twelve (12) month period following any termination of this Agreement. Vereco hereby certifies to RUHS under penalty of perjury that Vereco has not arranged or contracted (by employment or otherwise) with any employee, contractor, or agent that it knew or should have known are excluded from participation in any federal health care program, and will not arrange or contract with any such individuals or entities during the term of this Agreement. Vereco agrees to notify RUHS in writing immediately of any threatened, proposed or actual conviction relating to health care, of any threatened, proposed or actual debarment or exclusion from participation in federally funded programs, of Vereco or any employee, contractor or agent of Vereco. Any breach of this section of the Agreement by Vereco shall be grounds for immediate termination of this Agreement by RUHS.

14.6. Vereco recognizes that the Services provided by Vereco may be provided in space (the "Premises") that is licensed by the State of California as part of RUHS's general acute care hospital license. Vereco shall cooperate with licensing, accreditation and other governmental or accrediting agencies having jurisdiction over RUHS's hospital. Vereco shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the provision of care to RUHS's patients. Vereco shall not cause, commit or maintain or permit any nuisance or waste in, on or about the Premises. Vereco shall not use the Premises in any manner that in RUHS's reasonable judgment would materially adversely affect or interfere with any services RUHS is providing or preparing to provide, or that would unreasonably interfere with or obstruct the proper and economical rendition of any such service or activities related to RUHS's preparing to render such service. Accordingly, if and to the extent necessitated by RUHS's activities related to patient care, RUHS may direct Vereco and its Assigned Employees to immediately cease activities or Services on the Premises, and Vereco and Assigned Employees shall abide by such direction.

## 15. General.

15.1. Assignment. Either party may assign its rights or delegate any of its duties under this Agreement upon written notice to the other party. Subject to the foregoing, the Agreement shall inure to the benefit of, and is binding upon, the successor and assigns of the parties hereto.

15.2. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, without giving effect to conflicts of laws principles thereof which might refer such interpretations to the laws of a different state or jurisdiction. Any action arising under this Agreement shall be adjudicated in the state or federal courts of competent jurisdiction sitting in Riverside County, California, and the Parties agree that the foregoing courts are a convenient forum and irrevocably waive any right to object to such venue or to transfer venue, based upon forum non convenience or otherwise.

15.3. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter hereof, and cancels and supersedes all prior agreements, arrangements and understandings, written or oral, between the Vereco and RUHS and any subsidiary or affiliate. No representation, promise or inducement has been made by any party hereto that is not embodied in this Agreement, and no party shall be bound by, or liable for, any alleged representation, promise and inducement not so set forth.

15.4. Amendments; Waivers. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by the Parties, or in the case of a waiver, by the Party waiving compliance. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner effect the right of such Party at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

15.5. Interpretation. This Agreement has been negotiated at arm's length between persons knowledgeable in the matters addressed herein. Each Party hereby represents that he, she, or it has been represented or had the opportunity to be represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law, including without limitation, California Civil Code Section 1654, or any other statutes, legal decisions or common law principles of similar effect, which would require interpretation of any ambiguities in this Agreement against the Party that has drafted it, is of no application and is hereby expressly waived.

15.6. Further Assurances. Vereco and RUHS each hereby agree to cooperate with the other, and the other's representatives, in executing and delivering any documents, instruments, certificates or agreements, and in performing such other acts that may be deemed appropriate or necessary in order to effect the transactions contemplated hereby.

15.7. Captions. Any captions to or headings of the articles, sections or subsections of this Agreement are solely for reference purposes and the convenience of the Parties, are not part of this Agreement, and shall not in any way affect the meaning, interpretation or determination of the validity of this Agreement or any provision hereof.

15.8. Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the Parties.

15.9. Gender and Number. Whenever the context hereof requires, the gender of all words shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and plural.

15.10. Counterparts. This Agreement may be executed by the Parties hereto in separate counterparts, each of which shall be deemed an original, but all such counterparts

together shall constitute but one and the same instrument. The Parties may execute the Agreement by facsimile or electronically transmitted signature.

15.11. Signature Authority. This Agreement, and any amendment hereto, shall not be effective, or binding on RUHS, unless executed on behalf of RUHS by an authorized representatives, in accordance with RUHS's policies.

15.12. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission), (iii) when sent by electronic delivery to the email addresses in this Section 15 or (iv) one business day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to RUHS: Riverside University Health System  
26520 Cactus Avenue  
Moreno Valley, CA 92555  
Attention: Todd Christiansen  
E-mail: T.Christiansen@ruhealth.org

If to Vereco: Vereco, Inc.  
30012 Ivy Glenn Dr., Suite 210  
Laguna Niguel, CA 92677  
Attention: Jacques Terblanche  
E-mail: jacques@vereco.com

16. Business Associate Addendum. The Parties have executed a Business Associate Addendum in the form attached hereto as Exhibit C and incorporated herein by this reference.

17. Exhibits. The Exhibits hereto are incorporated in and are part of this Agreement.

17.1. Exhibit A: Services; Compensation

17.2. Exhibit B: The Standards We Live By

17.3. Exhibit C: Business Associate Addendum

17.4. Exhibit D: List of Locations and Organizations

IN WITNESS WHEREOF, Vereco and RUHS have executed this Agreement as of the date first written above.

“Vereco”

“RUHS”

Vereco, Inc.

Riverside University Health System

By:  \_\_\_\_\_

By: \_\_\_\_\_

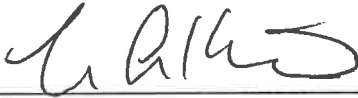
Name: Jacques Terblanche

Name:

Title: President

Title:

Approved as to form:



\_\_\_\_\_  
Martha Ann Knutson  
Deputy County Counsel



**EXHIBIT A  
Statement of Work**

**TO MANAGEMENT SUPPORT SERVICES AGREEMENT**

**A. Introduction**

It being understood between the Parties that:

A. During the term of this Agreement, Vereco shall render to RUHS, by and through such of Vereco's officers, employees, agents, representatives and affiliates as Vereco shall designate in cooperation with an Oversight Committee consisting of representatives from Vereco and RUHS, from time to time, advisory, consulting and operational services (the "Oversight Services") in relation to the paper and print operations of RUHS as described below ;

B. Vereco has structured a cost savings plan that is guaranteed to save RUHS money for the duration of the Term;

C. Vereco shall advance and be responsible for all Accounts Payable to Third Party Vendors in respect of print-related activities (Third Party Costs), some of which costs will then be passed on to RUHS without mark-up or added cost for handling;

D. Title to all items purchased by Vereco and reimbursed under provision C. shall pass to COUNTY upon such reimbursement.

E. Unless and except as may be expressly set forth in Exhibit A, Vereco shall be solely responsible for all costs and expenses incurred by Vereco in connection with the provision of Services, including without limitation payment of all compensation, salary and benefits of Personnel.

It is hereby recorded that Vereco will provide the following Services to RUHS:

**B. Services**

1. **Create a Document Services Department.** Vereco will create a staffed Document Services Department for RUHS,
2. **Strategy, Planning and Related Matters.** Specifically, Vereco will:
  - 2.1. Assist RUHS in developing a long-term strategic plan for all its document and print services, especially having regard to the new Epic environment.
  - 2.2. In collaboration with RUHS's IT Department, create best practices as it relates to print infrastructure and procedures.
  - 2.3. Make recommendations to IT for standardization of the printer fleet and printer request protocols, and follow these protocols when there are requests.

2.4. Develop and implement a communication campaign to educate RUHS's staff about printing best practices and create awareness to reduce unnecessary print.

3. **Situational Analysis.** Vereco will:

3.1. On an ongoing basis, and whenever new needs arise, perform a comprehensive needs assessment as it relates to the copier fleet, printer fleet, fax complement, scanning equipment and other related areas.

3.2. Analyze operations, policies and processes to measure performance, identify opportunities to improve service, and increase efficiency.

4. **Projected Onsite Staffing.** Vereco will provide the following staffing complement:

4.1. Full-time onsite Client Manager;

4.2. The staff complement will be added to and/or altered as circumstances may require from time to time, with the addition of support personnel to assist the Client Manager, including Customer service and technical support personnel;

4.3. The Document Services Department will be fully staffed during normal business hours, Monday to Friday, from 8 a.m. to 5 p.m.

5. **Develop selection process for Vendors, equipment and supplies.** Vereco will:

5.1. Develop a process through which multiple vendors will be considered for providing RUHS with supply items relating to copying and printing, including copiers, printers, printer toner and ink, printer parts, paper, etc.

5.2. Develop a process through which multiple vendors and internal resources will be considered for providing RUHS with printer technical repair and maintenance service.

5.3. Develop a needs analysis process through which it will be ensured that RUHS staff will receive the print equipment they need to fulfill their daily tasks in a productive manner.

5.4. Develop a criteria process that will ensure that all equipment procured meet the RUHS Information Services departments' security standards.

6. **Ongoing Vendor Management.** Vereco will assist RUHS with

6.1. Final vendor price negotiation.

6.2. Vendor Service Level Agreement (SLA) negotiation.

6.3. Contract management, subject to the review of all contracts by the County

6.4. Vendor invoice management and approvals.

6.5. SLA management and tracking.

6.6. Vendor report and goal management.

The parties expressly agree and acknowledge that Vereco does not have the authority to bind RUHS or COUNTY to any obligation with any other vendor.

7. **Onsite management and Reporting.** Vereco will

7.1. Source, employ and manage all onsite labor and resources to successfully operate RUHS's program.

7.2. Provide requisite software and tools and execute the program.

7.3. Provide reporting tools and structure to manage and measure the program's success.

8. Vereco will manage and optimize the RUHS print infrastructure and volume.
9. **Service call protocols.** Service calls related to printing will be handled as follows:
  - 9.1. All service calls for the Services to be provided by Vereco will be routed through RUHS's Service Desk and tracked there;
  - 9.2. If a service call to which Vereco's resources are attending appears to be an application-related issue, the service ticket will be escalated and referred back to RUHS's own IS resources whose responsibility it will remain to attend to.
10. **RUHS Responsibilities.** To enable Vereco to fulfill its duties as described in terms of this Agreement, RUHS will:
  - 10.1. Provide Vereco with functional workspace and Internet connectivity for the Vereco personnel to conduct good and standard business practices for managing the Document Services Department and for storing the supplies required for operations of the same size and scope as RUHS's.
  - 10.2. Provide the onsite Vereco personnel with such cell phones, tablets, pagers, personal computers, etc. as may be required to comply with RUHS's then-current Information Services policies and standards, provided that Vereco shall reimburse RUHS for the cost of all devices and services so provided including associated maintenance contracts, data, access and service costs.
  - 10.3. Provide appropriate RUHS security identification (or otherwise provide sufficient access) so that Vereco personnel can access all physical RUHS locations needed to fulfill their services as defined above.
  - 10.4. Assist Vereco with introductions and communications to relevant stakeholders of RUHS in Supply Chain, Finance and IS departments and ensure cooperation of such departments where necessary to allow Vereco to fulfill its obligations in terms of this Agreement.

### **C. Compensation**

1. Vereco will invoice RUHS one total monthly fee for all services provided. The Monthly Fee will include all aspects of staffing, equipment, service and supplies for black and white as well as color pages, inclusive of forms, and faxing, and RUHS shall pay only this total monthly fee for all services described in Sections A and B of this Exhibit. Vereco shall be responsible for all expenses and payments of all vendors used in the provision of the services
2. For each of the following respective periods the Monthly Fee for all pages shall be:
  - 2.1. May 1, 2016 – Apr 30, 2021: \$0.0615 cents per page.
3. Vereco will not charge RUHS for scanning. If there are any third party vendor costs for scanning, Vereco will reflect that cost on its invoice as a pass-through without mark-up or added cost.

4. Vereco will manage all aspects of the service, supply and replenishment of the Label Printer fleet on the basis of passing through the cost thereof the RUHS at cost without markup or additional fee for handling such costs.

5. Vereco will provide RUHS with an invoice for the monthly fee on the 1st day of each month starting on the Effective Date, and thereafter on the first day of each subsequent month for the duration of the agreement.

6. Late Payment. Deleted by Agreement.

7. Page Volume Calculation.

7.1. Save as provided in paragraph 7.2 below, the page volume for all invoices will be based on the actual three-month trailing page average, and will be reconciled upon each annual anniversary of the agreement.

7.2. During the first three (3) months of the Term, the monthly invoice will be based on the average page volume which was observed during the Analysis, 1.92 Million pages per month. After this three (3) month period, there will be a reconciliation with the actual page volume during that period.

8. Print Containment and Shared Savings. The Parties agree that as part of Vereco's Document Services Program, one of the joint goals is to reduce page volume and therefor the following Page Volume Containment and Shared Savings plan shall be in effect:

8.1. At the end of each 12 month period during the Term of the Agreement the total page volume for that year shall be determined and be described as the current volume (cV) and shall serve as the Base Volume (bV) for the following 12 month period.;

8.2. In respect of all pages during a given year that exceeded the Base Volume, the monthly fee as described in paragraph 2 above shall be halved and a credit shall be passed to RUHS in respect thereof;

8.3. If the annual page volume should be less than the Base Volume, the savings that resulted shall be shared equally between the Parties.

8.4. For example, where:

- 8.4.1. bV = Base Volume
- 8.4.2. cV = Current Volume
- 8.4.3. eV = Excess Volume
- 8.4.4. rV = Reduced Volume
- 8.4.5. MF = Monthly Fee

8.5. In the case of a Page Volume INCREASE, the credit to be passed to RUHS will be calculated as follows:

8.5.1.  $cV - bV = eV$

8.5.2.  $eV \times MF \times 50\% = \text{Credit due to RUHS}$

In other words, the burden of the increased volume is shared by the Parties.

8.6. In the case of a Page Volume DECREASE, the shared saving earned by Vereco will be calculated as follows:

8.6.1.  $bV - cV = rV$

8.6.2.  $rV \times MF \times 50\% = \text{Shared saving due to Vereco}$

In other words, the benefit of the reduced volume is shared by the Parties.

9. Vendor and Staff Arrangements.

9.1. Vereco recognizes that RUHS has pre-existing Vendor arrangements who perform duties that fall within the scope of the Services envisaged under this Agreement. Vereco and RUHS shall collaborate and, if any changes are mutually agreed to be appropriate and necessary, shall upon RUHS's approval of a written change order seek such changes to Customer's service and supply Vendor relationships. In the event that RUHS does not agree to a Vendor change, and this results in Vereco having to pay a higher price than Vereco would have paid if RUHS had agreed to such change, RUHS agrees that Vereco may seek adjustment of the monthly fee as described in paragraph 2 above, to reflect such higher price through a written change order signed by RUHS.

9.2. This provision shall also not take effect if RUHS is legally prevented from agreeing to the Vendor or Personnel change as envisaged above.

10. Current Service Level Agreements. Vereco hereby guarantees that in the performance of the Services to be rendered in terms of this Agreement it will at all times meet or exceed current Service Level Agreements. More specifically, as far as circumstances may reasonably permit, Vereco will improve Service Level Agreement timelines to meet the following guidelines:

10.1. On campus at the Medical Center:

10.1.1. Clinical Areas and VIP's, 30 minutes;

10.1.2. Super-users and Administrative, 60 minutes;

10.1.3. General Hospital Employees, 120 minutes.

10.2. For off-site areas, including the clinics, a 1 – 4 – 24 program:

10.2.1. A call to the customer within 1 hour of receiving the service activity to provide an ETA;

10.2.2. Onsite arrival within 4 hours of receiving the service activity;

10.2.3. Resolution within 24 business hours of receiving the service activity.

10.3. It is agreed that in the case of very remote locations there will be a second printer on site to mitigate downtime due to a primary printer outage. The Document Services team will collaborate with RUHS's Information Services Department to create a step-by-step process to activate the second printer until the primary printer can be repaired or replaced.

11. Reports.

11.1. Quarterly Reports - Vereco shall provide detailed Quarterly reports, in form and substance satisfactory to RUHS, on the metrics of the Improvement Roadmap it will create for RUHS:

11.1.1. Cost of Ownership;

11.1.2. Savings;

- 11.1.3. Infrastructure;
- 11.1.4. Current Operational Initiatives;
- 11.1.5. General Update.

11.2. Online Web Dashboard – Vereco will make available to RUHS a client login to its Web Dashboard Portal where all the salient metrics of the print program are reflected, including the following reports:

- 11.2.1. Page Volume;
- 11.2.2. Page History;
- 11.2.3. Printer Breakdown;
- 11.2.4. Print Distribution;
- 11.2.5. Top 15 Departments;
- 11.2.6. Pages by Department;
- 11.2.7. Departmental Trends.

EXHIBIT B - Omitted by Agreement

**EXHIBIT C**

**TO MANAGEMENT SUPPORT SERVICES AGREEMENT**

HIPAA Business Associate Agreement  
Addendum to Contract  
Between the County of Riverside and Vereco, Inc.

This HIPAA Business Associate Agreement (the "Addendum") supplements, and is made part of the (the "Underlying Agreement") between the County of Riverside ("County") and Vereco, Inc. ("Contractor") and shall be effective as of the date the Underlying Agreement is approved by both Parties (the "Effective Date").

RECITALS

WHEREAS, County and Contractor entered into the Underlying Agreement pursuant to which the Contractor provides services to County, and in conjunction with the provision of such services certain protected health information ("PHI") and/or certain electronic protected health information ("ePHI") may be created by or made available to Contractor for the purposes of carrying out its obligations under the Underlying Agreement; and,

WHEREAS, the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Public Law 104-191 enacted August 21, 1996, and the Health Information Technology for Economic and Clinical Health Act ("HITECH") of the American Recovery and Reinvestment Act of 2009, Public Law 111-5 enacted February 17, 2009, and the laws and regulations promulgated subsequent thereto, as may be amended from time to time, are applicable to the protection of any use or disclosure of PHI and/or ePHI pursuant to the Underlying Agreement; and,

WHEREAS, County is a covered entity, as defined in the Privacy Rule; and,

WHEREAS, to the extent County discloses PHI and/or ePHI to Contractor or Contractor creates, receives, maintains, transmits, or has access to PHI and/or ePHI of County, Contractor is a business associate, as defined in the Privacy Rule; and,

WHEREAS, pursuant to 42 USC §17931 and §17934, certain provisions of the Security Rule and Privacy Rule apply to a business associate of a covered entity in the same manner that they apply to the covered entity, the additional security and privacy requirements of HITECH are applicable to business associates and must be incorporated into the business associate agreement, and a business associate is liable for civil and criminal penalties for failure to comply with these security and/or privacy provisions; and,

WHEREAS, the parties mutually agree that any use or disclosure of PHI and/or ePHI must be in compliance with the Privacy Rule, Security Rule, HIPAA, HITECH and any other applicable law; and,

WHEREAS, the parties intend to enter into this Addendum to address the requirements and obligations set forth in the Privacy Rule, Security Rule, HITECH and HIPAA as they apply to Contractor as a business associate of County, including the establishment of permitted and required uses and disclosures of PHI and/or ePHI created or received by Contractor during the course of performing functions, services and activities on behalf of County, and appropriate limitations and conditions on such uses and disclosures;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. **Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in HITECH, HIPAA, Security Rule and/or Privacy Rule, as may be amended from time to time.

A. "Breach" when used in connection with PHI means the acquisition, access, use or disclosure of PHI in



a manner not permitted under subpart E of the Privacy Rule which compromises the security or privacy of the PHI, and shall have the meaning given such term in 45 CFR §164.402.

- (1) Except as provided below in Paragraph (2) of this definition, acquisition, access, use, or disclosure of PHI in a manner not permitted by subpart E of the 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 four factors:
  - (a) The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;
  - (b) The unauthorized person who used the PHI or to whom the disclosure was made;
  - (c) Whether the PHI was actually acquired or viewed; and
  - (d) The extent to which the risk to the PHI has been mitigated.
- (2) Breach excludes:
  - (a) Any unintentional acquisition, access or use of PHI by a workforce member or person acting under the authority of a covered entity or business associate, 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 subpart E of the Privacy Rule.
  - (b) Any inadvertent disclosure by a person who is authorized to access PHI at a covered entity or business associate to another person authorized to access PHI at the same covered entity, business associate, 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 by subpart E of the Privacy Rule.
  - (c) A disclosure of PHI where a covered entity or business associate 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. "Business associate" has the meaning given such term in 45 CFR §164.501, including but not limited to a subcontractor that creates, receives, maintains, transmits or accesses PHI on behalf of the business associate.
- C. "Data aggregation" has the meaning given such term in 45 CFR §164.501.
- D. "Designated record set" as defined in 45 CFR §164.501 means a group of records maintained by or for a covered entity that may include: the medical records and billing records about individuals maintained by or for a covered health care provider; the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or, used, in whole or in part, by or for the covered entity to make decisions about individuals.
- E. "Electronic protected health information" ("ePHI") as defined in 45 CFR §160.103 means protected health information transmitted by or maintained in electronic media.
- F. "Electronic health record" means an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff, and shall have the meaning given such term in 42 USC §17921(5).
- G. "Health care operations" has the meaning given such term in 45 CFR §164.501.

- H. "Individual" as defined in 45 CFR §160.103 means the person who is the subject of protected health information.
- I. "Person" as defined in 45 CFR §160.103 means a natural person, trust or estate, partnership, corporation, professional association or corporation, or other entity, public or private.
- J. "Privacy Rule" means the HIPAA regulations codified at 45 CFR Parts 160 and 164, Subparts A and E.
- K. "Protected health information" ("PHI") has the meaning given such term in 45 CFR §160.103, which includes ePHI.
- L. "Required by law" has the meaning given such term in 45 CFR §164.103.
- M. "Secretary" means the Secretary of the U.S. Department of Health and Human Services ("HHS").
- N. "Security incident" as defined in 45 CFR §164.304 means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
- O. "Security Rule" means the HIPAA Regulations codified at 45 CFR Parts 160 and 164, Subparts A and C.
- P. "Subcontractor" as defined in 45 CFR §160.103 means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate.
- Q. "Unsecured protected health information" and "unsecured PHI" as defined in 45 CFR §164.402 means PHI not rendered unusable, unreadable, or indecipherable to unauthorized persons through use of a technology or methodology specified by the Secretary in the guidance issued under 42 USC §17932(h)(2).

**2. Scope of Use and Disclosure by Contractor of County's PHI and/or ePHI.**

- A. Except as otherwise provided in this Addendum, Contractor may use, disclose, or access PHI and/or ePHI as necessary to perform any and all obligations of Contractor under the Underlying Agreement or to perform functions, activities or services for, or on behalf of, County as specified in this Addendum, if such use or disclosure does not violate HIPAA, HITECH, the Privacy Rule and/or Security Rule.
- B. Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or authorized by this Addendum or required by law, in accordance with 45 CFR §164.504(e)(2), Contractor may:
  - 1) Use PHI and/or ePHI if necessary for Contractor's proper management and administration and to carry out its legal responsibilities; and,
  - 2) Disclose PHI and/or ePHI for the purpose of Contractor's proper management and administration or to carry out its legal responsibilities, only if:
    - a) The disclosure is required by law; or,
    - b) Contractor obtains reasonable assurances, in writing, from the person to whom Contractor will disclose such PHI and/or ePHI that the person will:

- i. Hold such PHI and/or ePHI in confidence and use or further disclose it only for the purpose for which Contractor disclosed it to the person, or as required by law; and,
    - ii. Notify Contractor of any instances of which it becomes aware in which the confidentiality of the information has been breached; and,
  - 3) Use PHI to provide data aggregation services relating to the health care operations of County pursuant to the Underlying Agreement or as requested by County; and,
  - 4) De-identify all PHI and/or ePHI of County received by Contractor under this Addendum provided that the de-identification conforms to the requirements of the Privacy Rule and/or Security Rule and does not preclude timely payment and/or claims processing and receipt.
- C. Notwithstanding the foregoing, in any instance where applicable state and/or federal laws and/or regulations are more stringent in their requirements than the provisions of HIPAA, including, but not limited to, prohibiting disclosure of mental health and/or substance abuse records, the applicable state and/or federal laws and/or regulations shall control the disclosure of records.

3. **Prohibited Uses and Disclosures.**

- A. Contractor may neither use, disclose, nor access PHI and/or ePHI in a manner not authorized by the Underlying Agreement or this Addendum without patient authorization or de-identification of the PHI and/or ePHI and as authorized in writing from County.
- B. Contractor may neither use, disclose, nor access PHI and/or ePHI it receives from County or from another business associate of County, except as permitted or required by this Addendum, or as required by law.
- C. Contractor agrees not to make any disclosure of PHI and/or ePHI that County would be prohibited from making.
- D. Contractor shall not use or disclose PHI for any purpose prohibited by the Privacy Rule, Security Rule, HIPAA and/or HITECH, including, but not limited to 42 USC §17935 and §17936. Contractor agrees:
  - 1) Not to use or disclose PHI for fundraising, unless pursuant to the Underlying Agreement and only if permitted by and in compliance with the requirements of 45 CFR §164.514(f) or 45 CFR §164.508;
  - 2) Not to use or disclose PHI for marketing, as defined in 45 CFR §164.501, unless pursuant to the Underlying Agreement and only if permitted by and in compliance with the requirements of 45 CFR §164.508(a)(3);
  - 3) Not to disclose PHI, except as otherwise required by law, to a health plan for purposes of carrying out payment or health care operations, if the individual has requested this restriction pursuant to 42 USC §17935(a) and 45 CFR §164.522, and has paid out of pocket in full for the health care item or service to which the PHI solely relates; and,
  - 4) Not to receive, directly or indirectly, remuneration in exchange for PHI, or engage in any act that would constitute a sale of PHI, as defined in 45 CFR §164.502(a)(5)(ii), unless permitted by the Underlying Agreement and in compliance with the requirements of a valid authorization under 45 CFR §164.508(a)(4). This prohibition shall not apply to payment by County to Contractor for services provided pursuant to the Underlying Agreement.

4. **Obligations of County.**

- A. County agrees to make its best efforts to notify Contractor promptly in writing of any restrictions on the use or disclosure of PHI and/or ePHI agreed to by County that may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.
- B. County agrees to make its best efforts to promptly notify Contractor in writing of any changes in, or revocation of, permission by any individual to use or disclose PHI and/or ePHI, if such changes or revocation may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.
- C. County agrees to make its best efforts to promptly notify Contractor in writing of any known limitation(s) in its notice of privacy practices to the extent that such limitation may affect Contractor's use or disclosure of PHI and/or ePHI.
- D. County agrees not to request Contractor to use or disclose PHI and/or ePHI in any manner that would not be permissible under HITECH, HIPAA, the Privacy Rule, and/or Security Rule.
- E. County agrees to obtain any authorizations necessary for the use or disclosure of PHI and/or ePHI, so that Contractor can perform its obligations under this Addendum and/or Underlying Agreement.

5. **Obligations of Contractor.** In connection with the use or disclosure of PHI and/or ePHI, Contractor agrees to:

- A. Use or disclose PHI only if such use or disclosure complies with each applicable requirement of 45 CFR §164.504(e). Contractor shall also comply with the additional privacy requirements that are applicable to covered entities in HITECH, as may be amended from time to time.
- B. Not use or further disclose PHI and/or ePHI other than as permitted or required by this Addendum or as required by law. Contractor shall promptly notify County if Contractor is required by law to disclose PHI and/or ePHI.
- C. Use appropriate safeguards and comply, where applicable, with the Security Rule with respect to ePHI, to prevent use or disclosure of PHI and/or ePHI other than as provided for by this Addendum.
- D. Mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI and/or ePHI by Contractor in violation of this Addendum.
- E. Report to County any use or disclosure of PHI and/or ePHI not provided for by this Addendum or otherwise in violation of HITECH, HIPAA, the Privacy Rule, and/or Security Rule of which Contractor becomes aware, including breaches of unsecured PHI as required by 45 CFR §164.410.
- F. In accordance with 45 CFR §164.502(e)(1)(ii), require that any subcontractors that create, receive, maintain, transmit or access PHI on behalf of the Contractor agree through contract to the same restrictions and conditions that apply to Contractor with respect to such PHI and/or ePHI, including the restrictions and conditions pursuant to this Addendum.
- G. Make available to County or the Secretary, in the time and manner designated by County or Secretary, Contractor's internal practices, books and records relating to the use, disclosure and privacy protection of PHI received from County, or created or received by Contractor on behalf of

County, for purposes of determining, investigating or auditing Contractor's and/or County's compliance with the Privacy Rule.

- H. Request, use or disclose only the minimum amount of PHI necessary to accomplish the intended purpose of the request, use or disclosure in accordance with 42 USC §17935(b) and 45 CFR §164.502(b)(1).
  - I. Comply with requirements of satisfactory assurances under 45 CFR §164.512 relating to notice or qualified protective order in response to a third party's subpoena, discovery request, or other lawful process for the disclosure of PHI, which Contractor shall promptly notify County upon Contractor's receipt of such request from a third party.
  - J. Not require an individual to provide patient authorization for use or disclosure of PHI as a condition for treatment, payment, enrollment in any health plan (including the health plan administered by County), or eligibility of benefits, unless otherwise excepted under 45 CFR §164.508(b)(4) and authorized in writing by County.
  - K. Use appropriate administrative, technical and physical safeguards to prevent inappropriate use, disclosure, or access of PHI and/or ePHI.
  - L. Obtain and maintain knowledge of applicable laws and regulations related to HIPAA and HITECH, as may be amended from time to time.
  - M. Comply with the requirements of the Privacy Rule that apply to the County to the extent Contractor is to carry out County's obligations under the Privacy Rule.
  - N. Take reasonable steps to cure or end any pattern of activity or practice of its subcontractor of which Contractor becomes aware that constitute a material breach or violation of the subcontractor's obligations under the business associate contract with Contractor, and if such steps are unsuccessful, Contractor agrees to terminate its contract with the subcontractor if feasible.
6. **Access to PHI, Amendment and Disclosure Accounting.** Contractor agrees to:
- A. **Access to PHI, including ePHI.** Provide access to PHI, including ePHI if maintained electronically, in a designated record set to County or an individual as directed by County, within five (5) days of request from County, to satisfy the requirements of 45 CFR §164.524.
  - B. **Amendment of PHI.** Make PHI available for amendment and incorporate amendments to PHI in a designated record set County directs or agrees to at the request of an individual, within fifteen (15) days of receiving a written request from County, in accordance with 45 CFR §164.526.
  - C. **Accounting of disclosures of PHI and electronic health record.** Assist County to fulfill its obligations to provide accounting of disclosures of PHI under 45 CFR §164.528 and, where applicable, electronic health records under 42 USC §17935(c) if Contractor uses or maintains electronic health records. Contractor shall:
    - 1) Document such disclosures of PHI and/or electronic health records, and information related to such disclosures, as would be required for County to respond to a request by an individual for an accounting of disclosures of PHI and/or electronic health record in accordance with 45 CFR §164.528.
    - 2) Within fifteen (15) days of receiving a written request from County, provide to County or any individual as directed by County information collected in accordance with this section to

permit County to respond to a request by an individual for an accounting of disclosures of PHI and/or electronic health record.

- 3) Make available for County information required by this Section 6.C for six (6) years preceding the individual's request for accounting of disclosures of PHI, and for three (3) years preceding the individual's request for accounting of disclosures of electronic health record.

7. **Security of ePHI.** In the event County discloses ePHI to Contractor or Contractor needs to create, receive, maintain, transmit or have access to County ePHI, in accordance with 42 USC §17931 and 45 CFR §164.314(a)(2)(i), and §164.306, Contractor shall:

1. Comply with the applicable requirements of the Security Rule, and implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that Contractor creates, receives, maintains, or transmits on behalf of County in accordance with 45 CFR §164.308, §164.310, and §164.312;
2. Comply with each of the requirements of 45 CFR §164.316 relating to the implementation of policies, procedures and documentation requirements with respect to ePHI;
3. Protect against any reasonably anticipated threats or hazards to the security or integrity of ePHI;
4. Protect against any reasonably anticipated uses or disclosures of ePHI that are not permitted or required under the Privacy Rule;
5. Ensure compliance with the Security Rule by Contractor's workforce;
6. In accordance with 45 CFR §164.308(b)(2), require that any subcontractors that create, receive, maintain, transmit, or access ePHI on behalf of Contractor agree through contract to the same restrictions and requirements contained in this Addendum and comply with the applicable requirements of the Security Rule;
7. Report to County any security incident of which Contractor becomes aware, including breaches of unsecured PHI as required by 45 CFR §164.410; and,
8. Comply with any additional security requirements that are applicable to covered entities in Title 42 (Public Health and Welfare) of the United States Code, as may be amended from time to time, including but not limited to HITECH.
8. **Breach of Unsecured PHI.** In the case of breach of unsecured PHI, Contractor shall comply with the applicable provisions of 42 USC §17932 and 45 CFR Part 164, Subpart D, including but not limited to 45 CFR §164.410.

A. **Discovery and notification.** Following the discovery of a breach of unsecured PHI, Contractor shall notify County in writing of such breach without unreasonable delay and in no case later than 60 calendar days after discovery of a breach, except as provided in 45 CFR §164.412.

- 1) **Breaches treated as discovered.** A breach is 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, which includes any person, other than

the person committing the breach, who is an employee, officer, or other agent of Contractor (determined in accordance with the federal common law of agency).

- 2) **Content of notification.** The written notification to County relating to breach of unsecured PHI shall include, to the extent possible, the following information if known (or can be reasonably obtained) by Contractor:
  - 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) A brief description of what happened, including the date of the breach and the date of the discovery of the breach, if known;
  - c) A description of the types of unsecured PHI 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;
  - d) Any steps individuals should take to protect themselves from potential harm resulting from the breach;
  - e) A brief description of what Contractor is doing to investigate the breach, to mitigate harm to individuals, and to protect against any further breaches; and,
  - f) 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.
- B. **Cooperation.** With respect to any breach of unsecured PHI reported by Contractor, Contractor shall cooperate with County and shall provide County with any information requested by County to enable County to fulfill in a timely manner its own reporting and notification obligations, including but not limited to providing notice to individuals, prominent media outlets and the Secretary in accordance with 42 USC §17932 and 45 CFR §164.404, §164.406 and §164.408.
- C. **Breach log.** To the extent breach of unsecured PHI involves less than 500 individuals, Contractor shall maintain a log or other documentation of such breaches and provide such log or other documentation on an annual basis to County not later than fifteen (15) days after the end of each calendar year for submission to the Secretary.
- D. **Delay of notification authorized by law enforcement.** If Contractor delays notification of breach of unsecured PHI pursuant to a law enforcement official's statement that required notification, notice or posting would impede a criminal investigation or cause damage to national security, Contractor shall maintain documentation sufficient to demonstrate its compliance with the requirements of 45 CFR §164.412.
- E. **Payment of costs.** With respect to any breach of unsecured PHI caused solely by the Contractor's failure to comply with one or more of its obligations under this Addendum and/or the provisions of HITECH, HIPAA, the Privacy Rule or the Security Rule, Contractor agrees to pay any and all costs associated with providing all legally required notifications to individuals, media outlets, and the Secretary. This provision shall not be construed to limit or diminish Contractor's obligations to indemnify, defend and hold harmless County under Section 9 of this Addendum.

- F. **Documentation.** Pursuant to 45 CFR §164.414(b), in the event Contractor's use or disclosure of PHI and/or ePHI violates the Privacy Rule, Contractor shall maintain documentation sufficient to demonstrate that all notifications were made by Contractor as required by 45 CFR Part 164, Subpart D, or that such use or disclosure did not constitute a breach, including Contractor's completed risk assessment and investigation documentation.
- G. **Additional State Reporting Requirements.** The parties agree that this Section 8.G applies only if and/or when County, in its capacity as a licensed clinic, health facility, home health agency, or hospice, is required to report unlawful or unauthorized access, use, or disclosure of medical information under the more stringent requirements of California Health & Safety Code §1280.15. For purposes of this Section 8.G, "unauthorized" has the meaning given such term in California Health & Safety Code §1280.15(j)(2).
- 1) Contractor agrees to assist County to fulfill its reporting obligations to affected patients and to the California Department of Public Health ("CDPH") in a timely manner under the California Health & Safety Code §1280.15.
  - 2) Contractor agrees to report to County any unlawful or unauthorized access, use, or disclosure of patient's medical information without unreasonable delay and no later than two (2) business days after Contractor detects such incident. Contractor further agrees such report shall be made in writing, and shall include substantially the same types of information listed above in Section 8.A.2 (Content of Notification) as applicable to the unlawful or unauthorized access, use, or disclosure as defined above in this section, understanding and acknowledging that the term "breach" as used in Section 8.A.2 does not apply to California Health & Safety Code §1280.15.

9. **Hold Harmless/Indemnification.**

- A. Contractor agrees to indemnify and hold harmless County, all Agencies, Districts, Special Districts and Departments of County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of Contractor, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Addendum, including but not limited to property damage, bodily injury, death, or any other element of any kind or nature whatsoever arising from the performance of Contractor, its officers, agents, employees, subcontractors, agents or representatives from this Addendum. Contractor shall defend, at its sole expense, all costs and fees, including but not limited to attorney fees, cost of investigation, defense and settlements or awards, of County, all Agencies, Districts, Special Districts and Departments of County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents or representatives in any claim or action based upon such alleged acts or omissions.
- B. With respect to any action or claim subject to indemnification herein by Contractor, Contractor shall, at their sole cost, have the right to use counsel of their choice, subject to the approval of County, which shall not be unreasonably withheld, and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Contractor's indemnification to County as set forth herein. Contractor's obligation to defend, indemnify and hold harmless County shall be subject to County having given Contractor written notice within a reasonable period of time of the claim or of the commencement of the related action, as the case may be, and information and reasonable assistance, at Contractor's expense, for the defense or settlement thereof. Contractor's obligation hereunder shall be satisfied when Contractor has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.



- C. The specified insurance limits required in the Underlying Agreement of this Addendum shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless County herein from third party claims arising from issues of this Addendum.
  - D. In the event there is conflict between this clause and California Civil Code §2782, this clause shall be interpreted to comply with Civil Code §2782. Such interpretation shall not relieve the Contractor from indemnifying County to the fullest extent allowed by law.
  - E. In the event there is a conflict between this indemnification clause and an indemnification clause contained in the Underlying Agreement of this Addendum, this indemnification shall only apply to the subject issues included within this Addendum.
10. **Term.** This Addendum shall commence upon the Effective Date and shall terminate when all PHI and/or ePHI provided by County to Contractor, or created or received by Contractor on behalf of County, is destroyed or returned to County, or, if it is infeasible to return or destroy PHI and/ePHI, protections are extended to such information, in accordance with section 11.B of this Addendum.
11. **Termination.**
- A. **Termination for Breach of Contract.** A breach of any provision of this Addendum by either party shall constitute a material breach of the Underlying Agreement and will provide grounds for terminating this Addendum and the Underlying Agreement with or without an opportunity to cure the breach, notwithstanding any provision in the Underlying Agreement to the contrary. Either party, upon written notice to the other party describing the breach, may take any of the following actions:
    - 1) Terminate the Underlying Agreement and this Addendum, effective immediately, if the other party breaches a material provision of this Addendum.
    - 2) Provide the other party with an opportunity to cure the alleged material breach and in the event the other party fails to cure the breach to the satisfaction of the non-breaching party in a timely manner, the non-breaching party has the right to immediately terminate the Underlying Agreement and this Addendum.
    - 3) If termination of the Underlying Agreement is not feasible, the breaching party, upon the request of the non-breaching party, shall implement, at its own expense, a plan to cure the breach and report regularly on its compliance with such plan to the non-breaching party.
  - B. **Effect of Termination.**
    - 1) Upon termination of this Addendum, for any reason, Contractor shall return or, if agreed to in writing by County, destroy all PHI and/or ePHI received from County, or created or received by the Contractor on behalf of County, and, in the event of destruction, Contractor shall certify such destruction, in writing, to County. This provision shall apply to all PHI and/or ePHI which are in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of PHI and/or ePHI, except as provided below in paragraph (2) of this section.
    - 2) In the event that Contractor determines that returning or destroying the PHI and/or ePHI is not feasible, Contractor shall provide written notification to County of the conditions that make such return or destruction not feasible. Upon determination by Contractor that return or destruction of PHI and/or ePHI is not feasible, Contractor shall extend the protections of this Addendum to such PHI and/or ePHI and limit further uses and disclosures of such PHI and/or ePHI to those purposes which make the return or destruction not feasible, for so long as Contractor maintains such PHI and/or ePHI.

12. **General Provisions.**

- A. **Retention Period.** Whenever Contractor is required to document or maintain documentation pursuant to the terms of this Addendum, Contractor shall retain such documentation for 6 years from the date of its creation or as otherwise prescribed by law, whichever is later.
- B. **Amendment.** The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for County to comply with HITECH, the Privacy Rule, Security Rule, and HIPAA generally.
- C. **Survival.** The obligations of Contractor under Sections 3, 5, 6, 7, 8, 9, 11.B and 12.A of this Addendum shall survive the termination or expiration of this Addendum.
- D. **Regulatory and Statutory References.** A reference in this Addendum to a section in HITECH, HIPAA, the Privacy Rule and/or Security Rule means the section(s) as in effect or as amended.
- E. **Conflicts.** The provisions of this Addendum shall prevail over any provisions in the Underlying Agreement that conflict or appear inconsistent with any provision in this Addendum.
- F. **Interpretation of Addendum.**
  - 1) This Addendum shall be construed to be part of the Underlying Agreement as one document. The purpose is to supplement the Underlying Agreement to include the requirements of the Privacy Rule, Security Rule, HIPAA and HITECH.
  - 2) Any ambiguity between this Addendum and the Underlying Agreement shall be resolved to permit County to comply with the Privacy Rule, Security Rule, HIPAA and HITECH generally.
- G. **Notices to County.** All notifications required to be given by Contractor to County pursuant to the terms of this Addendum shall be made in writing and delivered to the County both by fax and to both of the addresses listed below by either registered or certified mail return receipt requested or guaranteed overnight mail with tracing capability, or at such other address as County may hereafter designate. All notices to County provided by Contractor pursuant to this Section shall be deemed given or made when received by County.

County HIPAA Privacy Officer:      HIPAA Privacy Manager

County HIPAA Privacy Officer Address:      26520 Cactus Avenue, Moreno Valley, CA 92555