

GILA COUNTY SUPERIOR COURT PROBATION DEPARTMENT

LIMITED SERVICES CONTRACT

This Contract entered into by and between Gila County, on behalf of its Adult Probation Department, hereinafter called "Customer," and TRM Technical Resource Management dba Norchem Drug Testing hereinafter called "PROVIDER."

Whereas, the Party recognizes that the Provider or organization contracted with Customer shall have clinicians qualified to provide services under this Contract as a **professional drug testing laboratory** that tests and other procedures for detection of chemical substances or alcohol **defined as:** Services shall be provided by a medical laboratory which meets state licensure requirements as specified in ARS, Title 36, Chapter 4. Medical laboratories must be registered in accordance with the federal Clinical Laboratory Improvement Amendments (CLIA) of 1988, P.L. 100-578 (42 United States Codes 263a) and Code of Federal Regulations 42 Part 493 and To monitor the substance or alcohol use adult offenders as may be ordered by the court or probation **defined as:**

1. Perform oral fluid testing and/or LC/MS/MS confirmations as authorized by the court or probation department in accordance with the schedule and types of testing placed under contract.
2. Analyze the urine or oral fluid sample using approved immunoassay techniques and report results in writing.
3. Perform confirmation upon request of the Customer.
4. Store all positive samples for a period of one year. Notify the authorizing probation department of the intent to destroy stored samples in time to allow the probation department to notify the contractor whether the sample needs to be retained for court purposes.
5. Comply with AOC Administrative Order 95-20 and all subsequent Administrative Orders governing Drug and Alcohol testing.

SECTION I: TERM OF CONTRACT:

1. This Limited Service Contract includes the standard terms and conditions, Addendum A and the compensation schedule shall be effective July 1, 2013 and will terminate June 30, 2014.
2. **Contract Extension:** The Contract shall not bind nor purport to bind the Customer for any contractual commitment in excess of the original contract period. At the sole option of the Customer and by unilateral written contract amendment, this Contract may be extended, in whole or in part, for four (4) twelve month periods or portions thereof if the contract is in the best interest of the Customer and if the monies for extension period available. This Contract is not subject to automatic renewal.

SECTION II: DESCRIPTION OF SERVICES:

The services provided to the customer will be in compliance to the Standard terms and Conditions of this contract and Services noted in the Addendum A and Compensation Schedule.

SECTION III: MAINTENANCE OF QUALITY SERVICE DELIVERY:

1. **Generally:** The service provider shall provide services which comply at all times with the Contract and deliver them according to the Contract and deliver them according to the Contract within the bounds of applicable professional standards.
2. **Warranty:** The Provider warrants that the services it provides under the Contract shall at all times meet the requirements of the Contract, including the service specifications and provider standards.
3. **Right to Reject:** The Customer shall have the right to reject the Provider's use of any person, whether the person is provider personnel or a non-employee, to provide services under this contract where the Customer reasonably determines that the person's background or conduct is unsuitable to provide the assigned services.

SECTION IV: FACILITY CONDITION AND MAINTENANCE:

If the Provider provides services to clients at its facility, the Provider shall maintain the facility in good repair and keep in a clean condition to assure the safety and comfort of clients.

SECTION V: PRIVATE PRACTICE:

If the Provider provides services separate and apart from this Contract, it shall do so in a manner which does not interfere with the Provider's performance of this Contract and which does not create a conflict of interest.

1. **Related Litigation:** In the event that the Provider, any of its personnel or non-employees are criminally charged, are named in litigation alleging professional misconduct, or are subject to a complaint or other matter before an administrative licensing entity, the Provider shall immediately notify the Customer's Program Manager in writing. The notice shall state the date of the litigation or complaint was filed, or the administrative proceeding was initiated, the names of the parties, the case number, and the allegations involved. It shall also state whether, at the time alleged in the charge, litigation, complaint, or proceeding, the Providers or the Provider's personnel, volunteers, interns, or non-employees were providing services to any client under this Contract, and where the alleged misconduct involves those services.
2. **Licenses.** The Provider shall, at its expense, obtain and maintain for the duration of the Contract all licenses, certifications, credentials, permits, certificates and other authority required by law for Provider and its employees to do business, render services, and perform work under this Contract.

SECTION VI: USE OF NON-EMPLOYEES:

1. **Responsibility for Performance.** The Provider shall be responsible for contract performance whether or not it uses non-employees to provide services under this Contract. The Provider shall ensure at all times that the services provided, and the persons providing them, meet all of the requirements of the Contract.
2. **Contractual Requirements.** Any agreement between the Provider and a non-employee who provides or may provide services under this Contract shall be in writing. The agreement shall explicitly set forth, or incorporate by reference, these Standard Terms and Conditions, relevant Special Terms and Conditions and the applicable Service Specifications, which shall apply with equal force to the non-employee as if it were the Provider. The Provider shall review the agreement and have non-employee sign the agreement annually. The agreement shall prohibit the non-employee from subcontracting any part of the service. The authority to review subcontracts is for the sole purpose of permitting verification of persons who are involved in performance of this contract and who are treated by the Provider as sub-Providers are bound by the terms of this contract.
3. **Warranty.** The Provider warrants that the qualifications of, and the services provided by, non-employees meet all the requirements of the Contract.
4. **Noncompliance.** If the Provider fails to comply with the provisions of this Paragraph, the Customer may take whatever actions that the officer deems appropriate under Paragraph XXII of these Standard Terms and Conditions.

SECTION VII: NOTICE REQUIREMENTS:

1. **Notice to the Customer.** The Provider shall provide in writing the notices to the Program Manager which this Contract requires and send them certified mail return receipt requested, to:

**Gila County Probation Department
Program Manager
1100 East Monroe St. Suite 200
Globe, AZ 85501**

2. **Notice to Probation Officer or Court.** At any time the Provider desires to send a client out of state as a part of the client's treatment program or for any other reason, the Provider shall send a written request to the probation officer in advance. A client may not be moved out of state without written permission from the probation officer or the court as appropriate.
3. **Notice of Intent to Add, Move, or Close a Facility or Program.** The Provider shall provide written notice to the Customer no later than 60 days in advance of its intent to add, move, or close a facility or program at which it has been providing services to clients under this Contract.

4. **Notice of Change in Key Personnel.** The Provider shall provide immediate written notice of any changes of key staff of a program/service under this Contract.
5. **Notice of Intent to Modify a Program.** The Provider may propose to modify the components of an existing service/program under this Contract. The Provider shall provide a written request **prior** to modifying a service/program. Failure to obtain approval may result in the Customer's Program Manager taking actions that the officer deems appropriate under Paragraph 11 of these Standard Terms and Conditions.

SECTION VIII: PAYMENT FOR SERVICES, ALLOWANCES AND OTHER APPROVED EXPENSES:

1. **Compensation Schedule.** Customer shall pay the Provider for the services specified in this Contract at the rate set forth in the contract and which are authorized by the Probation Officer and Supervisor. The Customer shall reimburse the Provider for allowances and expenses:
 - a. At rates that do not exceed those set forth in the Compensation Schedule; and
 - b. Which are authorized in the referral, or administratively authorized by the Customer **minus** any co-pay, whether or not they have been collected.
 - c. There will be no compensation paid for missed appointments for any contracted service.
 - d. Payments are also contingent upon receiving the progress report for the client with the invoice billing.
 - e. When a client is funded by Drug Treatment and Education Fund (DTEF), DTEF progress reports must be submitted for payment of services.
2. **Method of Payment.**
 - a. The funding source and the other party to this Contract is the AOC, not the Superior Court. However, the Provider shall submit all invoices under this Contract to the Customer for approval and payment.
 - b. **Form of Invoices.** The Provider will invoice Customer on numbered invoices.
3. **Late Invoices:** Payment may be delayed for any invoice which the Provider submits later than ten (10) days following the end of the month in which services are rendered. Customer may return invoices received more than 30 days after the end of the month in which services are rendered with payment denied. The Provider may resubmit any denied invoice with a letter from the Provider's Authorized Representative explaining the reasons that the Provider failed to submit the invoice in a timely manner and identifying actions it has undertaken to correct the problem. Invoices which are repeatedly submitted more than 10 days after the end of the month are subject to a 25% reduction in payment from the Customer. The Provider's repeated failure to submit timely invoices may be grounds for terminating this Contract.
4. **End of the Fiscal Year.** Pursuant to A.R.S. §35-191-c, the Customer shall not be able to pay any invoice submitted later than 30 days after June 30 of each year, which seeks payment for services rendered or expenses incurred through June 30.
5. **Non-Availability of Funds.** Every payment obligation of the State under this Contract is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Contract, this Contract may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

6. **Third Party Liability.** The Provider is responsible for checking if a third party is liable for the cost of services before billing the Customer. These findings shall be documented in the client file. Upon determination that a client has third party coverage, as applicable, the Provider shall bill the third party. The third party may include, but is not limited to, the public behavioral health system (RBHA), private health insurance and/or other third party payer. Under this Contract, the third party may be responsible for covering some or all the behavioral health services authorized by the superior court.

SECTION IX: CHANGES AND CONTRACT AMENDMENTS; EXEMPTIONS:

1. **Change Orders.** The Customer's Customer may through a written change order make unilateral changes within the scope of the Service Specifications or other terms and conditions of the Contract. If the Contractor disagrees with any change made under this Subparagraph, it may seek relief under the Section XX of this Contract.
2. **Amendments.** All amendments to this Contract shall be in writing and signed by the Customer and the Contractor's Authorized Representative. The Superior Court, including probation officers or Superior Court personnel, have no authority to amend the Contract, or to direct the Contractor to perform additional or extra work not specified in this Contract. The Customer is under no obligation to pay the Contractor for work under the Contract that is not authorized by the Customer.
3. **Exemption.** The Customer may exempt a requirement specified in these Standard Terms and Conditions, if either the type of programs and services that the Contractor provides, or the size of the Contractor make it reasonable to do so. Any exemption will be amended in the contract.

SECTION X: CONTRACTOR'S AUTHORIZED REPRESENTATIVE:

The Contractor's Authorized Representative shall be the sole person authorized to represent the Contractor with the Customer on matters, and to sign documents, including amendments and invoices, relating to this Contract. He or she may designate an appropriate person to sign invoices for the Contractor if he or she identifies that person in writing, other than on an invoice, to the Customer. That representative shall be someone with the legal authority to bind the Contractor. The Contractor shall notify the Customer in writing if it replaces the Contractor's Authorized Representative during the Contract. The notice shall be signed by a person with the authority to designate the Contractor's Authorized Representative, and provide at a minimum the name, title, address and telephone number of the new representative.

SECTION XI: RIGHT TO ENTER INTO OTHER CONTRACTS:

The Customer reserves the right to enter into other contracts for the types of services that the Contractor is providing under this Contract.

SECTION XII: REMEDIES AND TERMINATION RIGHTS:

1. **Convenience.** The Customer may terminate this Contract in whole or in part without cause 30 days after mailing written notice of termination by certified mail, return receipt requested, to the Contractor.
2. **Defective Performance.** The Customer may terminate this Contract in whole or in part for any performance that does not comply with any term of this Contract, or for any nonperformance. The Contractor's repeated failure to adhere to any service, procedural, administrative, or legal requirement of this Contract shall be a basis for termination under this Subparagraph. The Customer, in the officer's sole discretion, may provide the Contractor with a written notice of intent to terminate and an opportunity to correct its performance, or may terminate the Contract immediately. The Customer shall provide notice to the Contractor by whatever means is reasonable under the circumstances. Customer shall be entitled to deduct from any compensation owed the Contractor, or otherwise recover, amounts to which the Contractor is not entitled, as well as any additional expenses Customer incurs, due to defective performance or nonperformance.
3. **Additional Remedies.** Customer is entitled under this Contract to all remedies available in law or equity. In the event that the Customer determines that the Contractor or any non-employee has failed to comply

with the Contract, the Customer may take any appropriate action including:

- a. Withholding of compensation due the Contractor for services rendered;
 - b. Suspension of the Contract in whole or in part;
 - c. Recommending to the referring court for suspension of referrals or removal of the clients in service;
 - d. Recovery, through offset or otherwise, of compensation already paid, or of Customer administrative costs;
 - e. Requiring the posting of a bond; or
 - f. Terminating the Contract.
4. **Failure to Use Qualified Personnel or Non-employees.** If the Contractor provides services through personnel or non-employees who do not meet the minimum qualifications set forth in this Contract, the Contractor shall not be entitled to compensation for those services. In addition to exercising other remedies provided under this Contract, the Customer shall recoup, through offset or any other means, any compensation already paid for the services of those personnel or non-employees.
5. **Voluntary Termination.** The Contractor may request, in writing, a voluntary termination of the Contract. The Contractor shall give a 60 day notice prior to the requested date of termination. The Customer shall have the sole discretion to determine if the voluntary termination is in the best interest of the Customer and shall provide written notice accepting termination. All provisions of paragraph 11 shall apply to voluntary terminations.

SECTION XIII: OBLIGATIONS ON COMPLETION, TERMINATION OR SUSPENSION:

1. **Transfer of Clients.** At the completion of the Contract, or if the Customer terminates or suspends this Contract, or if the Contractor requests, in writing, termination of the Contract, the Contractor shall cooperate with that officer in transferring or otherwise reassigning any client to whom the Contractor is providing services. If the Contractor is providing residential services, it shall continue to ensure the safety and welfare of the client for a reasonable period of time. The Customer shall promptly take all actions necessary to transfer or otherwise reassign any client to whom the Contractor was providing services under this Contract and can do so before or upon completion, termination or suspension.
2. **Records.** Records relating to the Contract shall remain the property of the Contractor, subject to the Contract's retention, confidentiality, and access requirements. The Contractor shall, at the Customer's request, provide a copy of those records to Customer or to any new provider of the services within the time specified in the request. The Customer shall pay for the reasonable cost of copying and transferring those records.
3. **Compensation for Services.** Where the compensation under the Contract is fee for service, Customer shall pay the Contractor for all authorized services performed to the date of completion, termination or suspension. Additionally, if it is necessary to remove and transfer clients from a facility that the Contractor operates and the Customer fails to do so by the completion, termination or suspension date, the Customer shall reimburse the Contractor for all costs reasonably incurred and documented in maintaining clients at the facility, from the date of completion, termination or suspension until the clients are removed.
4. **Subsequent Audit.** If the Contract is completed, or the Customer terminates or suspends it, or the Contractor requests, in writing, termination of the Contract, Customer retains the right to inspect, monitor or audit the facilities and records of the Contractor and non-employees, and to disallow compensation or recover compensation if warranted.

SECTION XIV: ASSIGNMENT:

No right, liability, obligation or duty under this Contract shall be assigned or delegated in whole or in part, without the prior written approval of the Customer.

SECTION XV: RETENTION OF RECORDS:

1. **Audit of Records:** Pursuant to A.R.S. §35-214, the Contractor shall retain and shall contractually require each subcontractor to retain all data, books and other records ("records") relating to this Contract for a period of five years after completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce the original of any or all such records.
2. **Psychological Testing.** As part of the records retained under Subparagraph a., the Contractor shall retain psychological testing raw data on all clients evaluated for transfer to the adult division of the Superior Court, and the data shall be readily retrievable by the psychologist at a Superior Court's request.
3. **Adequacy of Records.** If the Contractor's records are insufficient to support and document that allowable services were provided to clients, the Contractor shall reimburse the Customer for those services and other costs not adequately supported and documented.

SECTION XVI: CONTRACT ADMINISTRATION:

1. **General Rights.** Customer shall administer services includes contract administration and contract compliance, including on-site monitoring. Customer or any other legally authorized agency of the State or federal government may, at any time during the hours of operation with or without notice to the Contractor or to non-employees:
 - i. Visit or inspect the facilities of the Contractor, or of non-employees;
 - ii. Observe the services provided;
 - iii. Interview clients, personnel, volunteers, interns or non-employees in privacy; and
 - iv. Inspect and copy records relating to the Contract, including personnel files.

The failure of the Contractor, its personnel, volunteers, interns or any non-employee to cooperate with the activities described in this Paragraph shall constitute grounds to terminate the Contract.

2. **Monitoring.** The Customer, using the activities authorized in this Paragraph, may monitor the services delivered and the facilities and records maintained by the Contractor or any non-employee under this Contract.
3. **Program Evaluation.** The Customer may evaluate any services that the Contractor provides and may assess the Contractor's progress and success in achieving the goals and measurable objectives described in the Contract. The Customer shall make evaluation reports available to the Contractor upon request.

SECTION XVII: FISCAL, MANAGEMENT, AND ADMINISTRATIVE REQUIREMENTS:

1. **Changes in Legal Status.** The Contractor shall give the Customer written notice in advance of any change in its legal or financial status, such as a merger or consolidation with another entity, a change in name, bankruptcy, or any action concerning that status pending before the Arizona Corporation Commission or the Arizona Secretary of State. The Customer, in the officer's sole discretion, may require the Contractor to file a new or revised Prequalification Form where the Contractor's legal status has, or may change.
2. **Bonds.** The Customer may, under appropriate circumstances, require the Contractor to provide the Customer with a performance, payment, fidelity or other appropriate bond issued by a surety acceptable to that officer.
3. **Additional Fiscal Requirements.** If the Contractor provides services under this Contract which are paid for in whole or in part with Federal Government funds, the Contractor shall adhere to, and document, accounting policies and procedures, including those which address cost allocation and allowable expenses, which comply with all applicable federal laws, regulations, and Office of Management and Budget

circulars.

SECTION XVIII: INDEMNIFICATION:

The Contractor agrees to defend, indemnify, and save harmless the County, State and its departments, agencies, boards and commissions and all officers, agents, and employees, each severally and separately, against any and all liabilities, demands, claims, damages, losses, costs and expenses of whatsoever kind or nature arising out of, resulting from, or which would have not occurred or existed but for this Contract and the acts or omissions of the Contractor or its officers, agents, personnel, volunteers, interns or non-employees. The Contractor shall not be liable under this Paragraph for liabilities, demands, claims, damages, losses, costs or expenses arising or resulting from the acts or omissions of the state or its officers, agents, personnel, volunteers, interns or non-employees.

SECTION XIX: INSURANCE:

1. **Insurance Required.** Before commencing services under the Contract, the Contractor shall furnish the Customer a certificate from the Contractor's insurer. The insurer shall be authorized to transact business in Arizona and hold a Certificate of Authority issued from the Arizona Department of Insurance. The certificate shall demonstrate insurance coverage in the minimum amounts and under the terms stated in Subparagraphs b and c. The Customer shall have the right to request and receive certified copies of any or all of the applicable policies or endorsements.
2. **Coverage.** The Contractor shall maintain the coverage specified in this Subparagraph in full force and effect during the term of the Contract. The coverage specified in this Subparagraph shall not limit the liability or other obligations of the Contractor. The Contractor shall require all non-employees to maintain the same coverage specified in this Subparagraph, or shall provide such coverage for non-employees. The Customer reserves the right to waive or adjust insurance requirements in unique situations.

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| i. | COMMERCIAL GENERAL LIABILITY
(Bodily injury, premises operation, property damage) | \$1,000,000 each occurrence
\$2,000,000 aggregate |
| ii. | WORKER'S COMPENSATION AND
EMPLOYER LIABILITY | \$100,000 limit |
| iii. | COMPREHENSIVE AUTOMOBILE
LIABILITY, if a vehicle is to be utilized to
transport clients for any purpose in
connection with the performance of this
Contract | \$1,000,000 in the aggregate |
| iv. | PROFESSIONAL LIABILITY
INSURANCE (providing for coverage of
professional misconduct or lack of ordinary
skill in the performance of a professional
act or service) | with limits of \$1,000,000 for each claim |

3. **Additional Insured.** The Certificate of Insurance shall specify, and all policies shall provide, that:
 - i. The Gila County Superior Court/Gila County Probation Department and the State of Arizona are additional insureds;
 - ii. The insurance afforded in the policies identified in the certificate is primary and any insurance or self-insurance program of the State shall be excess and non contributory insurance to that provided by the insured.
4. **Cancellation Notice.** The certificate of insurance shall indicate, and all policies shall provide, that the policies shall not expire, be canceled or materially change to affect the coverage available to Gila County

and the State of Arizona without 60 days prior written notice to the Customer.

5. **Noncompliance.** In the event that the insurer cancels any of the coverages specified in this Paragraph for any reason, the Contractor shall obtain replacement coverage acceptable to the Customer within five (5) days. Failure to comply with this requirement shall be grounds for terminating the Contract.
6. **Payment.** If services are delivered when all insurance requirements are not in effect, set forth in Paragraph 18, Sections a, b, and c, the Customer may recoup or deny payment to the contractor.

SECTION XX: ARBITRATION:

The parties to this Contract agree to resolve all disputes arising out of or relating to this Contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. §12-1518 except as may be required by other applicable statutes.

SECTION XXI: CONFIDENTIALITY OF CLIENT INFORMATION:

1. **Compliance.** The Contractor, its personnel, volunteers, interns and non-employees unless otherwise exempt, shall adhere to all federal, state and local laws regarding confidentiality including, but not limited to the Health Insurance Portability and Accountability Act (HIPAA) Pub. L. No. 1-4-191 (1996) and regulations promulgated there under.
2. **Prohibition.** The Contractor, its personnel, volunteers, interns and non-employees shall not divulge information about any client to anyone without the release specified in this Subparagraph except to other than the Customer, the referring superior court, or anyone authorized by the Customer to receive it. Any disclosure of client information without a signed release of information by the client or the client's guardian, or designated representative to persons other than those specified in this Subparagraph in violation of this Contract or applicable law shall constitute grounds to terminate this Contract.
3. **Release and Authorization.** Except for the persons identified in Subparagraph a., the Contractor shall refer persons requesting client information relating to this Contract to the Customer. The Contractor shall maintain release and authorization forms to track the dissemination of information in each client's records except for the release and authorization of information to Customer, or the referring Superior Court. Release and authorization of information forms shall indicate the person or agency to receive the information, the specific information to be released, and the expiration date of the release, and shall be signed by the client or designated representative. Release and authorization forms shall meet all Federal and State requirements including, but not limited to, 45 CFR 164.508 and shall indicate the person or agency to receive the information, the specific information to be released, and the expiration of the release. The release and authorization shall be signed by the client and client's parent, guardian, or designated representative. The Contractor shall file, document and retain any signed authorization as required by 45 CFR 164.530(j). Unless the entity is otherwise exempt, disclosures must be accounted for under CFR 164.528. The Contractor shall file the forms in the client's record.
4. **Procedures and Controls.** The Contractor shall have written policies and procedures, and maintain controls, acceptable to the Customer which comply with this Paragraph, Paragraph 14 of these Standard Terms and Conditions, rules, policies and any applicable statutes. At a minimum, they shall address the compilation, locked storage, dissemination, retention and disposal of client records and information. Except as authorized by the Contract, the policies, procedures, and controls shall assure that no information contained in the Contractor's records or obtained from designated authorities or others is used or disclosed by the Contractor's agents, officers, or personnel; its volunteers or interns; or by non-employees.
5. **Research Data.** Notwithstanding any other provision of this Paragraph, the Contractor shall not provide to anyone other than the Customer any information, including information about clients in whatever form, for research purposes without the prior written approval of the Customer. The Contractor shall refer any requests for such information to the Customer and such requests shall be in writing. Approval shall be within the discretion of the Customer.
6. **Subpoenas.** If the Contractor receives a subpoena requesting records relating to this Contract, the Contractor, before complying with the subpoena, shall immediately notify the Customer, and supply that officer with a copy of the subpoena.

SECTION XXII: NON-DISCRIMINATION IN SERVICE DELIVERY:

The Contractor shall not deny services to or otherwise discriminate in the delivery of services against any client on the basis of race, color, religion, gender, national origin, age, disability, or sexual orientation. For purposes of this Paragraph, gender discrimination includes sexual harassment.

SECTION XXIII: NON-DISCRIMINATION IN EMPLOYMENT:

The Contractor shall comply with Executive Order 99-4, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Contractor shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability

SECTION XXIV: CANCELLATION DUE TO CONFLICT OF INTEREST:

Pursuant to A.R.S. §38-511, the state, its political subdivisions or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the state, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the state, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. A cancellation made pursuant to this provision shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time.

SECTION XXV: LEGAL ARIZONA WORKERS ACT COMPLIANCE:

Contractor hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to Contractor's employment of its employees, and with the requirements of A.R.S. §§ 41-4401 and 23-214(A) (together the "State and Federal Immigration Laws"). Contractor shall further ensure that each subcontractor who performs any work for Contractor under this contract likewise complies with the State and Federal Immigration Laws.

County shall have the right at any time to inspect the books and records of Contractor and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.

Any breach of Contractor's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, shall be deemed to be a material breach of this Contract subjecting Contractor to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Contractor shall be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor as soon as possible so as not to delay project completion.

Contractor shall advise each subcontractor who performs any work for Contractor under this contract of County's rights, and the subcontractor's obligations, under this Article by including a provision in each subcontract substantially in the following form: "Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor will be deemed to be a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract."

Any additional costs attributable directly or indirectly to remedial action under this Article shall be the responsibility of Contractor.

SECTION XXVI: EFFECT OF CONTRADICTORY PROVISIONS:

To the extent that Attachment A, the Service Specifications, or any amendments or change orders to the Contract conflict with these Standard Terms and Conditions, the Attachment A, the Service Specifications or any

amendments or change orders shall control the interpretation of the Contract.

SECTION XXVII: GENERAL PROVISIONS:

1. **Applicable Law.** This Contract shall be governed and interpreted by the laws of the State of Arizona, including the Arizona Procurement Code (A.R.S. §41-2501, *et seq.*)
2. **Unenforceability of Provisions.** If any provision of this Contract is held invalid or unenforceable, the remaining provisions shall continue to be valid and enforceable to the full extent permitted by law.
3. **Insurance.** The Contractor shall comply with all laws regarding unemployment insurance, disability insurance, and workers' compensation.
4. **Independent Contractor Status.** The Provider is an independent contractor in the performance of work and the provision of services under this Contract, and is not to be considered an officer, employee, or agent of the State, or of Gila County.
5. **Non-waiver.** The Customer's acceptance of performance which does not strictly comply with a requirement of this Contract shall not constitute a waiver of the right to enforce strict compliance of the requirement in the future.
6. **Certification against Contingent Fees.** The Contractor certifies that no individual or agent has been employed or retained to solicit or secure this Contract for a commission, percentage, brokerage or contingent fee, except a bona fide employee maintained by Contractor to secure business.
7. **Third Party Antitrust Violations:** The Contractor assigns to the State any claims for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to the Contractor toward fulfillment of this Contract.

SECTION XXVIII: TERMINATION AND BREACH:

Either party to the resulting agreement may terminate the agreement with or without cause, by giving the other party a ten (10) day written notice.

1. The lapse of requested insurance, licenses, certification,
2. A material breach of law by the Provider, which in the Superior Court opinion, is materially detrimental to the Superior Court.

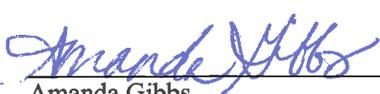
SECTION XXIX: DUTIES OF PROVIDER:

1. Failure of the Provider to perform any services required in the Contract for thirty (30) days after such service is due, unless justified by causes outside the control of the Provider shall constitute a breach of the Contract.
2. In the event of a termination or breach by Provider, the Provider shall be reimbursed only for the value of services actually performed and expenses incurred under the contract prior to the effective day of the termination notice or of notice that the Court regards the Contract as breached.
3. The Provider will forward operational policies and procedures on client assessment, service planning, clinical documentation, confidentiality, and records storage and disposal.

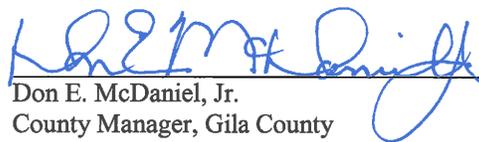
SECTION XXX: ENTIRE AGREEMENT:

This document including the addendum A and Compensation Schedule constitutes the entire Agreement of the parties and shall not be modified, amended, altered or changed except through a written amendment and signed by the parties authorized representatives.

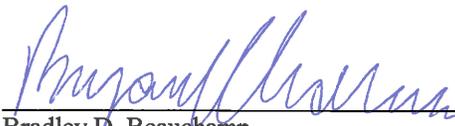
IN WITNESS, THEREOF, the parties have affixed their signature to this CONTRACT/AGREEMENT on the designated dates:



Amanda Gibbs
Chief Financial Officer / Exec. V.P.
Technical Resource Management, Inc.,
8/16/13
Date



Don E. McDaniel, Jr.
County Manager, Gila County
9/4/13
Date

for 

Bradley D. Beauchamp
Gila County Attorney, approved as to form
8-9-13
Date

ADDENDUM A

Compendium of Services

Background Information

Norchem Drug Testing has enjoyed over 19 years of experience in providing forensic drug-testing services to judicial and social welfare agencies throughout the United States. Our current customers include:

- Probation and Parole Offices
- Child Protective Service Agencies
- Correctional Management Firms
- Drug Courts
- State Prisons
- Treatment Centers
- Community Corrections Agencies
- Work Release Programs
- Residential Facilities
- Day Reporting Organizations
- Employment

Norchem follows strict procedures for performing drugs of abuse analysis. Our initial screening as well as our confirmation methods conforms to the most up to date and universally accepted procedures. We follow stringent guidelines for maintaining quality control. In addition to strict internal quality control measures, Norchem also participates in rigorous external quality control programs with the College of American Pathology (CAP), and the American Association Of Bioanalysts (AAB). Norchem employs only qualified laboratory analysts for testing. Our Chairman, Thomas E. Vorpahl, M.D. is a medical doctor who is board certified in anatomical and clinical pathology. Our Laboratory and Scientific Director, Bert Toivola, holds a Ph.D. in physiology and biochemistry with 30 years experience with toxicology.

Providing legally defensible results is a critical aspect of our customer service, considering the life-affecting decisions being made by most of our clients. Our scientists and highly trained customer service personnel are available every business day to answer your questions concerning interpretation of results, interfering substances, specimen adulteration and other technical questions.

Norchem's customized drug-test options give us the flexibility to serve a wide range of clients from state prisons and social services agencies to nationwide businesses and individual families. Every client can design its own drug-testing program to suit its needs and resources. Clients can customize their own drug tests from single-drug screens to Broad Spectrum Drug Screens for more than 80 chemical compounds and anything in between. LC/MS/MS confirmations are performed automatically or upon request. Our clients choose which services they require and pay for only the services that are used.

The management and staff of Norchem are dedicated to providing our clients with unsurpassed customer service. We invite you to contact us with your questions or service needs and will be happy to assist you.

Company Structure

Norchem is a registered trade name solely owned and operated by Technical Resource Management, Inc., an Arizona corporation. Our laboratory is CLIA and CAP-FDT certified. In addition to our Arizona corporate headquarters, we have a sales office in Denver, Colorado and collection personnel in Tarrant County, (Ft. Worth) Texas. Norchem has been in business since 1989 and under the current ownership since May 1994. William P. Gibbs is President/CEO, a Director and principal shareholder. Thomas E. Vorpahl, MD is Secretary, Chairman of the Board of Directors and principal shareholder. Mr. Gibbs and Dr. Vorpahl have equal shares of stock, which represent approximately 80% of the shares. Our employees hold the remaining 20%. Our company profile is as follows:

- Full, legal name: Technical Resource Management, Inc. dba Norchem
- Federal Identification Number: 86-0814590
- State of Incorporation: Arizona
- Date of Incorporation: October 20, 1995
- Customer Base: Approximately 800 regular clients across the U.S., 85% of which are law enforcement agencies, treatment providers, social welfare agencies or third party administrators, and 15% of which are employers and health care agencies. Our customer agreements vary in size from 750 samples per day to 1 sample per quarter. Norchem also provides collection staff or contract collection sites to clients requiring this service. We have been working with many of our customers since May of 1994.

Facilities and Resources

The laboratory is a state of the art, secure 17,000 sq. ft. facility. The laboratory is accessible by electronic entry only. Within the laboratory is the specimen storage area. Frozen storage for positive specimens that require a twelve (12) month hold is a walk-in freezer twenty (20) feet by forty (40) feet. It contains shelving and has isles for easy access to specimens. The freezer is lighted and is secured with a lock. Frozen storage for positive specimens that require a six (6) month hold is a walk-in freezer twenty (20) feet by sixteen (16) feet. It contains shelving and has aisles for easy access to specimens. The freezer is lighted and secured with a lock. Dry storage for negative specimens is an approximately twenty (20) feet by two (2) feet and is also a locked facility. All specimens are contained within the laboratory area. The laboratory and specimen storage area is secured by electronic entry.

Instrumentation

5-Olympus AU2700 Automated Chemistry Analyzers, 1-Olympus AU600 Automated Chemistry Analyzer, 4 MA220 Aliquot Stations, 1 MA300 Aliquot Station, 2 Waters Xevo / TQD LC/MS/MS, 2 Waters TQD LC/MS/MS, 1 Waters Quattro Micro and 1 HP 689 GC/FID. Norchem has redundant screening and confirmation instrumentation that will be utilized in the event of an instrument break down.

Testing Methodologies: Enzyme-Multiplied Immunoassay Technique (EMIT), Cloned Enzyme Donor Immunoassay (CEDIA), Colorimetric automated chemistry tests, Enzyme-Linked Immunosorbent Assay (ELISA), Liquid Chromatography/Mass Spectrometry/ Mass Spectrometry (LC/MS/MS), Gas Chromatography Flame Ionization Detection (GC/FID).

Data Management System

Norchem utilizes its own proprietary Laboratory Information System (LIS) for direct instrument interface and standard data reporting functionality. The LIS is currently running on Norchem's cluster of Linux-based servers, onsite at our facility. Additionally, Norchem provides a number of customized services, both onsite and distributed, via our internal software customization team. The equipment used to power Norchem's LIS and information systems is all based around redundant, fault tolerant storage. We maintain 24x7 support contracts with our primary hardware and software vendors. Rotating, offsite backups are performed daily, ensuring the ability to continue business in the event of a system failure. Systems that are critical to client reporting, including Norchem's web and email servers, are co-located in outside facilities. Chain of custody documents are imaged into our system for quick retrieval, and to provide an additional level of document storage security.

Personnel

It is Norchem's policy to staff technical positions with personnel having education, training, and experience sufficient to competently accomplish their assigned duties. The ultimate responsibility for data and service quality resides with the Laboratory Director. The Scientific Director, Chemistry Supervisor, and Toxicology Supervisor are critical adjuncts to the Laboratory Director. The Laboratory Director oversees laboratory operations through close interaction with these individuals. The Scientific Director is the main focal point of information for the Norchem Quality Assurance Program and he is responsible for providing advice and assistance to technical support staff and management personnel.

Norchem has five certifying scientists available to provide testimony regarding the integrity of laboratory results generated by the laboratory.

Customer Service

Norchem provides a toll-free number for staff to be reached. People, not a machine, answer Norchem's phones. Staff will provide courteous and timely assistance with all matters including; Technical assistance, assistance with lost or missing reports, ordering supplies, account changes, and confirmation test requests. Currently, customer service is available 7:00-5:00 MST.

Supplies

Norchem will provide at no additional cost all supplies necessary to provide drug testing services. Supplies will include; heat-sealed collection cups with attached temperature strips, pre-printed chain of custody forms (bar-coded) with peel off (bar-coded) security seals, self-sealing specimen bags, and shipping material.

Supply Distribution

Facility/agency personnel may order all supplies by calling our toll-free number. As an option to ordering supplies, Norchem, also utilizes standing orders. Our logistics team will set your account locations up to receive a specified number of supplies automatically,

without the need to phone in an order. Supplies ordered by phone will be shipped in via FedEx ground to arrive at the appropriate facility (treatment facility, collection site, and/or probation department) in approximately 1-2 days.

Norchem's technical staff is readily available and may be reached via our toll-free number. The staff will assist with questions regarding result interpretation including new use of THC (Marijuana), interfering substances, specimen dilution and adulteration, testimony and court assistance. This service is available 8:00-5:00 MST.

Expert Testimony

Norchem has available 3 technical staff members to provide expert testimony in person, or through telephonic testimony, as well as to prepare affidavit packets. Our expert witnesses will defend the veracity of our procedures and the integrity of our results that are confirmed positive by LC/MS/MS. Norchem Drug Testing is CAP-FDT certified. This certification is specific to forensic (legally defensible) drug testing. Our procedures, (analytical and chain of custody) comply with CAP-FDT requirements as evidenced by our current certification. Due to the soundness of our testing and chain of custody procedures and the extensive affidavit packets we provide, Norchem's scientists are rarely required for in-person testimony (additional charge).

Analytical Methods

Norchem will perform an immunoassay on all specimens submitted. LC/MS/MS will be performed by request or automatically, depending on your agency's needs. Norchem will perform a urine creatinine assay and basic adulteration check on every specimen screened. These findings will be printed on the test report. In addition, for specimens that test positive for THC, Norchem will indicate the level of THC. Urine specimens that screen positive for alcohol will be tested for glucose. The presence of glucose could be due to the fact that the donor is a diabetic and its presence may cause a false positive for alcohol. This result will be included on the test report.

Below are the most common urine assays performed in our laboratory. In addition to standard tests, Norchem also performs a variety of specialty tests including: GHB, Oxycodone, Ketamine, Rophynol, Fentanyl, Meperidine, LSD, & Inhalants.

Urine Cut-Offs

Drug	Screen Cut-Off	Confirmation Cut-Off
Alcohol	0.02%	0.02%
Amphetamine/ Methamphetamine	1000 ng/mL	500 ng/mL
Cocaine	300 ng/mL	150 ng/mL
Opiates	300 ng/mL	300 ng/mL
Marijuana (THC)	50 ng/mL	15 ng/mL

Oral Fluid Cut-Offs

Drug	Screen Cut-Off
Alcohol	0.02%
Benzodiazepines	20 ng/mL
Cocaine	20 ng/mL
Methamphetamine	50 ng/mL
Opiates	40 ng/mL
Marijuana (THC)	4 ng/mL

Quality Control

Quality Control is a vital part of Norchem's testing procedures. To comply with the strict requirements of CAP-FDT FDT certification, 10% of tests performed in our laboratory are quality control samples. In addition to internal quality control, Norchem also participates in external quality control programs with the College of American Pathology (CAP), and the American Association Of Bioanalysts (AAB).

Specimen Storage

Norchem will store negative specimens for a period of 1 week to allow for test add-ons and re-tests. Positive screens will be stored frozen for a period of 6 months. Specimens that confirm positive will be stored for a period of 12 months. Extended storage may be requested in writing.

Documentation

Norchem currently stores all records (test data, GC readings, chain of custody documentation) for 7 years.

Specimen Transport and/or Courier Service

Norchem will provide express courier transport of specimens and shipment to laboratory. Specimens will be picked up by courier and transported to or laboratory via commercial airline or Federal Express.

Result Time

Results for negative specimens (routine tests) will be reported same day of receipt. Positive specimens may require an additional 24-48 hours.

Result Reports

Faxed results are provided via our automated fax server, which accepts results directly from our Laboratory Information System (LIS). Each site may schedule the time they wish to receive results daily, or request that results be sent immediately as they are verified and

released by Norchem. Scheduling allows each site to group results together, and arrange the time they should be received. (On the hour, starting at 3:00 PM, for example).

Online result lookup is provided by Norchem's secure internet site, dedicated to reporting results. Results may also be obtained via e-mail or direct computer interface. All results are reported via 128 bit SSL encryption, which is the same encryption used for banking and credit card information transfers over the internet. Additionally, the results reporting system is protected by a dedicated firewall, which only allows data, transfer via a secure channel. Norchem system site security is covered in more detail in electronic result security section. All results are password protected, and tied to the reporting groups assigned by Norchem.

Norchem meets or exceeds all CAP and HIPAA guidelines for client confidentiality and protection of sensitive data.

Chain of Custody and Tampering

Norchem follows CAP-FDT guidelines that ensure legally defensibility of chain of custody documentation. Legal defensibility is maintained through the use of external (prior to specimen's arrival in the laboratory), and internal (within the laboratory environment) chain of custody documentation.

Norchem's COC process is designed to properly document specimen collection, transfer, receipt, and subsequent handling within the analytical laboratory at Norchem. Documentation of the entire COC process is divided into two distinct domains:

external COC—the process involving specimen collection and transport

internal COC—the process involving specimen receipt, analysis, storage and disposal

External COC-The documentation associated with the external COC process starts with the information provided on the Test Request & Chain of Custody form. This form is filled-out at the time of specimen collection. For convenience, forensic COC and test request documents are integrated into the same form; and each form has a unique number assignment for proper cross-referencing with the sample.

Management Reports

Norchem's IT staff has worked with numerous customers to provide highly customized data entry, transfer and reporting options, tailored to meet specific reporting needs. Our standard reports cover most of the available data. However, our IT staff is always available to generate additional custom reports; or provide data in a customized fashion, such as incorporated into an Excel spreadsheet.

Flexibility of Services

All of our services are designed with flexibility in mind. Our clients are able to select from a variety of tests and methods for their panels. They can also specify in certain cases the cut-off limits for reporting positives. Every customer is assigned a unique client number within Norchem's laboratory information system. A customer may have only one unique client number or as many that are necessary to obtain the exact service they require for all departments. This account number instructs our automated laboratory information system as to the specific handling, testing, billing and reporting requirements associated with this client.

General Overview of the Proposal: This provider will ensure that the Gila County Probation department receives:

- Convenient and easy to use specimen collection devices.
- Customized Saliva Chain of Custody Requisition forms.
- Saliva collection training material.
- Pre-paid postage mailers for rural areas (USPS)
- Laboratory results will be faxed to the Payson and Globe offices.
- Activity reports are available upon request.
- Litigation Packets available upon request.

- Witness testimony available.

Laboratory Screening for Saliva Drug Testing will be completed by Enzyme-Linked ImmunoSorbent Assay. Testing is performed by certified and experienced Forensic Toxicologists, Forensic Scientists, Medical Technologists and Technicians.

Laboratory Confirmation will be provided on all positive saliva screening using LC/MS/MS. All confirmations will be performed by certified and experienced Forensic Toxicologists, Forensic Scientists, Medical Technologists, and Technicians.

The provider will standardize a 5 panel drug test for Gila County Probation with the option of specialized testing upon request.

The provider will ensure access to laboratory personnel 24/7 365 days a year.

**Policy on Privacy
Technical Resource Management d/b/a
Norchem Drug Testing Accounts**

POLICY:

1. All officers, employees, and agents of TRM shall preserve the integrity and the confidentiality of individually identifiable health information (IIHI) pertaining to each client. This IIHI is protected health information (PHI) and shall be safeguarded to the highest degree possible in compliance with the requirements of the security rules and standards established under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).
2. TRM shall publish and distribute a Notice of Privacy Practices that informs the client in plain language about the uses and disclosures of PHI the organization will make; client rights in regard to uses and disclosures; and, limitations on the organization in that it could not use or disclose information in a manner not covered in the Notice.
3. TRM and its officers, employees, and agents will not use or disclose an individual's protected health information for any purpose without the properly documented consent or authorization of the client or his/her authorized representative unless required to do so by federal and or state law or regulation; unless an emergency exists; or, unless the information has been sufficiently de-identified that the recipient would be unable to link the information to the client.
4. TRM shall take reasonable steps to limit the use and/or disclosure of, and requests for PHI to the minimum necessary to accomplish the intended purpose.
5. TRM shall implement reasonable administrative, technical, and physical safeguards to protect PHI from any intentional or unintentional use or disclosure that is a violation of HIPAA regulations.
6. TRM) shall establish and maintain procedures to receive and address client complaints of unauthorized uses or disclosures of their PHI.
7. TRM recognizes certain client's rights regarding their own protected health information.
 - The client and/or his authorized representative shall be granted access to their records subject to reasonable limitations related to the business processes of the organization unless, in the opinion of an appropriate medical professional, such access would be detrimental to the client.
 - The client shall also have the right to request amendment to the records to correct alleged inaccuracies. Such amendments shall be subject to law, professional ethics, and professional judgment and standards.
 - The client shall have the right to request restrictions on the uses and disclosures of PHI.
 - The client is entitled to an accounting of disclosures of PHI for uses other than treatment, payment and healthcare operations.
8. TRM shall establish contractual assurances from all business associates to which PHI is disclosed that the information will be used only for the purposes for which they were engaged, will safeguard the information from misuse, and will help the agency comply with its duties to provide clients with access to health information about them and a history of certain disclosures.
9. TRM shall provide adequate training and timely updates related to the policies and procedures for compliance with the

HIPAA privacy standards for all current employees, new hires, agents and business associates. Training content and participation will be documented and retained by the Privacy Officer.

10. All officers, employees and agents of TRM shall comply with the standards set forth in this policy. Violation of this policy and unauthorized uses and/or disclosures of protected health information are very serious offenses. Not only is violation of this policy grounds for disciplinary action, up to and including termination of employment, but violations related to unauthorized use and disclosure of protected health information may be subject to civil and criminal penalties including significant monetary costs and incarceration.
11. TRM shall make all reasonable efforts to lessen the harm caused by an improper use of disclosure of protected health information by its workforce or by any business associate.
12. TRM shall maintain policies and procedures to implement HIPAA standards and regulations. TRM shall also maintain documentation in written or electronic form of any communication required by the regulation and documentation of any action, activity or designation that may be required. Such documentation shall be maintained by the organization for a period of six (6) years from the date of its creation or the date when it last was in effect, whichever is later.

PROCEDURE:

1. Definitions.

1.1. Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA is comprehensive law enacted during the Clinton administration. The law has several subparts providing such benefits as guaranteed portability and renewal of insurance benefits between employers, tax provisions for medical savings accounts and administrative simplification to improve the efficiency and effectiveness of the health care system. During the latter part of the 1990's, the Secretary of the Department of Health and Human Services drafted regulations for standardizing the electronic interchange of administrative and financial data and protecting the security and privacy of personal health information. HIPAA requires health care providers, health plans and health care clearinghouses to transition to the use of standard code sets and "electronic data interchange (EDI) and to maintain reasonable and appropriate administrative, technical, and physical safeguards to insure the integrity and confidentiality of healthcare information; to protect against reasonably foreseeable threats and hazards to the security or integrity of the information; and, to protect against unauthorized uses or disclosure of the information. Compliance with first of the HIPAA rules is scheduled for early 2003. HIPAA also provides criminal penalties for failure to comply with the regulations.

1.2. Individually Identifiable Health Information (IIHI). A subset of health information, including demographic information collected from an individual and that is created or received by a health care provider and relates to the past, present, or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual, and which identifies the individual, or with respect to which there is a reasonable basis to believe that the information can be used to identify the individual.

1.3. Protected Health Information (PHI). The final rule defines PHI as individually identifiable health information that is transmitted by electronic media; maintained in any electronic medium such as magnetic tape, disc, optical file; or transmitted or maintained in any other form or medium (i.e. paper, voice, Internet, fax etc.).

1.4. Treatment, Payment, Health Care Operations (TPO). With client consent, a healthcare provider, health plan or healthcare clearinghouse may use and disclose PHI (with certain limitations) within and outside the organization for client treatment, to facilitate the payment of the client's bills, and for business and clinical operations of the organization. The following definitions apply:

1.41 **Treatment:** provision, coordination or management of health care (care, services or supplies related to the health of an individual) and related services by or among providers, providers and third parties, and referrals from one provider to another provider.

1.42 **Payment:** activities undertaken by a health plan to obtain premiums or determine responsibility for coverage, or activities of a health care provider or health plan to obtain reimbursement for the provision of health care. Payment activities include billing, claims management, collection activities, eligibility determination and utilization review.

1.43 **Health Care Operations:** activities of a covered entity to the extent such activities are related to covered functions including quality assessment and improvement activities; credentialing health care professionals; insurance rating and other insurance activities related to the creation or renewal of a contract for insurance; conducting or arranging for medical review, legal services and auditing functions (including compliance programs); business planning such as conducting cost-management and planning analyses to managing and operating the entity including formulary development and administration, development or improvements for methods of payment or coverage policies; business management and general administrative activities; due diligence in connection with the sale or transfer of assets to a potential successor in interest, if the potential successor is a covered entity or will become a covered entity; consistent with privacy requirements, creating de-identified health information, fundraising for the benefits of the covered entity, and marketing for which an individual authorization is not required.

1.5. **De-identified PHI.** A covered entity may use PHI to create de-identified information, whether or not the de-identified information is to be used by the entity. In order to be exempt from the privacy rule the information must not include any of the following identifiers for clients, relatives, household members, employers: names; geographic subdivisions smaller than a state (some specific exceptions); all elements of dates except the year, for all under 89, and all elements of dates for those over 89; telephone or fax numbers, e-mail or IP addresses and URLs; social security number; medical record number; health plan beneficiary (UCI) number; account numbers; certificate or license numbers; vehicle identifiers; device identifiers; biometric identifiers (finger, retinal, voice prints); full face photographic images and the like; any other unique characteristic or code. With statistical expertise and documentation it is determined that the risk is very small that information could be used alone or in combination with other reasonably available information, by an anticipated recipient to identify an individual.

1.6 **Minimum Necessary Standard.** The organization shall make all reasonable efforts not to use or disclose more than the minimum amount of protected health information necessary to accomplish the intended purpose of the use or disclosure.

1.7 **Business Associate.** A business associate is a person or entity that provides certain functions, activities, or services for, or to a covered entity (healthcare provider, health plan, healthcare clearinghouse), involving the use and/or disclosure of PHI. A covered entity may be a business associate of another covered entity.

2. **Responsibility for Privacy of Protected Health Information.** Everyone in the organization as well as associated covered entities and business associates shares a responsibility to ensure the integrity and confidentiality of clients' protected health information and to protect against any unauthorized use or disclosure of such information.

2.1 **Privacy Officer.** The chief executive shall designate a privacy officer for the organization who will oversee all ongoing activities related to the development, implementation, maintenance and adherence to the organization's policies and procedures related to the security of PHI in all forms. A job description for the privacy officer has been included as Attachment A. The privacy officer will work closely with others in the organization assure compliance with all federal and state laws and regulations related to information security.

2.11 **Director of Information Services.** The IS Director shall ensure that reasonable technical and physical safeguards are in place to minimize the risk of unauthorized use or disclosure of PHI stored and/or transmitted electronically within the organization and to external associates. The Director will also be responsible for written contingency plans to cope with the results of reasonably anticipated threats, hazards or crises related to the loss of access to electronic media.

3. **Privacy Standards.**

3.1 **Notice of Privacy Practices.** Under HIPAA, each client has the right to receive notice of the organization's policies regarding its uses and disclosures of PHI, the individual's rights under the Privacy Standards, and the organization's legal obligations regarding PHI. The organization shall prepare and distribute a Notice of Privacy Practices, written in plain language, to each client. The organization shall also document that the client has received such notice.

3.2 **Uses and Disclosures of Protected Health Information.**

3.21 **Authorization.** The organization may not use or disclose protected health information without a valid authorization. The authorization is a document signed by the client that gives the organization permission to use specified health information for a specified purpose and time frame. The authorization is required for uses and

disclosures of PHI for other than treatment, payment and operations.

3.22 Uses and Disclosures for Which Consent, Authorization or Opportunity to Object is Not Required.

The organization may use and disclose PHI without the consent or authorization of the client for the following:

- a. As required by law
- b. For public health activities
- c. About victims of abuse, neglect or domestic violence
- d. To health oversight agencies for health oversight activities
- e. For judicial and administrative proceedings
- f. For law enforcement purposes
- g. Regarding decedents, to coroners, medical examiners and funeral Directors
- h. For research if a waiver of authorization has been obtained by the IRB or a Privacy Board
- i. To prevent serious and imminent harm to health or safety of a person or the public
- j. For specialized government functions
- k. Military and veterans activities
- l. National security and intelligence
- m. Protective services for the President and others
- n. To the Department of the State to make medical suitability determinations
- o. To correctional institutions and law enforcement officials regarding an inmate
- p. Worker's compensation if necessary to comply with the laws relating to worker's compensation or other similar programs.

3.23 Minimum Necessary. The organization shall take steps to determine the extent to which various classifications of workers need access to client PHI and shall limit use and disclosure of PHI to the minimum necessary to accomplish the intended purpose of the use, disclosure or request. The organization shall also maintain policies governing both routine and non-routine use of PHI.

3.24 Business Associates. A business associate is a person who, on behalf of the organization, performs a function or activity involving the use or disclosure of PHI including claims processing or administration, data analysis, processing or administration, utilization review, quality assurance, billing, benefit management, practice management; or, provide legal, actuarial, accounting, consulting, data aggregation, management, administrative or financial services to or for the organization where the service involves the disclosure of PHI. The organization may disclose PHI to a business associate and may allow a business associate to create or receive PHI on its behalf if the organization obtains satisfactory contractual assurance that the business associate will appropriately safeguard the information.

3.25 State Preemption of HIPAA Rules. Any provision of State law contrary to HIPAA is preempted unless the State laws provide more protection to health information or greater rights to the individual subject of the health information.

3.3 Client Rights Related to Protected Health Information.

3.31 Access. Clients shall have the right to access their own protected health information that is maintained in record sets of the organization and its business associates. The organization may deny access to records under certain specified circumstances and shall establish and maintain a process for appeal of the denial.

3.32 Restrictions. Clients shall have the right to request restrictions on how the organization will use or disclose their own protected health information for treatment, payment or health care operations and how their information will be disclosed or not disclosed to family members or others involved in their care. The organization shall comply with the client's reasonable request to receive communications of PHI by alternative means or at alternative locations.

3.33 Amendment. Clients shall have the right to amend erroneous or incomplete PHI unless the information:

- a. Was not created by the covered entity
- b. Is not in a designated record set or is not otherwise available to inspection
- c. Is accurate and complete
- d. Would not be subject to the right of access.

The organization shall maintain a procedure for appeal if the client's request to amend is denied.

3.34 **Accounting.** Clients shall have the right to an accounting of disclosures of their own protected health information that is maintained in record sets of the organization and its business associates. Such accounting shall include a period of six years prior to the request, beginning on the first date on which the organization was required to be in compliance with the HIPAA Privacy Standards (April 14, 2003).

3.4 Workforce Training, Sanctions and Mitigation.

3.41 **Workforce Training.** All individuals of the organization's workforce and business associates shall receive training about the entities privacy policies and procedures as necessary and appropriate to carry out their job duties. Training shall also be provided when there is a material change in the organization's privacy practices.

3.42 **Sanctions.** The organization shall establish and apply appropriate sanctions against workers who fail to comply with privacy policies and procedures.

3.43 **Mitigation.** The organization shall do all that it can to mitigate any potential harmful results of an improper use or disclosure of PHI (in violation of the HIPAA Privacy Standards) by the organization, its workforce or its business associates.

3.5 Documentation. Documentation shall be required in support of policies and procedures and all other subparts of the privacy regulations that directly list documentation as a requirement. Documentation must be kept current to reflect changes in regulatory requirements and the organization's privacy processes.

3.51 **Retention of Documentation.** Documentation required under the privacy regulations shall be kept in written or electronic form for a period of six (6) years from the date of creation or from the date when it last was in effect, whichever is later.

Online Result Reporting

Online lookup is provided by Norchem's secure internet site, dedicated to reporting results and accepting orders for new testing. All results are reported via 128 bit SSL encryption, which is the same encryption used for banking and credit card information transfers over the internet. Additionally, the results reporting system is protected by a dedicated firewall, which only allows data, transfer via a secure channel.

All results are password protected, and tied to the reporting groups assigned by Gila County personnel.

Once logged in to our secure internet lookup, the customer can select from available results via a number of fields, including collection date, coc/document id, accession, and donor name or donor ID. If criteria are selected that return multiple results or donors, a list is presented, and the caseworker can select the appropriate donor or specimen by clicking the button on the left of the individual lines. A user is always within 3 steps or clicks of their desired result.

Computer Security, Data Storage and Integrity

The equipment used to power Norchem's LIS and information systems is all based around redundant, fault tolerant storage. We maintain 24x7 support contracts with our primary hardware and software vendors. Rotating, offsite backups are performed daily, ensuring the ability to continue business in the event of a system failure.

All chain of custody (COC) documents are imaged into our system for quick retrieval, and to provide an additional level of document storage security.

Customer and client data is protected from electronic intrusion via two distinct firewall levels, coupled with constant site monitoring. Additionally, physical access to the lab and test equipment is restricted by an electronic security system, with access granted only to appropriate individuals.

Norchem's web site for order entry and result reporting is only accessible via SSL secured, 128-bit encryption. The systems

used for this functionality are strictly monitored, and dedicated solely to this use. They, as with all critical systems at Norchem, are monitored and updated daily as new operating systems and software security patches are made available by our vendors.

Data transfers to and from clients are processed via a secure encryption method. Custom solutions are available on a client-by-client basis, including file level encryption such as GPG and secure transit mechanisms like ssh/scp and certificate authenticated encrypted tunneling.

Norchem meets or exceeds all CAP and HIPAA guidelines for client confidentiality and protection of sensitive data.

COMPENSATION SCHEDULE

Norchem is pleased to offer your agency the following drug testing services:

Urine Testing

5 Drug Urine Screen (Alcohol, Amphetamine/Methamphetamine, Cocaine, Opiates (300) and Cannabanoids - THC 50)	\$ 6.95
5 Drug Urine Screen (EtG (Alcohol metabolite), Amphetamine/Methamphetamine, Cocaine, Opiates (300) and Cannabanoids - THC 50)	\$ 7.20
SPICE / KS (Synthetic THC) (reported as detected / not detected)	\$25.00
Bath Salts (Synthetic Stimulants) Confirmations	\$25.00 screen \$20.00 per substance
LC/MS/MS Confirmations on Positive Results (confirmations on request)	\$15.00 per substance
THC Levels on all positive THC's	\$ Included
THC Creatinine Ratios	\$ Included
Diabetes Screen (to rule out false positive alcohol tests)	\$ Included

Oral Fluid Testing

6 Drug Oral Fluid Screen (Alcohol, Benzodiazepines, Cocaine, Methamphetamine, Opiates and Cannabanoids - THC)	\$11.60
LC/MS/MS Confirmations on Request (Typically there is only enough to confirm one substance)	\$25.00 per substance
Oral Fluid Collection Device	\$ Included

Other Services

Sentry Substance Abuse Management Tool	\$1.00 per specimen (Includes local IVR call-in phone number)
FedExGround Shipping	

(USPS Mailers for Rural Areas) \$ Included

Annual Training Provided Upon Request \$ Included

Testimony Services - Norchem

Litigation Packages

(Available on confirmed specimens. Allow 5-7 business days after completion of confirmation test)

\$40.00

In-Person Testimony

(Includes wait and testimony time)

\$100.00 per hour
(\$500 day maximum)

Travel Expenses

At Cost

Telephonic Testimony

\$50.00 per hour

Testimony Services – Other than Norchem (Oral Fluid Conformations)

Litigation Packages

(Available on confirmed specimens. Allow 5-7 business days after completion of confirmation test)

\$75.00

In-Person Testimony

(Includes wait and testimony time. Allow minimum of one week notice.)

\$150.00 per hour
(\$1000 day maximum)

Telephonic Testimony

\$150.00 per hour

Travel Expenses

At Cost