Health Services
LOS ANGELES COUNTY

September 21, 2010

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF A SOLE SOURCE AGREEMENT FOR SUPPLY CHAIN PROCUREMENT AND DATA MANAGEMENT SERVICES (ALL SUPERVISORIAL DISTRICTS) 3 VOTES

John F. Schunhoff, Ph.D.
Interim Director

Gail V. Anderson, Jr.,M.D.
Interim Chief Medical Officer

CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ( ) DISAPPROVE ( )

SUBJECT

Request approval of a sole source Agreement with Global Healthcare Exchange, L.L.C. for the provision of supply chain procurement and data management services for the Department of Health Services.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax:213-481-0503

www.dhs.lacounty.gov

To improve health through leadership, service and education

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Interim Director of Health Services (Interim Director), or his designee, to sign a sole source Agreement and the standard User Agreement with Global Healthcare Exchange, L.L.C. (GHX) for the provision of supply chain procurement and data management services for the Department of Health Services (DHS or Department), effective upon Board approval, through June 30, 2013, with a maximum obligation of $1,204,150 for the term of the Agreement consisting of $520,200 in one time only start-up fees and an annual cost of $244,100.

2. Delegate authority to the Interim Director, or his designee, to extend the term of the Agreement, for one two-year extension and six month-to-month extensions, for a maximum total of two years and six months, for the period July 1, 2013 through December 31, 2015, for an additional cost of $610,250, subject to review and approval by the Chief Executive Office (CEO), Chief Information Office (CIO), and County Counsel.

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3. Delegate authority to the Interim Director, or his designee, to increase the maximum obligation by no more than 10 percent, for the term effective upon Board approval through June 30, 2013 and the possible two year and six month extension period, for an amount not to exceed $120,415 subject to review and approval by the CEO, CIO, and County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

GHX is a Business Exchange (BX) consisting of healthcare providers and healthcare product vendors. The primary members of GHX are also the members of the University HealthSystem Consortium (UHC), of which DHS is a member. The purpose of GHX is to provide each member current and up to date procurement data regarding medical supplies and assist members with maintaining a uniform and efficient supply formulary for medical and surgical supplies they purchase. As a member of UHC, the Department benefits from group discounts for all medical supplies covered under UHC established vendor contracts. Currently, DHS benefits from the economies of scale; however, DHS can increase its savings and utilize its buying power more effectively by using the GHX procurement data management services. DHS' Supply Chain Management Office anticipates identifying increased potential savings by using the GHX management services tools to help refine DHS' supply formulary. Based on Data from GHX, members who have purchased and implemented data management services similar to those being purchased by DHS, have on average saved two to six percent of their current purchasing costs. DHS expects to fall within this average range.

Approval of the first recommendation will authorize the Interim Director, or his designee, to execute a sole source Agreement, substantially similar to Exhibit I, that will provide supply chain procurement and data management services to support the Department's supply chain initiatives. GHX offers data management services that will maximize DHS' supply chain results by assisting in the development of a standardized supply formulary, implementing controls to ensure compliance with the established formulary, reconciling and cleansing purchasing data for consistency and completeness and hosting established supplier agreements and pricing to automate the reconciliation of purchases to DHS' supply catalog. Moreover, this Agreement will assist the Department in its transition to eCAPS Procurement and the eventual sun setting of the Hospital Material Management System (HMMS).

The attached User Agreement (Exhibit A) is GHX's standard agreement which provides the signor membership in the BX. This membership allows the County to avail itself of the contracted procurement and data management services. All members of this BX are required to agree to the standard terms and conditions with some negotiated exceptions.

The Department is recommending a sole source Agreement with GHX on the basis that this company currently has an agreement with UHC for these services that was a result of UHC's contracting process. UHC's contracting process determined that GHX has unique qualifications, expertise and knowledge of supply chain data management that will facilitate the implementation of these services and the firm is the only company that focuses on healthcare supply chain data management services in the United States. There are other companies that perform materials management services. However, these companies do not have the proven technology and expertise to provide the sophisticated data analysis and management that can service DHS' needs.

The recommended Agreement with GHX will enable DHS to manage a supply formulary and vendor contracts for DHS commodities, as well as create a tracking mechanism for the Department's purchasing history. In addition the Agreement will maximize supply chain automation, ensure compliance by implementing controls and standards, and provide the Department with the data necessary to effectively manage the supply chain process.

Approval of the second recommendation will delegate authority to the Interim Director to extend the term of the Agreement, for one two-year term and six month-to-month extension, for a maximum of two years and six months, for the period July 1, 2013 through December 31, 2015, subject to review and approval by the CEO, CIO, and County Counsel.

Approval of the third recommendation will allow the Department to increase the maximum total obligation for the entire term of the agreement, including any extension periods, by no more than 10 percent of the initial term cost. This will cover any expenses related to unforeseen and unanticipated hands-on technical assistance with the operation of the data and procurement management tools and software. The Department included estimated expenditures for technical assistance, however; this contingency allows the Department to access technical assistance beyond the department's estimates.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness and Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The maximum obligation for the Agreement with GHX, effective upon Board approval, through June 30, 2013, is $1,204,150. This cost includes $520,200 in one time start-up fees as well as $244,100 in annual expenditures. Under delegated authority, potential costs include $610,250 based on annual expenditures of $244,100 to extend the term of

the Agreement for the period July 1, 2013 through December 31, 2015. Delegated authority also includes $120,415 to cover any expenses related to unforeseen unanticipated technical assistance. The total maximum obligation for this Agreement is $1,934,815, as identified in Attachment I.

Funding is included in DHS' Fiscal Year 2010-11 Adopted Budget Services & Supplies Appropriation and will be requested in future fiscal years. This expenditure will be offset by credits received from the Department's UHC membership. As a member of UHC, DHS receives credits from the Group Purchasing Organization (GPO) known as patronage credits and equity credits. Patronage credits are awarded to members based on their purchases of goods through UHC agreements. Since UHC is a membership owned organization, each member maintains a level of equity in the GPO. Excess equity is returned to the member as a credit. DHS has reached its maximum allowable patronage equity level and as such now receives patronage credits in lieu of increased equity. These credits can be used to purchase membership and services from GHX. DHS will utilize UHC Patronage Credits and UHC Patronage Equity to fund this program.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DHS has maintained membership in UHC, a not-for-profit member alliance of approximately 107 academic medical centers and its medical commodity contracting division, Novation, since 1997. As a member of the UHC, DHS has the ability to access the UHC agreements as an alternative to conducting a competitive solicitation. GHX has a current agreement with UHC that was the result of the Novation contracting process. The Department's requested sole source Agreement with GHX is supported by the fact that this is the only company with proven healthcare supply chain data management services and it is currently integrated with all major GPOs, including Novation.

The Department entered into sole source negotiations with GHX in January 2010. As a member based organization, GHX requires its members to sign the GHX User Agreement that contains some terms and conditions that deviate from the traditional County contract provisions. Negotiations with GHX have been time consuming and extensive. Although the terms and conditions were aggressively negotiated over the last several months, the deviations described in Attachment II (GHX Negotiated Terms and Conditions) represent the best positions that both parties could agree upon. The GHX Agreement is critical to the Department's efforts to contain rising health care costs for the County. We believe that the recommended Agreement represents a manageable risk exposure to the County that is balanced by the potential cost savings associated with managing the DHS supply chain.

The services provided under this Agreement will not result in the unauthorized disclosure of confidential information and will be in full compliance with federal, State and County regulations.

The Department has determined that these services do not fall under the Proposition A guidelines and therefore are not subject to the Living Wage Ordinance.

The Agreement includes all of the Board of Supervisors' recent mandated provisions.

County Counsel has approved the Agreement as to use and form. The County's CIO recommends approval of this proposed Agreement. Attachment III includes the CIO's analysis for concurrence with the Department's recommendation.

CONTRACTING PROCESS

On December 22, 2009, your Board was notified of the Department's intent to enter into sole source negotiations with GHX for the provision of software and services to support the DHS Supply Chain Operations (Attachment IV). An approved Sole Source Checklist (Attachment V) is included in accordance with Board Policy 5.100 Sole Source Contracts.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will enable the Department to implement supply chain automation and provide DHS with the software necessary to develop a standardized supply formulary.

Respectfully submitted,

FOR John F. Schunhoff, Ph.D.
Interim Director

Reviewed by:

Richard Sanchez
Chief Information Officer

JFS:ms

Attachments (5)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller
Internal Services Department

Exhibit I

AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

GLOBAL HEALTHCARE EXCHANGE LLC

FOR

SERVICES

AGREEMENT PROVISIONS
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AGREEMENT BY AND BETWEEN
COUNTY OF LOS ANGELES
AND
GLOBAL HEALTHCARE EXCHANGE LLC
FOR
SUPPLY CHAIN SERVICES

This Agreement and Exhibits made and entered into this 1st day of October, 2010 by and between the County of Los Angeles, hereinafter referred to as County and Global Healthcare Exchange, LLC, hereinafter referred to as Contractor and located at 1315 West Century Drive, Louisville, CO 80027.

RECITALS

WHEREAS, the County may contract with private businesses for services when certain requirements are met; and

WHEREAS, the Contractor is a private firm specializing in providing supply chain and related consulting services (the "Services"); and

WHEREAS, this Agreement is therefore authorized under California Code, Government Code Section 31000 which authorizes the Board of Supervisors to contract for the Services; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H, I, and J are attached to and form a part of this Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other

work, or otherwise between the base Agreement and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Agreement and then to the Exhibits according to the following priority.

Standard Exhibits:

1.1 EXHIBIT A User Agreement
1.2 EXHIBIT B - Statement of Work
1.3 EXHIBIT C - Fee Schedule
1.4 EXHIBIT D - Contractor's Administration
1.5 EXHIBIT E - Contractor's EEO Certification
1.6 EXHIBIT F - County's Administration
1.7 EXHIBIT G - **RESERVED**
1.8 EXHIBIT H - Forms Required at the Time of Agreement Execution
1.9 EXHIBIT I - Jury Service Ordinance
1.10 EXHIBIT J - Safely Surrendered Baby Law

This Agreement and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous agreements, written and oral, and all communications between the parties relating to the subject matter of this Agreement. No change to this Agreement shall be valid unless prepared pursuant to sub-paragraph 8.1 - Amendments and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

2.1 **Agreement:** Contract executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of the Statement of Work, Exhibit B.

2.2 **Amendment:** A mutually acceptable written amendment to this Agreement that is formally approved and executed by the parties.

2.3 **Contractor:** The sole proprietor, partnership, limited liability company or corporation that has entered into an Agreement with the County to perform or execute the work covered by the Statement of Work.

2.4 **Contractor Project Manager:** The individual designated by the Contractor to administer the Agreement operations after the Agreement award.

2.5 **Day(s):** Calendar day(s) unless otherwise specified.

2.6 **DHS:** Department of Health Services

2.7 **Director:** Director of Health Services or his/her authorized designee.

2.8 **Facility:** medical centers, rehabilitation centers, health centers, or Multi-Service ambulatory care centers all within Department of Health Services.

2.9 **Facility Project Director:** Person designated by County with authority for County on contractual or administrative matters relating to this Agreement that cannot be resolved by the Facility's Project Manager.

2.10 **Facility Project Manager:** Person designated by Facility's Project Director to manage the operations under this Agreement.

2.11 **Facility Project Monitor:** Person with responsibility to oversee the day to day activities of this Agreement. Responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.

2.12 **Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.

3.0 WORK

3.1 Pursuant to the provisions of this Agreement, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth herein.

3.2 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Agreement, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

4.0 TERM OF AGREEMENT

4.1 The term of this Agreement shall be two (2) years and nine (9) months commencing after execution by County's Board of Supervisors, unless sooner terminated or extended, in whole or in part, as provided in this Agreement.

4.2 Subject to the terms of this Agreement (including any exhibits hereto), the County shall have the sole option to extend this Agreement term for up to one (1) additional two-year period and six (6) month to month extensions, for a maximum total Agreement term of five (5) years and three (3) months. Each such option and extension shall be exercised at the sole discretion of the (Board of Supervisors or Director or his/her designee as authorized by the Board of Supervisors) and subject to the approval and mutual agreement by both parties.

4.3 The Contractor shall endeavor to notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall endeavor to send written notification to the DHS at the address herein provided in Exhibit F - County's Administration.

5.0 AGREEMENT SUM, BILLING AND PAYMENT

5.1 The pricing is set forth in the Fee Schedule attached as Exhibit C hereto.

5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with the County's express prior written approval unless otherwise provided for herein or in the User Agreement attached as Exhibit A.

5.3 County's reimbursement to Contractor for the period effective upon Board approval through June 30, 2013 shall not exceed One Million Two Hundred Four Thousand and One Hundred Fifty dollars ($1,204,150).

5.4 County's reimbursement to Contractor for period beginning July 1, 2013 through December 31, 2015 shall not exceed Six Hundred Ten Thousand and Two Hundred Fifty Dollars ($610,250).

No Payment for Services Provided Following Expiration/ Termination of Agreement

The Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Agreement. Should the Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of County's right to recover such

payment from the Contractor. This provision shall survive the expiration or other termination of this Agreement.

5.5 Invoices and Payments

5.5.1 The Contractor shall invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in Exhibit B - Statement of Work and elsewhere hereunder. The Contractor shall prepare invoices, which shall include the charges owed to the Contractor by the County under the terms of this Agreement. The Contractor's payments shall be as provided in Exhibit - C – Fee Schedule, and the Contractor shall be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment shall be due to the Contractor for that work.

5.5.2 The Contractor's invoices shall be written in accordance with Exhibit C - Fee Schedule.

5.5.3 The Contractor's invoices shall contain the information set forth in Exhibit B - Statement of Work describing the tasks, deliverables, goods, services, work hours, and facility and/or other work (as applicable) for which payment is claimed.

5.5.4 The Contractor shall submit the Annual Subscription Fees and all other requests for payment as noted in the Fee Schedule marked Exhibit C to this Agreement to the County by the 15th calendar day of the month following the month of service.

5.5.5 All invoices under this Agreement shall be submitted in two (2) copies to the following address:

5555 Ferguson Drive, Suite 100-65
Commerce, CA 90022-5164
Attn: Gary McMann

5.5.6 County Approval of Invoices

All invoices submitted by the Contractor for payment must have the written approval of the Facility's Project Manager prior to any payment thereof. In no event shall the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld

6.0 ADMINISTRATION OF AGREEMENT - COUNTY

The Director shall have the authority to administer this Agreement on behalf of the County. Director retains professional and administrative responsibility for the services rendered under this Agreement. A listing of all County Administration referenced in the following sub-paragraphs is designated in Exhibit F - County's Administration. The County shall notify the Contractor in writing of any change in the names or addresses shown. In addition to the responsibilities set forth below, additional responsibilities of the Contractor and County are set forth in the Statement of Work attached as Exhibit B.

6.1 Facility's Project Director

Responsibilities of the Facility Project Director include:

- ensuring that the objectives of this Agreement are met; and
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements.

6.2 Facility's Project Manager

The responsibilities of the Facility's Project Manager include:

- meeting with the Contractor's Project Manager on a regular basis; and
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor.

The Facility's Project Manager is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.

6.3 Facility's Project Monitor

The Facility's Project Monitor is responsible for overseeing the day-to-day administration of this Agreement. The Project Monitor reports to the Facility's Project Manager.

7.0 ADMINISTRATION OF AGREEMENT - CONTRACTOR

7.1 Contractor's Project Manager

7.1.1 The Contractor's Project Manager is designated in Exhibit D - Contractor's Administration. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Project Manager.

7.1.2 The Contractor's Project Manager shall be responsible for the Contractor's day-to-day activities as related to the Statement of Work attached as Exhibit B to this Agreement and shall coordinate with Facility's Project Manager and Facility's Project Monitor on a regular basis.

7.2 Contractor's Authorized Official(s)

7.2.1 Contractor's Authorized Official(s) are designated in Exhibit D. Contractor shall promptly notify County in writing of any change in the name(s) or address(es) of Contractor's Authorized Official(s).

7.2.2 Contractor represents and warrants that all requirements of Contractor have been fulfilled to provide actual authority to such officials to execute documents under this Agreement on behalf of Contractor.

7.3 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's staff performing work on-site at a County Facility hereunder and any proposed changes to such staff, including, but not limited to, the Contractor's Project Manager.

7.4 Contractor's Staff Identification

Contractor shall provide, at Contractor's expense, all staff providing on-site services at a County Facility under this Agreement with a photo identification badge.

7.5 Background and Security Investigations

7.5.1 All Contractor staff performing work on-site at a County Facility under this Agreement may undergo and pass, to the satisfaction of County, a background investigation as a condition of beginning and continuing to work on-site at a County Facility under this Agreement. County shall use its discretion in determining the method of background clearance to be used, which may include but is not limited to fingerprinting. The fees associated with obtaining the background information shall be at the expense of the Contractor, regardless if the Contractor's staff passes or fails the background clearance investigation. County may perform the background check and bill Contractor for the cost or deduct such amount from funds owed by County to Contractor.

7.5.2 County may request that the Contractor's staff performing work on-site at a County Facility be immediately removed from working on the County Agreement at any time during the term of this Agreement. County will not provide to the Contractor nor to the Contractor's staff any information obtained through the County conducted background clearance.

7.5.3 County may immediately, at the sole discretion of the County, deny or terminate facility access to the Contractor's staff performing work on-site at a County Facility that do not pass such investigation(s) to the satisfaction of the County whose background or conduct is incompatible with County facility access.

7.5.4 Disqualification, if any, of the Contractor's staff performing work on-site at a County Facility, pursuant to this sub-paragraph 7.5, shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

7.6 Confidentiality

7.6.1 Contractor shall maintain the confidentiality of billings, and patient records, in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of such billings and patient records.

7.6.2 In accordance with and subject to the User Agreement, Contractor shall indemnify, defend, and hold harmless County, its Special Districts, elected and appointed officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, administrative penalties and fines assessed including, without limitation, defense costs and legal, accounting and other expert, consulting, or professional fees, arising out of or resulting from a third-party claim that Contractor, its officers, employees, agents, or subcontractors, failed to comply with this Paragraph 7.6.

7.6.3 Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality and indemnification provisions of this Agreement.

7.6.4 [Reserved]

8.0 STANDARD TERMS AND CONDITIONS

8.1 AMENDMENTS

8.1.1 For any change which affects the scope of work, term, Agreement sum, payments, or any term or condition included under this Agreement, an Amendment shall be prepared by the County and then executed by the Contractor and by the Director or his/her designee.

8.1.2 The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Agreement shall be prepared by the County and then mutually agreed to and executed by the Contractor and by the Director or his/her designee.

8.1.3 The Director or his/her designee, may at his/her sole discretion, authorize extensions of time as defined in Paragraph 4.0 - Term of Agreement. The Contractor agrees that such extensions of time shall not change any other term or condition of this Agreement during the period of such extensions unless mutually agreed to by the County and the Contractor. To implement an extension of time, an

Amendment to the Agreement shall be prepared by the County and then mutually agreed to and executed by the Contractor and by the Director or his/her designee.

8.1.4 The Director or his/her designee may require, at his/her sole discretion, the addition and/or change of certain terms and conditions in the Agreement to conform to changes in federal or state law or regulation or County policy, during the term of this Agreement. To implement such addition and/or change of certain terms and conditions, an Amendment to the Agreement shall be prepared by the County and then mutually agreed to and executed by the Contractor and by the Director or his/her designee.

8.2 ASSIGNMENT AND DELEGATION

8.2.1 With respect to any work performed on-site at a County Facility, the Contractor shall not assign its rights or delegate its duties under this Agreement or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Agreement, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

8.2.2 [Reserved]

8.2.3 With respect to any work performed on-site at a County Facility, any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same with respect to such

work by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.3 AUTHORIZATION WARRANTY

The Contractor represents and warrants that the person executing this Agreement for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Agreement and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.4 BUDGET REDUCTIONS

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, the parties shall discuss a similar payment reduction under this Agreement correspondingly for that fiscal year and any subsequent fiscal year during the term of this Agreement (including any extensions). Any such reduction shall be evidenced by an Amendment in conformity with the provisions of this Agreement at paragraph 8.1, Amendments.

8.5 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS (45 C.F.R. PART 76)

Contractor hereby acknowledges that the County is prohibited from contracting with and making sub-awards to parties that are suspended, debarred, ineligible, or excluded or whose principals are suspended, debarred, ineligible, or excluded from securing federally funded contracts. By executing this Agreement, Contractor certifies that neither it nor any of its owners, officers, partners, or directors or other principals is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Further, by executing this Agreement, Contractor certifies that, to its knowledge, none of its subcontractors, at any tier, or any owner, officer, partner, director, or other principal of any subcontractor is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Contractor shall immediately notify County in writing, during the term of this Agreement, should it or any of its subcontractors or any principals of either be suspended, debarred, ineligible, or excluded from securing federally funded contracts. Failure of Contractor to comply with this provision shall constitute a material breach of this Agreement upon which the County may immediately terminate or suspend this Agreement.

8.6 COMPLAINTS

During the implementation period as set forth in the Statement of Work attached hereto as Exhibit B, all user complaints shall be addressed as set forth in such Statement of Work. After the implementation period, all user complaints should be reported to Contractor's Help Desk.

8.7 COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

8.7.1 In accordance with and subject to the User Agreement, Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and

against any and all claims, demands, damages, liabilities, losses, administrative penalties and fines assessed, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising out of or resulting from any third-party claim that Contractor, its officers, employees, agents, or subcontractors, failed to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 8.7 shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its reasonable judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval unless the terms of such settlement, agreement or admission provide: (1) that there is no finding of admission of any violation of law or any violation of the rights of any person by the County, and (2) a full and unconditional release of the County from all liability in respect of such claim.

8.7.3 **Facilities Rules and Regulations**

During the time that Contractor's agents, employees, or subcontractors are at a Facility, Contractor and such persons shall be subject to the rules and regulations of that Facility. Facility's Administrator shall furnish a copy of rules and regulations to Contractor pertaining to the Facility prior to the execution of this Agreement and, during the term of this Agreement, shall furnish Contractor with any changes thereto as from time to time may be adopted. It is the responsibility of Contractor to acquaint all persons who may provide on-sites services at a Facility hereunder with such rules and regulations. Contractor agrees to immediately and permanently withdraw any such employees or subcontractors from the provision of services hereunder upon receipt of written notice from the Director that: (1) such employee or subcontractor has violated such rules or regulations, or (2) such employee's or subcontractor's actions while on County premises, indicate that such employee or subcontractor's actions while on County premises, indicate that such employee or subcontractor may adversely affect the delivery of health care services to County patients. The Director must submit with such notice a written statement of the facts supporting any such alleged violation or action.

8.8 COMPLIANCE WITH CIVIL RIGHTS LAWS-
ANTI-DISCRIMINATION AND AFFIRMATIVE ACTION LAWS

8.8.1 The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17); the Fair Employment & Housing Act, Government Code Section

12920-12922; and Affirmative Action in County Agreements, Chapter 4.32 of the Los Angeles County Code to the end that no person shall, on the grounds of race, color, religious creed, ancestry, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.

8.8.2 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religious creed, ancestry, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

8.8.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religious creed, ancestry, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

8.8.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religious creed, ancestry, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or political affiliation.

8.8.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religious creed, ancestry, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.

8.8.6 The Contractor shall, upon reasonable advance notice, allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this sub-paragraph 8.8 when so requested by the County. Contractor may require execution of a non-disclosure agreement in connection therewith; provided, however, that any such non-disclosure agreement shall include a customary exception to allow for disclosure if required by applicable law.

8.8.7 If the County finds that any provisions of this sub-paragraph 8.8 have been violated, such violation shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement. While the County reserves the right to determine

independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Agreement.

8.8.8 The Contractor shall certify to, and comply with, the provisions of Exhibit E - Contractor's EEO Certification.

8.9 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM

8.9.1 Jury Service Program:

This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as Exhibit I and incorporated by reference into and made a part of this Agreement.

8.9.2 Written Employee Jury Service Policy.

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may

provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any subcontractor to perform services for the County under the Agreement, the subcontractor shall also be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the Agreement.
3. If the Contractor is not required to comply with the Jury Service Program when the contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury

Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the contract and at its sole discretion, that the Contractor demonstrate, to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this sub-paragraph of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Agreement and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.10 CONFLICT OF INTEREST

8.10.1 No County employee whose position with the County enables such employee to influence the award or administration of this Agreement or any competing contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Agreement. No officer or employee of the Contractor who may financially benefit from the performance of work

hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

8.10.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this sub-paragraph shall be a material breach of this Agreement.

8.11 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST

Should the Contractor require additional or replacement personnel after the effective date of this Agreement to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Agreement. For this purpose, first consideration shall mean that the Contractor will interview qualified candidates.

8.12 CONSIDERATION OF HIRING GAIN/GROW PROGRAM

PARTICIPANTS

8.12.1 Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

8.12.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

8.13 CONTRACTOR RESPONSIBILITY AND DEBARMENT

8.13.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

8.13.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

8.13.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.13.4 Contractor Hearing Board

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor

in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its

discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors

shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.13.5 Subcontractors of Contractor

These terms shall also apply to subcontractors of County Contractors working on-site at County Facilities.

8.14 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

8.15 CONTRACTOR'S EXCLUSION FROM PARTICIPATING IN A FEDERALLY FUNDED PROGRAM

8.15.1 Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the Federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director within ten (10) calendar days in writing of: (1) any event that would require Contractor or a staff member's mandatory exclusion from

participation in a Federally funded health care program; and (2) any exclusionary action taken by any agency of the Federal government against Contractor or one or more staff members barring it or the staff members from participating in a Federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

8.15.2 Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any Federal exclusion of Contractor or its staff members from such participation in a Federally funded health care program.

8.15.3 Failure by Contractor to meet the requirements of this sub-paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

8.16 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

8.16.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.16.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Agreement to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this

Agreement maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.17 CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

8.17.1 Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

8.17.2 Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206.

8.18 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate the Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Agreement terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or

continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Agreement and obtain a refund of fees as provided for in the User Agreement.

8.19 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS

8.19.1 The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.19.2 If the Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

8.19.3 County reserves the unilateral right to make any repairs which Director determines, in his/her sole discretion, to be a public safety issue requiring immediate repair. County will bill Contractor for the cost of said repair or deduct said cost from any outstanding amounts owed by County to Contractor.

8.20 EMPLOYMENT ELIGIBILITY VERIFICATION

8.20.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees

performing work under this Agreement meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.20.2 In accordance with and subject to the User Agreement, the Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Agreement.

8.21 FACSIMILE REPRESENTATIONS

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments prepared pursuant to sub-paragraph 8.1, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments to this Agreement, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.22 FAIR LABOR STANDARDS

In accordance with and subject to the User Agreement, the Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising out of or resulting from any third-party claim that Contractor failed to comply with the Federal Fair Labor Standards Act.

8.23 FEDERAL ACCESS TO RECORDS

If, and to the extent that, Section 1861(v)(1)(I) of the Social Security Act (42 U.S.C. Section 1395x(v)(1)(I) is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Controller General of the United States, or to any of their authorize representatives, the Agreements, books, documents and records of Contractor which are necessary to verify the nature and extent of the costs of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars ($10,000) or more over a twelve (12) month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract shall provide for such access to the subcontract, books, documents and records of the subcontractor.

8.24 FORCE MAJEURE

8.24.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this

Agreement, if such failure arises out of a Force Majeure event as described in the User Agreement attached hereto as Exhibit A.

8.25 GOVERNING LAW, JURISDICTION, AND VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.26 RESERVED

8.27 INDEPENDENT CONTRACTOR STATUS

8.27.1 This Agreement is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.27.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Agreement all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.27.3 The Contractor understands and agrees that all persons

performing work pursuant to this Agreement are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Agreement.

8.27.4 The Contractor shall adhere to the provisions stated in sub-paragraph 7.6 - Confidentiality.

8.28 INDEMNIFICATION

The Contractor shall indemnify the County per the provisions of the User Agreement attached hereto as Exhibit A.

8.29 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting Contractor's indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sections 8.29 and 8.30 of this Agreement. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other Contractual obligation imposed upon Contractor pursuant to this Agreement. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Agreement.

8.29.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) reasonably satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.
- Commercially reasonable efforts shall be used to provided renewal certificates to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or subcontractor providing services on-site at a County Facility insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Agreement by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Agreement. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand ($50,000.00) dollars, and list any County required endorsement forms.

- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles
Department of Health Services
Contracts and Grants Division
313 N. Figueroa Street, 6E
Los Angeles, CA 90012
Attention: Kathy K. Hanks, C.P.M.
Director, Contract Administration & Monitoring

And

County of Los Angeles
Department of Health Services
Centralized Contract Monitoring Division
5555 Ferguson Drive, Suite 210
Commerce, CA 90022

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its subcontractors providing services on-site at a County Facility which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

8.29.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.29.3 Cancellation of Insurance

Contractor's insurer will endeavor to provide 30 days written notice of any cancellation of the Required Insurance.

8.29.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement.

County, at its sole discretion, may obtain damages from Contractor resulting from said breach.

8.29.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

8.29.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Agreement, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

8.29.7 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Agreement. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.29.8 Sub-Contractor Insurance Coverage Requirements

Contractor shall include all subcontractors working on-site at a County Facility as insureds under Contractor's own policies, or shall provide County with each such subcontractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each such subcontractor complies with the Required Insurance provisions herein, and shall require that each such subcontractor name the County and Contractor as additional insureds on such subcontractor's General

Liability policy. Contractor shall obtain County's prior review and approval of any such subcontractor request for modification of the Required Insurance.

8.29.9 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.29.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Agreement. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

8.29.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

8.29.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.29.13 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

8.29.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and, subject to mutual agreement, adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.30 INSURANCE COVERAGE

8.30.1 **Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	$2 million
Products/Completed Operations Aggregate:	$1 million
Personal and Advertising Injury:	$1 million
Each Occurrence:	$1 million

8.30.2 **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than $1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.30.3 **Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than $1 million per accident.

8.31 LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES

Contractor shall obtain and maintain in effect during the term of this Agreement, all valid licenses, permits, registrations, accreditations, and certificates required by law which are applicable to its performance of this Agreement, and shall ensure that all of its officers, employees, and agents who perform services hereunder obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by law which are applicable to their performance of services hereunder. All such licenses, permits, registrations, accreditations, and certifications relating to services hereunder shall be made available to County upon request.

8.32 RESERVED

8.33 RESERVED

8.34 NON EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor. This Agreement shall not restrict the Department of Health Services from acquiring similar, equal or like goods and/or services from other entities or sources.

8.35 NOTICE OF DELAYS

Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that

party shall, within five (5) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.36 NOTICE OF DISPUTES

The Contractor shall bring to the attention of the Facility's Project Manager and/or Facility's Project Director any dispute between the County and the Contractor regarding the performance of services as stated in this Agreement. If the Facility's Project Manager or Facility's Project Director is not able to resolve the dispute, the Director or his/her designee shall resolve it.

8.37 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.38 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees residing in Los Angeles County a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit J of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

8.39 NOTICES

8.39.1 All notices or demands required or permitted to be given or made under this Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to

the parties as identified in Exhibits F - County's Administration and G - Contractor's Administration. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party.

8.40 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Notwithstanding the above, the Contractor and the County agree that, during the term of this Agreement and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.41 PUBLIC RECORDS ACT

8.41.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to sub-paragraph 8.43 - Record Retention and Inspection/Audit Settlement of this Agreement; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Agreement, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

8.41.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.42 PUBLICITY

8.42.1 The Contractor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided in the User Agreement or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Agreement within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Agreement, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the Facility's Project Director. The County shall not unreasonably withhold written consent.

8.42.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Agreement with the County of Los Angeles, provided that the requirements of this sub-paragraph 8.42 shall apply.

8.43 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

8.43.1 The Contractor shall maintain, and provide upon request by County, accurate and complete financial records of its activities and operations relating to this Agreement in accordance with generally accepted accounting principles. The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Agreement in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement.

8.43.2 The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Agreement. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Agreement and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.43.3 In the event that an audit of the Contractor is conducted specifically regarding this Agreement by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, including audits conducted by the Medicare and Medi-Cal programs, or both, then the Contractor shall file a copy of each such audit report, including Statement of Auditing Standards No. 70 Type 2 Reports, with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Agreement. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.43.4 Failure on the part of the Contractor to comply with any of the provisions of this sub-paragraph 8.43 shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement.

8.43.5 If, at any time during the term of this Agreement or within five (5) years after the expiration or termination of this Agreement, representatives of the County conduct an audit of the Contractor regarding the work performed under this Agreement, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Agreement or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the

difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Agreement exceed the funds appropriated by the County for the purpose of this Agreement.

8.44 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Agreement.

8.45 RESTRICTIONS ON LOBBYING

If any Federal funds are to be used to pay for Contractor's services under this Agreement, Contractor shall fully comply with all certification and disclosure requirements prescribed by Section 319 of Public Law 101-121 (31 United States Code Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully complies with all such certification and disclosure requirements.

8.46 SUBCONTRACTING

8.46.1 Any services provided on-site at a County Facility under this Agreement may not be subcontracted by the Contractor **without the advance approval of the County**. Any attempt by the Contractor to subcontract such services without the prior consent of the County may be deemed a material breach of this Agreement.

8.46.2 If the Contractor desires to subcontract services provided on-site at a County Facility, the Contractor shall provide the following information promptly at the County's request:

- A description of the work to be performed on-site at a County Facility by the subcontractor;
- A draft copy of the proposed subcontract; and

- Other pertinent information and/or certifications reasonably requested by the County.

8.46.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each such subcontractor in the same manner and to the same degree as if such subcontractor(s) were the Contractor employees.

8.46.4 The Contractor shall remain fully responsible for all performances required of it under this Agreement, including those services provided onsite at a County Facility that the Contractor has determined to subcontract,

notwithstanding the County's approval of the Contractor's proposed subcontract of the same.

8.46.5 The County's consent to such subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services onsite at County Facilities under this Agreement. The Contractor is responsible to notify its subcontractors of this County right.

8.46.6 The Facility's Project Director is authorized to act for and on behalf of the County with respect to approval of any such subcontract and subcontractor employees. After approval of such subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.

8.46.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all such subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.

8.46.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved

subcontractor. The Contractor shall ensure delivery of all such documents to:

County of Los Angeles
Department of Health Services
Contracts and Grants Division
313 N. Figueroa Street – 6E
Los Angeles, CA 90012
Attention: Kathy K. Hanks, C.P.M.
Director, Contract Administration & Monitoring

before any subcontractor employee may perform any work hereunder.

8.47 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of the Contractor to maintain compliance with the requirements set forth in sub-paragraph 8.16 - Contractor's Warranty of Adherence to County's Child Support Compliance Program, shall constitute default under this Agreement. Without limiting the rights and remedies available to the County under any other provision of this Agreement, failure of the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Agreement pursuant to sub-paragraph 8.50 - Termination for Default and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

8.48 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 8.17 - Contractor's

Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

8.49 TERMINATION FOR CONVENIENCE

8.49.1 This Agreement may be terminated, in whole or on a Statement of Work by Statement of Work basis, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than thirty (30) days after the notice is sent.

8.49.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

- Stop work under this Agreement on the date and to the extent specified in such notice, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.49.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Agreement shall be maintained by the Contractor in accordance with sub-paragraph 8.43, Record Retention and Inspection/Audit Settlement.

8.50 RESERVED

8.51 TERMINATION FOR IMPROPER CONSIDERATION

8.51.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement or the making of any determinations with respect to the Contractor's performance pursuant to this Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

8.51.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

8.51.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

8.52 TERMINATION FOR INSOLVENCY

8.52.1 The County may terminate this Agreement forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts

for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;

- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.52.2 The rights and remedies of the County provided in this sub-paragraph 8.52 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

8.53 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Agreement, upon which the County may in its sole discretion, immediately terminate or suspend this Agreement.

8.54 TERMINATION FOR NON-APPROPRIATION OF FUNDS

Notwithstanding any other provision of this Agreement, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Agreement during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Agreement in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.55 UNLAWFUL SOLICITATION

Contractor shall inform all of its officers and employees performing services on-site at County Facilities hereunder of the provisions of Article 9 of Chapter 4 of Division 3 (commencing with section 6150) of Business and Professions Code of the State of California (i.e. State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of said provisions by its officers and employees. Contractor agrees that if a patient requests assistance in obtaining the services of any attorney, it will refer the patient to the attorney referral service of all those bar associations within Los Angeles County that have such a service.

8.56 VALIDITY

If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

8.57 WAIVER

No waiver by the County of any breach of any provision of this Agreement shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The rights and remedies set forth in this sub-paragraph 8.57 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

8.58 WARRANTY AGAINST CONTINGENT FEES

8.58.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.58.2 For breach of this warranty, the County shall have the right to terminate this Agreement and, at its sole discretion, deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

9.0 UNIQUE TERMS AND CONDITIONS

9.1 NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire any rights as

a third party beneficiary of this Agreement except as provided for in the User Agreement attached hereto as Exhibit A.

9.2 PATENT,COPYRIGHT AND TRADE SECRET INDEMNIFICATION

9.2.1 In accordance with and subject to the User Agreement attached hereto as Exhibit A, the Contractor shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising out of or resulting from any third-party claim that any Contractor Intellectual Property (as defined in the User Agreement attached hereto as Exhibit A) infringes, mis-appropriates or violates such third-party's rights under any United States trademark, United States copyright, trade secret or any Untied States patent issued as of the effective date as (as defined in the User Agreement attached hereto as Exhibit A) unless such claim is caused by misuse or modification by User (as defined in the User Agreement attached hereto as Exhibit A) except as authorized by Contractor, or by User's use of the such Contractor's Intellectual Property in combination with any product or information not owned or developed by the Contractor.

IN WITNESS WHEREOF, Contractor has executed this Agreement, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Agreement to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

CONTRACTOR: Global Health Exchange, LLC

By _____
Name

_____
Title

COUNTY OF LOS ANGELES

By_____
John Schunhoff
Interim Director
Department of Health Services

ATTEST:
SACHI HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By_____

APPROVED AS TO FORM:

Andrea Ordin
County Counsel

By_____
Deputy County Counsel

EXHIBIT A

GLOBAL HEALTHCARE EXCHANGE, LLC
UNITED STATES PURCHASER USER AGREEMENT
NOVATION-AFFILIATED USERS

THIS AGREEMENT (the "Agreement") is entered into on the date set forth below (the "Effective Date") by and between **GLOBAL HEALTHCARE EXCHANGE, LLC**, a Delaware limited liability company ("GHX"), and **COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES** ("User"). Each of the Exhibits listed below form a part of this Agreement as if fully set forth above the signature.

The Term of the Agreement is from _____, 2010__ to _____, 20__.
("Effective Date") ("Initial Termination Date")

Exhibit	Description
1	Purchaser Terms and Conditions of Use
2	List of Affiliates (included unless left blank)
3	Master Services Addendum (required for all Purchasers, except browser only)

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement.

GLOBAL HEALTHCARE EXCHANGE, LLC By: _____ Date:_____ Print name: Rob Gillespie Title: Chief Financial Officer Address: 1315 West Century Drive Louisville, CO 80027 Electronic mail address: customercontracts@ghx.com Contract No. _____ **Please return the signed agreement to the above address or fax it to: 720-294-4514**	User: COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES a _____ (corporation, foundation, partnership, etc.) duly organized validly existing and in good standing under the laws of the state of ___for itself and on behalf of each of its Affiliates listed on Exhibit 2 (if any) By: _____ Date:_____ Print Name: Title: Address: 313 North Figueroa Street Los Angeles, CA 90012 Electronic mail address:_____ Group Purchasing Organization: **UHC**

GLOBAL HEALTHCARE EXCHANGE, LLC
PURCHASER TERMS AND CONDITIONS OF USE

ARTICLE 1
BACKGROUND

GHX is a company which has been formed to operate an on-line, independent electronic trading system (the "Exchange") intended to facilitate the real-time transfer of money, information, goods and services in the medical and healthcare equipment, products, services and supplies markets between suppliers ("Suppliers") of such information, goods and services ("Products") and their customers ("Purchasers"). GHX and User now desire to enter into an agreement to permit User to use the Exchange to enter into contracts with Suppliers and to purchase Products. The "Licensed Products" include the software and services described on Schedule A (GHX Products) and as listed on each MSA SOW as executed. The Exchange includes all of the "Licensed Products." Suppliers and Purchasers using the Exchange are referred to collectively as "Users." A Supplier who is a User is referred to as a "GHX Supplier." The signatory is individually referred to as "User."

ARTICLE 2
THE EXCHANGE

2.1. The Exchange. GHX provides Users with an automated system and services for: (i) developing, maintaining and accessing information with respect to the features, characteristics and availability of Products from Suppliers for reference purposes and to create an accurate item master file to assist User in generating orders through the Exchange; (ii) conveying information between Suppliers and Purchasers, directly and through third parties, relative to the purchase and sale of Products and otherwise facilitating the formation and performance of contracts between Users for the purchase of Products; and (iii) providing information with respect to the fulfillment of orders for Products, summary information regarding the purchase and sale of Products, and other information that may be of interest to Users. GHX grants to User, for the term of this Agreement, solely for User's internal use in the United States, a non-exclusive right and license to (a) access the Exchange for the purpose of using the Licensed Products for the purposes set forth in clauses (i) through (iii) above and (b) obtain (directly or indirectly through a third party licensed by GHX), display and use the Catalog (as defined in Section 5.1) for the purposes set forth in clause (i) above and make such internal copies as are necessary to display the Catalog and to back-up the Catalog in the ordinary course of business.

2.2. Authority and Amendments. User represents and warrants that: (i) it is duly authorized to enter into this Agreement for itself and any Affiliates listed on Exhibit 2 and (ii) it will comply with this Agreement in accessing and using the Exchange. Any amendments will only be effective when agreed in writing.

2.3. Upgrades. Updates and upgrades of the Licensed Products may be issued by GHX from time to time. Such updates and upgrades are included in the services, will not result in additional charges to User, and will not be subject to acceptance or rejection by User.

2.4. Hardware and Software. User will be responsible for obtaining and maintaining all hardware and software necessary to access the Internet and the Exchange.

2.5. Services. GHX, at its sole discretion, may enhance, delete or modify the features, format, "look and feel," functions or services of the Exchange, the procedures for use of the Exchange, or the information offered on the Exchange; provided, however, that no such deletion, modification or other change shall materially and adversely affect the functionality of the Exchange

2.6. Fees. As consideration for User's access to the Exchange and use of the Licensed Products, User will pay GHX such fees in the amounts and at the times set forth in each MSA SOW. In addition, User will pay all taxes levied in connection with this Agreement other than taxes based on GHX's net income.

ARTICLE 3
CONTRACT FORMATION

The terms and conditions of contracts between Users with respect to the purchase and sale of Products, including, without limitation, price, transportation, terms of payment, risk of loss, delivery, acceptance, and warranties are established between Users. GHX is not a party to contracts between Users and will not acquire title to Products or otherwise bear the risk of product performance. GHX will not intentionally influence the terms of any contracts between Users and will use commercially reasonable efforts to present competing products in a neutral manner, except as otherwise requested by a Purchaser. GHX will not intentionally influence the distribution channel of any Product.

ARTICLE 4
SECURITY

4.1. Identification. During the term of this Agreement, GHX will provide User with log-on identifications and passwords (each, an "Identification") for its representatives approved to use the Exchange. Each of User's authorized representatives will need an Identification to access the Exchange. User agrees to use commercially reasonable efforts: (i) to protect the security of each Identification; (ii) not to permit individuals other than employees or contractors approved by it to use the Identification to gain access to the Exchange; (iii) not to disclose any Identification to any person except on a need-to-know basis; and (iv) to ensure that approved employees or contractors access the Exchange only in connection with User's business purposes. User will provide GHX prompt notice of the loss or unauthorized disclosure of any Identification.

4.2. Exchange Security. GHX will use commercially reasonable efforts to maintain the security of the Exchange, including, without limitation, constructing and maintaining firewalls and other security devices to limit any unauthorized access to information accessible from the Exchange. GHX and User each will take commercially reasonable precautions to avoid introducing into the other's

Confidential Information
Global Healthcare Exchange, LLC

computers any "computer virus," "trojan horse," "worm" or other malicious computer code. Except in furtherance of the purposes set forth in Section 2.1 of this Exhibit, User may not upload, download, modify, disassemble, decompile, or copy GHX Intellectual Property or otherwise take any action that may affect the use or functionality of the Exchange. User will not breach or attempt to breach Exchange computer or software security, attempt to access the information of another User or otherwise invade the privacy of others in connection with its use of the Exchange.

ARTICLE 5
OWNERSHIP, CONFIDENTIALITY AND LICENSES

5.1. Definitions. The following terms will have the indicated meanings:

"Aggregated Data" means a compilation of multiple Users' Transaction Data concerning which GHX has taken commercially reasonable precautions to ensure that no individual, particular transaction or entity can be identified.

"Catalog" means the Product Data of multiple GHX Suppliers organized according to GHX's proprietary classification scheme (the "Classification Scheme").

"Marks" as used herein means an entity's identity elements, including, without limitation, its name and logo and such other trademarks, trade names, trade dress, service marks and service names that such entity uses or to which it has registration or license rights.

"Product Data" means Product information that a Supplier provides to GHX for display on the Exchange or to communicate to Purchasers including, without limitation, product descriptions, Product specifications, User's Marks, catalog prices, catalogs, directions for use, text, pictures, sound, video and other data.

"Transaction Data" means any information communicated by GHX to a User, by a User to GHX or between a Supplier and a Purchaser through the Exchange that relates to Product purchase, sale, availability, price, terms of payment or order status, including summaries of such information.

5.2. Ownership By GHX. As between GHX and User, GHX owns and will own all right, title and interest in and to all intellectual property ("GHX Intellectual Property"), including, without limitation, all copyright, patent, trademark, trade secret, moral rights, goodwill and brand, design and so called "look and feel" and graphical user interface, data flows, product and connectivity specifications, schematics, documentation, source code and object code, data maps and definitions, and other proprietary rights, whether such is now existing or may hereafter come into existence, embodied in or associated with: (i) GHX; (ii) the Exchange (including, without limitation, all web pages of the Exchange and GHX's proprietary XML schema and document type definitions); (iii) GHX's Marks; (iv) the Catalog; and (v) Aggregated Data, but excluding in each of (i) through (v) above, Transaction Data, Product Data, and User's Marks.

5.3. Ownership/License By Third Parties. The Exchange contains third party Marks, Product Data, software, and other intellectual property belonging to third parties. All such intellectual property is and will remain the property of its respective owners. Except as set forth in Section 2.1 of this Exhibit, access to the Exchange does not grant a right to User to copy or use such Product Data, Marks, software, or intellectual property. User acknowledges that in connection with the Licensed Products, User may be granted a sublicense to software owned by third parties ("Third Party Software"). User shall be required to abide by applicable end user license agreements for Third Party Software provided in connection with its access to the Exchange. GHX will provide User with such license terms prior to the furnishing of, or the granting of access to, any such software, and User's agreement to abide by the terms of such end user licenses shall be a condition to its use of such software and the Exchange. Unless otherwise agreed between the parties, User will not be responsible for license fees related to the use of Third Party Software.

5.4. Ownership By User.

5.4.1. As between User and GHX, User will own all Transaction Data jointly with the Supplier that is a party to the transaction generating the Transaction Data, each with the right to use such Transaction Data as if it were the sole owner and without any duty to account to the other, except as may be provided in a separate agreement among the parties to such transaction. GHX may provide reports relating to Transaction Data in accordance with the instructions of either the Supplier or the Purchaser that is a party to a transaction giving rise to such Transaction Data. User will not issue any instructions regarding Transaction Data which would violate any agreement with a third party. GHX will be under no duty of inquiry regarding the ownership of such data or User's right to dispose of such data.

5.4.2. For purposes of this Agreement, "Contract Data" means Transaction Data from User's purchase of products and services which are purchased under a group purchasing agreement between Novation, Inc. ("Novation") or one or more of its affiliates (including VHA, Inc. ("VHA"), University Healthcare Consortium ("UHC") and Provista, LLC ("Provista")) and a Supplier, and "Non-Contract Data" means Transaction Data from User's purchase of products and services which are not purchased under such a group purchasing agreement.. User consents to GHX providing Contract Data to Novation and the affiliated group purchasing organization of Novation listed on the signature page of this Agreement (collectively, the "Novation Entities"). **Unless User strikes this sentence and initials below, User further consents to GHX providing Non-Contract Data to the Novation Entities.**

_____ (User Initials)

5.4.3. The Novation Entities shall be entitled to use any data shared by GHX pursuant to this Agreement for any and all purposes and in any format, including individualized Transaction Data. User expressly acknowledges and agrees that the Novation Entities and User's vendors shall have the right to rely on User's authorization regarding access to and use of data by GHX, vendors and the Novation Entities contained in this Section 5.4.3 and shall be considered third-party beneficiaries of such authorization.

5.5. Aggregated Data. By executing this Agreement on the signature page, User grants GHX a worldwide, perpetual, royalty-free license to use Transaction

Data for the preparation of Aggregated Data, which may be released or sold to Users who also consent to the use of their Transaction Data for use in preparing Aggregated Data. Users who initially do not elect to grant consent may later grant such a license to GHX by giving written notice to GHX. Transaction Data will not be included in Aggregated Data without the consent of both the Supplier and the Purchaser that are parties to the transaction to which the Transaction Data relates. **User may strike this Section 5.5 and initial below if User elects not to grant this license.**

_____ (User Initials)

5.6. Reserved Rights. Nothing in this Agreement grants User any right to use GHX's Marks in any Product Data, sales promotion, or press release without GHX's prior written approval. GHX reserves all rights in all GHX Intellectual Property. Except in furtherance of the purposes set forth in Section 2.1 of this Exhibit, access to the Exchange does not constitute a right to copy or use any GHX Intellectual Property or intellectual property of any other User of the Exchange.

5.7. Confidentiality.

5.7.1. Confidential Information. Certain information furnished or disclosed by each party to this Agreement, including, without limitation, Product Data, Transaction Data and non-public information about each party's business strategies and future product or Exchange offerings may contain or reflect the confidential information of such party. Confidential information of GHX is referred to hereinafter as "GHX Confidential Information." Except as provided below in this Section 5.7.1, GHX Confidential Information includes, without limitation, all GHX Intellectual Property, information about or of other Users and information accessed through use of or concerning the Exchange. Confidential information of User is referred to hereinafter as "User Confidential Information." User Confidential Information includes, without limitation, all Transaction Data. GHX Confidential Information and User Confidential Information are collectively referred to hereinafter as "Confidential Information." Confidential Information of the disclosing party also includes information that a reasonable person would generally understand and expect to be confidential or proprietary, as well as information that the disclosing party identifies at the time of disclosure as confidential. Confidential Information does not include information that the receiving party demonstrates:

(a) was published or otherwise became available to the general public without breach of this Agreement;

(b) was furnished by a third party without a breach of such third party's obligations to the disclosing party;

(c) was in a party's possession prior to the disclosure by the other party; and

(d) was developed independently by an employee or agent who was not aware of Confidential Information furnished to it pursuant to this Agreement.

Notwithstanding anything to the contrary set forth herein, any party to this Agreement (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the relationship contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. This authorization of tax disclosure is retroactively effective to the commencement of the first discussions between the parties regarding the relationship contemplated herein. The preceding two sentences will be interpreted to comply with the requirements of Treasury Regulation 1.6011-4(b)(3)(iii).

5.7.2. Obligations. Each party agrees to protect the confidentiality of the other's Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event with less than due care and attention. Neither party will reproduce or use any Confidential Information of the other party, except for the purpose of conducting authorized transactions on the Exchange. Neither party will disclose to any other person the other party's Confidential Information without the prior written consent of the other party, except as provided in Section 5.4 of this Exhibit. Each party will give prompt notice to the other of any unauthorized disclosure of the other party's Confidential Information of which it becomes aware.

5.7.3. Legal Process. If either party receives a subpoena or other validly issued administrative or judicial process requesting the Confidential Information of the other party, the party receiving the subpoena or other process will provide prompt notice to the other party of such receipt and the substance of such subpoena or process if reasonably practical and permitted by law. In addition, to the extent permitted by applicable law, the receiving party will cooperate with the other party in any attempt to contest or limit such required disclosure, at such other party's sole expense. The receiving party will thereafter be entitled to comply with such subpoena or process to the extent reasonably required by law. Notice will not be required prior to disclosure of Confidential Information to tax authorities to the extent reasonably required in connection with tax audits of GHX or User.

5.7.4. Return of Confidential Information. Upon termination or expiration of this Agreement, each party will promptly return to the other party and/or delete or destroy all copies of the other party's Confidential Information in its possession, custody or control, except that GHX may retain Product Data solely for archive purposes and Transaction Data for archive purposes and for purposes of its joint owner.

5.7.5. Limits on Exchange of or Access To Information. User will not use the Exchange or activities related to the Exchange for the purposes of exchanging among Suppliers or their affiliated entities competitively sensitive information such as prices or terms of sale.

5.8. Limitations on Display and Use of Catalog. This Section 5.8 is only applicable if User downloads and stores Product Data in its systems.

5.8.1. GHX acts as a passive conduit for the display and publication of Product Data, and GHX reserves to GHX Suppliers complete control over the form and substance of all Product Data, subject to such GHX Suppliers' obligations under their Supplier User Agreements. User may display and use the Catalog and all Product Data contained therein verbatim as received, and may not edit,

modify or create derivative works of the Catalog, any part thereof, or any such Product Data in any way. Notwithstanding any other provision of this Section 5.8, User may: (i) translate the Product Data into another format; (ii) display Product Data without displaying related elements of the Classification Scheme or using a Classification Scheme of its own choosing; and/or (iii) create, display and use subsets of the Product Data, including both subsets of Products and of the unmodified fields describing such Products. User may display data regarding other products together with the Catalog or permitted subsets thereof. Other than information regarding other products added by User, all modifications and subsets created by User pursuant to this Section 5.8 will constitute part of the Catalog, and User will have no greater rights in any such modification or subset than its rights to use and display the Catalog as provided in this Exhibit 1. If requested by GHX, User will, at no cost to GHX, provide GHX or applicable GHX Suppliers with reasonable access to User's systems to permit GHX and such Suppliers to verify User's compliance with the Agreement. Under no circumstances will User display the Product Data of any Supplier to any other Supplier. Any derivative works made or created by User pursuant to this Agreement or otherwise will remain the property of the applicable Supplier or GHX, as the case may be, and User will obtain no right, title, or interest in, or to, any such derivative works. User may not use the Catalog to populate, electronically or otherwise, electronic purchase orders that User sends, either directly or indirectly, to an on-line electronic trading exchange of Products other than the Exchange. Except as set forth herein, no other use, copying, display, transmittal or distribution of the Catalog, in any form, in whole or in part, by User is permitted without GHX's prior written consent.

5.8.2. GHX may withdraw or cancel all or any part of the Catalog if: (i) the Catalog becomes the subject of a claim that it infringes the rights of any third person or that GHX otherwise does not have the right to permit others to use it; (ii) the Catalog becomes illegal or contrary to any applicable law or regulation; or (iii) a GHX Supplier terminates GHX's right to supply its Product Data to User. Upon notice that GHX has withdrawn or cancelled all or any part of the Catalog pursuant to this Section 5.8.2, User will (a) cease all use of the Catalog and Product Data and (b) return or destroy all Product Data provided by GHX. Within 30 days of such termination, Purchaser will certify to GHX in writing that it has ceased use of the Catalog and all Product Data and has deleted all such Product Data from User's systems, unless the GHX Supplier consents in writing to the retention of such Product Data.

ARTICLE 6
TERM AND TERMINATION

6.1. Term. Unless sooner terminated as provided below, this Agreement will commence on the Effective Date and continue in effect until the Initial Termination Date. Thereafter, this Agreement will automatically renew for additional one-year terms, unless either party notifies the other in writing of its intent to terminate this Agreement, at least sixty (60) days prior to the end of the then current term.

6.2. Termination By GHX. GHX may terminate this Agreement upon thirty (30) days' prior written notice and failure by User to cure the complained of activity within such notice period, if: (i) User breaches any material term of this Agreement; (ii) User fails to pay any amount when due; or (iii) User is involved in any activity likely to undermine the reputation of GHX or in any illegal activity. GHX may terminate this Agreement immediately if GHX, in the exercise of its reasonable discretion, determines that failure to take such action is likely to cause irreparable harm as a result of (i) or (ii).

6.3. Termination By User. User may terminate this Agreement (a) upon thirty (30) days' prior written notice and failure by GHX to cure the complained of activity within such notice period, if GHX breaches any material term of this Agreement or (b) for convenience upon sixty (60) days prior written notice to GHX. User may cease using the Exchange at any time.

6.4. Consequences of Termination.

6.4.1. For GHX. Upon termination of this Agreement, GHX will (i) de-activate User's Identifications and (ii) refund an allocable portion of Fees paid for any period after termination.

6.4.2. For the User. Upon termination of this Agreement, User will: (i) cease all use of the Exchange; (ii) pay all outstanding fees due to GHX through the effective date of termination; and (iii) comply with Section 5.7.4, and (iv) honor all outstanding contracts with other Users.

6.4.3. Survival. All rights and obligations with regard to information disclosed or matters occurring or arising before the effective date of termination will survive the termination or expiration of this Agreement, including without limitation, the rights and obligations set forth in ARTICLE 5, Section 6.4, ARTICLE 7, ARTICLE 8, ARTICLE 9 and ARTICLE 10.

ARTICLE 7
DISCLAIMER

OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT, GHX MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS TO ANY PERSON OR ENTITY WITH RESPECT TO THE SERVICES, THE EXCHANGE OR ANY PRODUCTS SOLD THROUGH THE EXCHANGE. OTHER THAN AS EXPRESSLY SET FORTH ABOVE, GHX PROVIDES ALL SERVICES PERFORMED HEREUNDER "AS IS." GHX HEREBY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY OF DATA, NONINFRINGEMENT, AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE WITH REGARD TO THE EXCHANGE, THE EXCHANGE SOFTWARE AND ITS USER INTERFACE. GHX DOES NOT WARRANT THAT IT WILL BE ABLE TO CORRECT ALL REPORTED DEFECTS IN THE EXCHANGE OR THAT USE OF THE EXCHANGE, ACCESS TO PRODUCT DATA OR LINKS TO OTHER SUPPLIER MATERIALS WILL BE UNINTERRUPTED OR ERROR-FREE. GHX PROVIDES NO WARRANTIES WITH RESPECT TO THE FUNCTIONALITY OF THE SOFTWARE AND ITS USER INTERFACE. GHX MAKES NO WARRANTY REGARDING FEATURES, SOFTWARE OR SERVICES PROVIDED BY THIRD PARTIES.

ARTICLE 8
LIMITATION OF LIABILITY

EXCEPT FOR EACH PARTY'S INDEMNIFICATION OBLIGATIONS UNDER SECTIONS 9.1 AND 9.2 OF THIS EXHIBIT, EACH PARTY'S AGGREGATE LIABILITY FOR ALL CLAIMS OF ANY KIND (INCLUDING DEATH OR BODILY INJURY), WHETHER BASED ON CONTRACT, INDEMNITY, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ALL LOSSES OR DAMAGES ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM THIS AGREEMENT OR FROM THE PERFORMANCE OR BREACH THEREOF, OR FROM ANY SERVICES COVERED BY OR FURNISHED UNDER THIS AGREEMENT, WILL IN NO CASE EXCEED THE GREATER OF (1) THE AMOUNT OF FEES ACTUALLY PAID BY USER TO GHX HEREUNDER OR (2) $200,000. EXCEPT FOR EACH PARTY'S INDEMNIFICATION OBLIGATIONS UNDER SECTIONS 9.1 AND 9.2 OF THIS EXHIBIT, NEITHER PARTY WILL BE LIABLE FOR ANY LOSS OF BUSINESS, USE OR DATA, INTERRUPTION OF BUSINESS, LOST PROFITS OR GOODWILL, OR OTHER INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OR OF ANY LIMITED REMEDY. THIS EXCLUSION INCLUDES ANY LIABILITY THAT MAY ARISE OUT OF THIRD PARTY CLAIMS AGAINST USER OR GHX. NEITHER PARTY WILL APPLY FOR, SEEK OR OTHERWISE REQUEST FROM ANY COURT, RELIEF OR REMEDY IN THE FORM OF EXEMPLARY OR PUNITIVE DAMAGES. NOTWITHSTANDING THE FOREGOING, FOR PURPOSES OF THIS ARTICLE 8, THE FOREGOING LIMITATON SHALL NOT APPLY WITH RESPECT TO DEATH OR BODILY INJURY CAUSED BY THE NEGLIGENCE OR WILLFUL MISCONDUCT OF GHX'S EMPLOYEES OR SUBCONTRACTORS WHILE ON-SITE AT USER'S FACILITIES. FOR THE AVOIDANCE OF DOUBT, THE PRIOR SENTENCE SHALL NOT BE CONSTRUED OR INTERPRETED IN ANY MANNER TO APPLY TO ANY DEATH OR BODILY INJURY CLAIM RELATED TO ANY PRODUCTS THE PURCHASE OF WHICH WAS FACILITATED THROUGH THE EXCHANGE.

ARTICLE 9
INDEMNITY

9.1. Indemnity by GHX. GHX will defend, indemnify and hold harmless User, its officers, directors, agents, assigns and successors in interest (collectively the "User Indemnitees") from and against any claims, demands, suits, causes of action, legal or administrative proceedings and pay all damages, costs and expenses, including, without limitation, reasonable attorneys' fees, paid, incurred or suffered by any of the User Indemnitees arising out of or resulting from any third party claim (i) that any GHX Intellectual Property infringes, misappropriates or violates such third party's rights under any United States trademark, United States copyright, trade secret or any United States patent issued as of the Effective Date unless such claim is caused by misuse or modification by User (except as authorized by GHX) or by User's use of such GHX Intellectual Property in combination with any product or information not owned by or developed by GHX, (ii) failure by GHX to comply with Requirements of Law, or (iii) resulting from GHX's gross negligence or willful misconduct.

9.2. Indemnity by User. User will defend, indemnify and hold harmless GHX (and in the case of item (v), the Supplier of the relevant Product Data), their officers, directors, agents, assigns, successors in interest (collectively the "GHX Indemnitees") from and against all claims, demands, suits, causes of action, legal or administrative proceedings and pay all damages, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, paid, incurred or suffered by any of the GHX Indemnitees, directly or indirectly attributable to any third party claims related to: (i) the use of any Product purchased through the Exchange; (ii) GHX's acts or omissions in accordance with User's instructions with respect to the delivery of Transaction Data; (iii) failure by User to comply with applicable laws and regulations; (iv) any errors in any data supplied to GHX by User; (v) if Product Data or the Catalog are stored on User's systems, any modification of the Catalog by User, including without limitation, changes to the Product Data or the Classification Scheme or (vi) User's gross negligence or willful misconduct.

9.3. Indemnification Procedures. Promptly after receipt by an indemnified party of a notice of any third party claim or the commencement of any action, such indemnified party must (a) notify the indemnifying party in writing of any such claim; (b) provide the indemnifying party with reasonable assistance to settle or defend such claim at the indemnifying party's own expense; and (c) grant to the indemnifying party the right to control the defense and/or settlement of such claim, at the indemnifying party's own expense; provided, however, that (i) the failure to so notify, provide assistance or grant authority and control will only relieve the indemnifying party of its obligation to the indemnified party to the extent that the indemnifying party is prejudiced thereby; (ii) the indemnifying party will not, without the indemnified party's consent (such consent not to be unreasonably withheld or delayed), agree to any settlement which: (x) makes any admission on behalf of the indemnified party; or (y) consents to an injunction against the indemnified party (except an injunction relating solely to the indemnified party's continued use of any infringing intellectual property); and (iii) the indemnified party will have the right, at its expense, to participate in any legal proceeding to contest and defend a claim and to be represented by legal counsel of its choosing, but will have no right to settle a claim without the indemnifying party's written consent, such consent not to be unreasonably withheld or delayed, and (iv) in the event the indemnifying party elects not to assume the control granted pursuant to clause (c) above, the indemnified party will have the right, notwithstanding anything in the preceding clause (iii) to the contrary, to control the defense and/or settlement of such claim, at the indemnifying party's expense.

ARTICLE 10
GENERAL

10.1. Independent Contractors; Non-Exclusive. Each party to this Agreement is an independent contractor with respect to the other, and neither will have any authority to bind or commit the other. Nothing in this

Agreement will create a joint venture, partnership, or agency relationship between the parties. This Agreement is not intended to be an exclusive arrangement and nothing contained herein will prevent User from purchasing or selling any Product through any other electronic or other medium or channel.

10.2. Integration and Waiver. This Agreement and any Exhibits attached hereto constitute the entire agreement between the parties relating to this subject matter. All previous and collateral agreements, representations, warranties, promises, and conditions relating to the subject matter of this Agreement are superseded by this Agreement. Any understanding, promise, representation, warranty, or condition not incorporated into this Agreement will not be binding on either party. Waiver by a party of any default by the other will not be deemed a waiver of any other default irrespective of whether such default is similar.

10.3. Severability. The invalidity or unenforceability of any term or provision herein will in no way affect the validity or enforceability of any other term or provision.

10.4. Disputes.

10.4.1. If any dispute arises between the parties, either party may provide the other party with written notice of such dispute that reasonably, accurately and completely explains the dispute, and which requests that one senior executive from each party meet to discuss and attempt to settle the dispute within fifteen (15) business days after the other party receives such notice. The designated executives of each party will meet and attempt to settle the dispute in good faith within such fifteen (15) day time period. If the dispute is not settled to the mutual satisfaction of both parties with such fifteen (15) day time period, then they will have recourse to settle the dispute pursuant to Section 10.4.2 of this Exhibit.

10.4.2. Upon the expiration of the fifteen-day period contemplated by Section 10.4.1 of this Exhibit, all disputes will be subject to arbitration pursuant to the rules of, and before three (3) arbitrators selected by, the Center for Public Resources Institute for Dispute Resolution. Arbitrations will take place in Denver, Colorado. The cost of any arbitration is to be shared equally by the disputing parties. Arbitration will be the only method, apart from good faith negotiations and requests for injunctive or other preliminary relief in a court of law, by which the parties resolve disputes.

10.5. Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of California as though all acts or omissions related hereto occurred in such state. All court actions arising out of or relating to this Agreement will be brought exclusively in a state or federal court located in Denver County, Colorado. User hereby consents to the jurisdiction of such courts.

10.6. Force Majeure. Except for obligations to make payment neither party will be liable to the other for any delay in performance or inability to perform due to Force Majeure. "Force Majeure" includes any acts or omissions of any civil or military authority, acts of God, acts or omissions of the other party hereto, terrorism, fires, strikes or other labor disturbances, major equipment failures, fluctuations or non-availability of electrical power, heat, light, air conditioning or telecommunications equipment that cannot reasonably be foreseen or prevented, or any other act, omission or occurrence beyond either party's reasonable control, irrespective of whether similar to the foregoing enumerated acts, omissions or occurrences. If either party's performance is delayed by Force Majeure, the time for performance will be reasonably extended.

10.7. Assignment and Sublicense. User will not assign, delegate, sublicense, transfer or subcontract the whole or any part of this Agreement or its rights under Section 5.8 of this Exhibit without GHX's prior written consent, provided however, that the merger, consolidation, reorganization or change in control or the acquisition of substantially all of the business and assets of User will not be deemed an assignment and will not require the consent of GHX provided that User's successor-in-interest undertakes in writing to be bound by the terms of this Agreement. User may extend this Agreement to additional Affiliates by notice to GHX. GHX may assign, delegate, sublicense, transfer, or subcontract any of its rights or obligations hereunder to any of its wholly owned subsidiaries. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of, the parties hereto and their respective permitted successors and assigns.

10.8. Notices. All notices, requests and other communications required or permitted to be given under this Agreement, except those specifically permitted to be given by e-mail, must be in writing, and must be mailed by registered or certified mail, postage prepaid and return receipt requested, or delivered by express mail, private courier or facsimile to the party to whom such notice is required or permitted to be given. Any such notice will be considered to have been given when received, or if mailed, five business days after it was mailed, as evidenced by the postmark. The mailing address or electronic mail address for notice to either party will be the address shown on the signature page of this Agreement. Either party may change its mailing address or electronic mail address by notice as provided by this Section 10.8.

10.9. Third-Party Rights. Each GHX Supplier that owns Product Data that is sublicensed to User by GHX hereunder will be a third-party beneficiary of all of GHX's rights with respect to such Product Data, provided, however, that such GHX Suppliers will not be entitled to enforce their respective rights under this Exhibit unless: (i) User has materially breached this Agreement with respect to such Product Data; (ii) such breach has continued for at least 60 days after the expiration of any applicable grace or cure period; and (iii) GHX has failed to enforce its rights with respect to such Product Data. Except as provided to the contrary in this Agreement, this Agreement will not be construed to confer any right or benefit on any party other than the parties hereto and their permitted successors and assigns.

ARTICLE 11
USE OF NAME

User grants to GHX the right to list its name for the purpose of identifying it as a user of the Exchange.

ARTICLE 12
HIPAA Privacy Rule Compliance.

12.1. General. In connection with the services provided by GHX hereunder, GHX may use and/or disclose individually identifiable health information in connection with providing the services to User. The U.S. Department of Health and Human Services has issued regulations on "Standards for Privacy of Individually Identifiable Health Information," which comprise 45 C.F.R. Parts 160 and 164, promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (the "Privacy Standards"). This ARTICLE 12 is only applicable if User is a "covered entity" within the meaning of the Privacy Standards. For purposes of this Agreement, User is a "covered entity" and GHX is a "business associate" within the meaning of the Privacy Standards. User, as a covered entity, is required by the Privacy Standards to obtain satisfactory assurances that GHX, as a business associate, will appropriately safeguard all Protected Health Information ("PHI") disclosed by, or created or received by GHX on behalf of, User.

12.2. Effect. The terms and provisions of this ARTICLE 12 shall supersede any other conflicting or inconsistent terms and provisions in this Agreement and any other agreements between the parties, including all exhibits or other attachments hereto and thereto and all documents incorporated therein by reference.

12.3. Amendment. GHX and User agree to amend this Agreement to the extent necessary to allow either GHX or User to comply with the Privacy Standards and the Security Standards (45 C.F.R. Part 142) (collectively, the "Standards") promulgated or to be promulgated by the Secretary.

12.4. Definitions. Capitalized terms used in this ARTICLE 12 without definition shall have the respective meanings assigned to such terms in 45 C.F.R. Parts 160 and 164. However the term PHI shall be limited to information created or received by GHX from or on behalf of User.

12.5. Obligations of GHX

12.5.1. Use and Disclosure of Protected Health Information. GHX may use and disclose PHI only as required to satisfy its obligations under this Agreement or as required by law, but shall not otherwise use or disclose any PHI. The parties contemplate that GHX may disclose PHI to subcontractors as part of the services provided under this Agreement. GHX shall not, and shall ensure that its directors, officers, employees, contractors and agents do not, use or disclose PHI received from User in any manner that would constitute a violation of the Privacy Standards if used by User, except that (1) GHX may use PHI (i) for GHX's proper management and administration services, (ii) to carry out the legal responsibilities of GHX or (iii) to provide data aggregation services relating to the health care operations of User in accordance with this Agreement and (2) GHX may disclose PHI for GHX's proper management and administration, provided that (i) the disclosures are required by law or (ii) GHX obtains reasonable assurances from the person to whom the PHI is disclosed that it will remain confidential and be used or further disclosed only as required by law or for the purpose for which it was disclosed to that person, and that the person will notify GHX of any instance of which it is aware in which the confidentiality of the information has been breached.

12.5.2. Safeguards Against Misuse of Information. GHX shall use appropriate safeguards to prevent the use or disclosure of PHI other than pursuant to the terms and conditions of these provisions.

12.5.3. Reporting of Disclosures of Protected Health Information. GHX shall report to User any use or disclosure of PHI in violation of these provisions of which it becomes aware.

12.5.4. Agreements by Third Parties. GHX shall obtain and maintain an agreement with each agent or subcontractor that has or will have access to PHI, which is received from, or created or received by GHX on behalf of, User, pursuant to which agreement such agent or subcontractor agrees to be bound by the same restrictions and conditions that apply to GHX pursuant to these provisions with respect to such PHI.

12.5.5. Access to Information. GHX shall not maintain PHI in a Designated Record Set and, thus, 45 C.F.R. § 164.504(e)(2)(ii)(E) regarding providing Individuals access to PHI shall not be applicable.

12.5.6. Availability of Protected Health Information for Amendment. GHX shall not maintain PHI in a Designated Record Set and, thus, 45 C.F.R. § 164.504(e)(2)(ii)(F) regarding making PHI available for amendment and incorporating any amendments made by an Individual shall not be applicable.

12.5.7. Accounting of Disclosures. Within ten (10) days of notice by User of a request for an accounting of disclosures of PHI, GHX and its agents or subcontractors shall make available to such Covered Entity the information required to provide an accounting of disclosures to enable User to fulfill its obligations under 45 C.F.R. § 164.528. In accordance with the Privacy Standards, GHX shall not include in such an accounting those disclosures made: (i) to carry out treatment, payment or health care operations, as provided in 45 C.F.R. § 164.502; (ii) to individuals of PHI about them as provided in 45 C.F.R. § 164.502; (iii) pursuant to an authorization as provided in 45 C.F.R. § 164.508; (iv) to persons involved in the individual's care or other notification purposes as provided in 45 C.F.R. § 164.510; (v) for national security or intelligence purposes as provided in 45 C.F.R. § 164.512(k)(2); or (vi) to correctional institutions or law enforcement officials as provided in 45 C.F.R. § 164.512(k)(5).

12.5.8. Availability of Books and Records. GHX hereby agrees to make its internal practices, books and records relating to the use and disclosure of PHI received from, or created or received by GHX on behalf of, User available to the Secretary for purposes of determining User's compliance with the Privacy Standards.

12.6. Term and Termination of ARTICLE 12

12.6.1. Termination Upon Breach of Provisions Applicable to Protected Health Information. Any other provision of this Agreement notwithstanding, this Agreement may be terminated by User upon thirty (30) days written notice to GHX in the event that GHX breaches any material provision contained in this ARTICLE 12 and such breach is not cured within such thirty (30) day period.

12.6.2. Effect of Termination. Upon termination of this Agreement, GHX shall either return or

destroy all PHI received from User or created or received by GHX on behalf of User and which GHX still maintains in any form. GHX shall not retain any copies of such PHI. Notwithstanding the foregoing, the parties acknowledge that if it is not feasible to return or destroy PHI maintained in GHX's databases and applications, then the terms and provisions of this Section ARTICLE 12 shall survive termination and such PHI shall be used or disclosed solely for such purpose or purposes which prevented the return or destruction of such PHI.

GHX Products

INTEGRATION SERVICES

Integration Services are performed at the time of initial connection to GHX.

1. Standard Connect Plus:

Connect Plus provides a way for customers with older MMIS systems to garner the same eCommerce benefits as those with more advanced MMIS/ERP systems. By deploying integration technology within User's environment, GHX can provide:

- Customer-specific document translation for both basic and advanced transaction sets
- Real-time document delivery
- Guaranteed document delivery
- Common integration platform for additional services such as integration to GPO specific Contract Management module and GHX Catalyst
- A GHX assessment is required to ensure that a Standard Connect Plus adapter exists to ensure pricing.
- Integration will include the following transaction sets: Order, & Order Acknowledgement.

The specific services as well as GHX and provider's responsibilities will be detailed in a statement of work or "Project Charter" but generally include:

- Project plan and technical assessment
- Integration to MMIS with order, order acknowledgement, and advance ship notice.
- Customer registration to current GHX Suppliers
- Configuration and mapping
- QA & testing
- Initial training

2. Custom Integration.

If no Standard Connect Plus Adapter exists, a GHX assessment is required for a formal quotation for integration. The specific services provided will be detailed in as statement of work or "Project Charter."

3. GHX E-Commerce Readiness Base Item Master Cleanse

Required service to "go live" on Connect Plus unless the User is engaged with a GHX strategic alliance partner for item master cleansing. Includes reconciliation of the provider's item master data to support electronic commerce with GHX Suppliers who maintain product data in the GHX AllSource Catalog. The following information: manufacturer name, division name (where applicable) list number, unit of measure, quantity of each, item status and manufacturer description (where desired) are validated against Supplier's Allsource catalog. Information will be delivered back to provider members in a flat file form. Customer is responsible for upload of corrected information into their MMIS.

4. Pharmacy Reporting

Pharmacy reporting is available to those Users whose GPO has agreed to have GHX provide this product to the GPO Users. These reports are listed below.

- **Contract Potential Savings Report**
  This report lists items purchased that were not GPO contract items but for which there were generically equivalent GPO contract items. It lists both items and calculates the potential savings that could be achieved if the GPO contract items are purchased in the future. It can be used to identify opportunities to decrease drug costs through greater GPO contract compliance. A reason code is also listed if it exists in the transaction: NR = No Reason Stated, MB = Manufacturer Back Order, PS=Product Shortage. Data for this report is supplied by your wholesalers.

- **Contract Price Verification Report**
  This report provides a verification of one days or seven days (depending on user selection) wholesaler GPO contract purchases against the GPO contract catalog price. Data for this report is supplied by your wholesalers.

- **Manufacturer Failure to Supply Report**
  This report lists GPO pharmacy contract items that were ordered but not shipped because the manufacturer was unable to supply. It lists generically equivalent items that have been ordered within 7 days of the initial order to replace

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the listed contract items, and calculates the additional costs incurred above the contract price. Data for this report is supplied by your wholesalers.

- **Pharmacy Custom Market Share**
  This report provides the ability to create custom market baskets of products at the NDC number level. These market baskets can then be used to measure market share in either units or dollars using wholesaler purchase information. Dollars are based on the Average Wholesale Price (AWP) from First Databank, or from the Wholesaler Acquisition Cost (WAC).

- **Pharmacy Purchasing Volume by Hospital**
  This report provides pharmacy spend information summarized by hospital with drill down to the line item detail.

- **Pharmacy Purchasing Volume by Product**
  This report provides pharmacy spend information summarized by generic product name with drill down to the line item detail.

- **Pharmacy AHFS Monthly Summary**
  The Pharmacy AHFS Monthly Summary report provides spend information obtained from your supply partner, summarized by American Hospital Formulary Service category.

5. **Contract Center**

- Price Validation and Discrepancy Notification:
  The GHX Contract Center provides real-time notifications in Order Center when there is a discrepancy between the current contract price (for either GPO or local contracts) and the price listed on the purchase order or returned by the supplier. Depending on system and supplier capabilities, price validation can include invoices, as well as purchase orders and purchase order acknowledgements.

- Contract Analyzer:
  The Contract Analyzer provides a comparison of contract purchases sent through the GHX exchange. Using the Contract Analyzer tool, providers can measure the use and accuracy of contract pricing across purchases, identifying areas where paying the correct contract price can reduce overall spend.

- Additional features include:
  - Ability to set alerts when contracts expire or new contracts or updates are available
  - Revision tracking allows users to see how contracts have changed over time
  - Search tools enable users to more easily source products and determine correct pricing
  - Reports can be exported in a variety of formats
  - Ability to add distributor mark-up to the contract price

- Automated Contract Loading:
  The ability to electronically load the most current contracts and updates (local and GPO) into enabled materials management systems. This service is priced separately from other Contract Center services and is limited to those materials management systems able to accept this information. Contact GHX professional services to determine your system's compatibility with automated contract loading

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LIST OF PARTICIPATING AFFILIATES (PURCHASER)

The following is a list of the Affiliates of User that are eligible to participate and that User has elected to have participate in the Exchange. For the purposes of this Agreement an "Affiliate" will mean, with respect to a specific Person, any Person that, directly or indirectly, or through one or more intermediaries, owns or controls, is owned or controlled by, or is under common ownership or common control with, such specific Person. As used herein, "control" means (i) holding 50% or more of an issuer's outstanding voting securities, (ii) having the contractual power to designate 50% or more of the directors of a corporation, or in the case of unincorporated entities, of individuals exercising similar functions or (iii) in the case of an entity that has no outstanding voting securities, having the right to 50% or more of the profits of the entity, or having the right in the event of dissolution to 50% or more of the assets of the entity. For these purposes "Person" means any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, governmental agency, cooperative, association, individual or other entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person as the context may require.

DHS Facility Name	DHS Facility Acronym
LAC+USC Healthcare Network	
LAC+USC Medical Center	LAC+USC MC
Comprehensive Health Centers/Health Center	CHCs/HC
MetroCare Network	
Coastal	
Harbor/UCLA Medical Center	H/UCLA MC
Comprehensive Health Center/Health Centers	CHC/HCs
Southwest	
Martin Luther King, Jr. Multi-Service Ambulatory Care Center	MLK MACC
Comprehensive Health Center/Health Center	CHC/HC
Rancho Los Amigos National Rehabilitation Center	RLANRC
ValleyCare Network	
Olive View/UCLA Medical Center	OV/UCLA MC
Comprehensive Health Center/Health Centers	CHC/HCs
High Desert Multi-Service Ambulatory Care Center	HD MACC
Health Centers	HCs
Health Services Administration	HSA
Office of Managed Care	OMC
Juvenile Court Health Services	JCHS

GLOBAL HEALTHCARE EXCHANGE, LLC MASTER SERVICES ADDENDUM

ARTICLE 1
Scope of Work

GHX will perform professional services (the "Services") for User as described in statements of work referencing this Master Services Addendum (the "MSA SOWs"). Additional MSA SOWs may be added to this Master Services Addendum (the "MSA") from time to time by a writing signed by the parties referring to this Exhibit 3.

ARTICLE 2
Fees

User will pay fees to GHX for the Services at the price and upon the terms specified in each MSA SOW. GHX will invoice User on the first day of each month for the Services to be performed during said month, unless otherwise specified on an MSA SOW. User will pay GHX net thirty (30) days after receipt of each invoice. On all sums past due, user agrees to pay interest at the lesser of one and one-half percent (1.5%) per month or the then-highest interest rate allowable under applicable law, plus collection costs (including, without limitation, reasonable attorneys' fees), until paid in full.

ARTICLE 3
Manner of Performance and Acceptance

3.1. GHX represents and warrants that it has the requisite ability and legal right to render the Services. GHX, when on User's premises, will comply with such User's policies with respect to conduct of visitors as are communicated to GHX.

3.2. Unless otherwise set forth in an MSA SOW, deliverables and reports provided to User by GHX, and as clearly identified in an MSA SOW, will be reviewed and approved by the representative of User set forth in the applicable MSA SOW ("User Representative"). User Representative may reject each deliverable or report within seven (7) days of receipt for failure to meet the requirements set forth in the applicable MSA SOW. Any rejection will be in writing and will specifically state the matter in which the deliverable or report is defective. Otherwise, such deliverable and/or report will be deemed accepted.

ARTICLE 4
Limitation of Liability

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE AGREEMENT, EXCEPT FOR EACH PARTY'S INDEMNIFICATION OBLIGATIONS UNDER SECTIONS 9.1 AND 9.2 OF EXHIBIT 1, AND USER'S OBLIGATIONS UNDER SECTION 8.4 OF THIS MSA, (1) EACH PARTY'S AGGREGATE LIABILITY FOR ALL CLAIMS OF ANY KIND (INCLUDING DEATH OR BODILY INJURY), WHETHER BASED ON CONTRACT, INDEMNITY, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ALL LOSSES OR DAMAGES ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY MSA SOW, OR FROM THE PERFORMANCE OR BREACH THEREOF, OR FROM ANY SERVICES COVERED BY OR FURNISHED UNDER SUCH MSA SOW, WILL IN NO CASE EXCEED THE TOTAL FEES PAID BY USER TO GHX UNDER SUCH MSA SOW AND (2) NEITHER PARTY WILL BE LIABLE FOR ANY LOSS OF BUSINESS, USE OR DATA, INTERRUPTION OF BUSINESS, LOST PROFITS OR GOODWILL, OR OTHER INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OR OF ANY LIMITED REMEDY. THIS EXCLUSION INCLUDES ANY LIABILITY THAT MAY ARISE OUT OF THIRD PARTY CLAIMS AGAINST USER OR GHX. NEITHER PARTY WILL APPLY FOR, SEEK OR OTHERWISE REQUEST FROM ANY COURT, RELIEF OR REMEDY IN THE FORM OF EXEMPLARY OR PUNITIVE DAMAGES.

ARTICLE 5
Confidential Information

All Developments (as defined below) will be Confidential Information of GHX under this Agreement. Upon termination of the Agreement, User will either destroy or return to GHX all Confidential Information, including data, materials, Developments and items, including all drawings, manuals and other printed or reproduced material (including information stored on machine readable media) provided or disclosed to User and all copies of the same made by User. Notwithstanding the provisions of Section 5.7.4 of Exhibit 1 of this Agreement, nothing in this Agreement will require the return of (i) any contracts, or drafts or copies thereof; (ii) GHX's work papers; (iii) accounting, financial or corporate records; (iv) other materials required to be retained for audit, regulatory or legal reasons; or (v) an archive copy of the materials retained solely for the purpose of establishing the content of the Confidential Information; *provided* that the receiving party's duties to hold such Confidential Information in confidence will survive as provided in Section 5 of Exhibit 1 of this Agreement.

ARTICLE 6
Independent Contractor

As provided in the other Exhibits to this Agreement, GHX is an independent contractor, not an employee or agent of User. User will be responsible for all sales, use, privilege excise, and similar taxes assessed on the Services, and GHX will be responsible for all taxes on GHX's income. Each party agrees to indemnify the other from any losses or attorneys' fees incurred by such other party as a result of the first party's breach of this paragraph.

ARTICLE 7
Employment

User will not, directly or indirectly, solicit for employment or hire any employee of GHX who is involved in the performance of the Services during the performance of the Services and for a period of six (6) months following such employee's performance of the Services, except as may be agreed to in writing by both parties.

ARTICLE 8
Ownership of Developments

8.1. Data provided by User to enable GHX to perform the Services will remain the property of User. User grants GHX a license to use such data for the purposes of performing the Services and for the Exchange to retain a copy of such data in its master catalog resource database and use such data as a reference in content services engagements; provided however, that the Exchange may not identify User as the source of the data except internally for database management purposes and for future Services to User. GHX will own all right, title and interest in and to any information, inventions, discoveries, ideas, innovations, communications, writings, reports and other works (whether or not copyrightable or patentable), including, but not limited to, any computer programs, which are made, conceived, developed or prepared by GHX during the term of this Agreement and which are based upon or arise from the Services performed by GHX for User ("Developments"). In addition, GHX retains the right to use its knowledge, experience, and know-how, including processes, ideas, concepts, and techniques developed in the course of performing the Services.

8.2. GHX grants User a worldwide, paid-up, limited license, during the term of the Agreement, to use, copy and modify such Developments for use by User in using the Exchange.

8.3. If an MSA SOW provides that GHX will utilize third party works pursuant to an agreement between User and the third party, than that agreement will govern the relationship between User and the third party. Otherwise, if GHX utilizes third party works and products in performing the Services or incorporates third party works in the Developments, GHX represents that the results of such use or use of such incorporated third party works by GHX or User do not infringe such third party's patents or copyrights and User has the right to use such results without payment of royalty to any third party, unless the liability for such royalty and limitation of use are disclosed to User prior to incorporation of such third party works or products into the Services.

8.4. If User requests that GHX perform Services with regard to pre-existing software, User represents and warrants that User and GHX have the right to do so and that such work does not infringe such third party's rights, and that GHX has the right to use such third party work without payment of any royalty fees.

ARTICLE 9
Termination

9.1. Unless sooner terminated pursuant to this Article 9, each MSA and MSA SOW will terminate upon termination or expiration of the Agreement.

9.2. Either party may terminate this MSA or any MSA SOW in the event of a breach by the other party, if such breach is not cured within thirty (30) days after written notice by the non-breaching party.

9.3. User may terminate this MSA or any MSA SOW for convenience, on thirty (30) days' prior written notice to GHX.

9.4. Upon termination of this MSA or any MSA SOW in accordance with this Article, User will pay GHX for work-in-progress, Services and expenses incurred or performed prior to the effective date of termination. Termination of this MSA or any MSA SOW will not relieve either party of its obligations under ARTICLE 5, ARTICLE 6, ARTICLE 7, or ARTICLE 8 of this Exhibit 3.

9.5. Termination of any one MSA SOW will not affect any other MSA SOWs then in effect. Termination of this MSA will not affect the other provisions or Exhibits of this Agreement.

9.6. All rights and obligations with regard to information disclosed or matters occurring or arising before the effective date of termination will survive the termination or expiration of this MSA, including without limitation, the rights and obligations set forth in ARTICLE 4, ARTICLE 5, ARTICLE 6, ARTICLE 7, ARTICLE 8, Section 9.4, Section 9.6, and ARTICLE 11.

ARTICLE 10
Sub-Contract

GHX reserves the right to sub-contract all or a portion of the Services to be performed under this MSA, but, in such event, GHX will be responsible for the performance of the work of a sub-contractor to the same extent as if its own employees performed the Services.

ARTICLE 11
Interpretation

As to the Services, the Developments and the parties' rights and obligations under this MSA and any MSA SOW, if there is any inconsistency between this Exhibit 3 and any other Exhibit to this Agreement, the provisions of this Exhibit will govern.

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EXHIBIT B

STATEMENT OF WORK (SOW)

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1.0 Scope of Work

Through this Statement of Work ("SOW") GHX shall provide services to electronically deliver orders, acknowledgements, ship notices, item master and other data ("EDI") (for other data see also Section 11.0 INTERFACE – Data Transmission Responsibilities and Requirements).

For vendors and suppliers who are unable to process EDI transactions, GHX will provide a service to deliver orders via fax or email (depending on the vendor's/supplier's requirements) between eCAPS and vendors.

GHX will provide a service to clean and categorize the LADHS PO history data, initially and ongoing, via feeds of PO history data from LADHS. GHX will also provide web based software to manage an Electronic Item Master for LADHS that will have consistent and standardized descriptions along with other identifying information, as specified in this SOW. The Item Master will contain automatic pricing updates for Group Purchasing Organization ("GPO") contracts and any LA County/ISD contracts loaded via Contract Center. GHX services will include initially loading the Item Master with the appropriate GPO contracts with the best qualifying pricing tiers and LA County/ISD contracts based on LADHS PO history data, current contracts accessed, and current LADHS standardization initiatives.

GHX will provide a web based electronic requisitioning system, Procurement Suite that will interface with eCAPS and allow requisitions to be restricted to Item Master items.

2.0 LADHS FACILITIES LIST

2.1 **LADHS Facilities List** – each of the Affiliates set forth on Exhibit 2 to the User Agreement (List of Participating Affiliates) is incorporated herein by reference.

3.0 Definitions

3.1 **Agreement** – the User Agreement by and between GHX and LAC dated as of September 1, 2010.

3.2 **AllSource Prime** – GHX's catalog of products, which contains the product data of multiple suppliers organized according to GHX's proprietary classification scheme

3.3 **APL** - Approved Product List. This is the current approved list of items that can be purchased by LADHS.

3.4 **CCX** – Contract Center Xpert

3.5 **eCAPS** – This is the current Los Angeles County ERP System, which includes an MMIS component.

3.6 **ERP** – Enterprise Resource Planning System.

3.7 **FTP** – File Transfer Protocol

3.8 **GPO** - Group Purchasing Organization

3.9 **HMMS** – Healthcare Materials Management System. This is current MMIS utilized by LADHS.

3.10 **LAC** – Los Angeles County

3.11 **LADHS** - Los Angeles County Department of Health Services

3.12 **LADHS Data Warehouse** – Data warehouse that is/will be managed by LADHS with POH data/information and control value tables.

3.13 **MMIS** - Materials Management Information System

3.14 **NIGP** – National Institute of Governmental Purchasing Commodity Coding System. This is the commodity coding system utilized by eCAPS.

3.15 **OCI** – Open Catalog Interface

3.16 **OLR** – On-Line Requisitioning. This is the current electronic requisitioning system utilized by LADHS. This system interfaces with the LADHS HMMS System.

3.17 **PAR** – Pre-Authorized Requisition.

3.18 **PO** - Purchase Order

3.19 **POH** – Purchase Order History data

3.20 **SCO** – This is the LADHS Supply Chain Operations staff/group.

3.21 **Template** - A sub-catalog of selected formulary items that can be shared among multiple users for the creation of a requisition.

3.22 **UI** – User Interface

3.23 **UNSPSC** - United Nations Standard Products and Services Codes. This is a hierarchical classification of supplies by segment, family, class, and commodity.

3.24 **UOM** – Unit of Measure

3.25 **VM** – Vendor Master

3.26 **IM** – Item Master

3.27 **VIM** – Virtual Item Master

4.0 Data Cleansing and Reporting (NuVia)

4.1 **Data Submission** – LADHS will provide GHX with POH information initially and ongoing. Refer to the Interface section of this SOW for data transmission Responsibilities and Requirements.

4.2 **Initial Cleaning** - GHX will initially classify, validate, and identify LADHS purchases based on the LADHS HMMS POH and eCAPS (stock) item master.

4.3 **Ongoing Cleaning/Maintenance** – GHX will provide ongoing services to classify, validate, and identify LADHS purchases and LADHS POH (stock) catalog.

4.4 **NuVia will host eCAPS (stock) item master.**

4.5 **Reporting** – NuVia will allow LADHS to produce/generate reports from the hosted online catalog NuVia (VIM) including POH and LADHS Data Warehouse eCAPS (stock) item master:

- **a** Formats in either Microsoft Excel format (xls or cvs) or PDF format.
- **b** Usage reports with various search functions.
- **c** On demand access to online reporting and in line queries.
- **d** Reports on contract and noncontract items purchased.

4.6 LADHS Data Submission Requirements

4.6.1 LADHS understands and agrees that all data submissions to NuVia may be incorporated into AllSource Prime, the Virtual Item Master, and other GHX products and databases for use by LADHS and others through NuVia and other applicable GHX products, pursuant to the assignments and licenses set forth in the Agreement with respect to Transaction Data, Product Data and Aggregated Data.

4.6.2 LADHS covenants, represents and warrants that all data submissions do not and will not contain any "Protected Health Information" as defined in the Health Insurance Portability and Accountability Act of 1996.

5.0 Item Master Management (NuVia)

5.1 **Virtual Item Master Hosting (NuVia)** – GHX will host the LADHS Virtual Item Master and provide and interface with Procurement Suite for LADHS to utilize when creating/modifying requisitions.

5.2 **Item Master Management Tools/(NuVia)** - GHX will provide NuVia an online environment to LADHS to manage the Item Master.

5.2.1 **Primary Features** – GHX will provide LADHS access to NuVia features/functionalities. The primary NuVia application features are:

- **a** Virtual Item Master Item Inclusion & Exclusion
- **b** Duplicate item reconciliation
- **c** Description Generation
- **d** Host Virtual Item Master
- **e** File Export
- **f** Insight Reports
- **g** AllSource Prime

5.2.2 **Additional LADHS Requirements** – These are additional LADHS requirements for the NuVia application.

- **a** Search functionality which includes searching by vendor name, item description, item number, and UNSPSC Code.
- **b** Manage the Item Master centrally with all additions, deletions and modifications made by a central staff.
- **c** Ability to allow the central staff and/or facility staff to view the Item Master as a whole with all items included, or, to sort by various criteria including by facility.
- **d** GPO and County agreements maintained in Contract Center will be mapped to the Item Master and POH hosted by NuVia.

5.3 Item Master Ongoing Data Management Services and Process

5.3.1 LADHS will provide GHX with the POH information at regular intervals over the course of the contract term. Refer to the Interface section of this SOW for data transmission Responsibilities and Requirements.

- **a** GHX will reconcile the POH information against AllSource Prime to validate products for inclusion or exclusion in the Virtual Item Master.
- **b** GHX will return to LADHS records that do not have a vendor name and/or part number as disqualified items.

5.3.2 GHX will perform ongoing data services to the submitted files and then load the items into the NuVia application. Items that match with items in AllSource Prime will be made available to LADHS in the online application. Items that do not match AllSource Prime or that match items with a discernment status other than "Discerned" will be processed and provided in the Virtual Item Master as available.

- **a** A NuVia discerned item will have a Discernment Status of "Discerned", "Obsolete" or "Unknown".
- **b** Items that have a discernment status of "Discerned" have the following characteristics

i Vendor Name and Vendor Part Number have been validated

ii UNSPSC has been assigned

iii Descriptive attributes have been assigned and normalized

c Items that have a discernment status of "Obsolete" have been identified as obsolete by the vendor and are no longer available.

d Items that have a discernment status of "Unknown" have been escalated for validation by the vendor and the vendor did not recognize the part.

5.3.3 GHX will provide ongoing data services and will utilize commercially reasonable efforts to maintain 85% of the in scope and included Virtual Item Master items have a discernment status of "discerned", "obsolete" or "unknown".

5.3.4 Items other than pharmaceutical, food and service items are in scope for this service. Pharmaceutical, food and service items may be requisitioned thru GHX Procurement Suite, refer to that section in this SOW.

5.3.5 The percentage of discerned items may fluctuate as new items are added to the NuVia application by LADHS.

5.3.6 LADHS can add an unlimited number of items to the NuVia application during the subscription period. Items that match AllSource Prime will be made available to LADHS.

5.3.7 The number of non-discerned items that GHX will source and add to AllSource Prime on behalf of LADHS will be limited to 25,000 items annually. Discerned items will be marked as Pending Approval and are made available for approval by LADHS.

5.3.8 GHX will provide ongoing data services, as described above, during the term of the SOW.

5.4 **Match Item Master to AllSource Prime (NuVia Content Optimization)** - GHX will provide online access to a hosted Virtual Item Master, content management tools, NuVia's AllSource Prime and reports. GHX will provide recommended item attribute values for Item Master items that match AllSource Prime items.

5.4.1 **Item Enrichment and Reconciliation** - GHX will perform item enrichment and reconciliation on the LADHS Virtual Item Master by comparing the items contained therein to items in AllSource Prime. GHX will provide the following product information for items that coincide with items in AllSource Prime:

a Validated Vendor Part number per AllSource Prime.

b Validated Manufacturer Part number per AllSource Prime.

c Normalized product descriptive attributes in support of description creation.

d Units of Measure (UOM) association, as contained in AllSource Prime or via direct supplier validation. UOMs should be considered for reference purposes.

e Identification of duplicate and discontinued products.

f UNSPSC Categorization.

g Purchase Order History (POH) Analysis Services – GHX performs identification of items that have been purchased frequently in the POH file, which will allow LADHS to analyze and integrate the identified items into the item master file if desired.

5.4.2 **Service Details**

a There will not be a cap on the number of initial and maintained items (SKUs) included in the LADHS Virtual Item Master.

b There will be items GHX is not able to process due to an insufficient amount of available evidence. Typically these non processed items are locally sourced items which can be validated within NuVia by LADHS.

5.4.3 **Catalog Acquisition** – This will be primarily for local/regional vendors/suppliers utilized by LADHS that are not in AllSource Prime.

a GHX will provide a supplier letter (See Exhibit A attached hereto) for LADHS to sign. The supplier letter will be used by GHX when corresponding with suppliers during the product validation phase.

b Those items that cannot be validated against AllSource Prime, which is comprised of supplier maintained online catalogs, or through supplier provided offline catalogs, will be included in direct catalog acquisition.

c The GHX Content Team directly contacts the supplier and will leverage the supplier letter to communicate the data cleansing partnership between LADHS and GHX in order to receive product information.

5.5 **Matching Item Master to Contracts (NuVia Contract Optimization)** - GHX will match items in the Virtual Item Master to contracts maintained in CCX. Associated contract details will be displayed in the Virtual Item Master and can be downloaded.

5.5.1 **Item Contract Matching** – Comparison of Virtual Item Master items to the appropriate LADHS Group Purchasing Organization (GPO) contract catalog in order to identify contract/off-contract products. Authorization of use of contract data is required by the GPO.

5.5.2 **Contract Reports** – When available, GHX will provide reports within NuVia that utilize associated contract information.

5.5.3 **Required Services** – NuVia Content Optimization and Contract Center are prerequisites for Contract Optimization.

5.5.4 **Match Frequency** – NuVia contract matching will be performed on a monthly basis.

5.6 **Implementation Management**

5.6.1 GHX will manage the implementation and provide an Implementation Manager, after signing.

a **Initial Services** - GHX Implementation Manager will provide the following initial services:

i Review the NuVia standard implementation process with LADHS.

ii Facilitate initial include/exclude business rules definition

iii Facilitate initial data file acquisition, review and load into NuVia

iv Basic application training

v Initial description nomenclature configuration

vi Work with LADHS to identify individual roles and responsibilities.

vii One visit to the customer site.

viii The initial services period will be complete when LADHS agrees via email or sign-off that the above activities have been performed.

b **Ongoing Services/Activities** - GHX Implementation Manager will be the central point of contact for ongoing NuVia services/activities.

i GHX Implementation Manger will facilitate ongoing weekly implementation status meetings.

ii Weekly direct customer interaction is limited to a total of 2 hours per week after delivery of the initial services, including the weekly status meeting.

iii Upon the completion of the initial services as described in 5.3.1(a) above, LADHS will be transitioned to GHX customer support.

5.6.2 GHX Support - See "General Roles, Responsibilities, and Services" Section of this SOW (Section 12.3).

5.6.3 Training

a NuVia training is estimated at 1 day (8 hours, average class 1 hour session, minimum 8 sessions) web based training prior to go live and 2 days (16 hours, average class 1-2 hour session, minimum 8 sessions) onsite training (train the trainer) with 1 day prior to go live and 1 day at go live. Includes administrator level training, content management, reporting training and catalog query access

b See "General Roles, Responsibilities, and Services" Section of this SOW (Section 12.4).

6.0 Contract Management (Contract Center Xpert)

6.1 General Contract Management Functionalities

6.1.1 GHX will provide access to Contract Center, contract management tool, which will provide the following specific functionalities:

- a GPO connectivity established in order to receive contracts and updates to contracts in Contract Center. Contracts are provided by GPO that are tier and facility specific.
- b Ability to load and manage LA County ISD Agreements into Contract Center.
- c Contract Center will provide e-mail notification of changes in the contracts to the e-mail address designated in the contract. E-mails will note which, if any, LADHS items were impacted in the update.
- d Contract Center will provide data for the contract price discrepancy report feature available in My Exchange Order Center.
- e Assigned individual user or facility Identification Numbers ("IDN") determine read only or read write access.
- f Contract price discrepancy reports are based on the facility connectivity model.
- g Contract Center will allow LA County/ISD Contracts to be loaded with an Agreement Number and an Agreement Line Number.

6.2 GHX Responsibilities

6.2.1 Connectivity

- a GHX is responsible to work with the GPO on behalf of LADHS, to send contracts directly to CCX in an automated "feed" at prescheduled intervals.
- b In the event that the GPO for LADHS does not provide distributor cross reference information, it will be necessary for the LADHS distributor to provide GHX with information on behalf of LADHS. GHX will provide a template to be used when requesting this information. GHX will apply existing cross references to contracts that have been already loaded and are sent from the GPO without distributor part information.

6.2.2 Configuration

- a GHX is responsible for setting up routing rules in the Exchange so that all required contracts will be delivered to Contract Center.
- b With LADHS input, GHX assists in obtaining any needed distributor information (where applicable by GPO).
- c GHX assists in the proper setup of Contract Center and Order Center, to provide correct price discrepancy management.

6.2.3 Testing

- a GHX tests the system connectivity.
- b GHX coordinates and conducts end-to-end testing, if applicable.

6.2.4 Project Completion (Go-Live)

- a GHX works with LADHS to transition to Contract Center.
- b GHX conducts and completes LADHS training.

6.2.5 GHX Support - See "General Roles, Responsibilities, and Services" Section of this SOW.

6.2.6 Training

- a Contract Center training is estimated at 1 day (8 hours, average 1 hour session, minimum 8 sessions) web based training prior to go live and 1 day (8 hours, average class 1-2 hour session, minimum 8 sessions) onsite training (train the trainer) at go live. Includes administrator, contract management and reporting.
- b See "General Roles, Responsibilities, and Services" Section of this SOW. (Section 12.4)

6.3 LADHS Responsibilities

6.3.1 General - LADHS agrees to make available to GHX the level of LADHS technical resources reasonable and necessary to assist GHX with the implementation of services.

6.3.2 Application Setup

- **a** LADHS configures necessary distributor markups prior to gaining access to contract price discrepancies in My Exchange.
- **b** LADHS is responsible for all LADHS network settings, firewall settings, proxy settings, Internet Explorer settings, and other LADHS PC specific issues.
- **c** LADHS is responsible for any LADHS hardware support issues.
- **d** LADHS is responsible for testing the upload capability and success with GHX Integration Services. GHX will work with DHS to ensure that LADHS is successful in this testing and integration.
- **e** With GHX assistance, LADHS establishes applicable adjustments at the vendor, item and contract level.
- **f** With GHX assistance, LADHS sets price validation hierarchy in Contract Center and price tolerance in Order Center.
- **g** After attending train-the-trainer sessions conducted by GHX, LADHS will train additional users and direct users to be trained to the Customer Center to sign up for web based training.
- **h** LADHS is responsible for assisting GHX with any re-configuration or testing activities required for new releases of Contract Center.

7.0 Create and Load Initial Contract Data into CCX (GHX Business Solutions/Procurement Resource Alignment)

7.1 Create and Load Initial LADHS Contract Data - GHX will perform Contract Analyst functions to create and load the initial electronic LADHS GPO and County contracts to CCX.

7.1.1 GHX Responsibilities

- **a** GHX will deploy resources both on the LADHS site and remotely to support the loading and tier setting of the electronic LADHS Contract Data.
- **b** GHX will provide services and/or functionality for the loading of non-GPO electronic contracts by LADHS.
- **c** GHX will upload up to 200 non-GPO (LA County/ISD) electronic contracts into Contract Center. Note: These contracts will be provided by LADHS in an electronic format (excel). Contracts above 200 are outside scope and will need an additional SOW,
- **d** GHX will acquire GPO contract data.
- **e** Align items to contracts.
- **f** Identify best GPO Tier opportunities and savings associated with that Tier.
- **g** GHX will provide analysis to support decision-making.
- **h** Synchronize contract data between the GPO and CCX.
- **i** GHX will define service level metrics to manage the partnership performance.
- **j** GHX will define a repeatable process to manage contract data between LADHS and GHX.
- **k** GHX will align resources and provide knowledge transfer to LADHS to achieve optimal performance.
- **l** This project requires additional expense associated with onsite visits or travel by a GHX representative to the LADHS work site(s).
- **m** LADHS will be invoiced for the actual, reasonable expenses associated with the visit in accordance with the policies set forth in Exhibit 13.09 attached hereto.

7.1.2 LADHS Responsibilities

- **a** LADHS will provide current transactional files including – POH information, vendor master from MMIS-eCAPS, list of LADHS system-wide standardized agreements.
- **b** LADHS will convert any LA County/ISD hardcopy contract data into an electronic format (Excel) ready to load into CCX. GHX, at the request of LADHS, can perform services to convert paper contracts into EDI format, however, the service will be an additional fee of $35.00 per hour.
- **c** LADHS will provide quality assurance for all system setup details that GHX may provide.
- **d** LADHS will review the GHX recommendations for GPO contract tier levels and LADHS will make the final determinations.
- **e** LADHS will be responsible for negotiating and determining all final product pricing.
- **f** LADHS will provide access to resources to support GHX knowledge transfer.

7.1.3 Assumptions

a LADHS will provide access to resources to support GHX knowledge transfer including GPO login access

b GHX and LADHS will mutually define a communication schedule and escalation process

c LADHS acts as one contracting/purchasing body and is aligned with one Item Master; unique variations of contracts may reflect by facility or by IDN pricing. Each contract variation is included within the total upload targets in Section 7.1.1 and will be counted as a unique contract when calculating the cumulative contract total. LADHS will complete and send any GPO Letters of Commitment required to attain current pricing from a GPO.

d LADHS will be responsible for updating contracts/pricing in their MMIS

e GHX will align agreements to LADHS's primary GPO

f GHX will not upload a cumulative total of more than two hundred (200) non-GPO agreements into Contract Center. Cumulative total will be calculated across the LADHS organization, not by facility.

g LADHS will provide all local agreements within 90 days following the official Procurement Resource Alignment ("PRA") Kick-Off meeting.

h GHX can provide assistance in converting paper documents/pdf documents into an electronic workable format for an additional fee of $35.00 per hour.

i GHX will provide assistance in the collection of local agreements by contacting vendors at an additional fee of $35.00 per hour.

j GHX will provide analysis to support LADHS's decision-making.

7.1.4 Knowledge Transfer

The project is structured so that the LADHS team works with the GHX team to facilitate knowledge transfer throughout the project. Throughout the project, GHX will work with LADHS to clarify resource requirements based on timing and availability of LADHS personnel to the project. Additionally, GHX expects there will be participation from LADHS stakeholders and subject matter specialists as needed. This participation should include activities such as attendance at key meetings, feedback on procedural documentation, and resolution of critical business issues.

7.2 Business Solutions Procurement Resource Alignment Project Summary Table

Project Summary

Key Team Tasks:

LADHS Tasks

- Collect data (POH, vendor master from MMIS-eCAPS, LADHS system-wide standardized agreements in excel format)
- Contact vendors to gather local agreement details
- Convert contract details into electronic format (Excel)
- Define a repeatable process to: align resources, manage data, synchronize systems, and maintain communication

GHX Tasks

- Align Item Master and Non-File spend to a GPO contract
- Assess GPO/Local contract for best tier opportunity
- Coordinate activation of Tiers in GPO website and ensure contract has been fed to Contract Center
- Upload local contracts into Contract Center
- Define Service Level Agreements (SLA's)
- Provide Reporting

GHX Deliverables:

- GPO Contract/Tier Alignment Opportunities Report
- Contract data management process – uploading of local agreements into Contract Center; auditing contracts/tiers fed to Contract Center
- Contract Data Synchronization – ensure that GPO/GHX/Item Master/LADHS eCAPS are in sync with correct pricing/tiers
- Reporting: Price Compliance, Contract Savings, Expiration, Off-Contract Spend, Non-File Spend

Milestones:

- Collection of data
- Contract data compiled into electronic format
- Opportunity analysis complete
- Contract data loaded
- Contract data synchronized

8.0 Electronic Requisitioning (Procurement Suite)

8.1 Electronic Requisitioning – GHX will provide LADHS with Procurement Suite, an electronic requisitioning system that supports multiple catalog sources with cascading search capabilities. Procurement Suite will send approved requisitions to the eCAPS system.

8.2 Project Management Roles and Responsibilities

8.2.1 GHX Responsibilities

- **a** Provide an Implementation Manager who will coordinate GHX implementation activities and serve as a central point of contact for project status updates and issue escalation.
- **b** The Implementation Manager will use GHX's project management methodology to launch the project; deliver communication at specified intervals; and help meet project goals and objectives.
- **c** The Implementation Manager will participate in regular status calls.
- **d** Provide best practice recommendations based on GHX healthcare experience.
- **e** Adherence to the agreed upon project timeline.
- **f** Provide a GHX Procurement Suite Test Plan.
- **g** GHX and LADHS will conduct scheduled reviews at predefined points during the project to monitor completion of tasks and achievement of milestones.
- **h** LADHS will be brought live on the current version 6.05 or newer of Procurement Suite and kept current according to GHX scheduling.

8.2.2 LADHS Responsibilities

- **a** LADHS will assign a dedicated Internal Project Manager.
- **b** LADHS will assign departmental resources to support project activities as required.
- **c** LADHS will conduct full integrated end to end testing.
- **d** LADHS will be responsible for any internal process changes.
- **e** LADHS will make IT resources available to support the project as needed.
- **f** LADHS will coordinate Procurement Suite roll-out planning and support.
- **g** Adherence to the agreed upon project timeline.
- **h** GHX and LADHS will conduct scheduled quality reviews at predefined points during the project to monitor completion of tasks and achievement of milestones.
- **i** All files sent to GHX will conform to the GHX specifications. See section 11.0 Interface – Data Transmission Responsibilities and Requirements.

8.3 Configuration

8.3.1 GHX Responsibilities

- **a** GHX is responsible for the delivery and monitoring of files and transactions from the Procurement Suite server in the GHX data center to the ConnectPlus server at the LADHS site for files going from Procurement Suite to the MMIS-eCAPS. These files include:
  - **i** Requisition files bound for the MMIS-eCAPS in the XML file format expected by the MMIS-eCAPS.
- **b** Once files are transmitted to the ConnectPlus server at the LADHS site through the Internet to the Procurement Suite application GHX is responsible for the delivery and monitoring of files and transactions.
  - **i** Files bound for Procurement Suite from the MMIS-eCAPS system will be in the GHX specified format. These include:

- Item Catalog
- Vendor Master
- GL/Location Master
- Status (line item specific) / Status fields to be sent to GHX from the MMIS-eCAPS:
  - PO #; PO Line #; Rejection Code; Received Status; Received Date; Received Quantity; Receiver ID; Invoice Status; Invoice Number; Invoice Date; Amount Expensed; Quantity Expensed; Buyer Name
- Cost Centers

c GHX is responsible for configuration of Procurement Suite according to LADHS needs. Scope includes:

i Initial facility loading and configuration

ii Procurement Suite supports three (3) catalog views. The catalog views will be defined during the implementation phase of the project. The item master, CCX and NuVia can be sources for catalog views.

d **Commodity Mapping/Coding**

i GHX will map from the UNSPSC to the 13 digit NIGP Code, Object Codes, and Department Object Code, based on a cross-reference table and business rules provided by LADHS. LADHS will provide their business rules and UNSPSC to a NIGP Table.

ii GHX will apply a default value if no NIGP, Object, or Department Object value mapping is provided for a given UNSPSC code.

iii LADHS will be provided the opportunity to update the UNSPSC to NIGP mapping table. See section 11.0 INTERFACE – Data Transmission Responsibilities and Requirements.

iv UNSPSC will be included on requisitions where it is available in the source catalog data. Custom XML mapping will account for missing UNSPSC code and using a default value.

e **Unit of Measure Conversion**

GHX will convert UOM from the ANSI Standard to the Los Angeles County Standard used in eCAPS for each line/items on requisitions sent from Procurement Suite to the MMIS-eCAPS.

f **eCAPS XML non-stock requisition requirement – "Agreement Line Number"**

i Based on client feedback, client MMIS (eCAPS) part number is not required by client for non-stock requisitions.

ii For non-stock requisitions that are based on LA County/ISD contract center data, GHX will map the contract center item MMIS part number field to the "agreement line number" field in the custom XML non-stock requisition file.

iii All LA County/ISD contracts loaded in Contract Center, begin with contract number "MAIS".

iv Client will be responsible to maintain "agreement line number" in contract center for LA County/ISD agreements, in the MMIS part number field.

g **eCAPS XML stock and non-stock requisition requirement – Fiscal Year Funded**

i eCAPS requires the requisition to include the fiscal year a requisition item is funded.

ii LADHS is on a July fiscal year.

iii GHX will custom XML map the requisition item fiscal year based on the requisition date fiscal year.

iv The LADHS buyer will need to manually update the requisition item fiscal year in eCAPS if the fiscal year funded is different than the requisition date fiscal year

h Requisition Mapping

i The GHX C+ system will map requisition files from eCAPS to three different eCAPS file formats (stock requisition, non-stock requisition, and create order). The appropriate eCAPS file format is selected based on which organization created the requisition and the item ID. The item ID will be used to examine one or more tables stored on the C+ system and updated with via the data exchange listed in section 11.8 item 4 of this SOW.

8.3.2 LADHS Responsibilities

a All configuration beyond the initial enterprise, facility and file setup mentioned above, including but not limited to:

i User loading

ii Administration settings

iii Application settings

- Defaults
- UI settings

iv Roles and Privileges

v Units of Measure

vi Addresses

- Bill to
- Ship to

vii Favorite lists (i.e. templates)

viii Management of data in the item master and scheduling uploads to Procurement Suite.

ix Management of data in Contract Center application and the LADHS Group Purchasing Organization's approval to use data within Procurement Suite.

x Integrity of all files uploaded to Procurement Suite. LADHS is accountable for transaction and synchronization issues stemming from poor data quality. LADHS is responsible for validity of data (accuracy, uniqueness and integrity), which will be delivered to and displayed in Procurement Suite. LADHS is responsible for resolving any issues that result in data load failures.

xi Data file key field compatibility with Procurement Suite

xii Passing data to Procurement Suite according to the existing Procurement Suite specifications

xiii Any LADHS-side systems interface or uploading work

xiv Validation of data prior to go-live

xv All UOM, pricing, item descriptions, part numbers according to GHX specifications and any discrepancies that occur from related issues.

xvi LADHS is responsible for all provider-side network settings, firewall settings, proxy settings, Internet Explorer settings, and other LADHS PC-specific issues.

b LADHS will provide GHX with a mapping table from the UNSPSC to the 13 digit NIGP Codes, Object Codes, and Department Object Codes and required business rules to do the mapping. LADHS will provide in a format specified by GHX

c LADHS will provide GHX with a mapping table from the ANSI UOM standard to the Los Angeles County UOM standard. LADHS will maintain this cross reference table on an on-going basis in a GHX specified format.

8.4 Training

8.4.1 Procurement Suite training is estimated at 2 days (16 hours, average class 1 hour sessions, minimum 8 sessions) web based training prior to go-live and 2 days (16 hours, average class 1-2 hour session, minimum 8 sessions) onsite training (train the trainer) at go-live. Includes administrator, requisitioners, approver, configuration and reporting training.

8.4.2 GHX will provide a "train the trainer" approach. Accordingly, GHX will provide sixteen (16) hours of on-site training at LADHS on Procurement Suite functionality, including requisitioning, approving, administration, and any associated functionality described herein.

8.4.3 GHX will provide LADHS with unlimited access to the GHX On-line Simulated Training Module, to provide LADHS users with an integrated, self-directed training experience.

8.4.4 LADHS will be responsible for all end user training functions including but not limited to; user training, admin training, communication, class scheduling, class attendance, System adoption, and roll-out.

8.4.5 See "General Roles, Responsibilities, and Services" Section of this SOW for additional training provided by GHX (Section 12.4).

8.5 Support

8.5.1 GHX Support

a GHX will be responsible for Tier 2 Support. Tier 2 Support will provide LADHS with specified support lead and does not support direct end-user inquiries. GHX support does not include hardware-related issues for LADHS computers. GHX support is limited to Procurement Suite and issues with GHX-specific functionality.

b See "General Roles, Responsibilities, and Services" Section of this SOW for additional support provided by GHX (Section 12.3).

8.5.2 LADHS Support

a A knowledgeable LADHS representative serving as the contact for project communication and development will support the GHX integration team.

b LADHS will be responsible for any LADHS hardware support issues.

c LADHS will be responsible for all end-user communications.

d LADHS will be responsible for facility-level administration requests.

e LADHS will be responsible for LADHS side technical infrastructure resulting in optimal system performance and availability.

f LADHS will be responsible for all computer desktop configurations and installation of any necessary hardware and software.

g LADHS will be responsible for assisting GHX with any re-configuration or testing activities required for new releases of Procurement Suite.

8.6 General Information

8.6.1 Any LADHS requested schedule changes are subject to GHX resource availability.

8.6.2 Single MMIS System (eCAPS).

8.6.3 Unlimited LADHS users.

8.6.4 LADHS will be brought live on current version 6.05 or newer of Procurement Suite.

8.7 Electronic Requisitioning Requirements and Functionalities

8.7.1 General Functionalities

a Must provide and support the following requisition types:

- **i** Item Master and Favorite Items
  - Availability of Contract Center data is subject to respective GPO approval. Integration to GPO repositories are operative.
  - LADHS will map from the MMIS-eCAPS native file format to the Procurement Suite inbound item specification for the item master, vendor master and GL/location file feed.
  - Procurement Suite source catalog information may contain flags for stock, non-stock and contract information. This information will be displayed to the requisitioners.
- **ii** Special Requests – front end form for ordering non-catalog items
- **iii** Bill Only / Bill & Replace Orders
- **iv** Templates
- **v** RoundTrip to OCI enabled suppliers (enabled suppliers in the U.S. currently include Dell, ThermoFisher, Standard Register, CDW, OfficeMax, OfficeDepot, Corporate Express and Grainger).

b Access to requisition workflow and all associated existing functionality.

- **i** The workflow triggers include:
  - Spending Limit
    - All users can be set up with a spending limit
    - All approvers can be set up with an approval limit
    - Spending and approval limits are established for all requisition types
  - Cost Center
  - Supplier
  - Catalog Source
  - Total Requisition
    - Single approver trigger specific to organization
  - Special Request
    - Applicable to Special Purchase Requests only
    - Single approver trigger specific to organization
  - Commodity
  - Final Approver
  - Triggers can be set by priority setting

c Access to requisition status screens and all associated existing functionality in Procurement Suite.

i Data displayed in status is dependent upon the interface established to the MMIS-eCAPS system and limited to those fields in the PO Status specification.

d Access to Procurement Suite administration features, which will be fully controlled at the LADHS corporate level.

8.7.2 Requisition

a Requisition Creation Process - General

i Procurement Suite will have the ability for a requestor to view the name and email address of the Approver who has their requisition.

ii Procurement Suite will allow a requisition to be created from a prior cancelled requisition, denied requisition, approved requisition, template, Item Master or catalog, or free-form.

iii Procurement Suite will have the ability to restrict user access to specific organizations defined within Procurement Suite.

iv Catalog restriction is based on catalog views. Catalog views are restricted based on organization. Procurement Suite will have the ability to attach various types of file formats (Ex: PDF, Excel, Word, etc.) to requisitions at the Header. There should be no limit on the number of files that can be attached at the header level.

v Procurement Suite will support Stock and Non-Stock items on the same requisition.

vi GHX can keep a requisition in an open status until it is submitted.

vii Standard GHX Procurement Suite reporting will be made available to the LADHS.

viii Procurement Suite will have the ability to save a requisition as a draft and later to resume, edit, and submit.

ix Procurement Suite will have the ability to allow entry of a denial reason when a requisition is denied by an Approver. The reason should be displayed for the requisition and/or line rejected.

x Procurement Suite will have the ability to print a hard copy of the requisition.

b Requisition Header

i The user is notified of missing required information upon submitting a requisition.

ii Procurement Suite displays a total at the header level for a requisition. Procurement Suite provides drop down/searches to be selected from during the creation of a requisition (For Example: Vendor or Location). Existing drop down lists are available for review by LADHS upon request.

iii Procurement Suite will provide a field that can be used to manually name the requisition.

iv Any customizations outside this SOW will require a quote from GHX.

v Procurement Suite will default the delivery location field with data populated from the user profile delivery to table (where supplies will be delivered to; for example: Cardiology Rm. 406).

vi Procurement Suite will have a free form text field for justifications of the purchase.

vii Procurement Suite will have the ability for the requestor to select an alternate Delivery location from the "Deliver To" table. This will be used when one requestor is ordering for multiple units/areas. Procurement Suite provides a free text area for the requestor to identify "Deliver To" location.

c Requisition Line

i Procurement Suite limits the number of lines that can be added to a requisition at 500. LADHS will be responsible to limit ancillary requisition feeds to 500 lines.

ii Procurement Suite will have the ability to calculate the line totals including tax (if tax indicator is set to yes).

iii In Procurement Suite, tax is controlled at the "Ship To" level. The user can adjust "Ship To" at the line level.

iv GHX will map all required fields in the file interface as defined in the eCAPS requisition file interface. Procurement Suite will have the ability to restrict the requestor from changing any information retrieved from the Item Master/Catalog except for Tax Status or other specified fields.

v Procurement Suite will have drop down lists for UOM and commodity type/description when adding free form items.

vi Procurement Suite will allow the requestor the ability to add notes/comments to each line on the requisition.

d Template Process

i Procurement Suite supports template creation and maintenance independent of a requisition.

ii Procurement Suite supports the ability to allow items that are from the Item Master or catalog to be added to a template. All items that a user has access to are available to be included on a Favorite List.

iii Procurement Suite supports templates to be shared by users from within an organization. Favorite List can be created at the organization level and shared within that organization.

iv Procurement Suite supports templates be controlled and maintained by a System Administrator. Published Favorites Lists can be controlled by a System Administrator.

8.7.3 Approval Workflows

a Approval Workflows - General

i Procurement Suite allows for sequential or parallel processing. This is controlled in the Administration module.

ii Procurement Suite provides multiple levels of approvals based on organizational design. Please see section 8.7.1.b for the approval triggers supported by Procurement Suite.

b Approval Process for Financial/Commodity/ Fund Review

i Procurement Suite has the ability to notify Next Approver/Requestor with Email notification

ii Procurement Suite has the ability to allow the approvers to perform the following functions at the header level:

- View list of Outstanding Requisitions sorted by date received
- View list of Approved Requisitions sorted by date received
- View requisition detail
- Ability to cancel or approve requisition
- Ability to change all changeable fields

- Ability to print requisition
- Attachments management
  - Ability to add
  - Ability to delete
  - Ability to review
  - Ability to print

iii Procurement Suite has the ability to allow the approvers to perform following functions at the item line level:

- Ability to add
- Ability to delete
- Ability to change all changeable fields

c Email Notification

i Procurement Suite has the ability to send out an email notification to the next approval in the authorization chain.

ii Procurement Suite has the ability to send out an email notification to the requestor when there has been approver or buyer activity on a requisition.

d System Administrative Features

The LADHS has access to the Administration module of Procurement Suite. The Administration module allows the LADHS to define and control user access, configure user workflows and define catalog views. Access to the Administration module can be limited to organizations as defined within Procurement Suite.

e Procurement Supervisor Functions

i Procurement Suite will allow the Supervisor to cancel, edit and print a requisition.

ii Procurement Suite will allow the Supervisor to route a requisition for additional approval (i.e. Commodity).

iii Procurement Suite will allow Procurement Supervisor to identify the resulting PO Number utilizing the Requisition Number.

f Buyer

i Procurement Suite will allow the Buyer to edit line items on a requisition.

ii Procurement Suite will allow the Buyer to delete a requisition.

iii Procurement Suite, on the ConnectPlus Server, will split a requisition into multiple files for processing in eCAPS based on Vendor, ship to and bill to. Procurement Suite will allow the Buyer to route a requisition for additional approval (i.e. Commodity).

iv Procurement Suite will allow the Buyer to print individual requisitions in work list

v Procurement Suite will allow Buyer to identify the resulting PO Number utilizing the Requisition Number.

8.7.4 Security

a Procurement Suite will have the ability to have multiple levels of security, facility and Department levels (user will be at the facility level). Procurement Suite will require a unique identification code and pass word for each user.

b Procurement Suite will have the ability to limit a user's access to information by facility and roles (Requestor, Approver, Buyer, etc...).

c Procurement Suite will allow a user to have multiple roles (requestor, Approver, Buyer, etc...) under one logon ID.

d Procurement Suite will require the User ID to be the LA County Employee Number proceeded by the letter e (For Example: e123456).

e Procurement Suite will lockout a user after three successive unsuccessful login attempts.

8.7.5 **Reporting** – Procurement Suite will allow LADHS to run online reports of items that were processed thru the GHX Electronic Requisitioning (Procurement Suite) to include:

a Microsoft Excel format

b Usage reports with Procurement Suite Reporting Criteria

c Run online reports

d Reports of contract Items purchased

e Reports of Non-contracted items purchased

f Purchaser/Requestor Reports

9.0 EDI / eCommerce (ConnectPlus)

GHX shall provide services to deliver orders, acknowledgements, ship notices, item master and other data electronically - (see section 11.6 of this SOW)

GHX will provide MetaTrade to transmit electronic orders to vendors/suppliers who are otherwise unable to process EDI transactions. GHX receives orders generated from the MMIS-eCAPS and converts them to a fax or e-mail, depending on the vendor's/supplier's requirements.

9.1 EDI Connection (ConnectPlus™) - GHX will set-up the EDI connection (ConnectPlus) to standardize and deliver orders, acknowledgements, ship notices, item master and other data between MMIS-eCAPS and the GHX Exchange.

9.1.1 EDI Connectivity Documents (Transaction Sets) – GHX will provide the following:

The documents (transaction sets) for this connectivity service are as follows:

- **a** Sent from LADHS eCAPS Purchase Order (850)
- **b** Purchase Order Acknowledgment (855) to GHX Order Center
- **c** Advance Ship Notice (856) to GHX Order Center
- **d** Invoice: Electronic into AP Dashboard (810)

9.1.2 EDI Status (My Exchange) - GHX will provide LADHS access to My Exchange, the entry point to GHX My Exchange, using a single login per user. From My Exchange, LADHS will be able to access GHX Order Center, an order monitoring tool, which provides:

- **a** LADHS buyers purchase order transaction status in real-time.
- **b** Highlights exception alerts between purchase orders, purchase order acknowledgements and invoices.
- **c** Purchasing reports that will include, product purchasing history and on and off-contract purchasing.

9.2 GHX Responsibilities

9.2.1 Assessment

- **a** GHX will schedule ConnectPlus installation with LADHS Project Lead.
- **b** GHX will work with LADHS Project Lead to complete boarding documents, business and technical assessments.
- **c** GHX will incorporate LADHS in the GHX registration environment and accounting system.
- **d** GHX will identify initial and ongoing transactions (order, acknowledgement, invoice, etc...) and targets for implementation.
- **e** GHX will receive sample MMIS-eCAPS output/input files and analyze as appropriate for the LADHS situation.
- **f** GHX will receive item master file / PO history for 18 months / vendor master file received, as appropriate.
- **g** GHX will establish prioritization/goal setting for vendor connections (i.e.; based on volume, e-Commerce Readiness reconciliation process needs, vendor / provider business capabilities, etc...).
- **h** GHX will complete transaction set (EDI/XML/Custom) data analysis.

9.2.2 Integration

a GHX will ship the ConnectPlus server to LADHS and LADHS will install the server. Although the ConnectPlus server is installed at the LADHS site; the server remains the property of GHX, and, in the event the LADHS ceases to use ConnectPlus, the server must be returned to GHX.

b GHX will return e-Commerce Readiness reconciliation process packet to LADHS, included with NuVia.

c GHX will implement LADHS-specific EDI or XML maps.

d GHX will configure integration software and interfaces.

e GHX will register and board LADHS on GHX, based on LADHS SuperSAW vendor boarding.

f GHX will complete supplier setup.

g GHX will connect the LADHS materials application to GHX.

h LADHS MMIS-eCAPS will send PO (850) documents (in a previously agreed format of either in XML or flat file/text file) and GHX will map to the PO EDI850 document.

i GHX will post both the vendor order status EDI855 and vendor advanced ship notice EDI856 to GHX My exchange Order Center, accessible by LADHS buyers and users.

9.2.3 Testing

a GHX will work with LADHS to test the LADHS system for connectivity.

b GHX will work with LADHS to test Supplier connection(s).

c GHX will conduct and coordinate the end-to-end test, if applicable.

d GHX will work with LADHS to decide upon ConnectPlus go-live date.

e GHX will complete all ConnectPlus production changes.

9.2.4 GHX Support - See "General Roles, Responsibilities, and Services" Section of this SOW (Section 12.3).

9.2.5 Training

a ConnectPlus My Exchange Order Center and MetaTrade training are done concurrently. Training is estimated at 1 day (8 hours, average class 1 hour, minimum 8 sessions) web based training prior to go-live and 1 day (8 hours, average class 1-2 hour session, minimum 8 sessions) onsite training (train the trainer) at go-live. Includes administrator, user access, purchase order status, exception management, and reporting.

b See "General Roles, Responsibilities, and Services" Section of this SOW (Section 12.4).

9.3 LADHS Responsibilities

9.3.1 General

a LADHS is responsible for ensuring, at its cost, that its systems, including any upgrades or enhancements required thereto, satisfy the Minimum Technical Requirements as set forth on Appendix A.

b LADHS will provide any technical documentation and resources reasonable and necessary to assist GHX in the implementation of the Interface.

c LADHS will obtain the necessary licenses and permissions from applicable LADHS system vendors and licensors.

d LADHS agrees to make available to GHX the level of the LADHS technical resources reasonable and necessary to assist GHX with the implementation of services.

9.3.2 MMIS-eCAPS Application Setup

a The GHX ConnectPlus server(s) installed at the LADHS data center(s) will act as the single gateway between the MMIS-eCAPS and the available suppliers on the GHX Exchange. The transaction sets included in the scope of this SOW are identified in the "EDI Connectivity Transaction Sets Provided" Section.

b LADHS and GHX agree that LADHS shall send outbound purchase orders to the GHX ConnectPlus server and the GHX Exchange in a mutually agreed-upon single format.

c LADHS and GHX agree that the GHX ConnectPlus server will provide inbound documents (as identified in the Connectivity section) for pickup or delivery to the MMIS-eCAPS in a mutually agreed upon single format for all documents that originate from the GHX Exchange and conform to the GHX identified standards for each transaction set. Refer to section 11.0 INTERFACE – Data Transmission Responsibilities and Requirements.

d LADHS will utilize native MMIS-eCAPS application capabilities, own custom programming, and resources (internal staff, consultants, etc...) as needed to generate purchase orders in the agreed upon format and will utilize native MMIS-eCAPS application capabilities, their own custom programming, and resources (internal staff, consultants, etc.) as needed in order to process the inbound transaction identified in "EDI Connectivity Transaction Sets Provided" Section on this contract.

e LADHS is responsible for implementing the necessary MMIS-eCAPS modules, MMIS-eCAPS application setups, and/or custom programming that is needed to generate the order transaction in the agreed upon format and for processing, presenting, and manipulating the inbound transaction in the MMIS-eCAPS after it is delivered by the GHX ConnectPlus server in the agreed upon format.

f LADHS facilitates communication between their internal staff, MMIS-eCAPS, vendor staff, and GHX staff in order to determine the native and supported capabilities of their MMIS-eCAPS application and its setup as needed.

g After attending train-the-trainer sessions conducted by GHX, LADHS will train additional users and direct users to Customer Support to sign up for web based training.

9.4 ConnectPlus - Technical Requirements Summary Table

Item	Provided by		Description
	GHX	LAC	
GHX ConnectPlus Server	X		Hardware necessary to integrate to hospital systems included in this statement of work
C+ Interface Software	X		Interface Engine – Guaranteed data delivery, data mapping/translation, MMIS-eCAPS integration, monitoring/alerting
OS Critical Updates/Service Packs and Anti-Virus	X		Automated patch and AV updates via Patchlink. Windows critical Operating System updates/service packs and Trend Server Protect Anti-Virus provided
Access to Go To My PC or VPN Client based on mutually agreed requirements		X	Used by GHX for remote monitoring/support
One (1) RJ45 Network connections		X	Internal LAN connection with reliable outbound TCP/HTTP/HTTPS Internet connectivity
One (1) dedicated local (not Internet) IP Address, Subnet Mask, Gateway		X	Network requirement. For PMM, NOVA, Matkon an additional static LAN IP address is required for EACH EDI Communicator PC in use. EtherPath devices must be able to communicate to the ConnectPlus server over the LAN using TCP and specified ports.
Firewall Port for Outbound TCP and HTTP/HTTPS over the Internet		X	Reliable Production Internet connection required. Firewall rule only if firewall blocks outbound TCP 900x and HTTP/HTTPS (80/443)
Power Sources for server		X	HW requirement
Keyboard/Video Monitor/Mouse		X	Server needs connection to KVM switch
Rack Space (1U) Standard 19" wide		X	HW requirement

10.0 Electronically Convert Orders to Faxes/eMails (MetaTrade)

MetaTrade transmits electronic orders to the LADHS Suppliers who are otherwise unable to process electronic transactions. With MetaTrade, LADHS can generate electronic orders in their MMIS-eCAPS and sends them to GHX as electronic documents. GHX converts the electronic documents to a media specific format and transmits the order to the Supplier via fax or e-mail, depending on the supplier's requirements. The created fax or e-mail contains an electronic link to a GHX Purchase Order Acknowledgement ("POA") web site where suppliers can create electronic purchase order acknowledgements corresponding to the MetaTrade purchase orders. The MetaTrade and Contract Center solutions 'communicate' to allow LADHS validation contract price validation for contracts loaded into Contract Center.

10.1 GHX Responsibilities

10.1.1 Boarding

- **a** GHX will provide MetaTrade boarding documents for LADHS to complete and return.
- **b** A boarding document contains the Supplier's name, LADHS account number(s) for the supplier; supplier's contact information (e-mail address or facsimile number) and the MMIS-eCAPS vendor code for the Supplier.
- **c** GHX will use the boarding document information to register the supplier on the Exchange.
- **d** GHX will communicate a timeline of boarding to LADHS based on the number of suppliers submitted and the current GHX registration volume.
- **e** GHX will support boarding up to 200 MetaTrade suppliers, during integration, with this SOW. GHX will provide services and/or functionality for additional boarding of Meta Trade suppliers for an additional fee.

10.1.2 Configuration

- **a** Based on the boarding document registration, GHX will provide a list of new Electronic Identification Values ("EIV") for LADHS to enter into their MMIS-eCAPS and use in the appropriate locations in electronic order transmissions. GHX will alter the EIVs and maintains the ConnectPlus box.
- **b** GHX uses a generic e-mail or fax template to send information to the LADHS Suppliers. If required, GHX can create custom templates for an additional fee.

10.1.3 Integration

- **a** GHX will provide a MetaTrade POA Supplier Letter for LADHS to submit to their suppliers explaining the change from paper to the MetaTrade process and how the Supplier will be affected.
- **b** GHX will provide LADHS with Supplier documentation on how to access and utilize the GHX POA web site to distribute to their MetaTrade suppliers.

10.1.4 Testing

GHX will monitor and review with LADHS up to five (5) Purchase Order ("PO") submissions to LADHS supplier(s), and, when applicable, the supplier's POA responses, in order to validate successful transmission.

10.1.5 GHX Support - See "General Roles, Responsibilities, and Services" Section of this SOW (Section 12.3).

10.1.6 Training

- **a** ConnectPlus My Exchange Order Center and MetaTrade training are done concurrently. Training is estimated at 1 day (8 hours, average class 1 hour, minimum 8 sessions) web based training prior to go live and 1 day (8 hours, average class 1-2 hour session, minimum 8

sessions) onsite training (train the trainer) at go-live. Includes administrator, user access, purchase order status and exception management, and reporting.

b See "General Roles, Responsibilities, and Services" Section of this SOW (Section 12.4).

10.2 LADHS Responsibilities

10.2.1 Application Setup

a LADHS will submit the completed boarding document(s) to GHX in groups of up to 50 suppliers.

b LADHS will prioritize the boarding list(s) according to which vendors are most effective to board or which vendors are most frequently utilized. GHX can assist in this process for an additional fee.

c LADHS will work with GHX to submit initial PO through system and review its delivery and acceptance by a supplier.

d LADHS initiates MetaTrade supplier utilization of the GHX POA web site by contacting the targeted MetaTrade suppliers through mail, email, and/or phone.

11.0 INTERFACE – Data Transmission Responsibilities and Requirements

11.1 Item Master Interface. LADHS will use the GHX standard format for interface. GHX will identify the required fields in the interface.

11.1.1 GHX (NuVia) to GHX (Procurement Suite)

GHX will ensure that the Item Master managed in NuVia is available for product selection by LADHS on Requisitions in GHX Procurement Suite. Data will be represented based on eCAPS vendor structure.

11.1.2 LADHS eCAPS Item Master (stock) to GHX to load into NuVia and Procurement Suite

- **a** LADHS will send the current eCAPS stock Items to GHX to load into NuVia and Procurement Suite, daily. NuVia item master daily feeds will include item adds, updates and inactivation.
- **b** LADHS will also send the eCAPS vendor master and GL/Location information to load into Procurement Suite.
- **c** NuVia and Procurement Suite displays eCAPS indicator so user can identify stock items.

11.1.3 LADHS POH to GHX (NuVia)

- **a** LADHS will send eCAPS POH feeds bi-monthly, for all the facilities live on eCAPS to GHX to load into NuVia, in the standard GHX file format.
- **b** Interim feed – For the purpose of giving LADHS a full IDN view its entire spend, LADHS will send HMMS POH feeds to GHX, only for the facilities live on HMMS, to load into NuVia, in the standard GHX file format. LADHS will be migrating all facilities to eCAPS. After the facilities are migrated to eCAPS, eCAPS POH will start to be sent for that facility, in place of the HMMS POH. The HMMS POH feed will have an item crosswalk to the eCAPS vendor master. The HMMS POH information will display as nonfile spend in NuVia.

11.1.4 GHX (NuVia) to LADHS systems

- **a** NuVia will provide daily Item Master information updates based on catalog add/updates in the standard GHX file format. The NuVia Item Master file feed will be based on eCAPS vendor master.
- **b** The NuVia Item Master file will be sent to LADHS. LADHS will then load into eCAPS, HMMS and various ancillary systems (LUMIS, ORSOS, PAR stock, Cart Exchange)

11.2 Requisition Interface

11.2.1 LADHS Ancillary Systems to GHX

- **a** Procurement Suite will automate the import and processing of GHX Requisition documents from the LADHS Ancillary Systems (LUMIS, ORSOS, PAR Stock, Cart Exchange) after the facility has migrated to eCAPS. Each ancillary system will feed the requisition order in the same GHX standard format and eCAPS interface configuration including vendor master, GL/Location, and cost centers.
- **b** LADHS is responsible to for requisition feeds for the ancillary systems to Procurement Suite and follow the standard GHX file format. The ancillary systems currently in use by LADHS facilities: **LUMIS, PAR, ORSOS, Cart Exchange.**
- **c** Procurement Suite limits the number of item lines that can be imported on a single requisition to 500 lines from the LADHS Ancillary Systems. LADHS will limit ancillary system requisition feeds to 500 lines per requisition.

11.2.2 GHX to eCAPS – Non-Stock Requisitions

- **a** Procurement Suite will send non-stock requisitions from Procurement Suite to the MMIS-eCAPS.
- **b** Procurement Suite will establish scripts for the automated exchange of data in XML format. Refer to the Interface section of this SOW for data transmission Responsibilities and Requirements.
- **c** Procurement Suite will establish an FTP Server for the exchange of interfaced data.
- **d** Procurement Suite will extract and pass requisition data prior to it being finalized into a purchase order format to the MMIS-eCAPS with the intent to update the requisition with the purchase order number at finalization.
- **e** Procurement Suite will be configured to trigger a line item compression process when the number of item lines on a purchase order exceeds a specific criteria before building Requisition Export document to the MMIS-eCAPS.
- **f** Procurement Suite will transfer Requisition Export Documents to MMIS-eCAPS via an interface at a minimum of every half hour.
- **g** Procurement Suite will send requisitions to eCAPS as three file formats/document types. The requisitions will be formatted to meet the eCAPS interface requirements – to include values for Master Agreement number, Master Agreement Commodity line number passed in the MMIS item id field, Master Agreement Vendor Line Number, NIGP number, NIGP Stock number, Object Code, and Department Object Code. **Based on technical review by both GHX and LADHS and mutual agreement on the requirements.**
- **h** Business rules will be provided by LADHS to map the required requisition XML field, fiscal year, from the requisition date field.
- **i** GHX will work with LAHDS to determine the required fields for this interface. GHX will include the identified required fields in the interface.

11.2.3 GHX to eCAPS – Stock Requisitions

- **a** Procurement Suite will send stock requisitions from GHX (Procurement Suite) to the MMIS-eCAPS.
- **b** Procurement Suite will establish scripts for the automated exchange of data in XML format.
- **c** Procurement Suite will transfer Stock Requisition Documents to eCAPS via an interface at a minimum of every half hour.
- **d** GHX will work with LADHS to determine the required fields for this interface. GHX & LADHS will identify required fields in the interface.

11.3 Confirmation Returned from eCAPS Interface

11.3.1 eCAPS to GHX – PO Number

- **a** Procurement Suite will receive/post/update a Purchase Order Number received from the MMIS-eCAPS to make a finalized purchase order.
- **b** GHX will work with LADHS to determine the required fields for this interface. LADHS will include the identified required fields in the interface.

11.3.2 eCAPS to GHX – Stock Issue Confirmation

- **a** Procurement Suite will receive/post/update Stock Issue Requests with the status received from the MMIS-eCAPS.
- **b** GHX will work with LADHS to determine the required fields for this interface. LADHS will include the identified required fields in the interface.

11.4 Table Transfer Interface

11.4.1 LADHS eCAPS to GHX

a LADHS will extract from eCAPS and provide the Vendor Master, Facility Deliver to Locations, Chart of Accounts, and other needed tables according to GHX file input specification and using the file upload capabilities of the Procurement Suite.

b Procurement Suite will accept and process the Vendor Master, Facility Deliver to Locations, Chart of Accounts, and other needed tables daily and update the tables in GHX with any additions or changes.

c GHX will work with LADHS to determine the required fields for this interface. LADHS will include the identified required fields in the interface.

11.5 PO History Interface

11.5.1 LADHS Data Warehouse to GHX

a LADHS extracts data from MMIS-eCAPS and provide the POH Database information according to GHX File Input specification and using the file upload capabilities of the Procurement Suite.

b Procurement Suite can process POH Database information from two different sources, from HMMS and eCAPS.

c Procurement Suite will automate and import POH information from LADHS eCAPS and HMMS as described in this SOW.

d GHX will validate that provided files adhere to GHX File Input specification.

e GHX transports NuVia files between GHX and the GHX ConnectPlus server installed at the LADHS site. GHX assists with updating the LADHS Item Master items with data downloaded from NuVia. GHX configures a data integration solution that transports NuVia files between GHX and the GHX ConnectPlus server installed at LADHS.

f GHX will work with LADHS to determine the required fields for this interface.

11.6 File Exchange

All files will be exchanged via FTP. The GHX ConnectPlus solution will always be the FTP server. The LAC system will always be the FTP LADHS. Each type of file will be read from or written to a different directory on the FTP server.

11.7 **Transaction Interface Table** - The following table defines all of the data that will be exchanged between LAC and GHX. If statements in another section of the SOW disagree with the following table, this table takes precedence over the other statements.

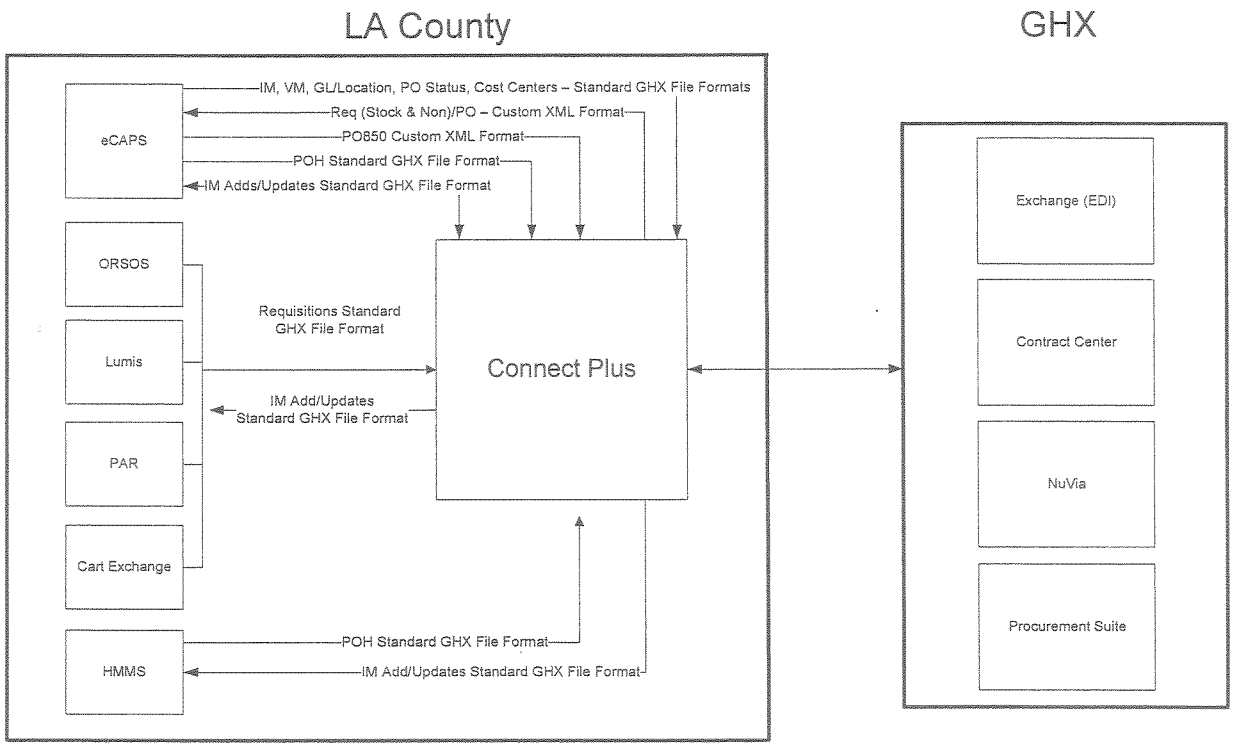
	GHX Product	Integration	LAC Product	Transaction	Data Format	Data Transport	Direction	Frequency
1	Catalyst	ConnectPlus	eCAPS	Requisitions - Stock	XML (LAC Specification)	FTP	To LAC	Many per Day
2	Catalyst	ConnectPlus	eCAPS	Requisitions - Non Stock	XML (LAC Specification)	FTP	To LAC	Many per Day
3	Catalyst	ConnectPlus	eCAPS	eCAPS Order Create	XML (LAC Specification)	FTP	To LAC	Many per Day
4	Exchange Services	ConnectPlus	eCAPS	Purchase Order	XML (LAC Specification)	FTP	From LAC	Many per Day
5	NuVia (VIM)	ConnectPlus	HMMS	POH	GHX Standard	FTP	From LAC	Twice per Month
6	NuVia (VIM)	ConnectPlus	eCAPS	POH	GHX Standard	FTP	From LAC	Twice per Month
7	NuVia (VIM)	ConnectPlus	eCAPS	IM	GHX Standard	FTP	From LAC	Once per Day
8	Procurement Suite	ConnectPlus	PAR (OR)	External Requisition	GHX Standard	FTP	From LAC	Many per Day
9	Procurement Suite	ConnectPlus	LUMIS (OR)	External Requisition	GHX Standard	FTP	From LAC	Many per Day
10	Procurement Suite	ConnectPlus	ORSOS (OR)	External Requisition	GHX Standard	FTP	From LAC	Many per Day
11	Procurement Suite	ConnectPlus	Cart Exchange	External Requisition	GHX Standard	FTP	From LAC	Many per Day
12	Procurement Suite	ConnectPlus	eCAPS	IM	GHX Standard	FTP	From LAC	Once per Day
13	Procurement Suite	ConnectPlus	eCAPS	VM	GHX Standard	FTP	From LAC	Once per Day
14	Procurement Suite	ConnectPlus	eCAPS	GL/Location	GHX Standard	FTP	From LAC	Once per Day
15	Procurement Suite	ConnectPlus	eCAPS	PO Status	GHX Standard	FTP	From LAC	Many per Day
16	Procurement Suite	ConnectPlus	eCAPS	Cost Centers	GHX Standard	FTP	From LAC	Once per Day
17	NuVia	ConnectPlus	LADHS to receive files from C+ and LADHS to load into eCAPS, HMMS and ancillary	IM Adds, Updates	GHX Standard	FTP	To LAC	Once per Day

11.8 Custom Tables

1. **UNSPSC to NIGP Table** – Item table provided by LADHS, used to map UNPSPC to NIGP, Object code and Department Object code.
2. **UOM from eCAPS to PO850 Table** – Table provided by LADHS that changes LAC eCAPS non-standard UOM to GHX X12 standard UOM on PO(850).
3. **UOM from Procurement Suite to eCAPS Table** – Table provided by LADHS that changes GHX standard X12 UOM to LAC eCAPS non-standard UOM on Requisition.
4. **Item to Agreement IDs** — Identifiers which vendor agreement applies to each item.

	Name	From	To	Data Format	Data Transport	Frequency
1	UNSPSC to NIGP	UNSPSC	NIGP, Object, Dept Object	Excel	Email	Quarterly, if needed
2	UOM eCAPS to PO850	LAC eCAPS UOM	GHX standard X12 UOM	Excel	Email	Quarterly, if needed
3	UOM PSTE to eCAPS	GHX Standard X12 UOM	LAC eCAPS UOM	Excel	Email	Quarterly, if needed
4	Item to Agreement	Vendors, Items, and Agreement	Vendor, Items, and Agreement	Excel	Email	Weekly or as needed.

11.9 Interface Process Flow



12.0 General Roles Responsibilities and Services

12.1 General Roles and Responsibilities

12.1.1 GHX Responsibilities - In addition to the product specific responsibilities detailed above GHX responsibilities include:

- **a** GHX to provide an Implementation Manager who will remotely coordinate GHX implementation activities and serve as a central point of contact for project status updates and issue escalation.
- **b** GHX to complete initial materials system data assessment including content assessment (CAS) and vendor bullseye report.
- **c** GHX to complete technical system configuration.
- **d** GHX to participate in regular status calls.
- **e** GHX to provide best practice testing plan and recommendations.
- **f** GHX will provide support to LADHS to conduct full integration testing.
- **g** Adherence to the agreed upon project timeline.
- **h** GHX and customer will conduct scheduled quality reviews at predefined points during the project to ensure tasks are completed and milestones are met.
- **i** GHX will be responsible to provide support for any GHX related software that is installed at LADHS.
- **j** GHX to conduct a post go-live assessment to ensure customer is receiving productive use of all GHX services and programs provided under this SOW.
- **k** GHX will create and manage the project plan/timeline for all GHX services provided on one plan.

12.1.2 LADHS Responsibilities – Include the following:

- **a** LADHS to assign a dedicated internal Project Manager
- **b** LADHS to assign departmental resources to support project activities as required
- **c** LADHS to provide initial materials system data samples for assessment
- **d** LADHS responsible for all materials system interfaces to process EDI transactions (Includes PO (850))
- **e** LADHS to conduct full integrated testing with GHX support.
- **f** LADHS responsible for any internal process changes.
- **g** LADHS to make IT resources available to support the project as needed.
- **h** LADHS to coordinate application roll-out planning and support.
- **i** Adherence to the agreed upon project timeline.
- **j** LADHS and GHX will conduct scheduled quality reviews at predefined points during the project to ensure tasks are completed and milestones are met.

12.2 General Project Assumptions:

12.2.1 Any services not outlined as included in this Statement of Work will be considered out-of-scope and subject to additional fees and based on complexity and/or resource requirements may also require adjustments to project timelines.

12.2.2 Any LADHS requested schedule changes are subject to GHX resource availability.

12.2.3 Customer determines which of the available EDI transaction sets will be implemented. Any transaction sets not included in the implementation will be considered out of the scope of this agreement. Should the customer wish to proceed with additional transaction sets at future date, a subsequent agreement and additional fees will be required.

12.3 GHX Support

12.3.1 GHX will provide LADHS a central point of contact for all service related issues. These may include questions regarding live transactions, order processing and product issues.

12.3.2 GHX will provide a central support number (1-800-YOUR-GHX).

12.3.3 GHX will provide access to free customer support, Monday through Friday, 5 AM to 6 PM Mountain Time. GHX also provides a 24-hour emergency cell phone in the event support is needed outside of normal business hours. In addition to phone support, issues can be emailed to GHX via support@ghx.com.

12.4 Training - GHX will provide the following training to LADHS for all the GHX services/products provided in this SOW (Note: The training listed in this section is in addition to any specific items listed under specific services in this SOW):

- **a** GHX will provide an initial train-the-trainer approach on system functionality tailored to the configurations that LADHS will utilize.
- **b** GHX will provide up-to-date standard technical/user documentation tailored to the configurations utilized by LADHS and simulation Help at no cost through the GHX Customer Center.
- **c** LADHS to schedule and provide end user training.
- **d** GHX to provide initial go-live training and support.
- **e** GHX will provide ongoing web-based training to all interested users at no additional cost.
- **f** GHX provides up-to-date standard user documentation and simulation Help for all GHX products at no cost through the GHX Customer Center.

12.5 Reporting /Tracking

- **a** GHX will provide tools and reporting training, including buyer order center and contract center user certification.
- **b** GHX will assign an account representative that will meet with LADHS management, initially monthly after the initial go-live for the first 3 months followed by quarterly, reviewing services utilization, value/benefits and opportunities for improvement. In addition, GHX will provide an ongoing quarterly scorecard, after the first quarter go-live that will benchmark LADHS to its peers to show supply chain best practices and opportunities for improvement.
- **c** The following is a list of online reports available to be run by facility that will support tracking the achieved savings and potential price variance for followup collection savings.
  - **i** Order Center Price exception tracking (track price exception savings and other exceptions). In addition, can report unresolved exceptions (potential missed savings) by vendor, by buyer and by item.
  - **ii** Order Center Price parity (potential price savings/price variance).
  - **iii** Order Center Item usage.
  - **iv** Contract Center contract reporting including buyer contract performance (on/off contract spend), contract purchases by organization, by item by manufacturer, and contract adjustments.
  - **v** NuVia Insight reporting tracking content relevance, consistency, completeness and categorization.
  - **vi** NuVia UNSPSC purchase summary by commodity – track and drive compliance.
  - **vii** NuVia spend report.

13.0 Exhibits

The following is a list of file specifications referenced in the SOW where changes can be made on "mutual consent" of both parties.

Exhibit 13.01 eCAPS INV – GhxMappSow-Interface – SRQN Tech Design XML (v_DHS_1.2)
Exhibit 13.02 eCAPS Proc– GhxMappSow-Interface – RQN Tech Design XML (v1.2)
Exhibit 13.03 eCAPS Proc – GhxMappSow-Interface – Order Tech Design XML (v1.2)
Exhibit 13.04 GHX Purchase Order EDI850 Minimum Requirements
Exhibit 13.05 GHX NuVia Input Output Content Spec v16_20100623
Exhibit 13.06 GHX PSTE Catalyst InterfaceMapping Workbook_LAC(map 1.0)
Exhibit 13.07 GHX CCX Contract center Contract Local Load (v1.0)
Exhibit 13.08: Form Supplier Approval – Attached hereto
Exhibit 13.09: LADHS Travel Expense Reimbursement Policy

14.0 Appendix

Appendix 14.01 GHX LAC Project Acceptance Signoff Forms

EXHIBITS 13.01 TO 13.07 AND 13.09 NOT INCLUDED

EXHIBIT 13.08

[INSERT HOSPITAL LOGO IMAGE]

[HOSPITAL] – [ADDRESS]

XX/XX/XX

Dear Supplier,

This letter is to inform you that [HOSPITAL] in [City], [state] has undertaken an important strategic initiative to improve the quality of our procurement data, reduce item discrepancies and enhance the supply chain between **[HOSPITAL]** and our suppliers. We are working with Global Healthcare Exchange ("GHX") who will be providing item master cleansing services in support of this important initiative. GHX will be contacting you as a representative of **[HOSPITAL]** to ensure that they have the most up-to-date version of your catalog for use in this initiative.

Our preference is that you send to GHX (catalog@ghx.com) your entire product list in electronic format (Excel or text), which GHX will utilize in order to cleanse the items in our item master. Please respond **as soon as possible** to this request so that we can meet our project timelines.

If for some reason you are unable to send the complete product list to GHX, as an alternative we can send you [HOSPITAL]'s supplier-specific items. Your organization can validate the items and send them back to GHX for incorporation into our new, cleansed item master.

Thank you for your support of this strategic initiative, it will bring tremendous value to both our organizations. Please feel free to give me a call if you have any questions.

Sincerely,

[NAME]
[POSITION]
(XXX) XXX-XXXX
[EMAIL]

Project Acceptance – Connect Plus

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: Connect Plus

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

Completed	Initial PO Transmission Facility Date	Facility
Y / N		LAC+USC Healthcare Network
Y / N		Harbor/UCLA Medical Center
Y / N		Olive View Medical Center
Y / N		Rancho Los Amigos National Rehabilitation Center

By signing below, Client hereby acknowledges the completion of, and acceptance of, the Integration associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** INTEGRATION IS COMPLETE*

COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

PLEASE RETURN THE SIGNED FORM TO GHX ATTN: CONTRACT MANAGEMENT
VIA FAX TO 720.294.4514, OR VIA EMAIL TO CUSTOMERCONTRACTS@GHX.COM

GHX

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Confidential and proprietary information.

Project Acceptance – Contract Center

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: **Contract Center**

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

Completed	Contract Center GoLive Date	Facility
Y / N		LAC+USC Healthcare Network
Y / N		Harbor/UCLA Medical Center
Y / N		Olive View Medical Center
Y / N		Rancho Los Amigos National Rehabilitation Center

By signing below, Client hereby acknowledges the completion of, and acceptance of, the Implementation associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*

COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

PLEASE RETURN THE SIGNED FORM TO GHX ATTN: CONTRACT MANAGEMENT

1. VIA FAX TO 720.294.4514, OR VIA EMAIL TO CUSTOMERCONTRACTS@GHX.COM

GHX

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Project Acceptance – MetaTrade Milestone Facility Golive

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: MetaTrade

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Completed	Initial MetaTrade PO Transmission Date	Facility
Y / N		LAC+USC Healthcare Network
Y / N		Harbor/UCLA Medical Center
Y / N		Olive View Medical Center
Y / N		Rancho Los Amigos National Rehabilitation Center

By signing below, Client hereby acknowledges the completion of, and acceptance of, the Implementation associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*

COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

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GHX

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Project Acceptance – Business Solutions [PRA/Contract] Milestone Project Completion

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: **Business Solutions [PRA/Contract]**

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

By signing below, Client hereby acknowledges the completion of, and acceptance of, the deliverable set forth below initialed by Client, associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT	GLOBAL HEALTHCARE EXCHANGE, LLC
_____ SIGNATURE	_____ SIGNATURE
_____ PRINTED FULL NAME	_____ PRINTED FULL NAME
_____ TITLE	_____ TITLE
_____ DATE	_____ DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*

COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

PLEASE RETURN THE SIGNED FORM TO GHX ATTN: CONTRACT MANAGEMENT

1. VIA FAX TO 720.294.4514, OR VIA EMAIL TO CUSTOMERCONTRACTS@GHX.COM

GHX

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Project Acceptance – Nuvia Milestone Project Acceptance

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: Nuvia

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

Completed	Completion Date	Milestone
Y / N		Nuvia Milestone 1 – Online access Nuvia AllSource catalog
Y / N		Nuvia Milestone 2 – Initial Data Load (Item master and Purchase order history)
Y / N		Nuvia Milestone 3– Subsequent Data Load (Item master and Purchase order

By signing below, Client hereby acknowledges the completion of, and acceptance of, the deliverable set forth below initialed by Client, associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*

COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

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VIA FAX TO 720.294.4514, OR VIA EMAIL TO CUSTOMERCONTRACTS@GHX.COM

GHX

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Project Acceptance – Nuvia Facility Golive Project Acceptance

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: Nuvia

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

Completed	Procurement Suite Facility Golive Date	Facility
Y / N		LAC+USC Healthcare Network
Y / N		Harbor/UCLA Medical Center
Y / N		Olive View Medical Center
Y / N		Rancho Los Amigos National Rehabilitation Center

By signing below, Client hereby acknowledges the completion of, and acceptance of, the deliverable set forth below initialed by Client, associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*
COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

PLEASE RETURN THE SIGNED FORM TO GHX ATTN: CONTRACT MANAGEMENT
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GHX

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Confidential and proprietary information.

Project Acceptance – Procurement Suite Milestone Project Acceptance

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: **Procurement Suite**

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

Completed	Completion Date	Milestone
Y / N		Procurement Suite Milestone 1 – Technical specification completion (Requisition XML mappings)
Y / N		Procurement Suite Milestone 2 – Server delivery, configured and working order
Y / N		Procurement Suite Milestone 3 – Pilot delivery online access Organization and workflows – organizational structure will be loaded at 1 IDN, 1 Facility, 1 Buying Organization (Grandparent, Parent, Child). Test users will be loaded as needed per the workflow rules. All workflow rules in Procurement Suite will be made available. Sample Data – GHX will load sample data for the following: Cost Center Update (cost centers), GL Account update (GLs), Vendor Update (vendor master) and Contract Catalog Item Load (item master). GHX will populate the required and recommended data fields for these files for LAC to utilize the functionality enabled from this information for the pilot. Required and recommended fields will be LAC's responsibility to provide in the non-pilot platform.

By signing below, Client hereby acknowledges the completion of, and acceptance of, the deliverable set forth below initialed by Client, associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*

COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____

_____

_____

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VIA FAX TO 720.294.4514, OR VIA EMAIL TO CUSTOMERCONTRACTS@GHX.COM

GHX

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Confidential and proprietary information.

Project Acceptance – Procurement Suite Facility Golive Project Acceptance

Client: **Los Angeles County, Department of Health Services (LADHS)**

GHX Product: **Procurement Suite**

SOW Effective Date: _____

Name of Client Representative Form Submitted to: _____

Date Form Submitted to Client: _____

Completed	Procurement Suite Facility Golive Date	Facility
Y / N		LAC+USC Healthcare Network
Y / N		Harbor/UCLA Medical Center
Y / N		Olive View Medical Center
Y / N		Rancho Los Amigos National Rehabilitation Center

By signing below, Client hereby acknowledges the completion of, and acceptance of, the deliverable set forth below initialed by Client, associated with the above referenced SOW. It further acknowledges all responsibilities by GHX to the Client have been met.

CLIENT

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

GLOBAL HEALTHCARE EXCHANGE, LLC

_____
SIGNATURE

_____
PRINTED FULL NAME

_____
TITLE

_____
DATE

*(X) ___ CLIENT **DOES NOT AGREE** PROJECT IS COMPLETE*
COMMENTS/REASON WHY/SUGGESTIONS FOR MOVING FORWARD *(PLEASE INCLUDE COMMENTS BELOW)*

_____
_____
_____

PLEASE RETURN THE SIGNED FORM TO GHX ATTN: CONTRACT MANAGEMENT
VIA FAX TO 720.294.4514, OR VIA EMAIL TO CUSTOMERCONTRACTS@GHX.COM

GHX

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EXHIBIT C

GHX FEE SCHEDULE SUMMARY

greement Effective Date		Agreement Term Length Governing SOW	Los Angeles County Board approval thru June 30, 2013 with two annual renewals
		Number of Facilities Covered by Agreement	Found in Affiliates Section of the User Agreement
rimary GPO	UHC	# MMIS	1

Account Name	**Los Angeles County - Department of Health Services** 5555 Ferguson Drive, Suite 100-65 Commerce, CA 90022-5164	**Janice Gunter** **GHX Executive Director** **Sales & Service** **West Region**
AP Contact at	Name: Gary McMann Title: Chief, Supply Chain Network e-mail: gmcmann@dhs.lacounty.gov Phone: 323-890-7926	

Product Type	Fee	Invoice Cycle (Time Frame)	Milestone/Trigger	Notes
ONNECT PLUS:				
Integration	$ -	One Time	Subsidized [(a)]	
Subscription	30,000	Annual	Subsidized [(a)]	(Est. annual fee of $29,978)
ub-Total	$ 30,000			
ONTRACT CENTER:				
Subscription	$ 27,300	Annual	Subsidized [(a)]	(Est. annual fee of $27,300)
ETATRADE:				
Integration	$ 10,400	One Time	Upon signing of agreement	
Subscription	10,400	Annual	Invoice generated when go-live occurs at each facility and the Project Acceptance form is signed off by client as completed.	Four (4) facilities x $2,600 = $10,400 See affiliates in User Agreement
ub-Total	$ 20,800			
UVIA:				
Set Up/Implementation	$ 89,800	One Time	Upon signing of agreement	
Integration	$ 30,000	One Time	Upon access to Nuvia on-line and access to the Allsource catalog.	
Subscription	$ 86,400	Annual	Upon set up completion, data load, on-line access, and Project Acceptance form is signed off by client as completed.	
ub-Total	$ 206,200			
ROCUREMENT SUITE:				
Implementation	$ 200,000	One Time		
Maintenance	$ 90,000	Annual	$60K for first facility and $10K for each additional facility when go-live occurs	
Custom Interface	$ 90,000	One Time	Portion due upon signing of SOW and remainder when Project Acceptance form is signed off by client as completed.	
ub-Total	$ 380,000			
USINESS SOLUTIONS (PRA):				
PRA/Contract Upload	$ 100,000	One Time	Portion due upon signing of SOW and remainder when Project Acceptance form is signed off by client as completed.	Procurement Resource Alignment (PRA)
Travel Expenses	$ 10,000	As needed	Fees for on-site portion of implementation for air, hotel, transportation, and meals	Business expenses upon approval by DHS Project Manager
PTIONAL SERVICES:				
PRA/Contract Monthly Support	$ 4,000	As needed	Invoice monthly, following the month of service.	Only upon prior written approval by DHS with justification of need and SOW of deliverable(s).
PRA/Contract $35 per hour Support Converting contracts to elec-tronic format	$35/ hr	As needed	Invoice monthly, following the month of service.	Only upon prior written approval by DHS with justification of need and SOW of deliverable(s).

otal One-Time Costs	$ 520,200
otal Annual Costs	$ 244,100

Subsidized by Client GPO through December 31, 2011. If subsidy is terminated 12/31/2011 the estimated fees for LADHS are noted.

GHX Payment Schedule Details and Deliverables

Product Type	Total Contracted Fee	Upon Signing Agreement	Milestone/ Trigger	NOTES [c]	Milestone/ Trigger	NOTES
CONNECT PLUS:						
Integration	$ -	$ -				
Subscription	45,000	$ -				
Sub-total	$ 45,000					
CONTRACT CENTER:						
Subscription	$ 40,950	$ -				
METATRADE:						
Integration	$ 10,400	$ 10,400				
Subscription	20,800	-	$ 2,600	Fee for each facility will be	$ 7,800	$2,600 each for remaining
Sub-total	$ 31,200	$ 10,400	$ 2,600	invoiced as they are implemented and Project Acceptance (PA) form signed.	$ 7,800	three facilities as implemented and PA form signed.
NUVIA:						
Set Up/Implementation	$ 89,800	$ 49,800	$ 40,000	GHX req. completed, DHS initial data load, and PA form signed.		
Integration	30,000	$ -	$ 30,000	On-line access completed and PA form signed.		
Subscription	259,200	$ -	$ 86,400	GHX req. completed, DHS		
Sub-total	$ 379,000	$ 49,800	$ 156,400	subsequent file data load, and PA form signed.		
PROCUREMENT SUITE:						
Implementation	$ 200,000	$ 100,000	$ 100,000	Technical spec's completed (usually w/in 30-days)		Delivery of pilot configuration access and PA form signed.
Maintenance	240,000	-	$ 60,000	When 1st facility go-live completed and PA form signed.	$ 30,000	$10,000 each for remaining three facilities as implemented and PA form signed.
Custom Interface	90,000	45,000	$ 45,000	Server deliv, configured, in working order, and PA form signed.		
Sub-total	$ 530,000	$ 145,000	$ 205,000		$ 30,000	
BUSINESS SOLUTIONS (PRA):						
PRA/Contract Upload	$ 100,000	$ 44,800	$ 55,200	Upon PA form signed.	$ -	
On-Site Travel Expenses	$ 10,000		**$ 10,000**	On-Site implemt. reqments.	$ -	
OPTIONAL SERVICES:						
PRA/Contract Monthly Support	$ 68,000		$ 20,000			
PRA/Contract per hour Support Converting contracts to electronic format	$ 35		As needed.			
Total	**$ 1,204,150**	**$ 250,000**	**$ 449,200**		**$ 37,800**	
Contingency (10%)	$ 120,415					
Total Contract Maximum	**$ 1,324,565**					

Project Acceptance forms to be signed by DHS Project Manager when work completed and implementation committee validates deliverable(s) met per SOW.

(c) Milestone/Trigger points for invoice generation are based on validated GHX work completed and not DHS required deliverables and the Project Acceptance form signed by DHS Project Manager.

CONTRACTOR'S ADMINISTRATION

CONTRACTOR'S NAME: GLOBAL HEALTHCARE EXCHANGE, LLC

CONTRACT NO: _____

CONTRACTOR'S PROJECT MANAGER: Janice Gunter

Name: Janice Gunter
Title: GHX Executive Director, Sales and Service West
Address: 1315 West Century Drive
Louisville, CO 80027
Telephone: 720-887-7000
Facsimile: 720-294-4514
E-Mail Address: jgunter@ghx.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: _TBD_____
Title: _____
Address: _____
_____
Telephone: _____
Facsimile: _____
E-Mail Address: _____

Name: _____
Title: _____
Address: _____
_____
Telephone: _____
Facsimile: _____
E-Mail Address: _____

Notices to Contractor shall be sent to the following:

Name: GLOBAL HEALTHCARE EXCHANGE, LLC
Title: Attn: Customer Contracts
Address: 1315 West Century Drive
Louisville, CO 80027
Telephone: 720-887-7000
Facsimile: 720-294-4514
E-Mail Address: customercontracts@ghx.com

CONTRACTOR'S EEO CERTIFICATION

_____
Contractor Name

_____
Address

_____
Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

1.	The Contractor has a written policy statement prohibiting discrimination in all phases of employment.	Yes ☐	No ☐
2.	The Contractor periodically conducts a self analysis or utilization analysis of its work force.	Yes ☐	No ☐
3.	The Contractor has a system for determining if its employment practices are discriminatory against protected groups.	Yes ☐	No ☐
4.	Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.	Yes ☐	No ☐

_____
Authorized Official's Printed Name and Title

_____ _____
Authorized Official's Signature Date

COUNTY'S ADMINISTRATION

CONTRACT NO. _____

DHS PROJECT DIRECTOR:

Name: Gary D. McMann

Title: Chief, Supply Chain Network

Address: 5555 Ferguson Drive, Suite 100-65

Commerce, CA 90022

Telephone: (323) 890-7926 Facsimile: (323) 838-0785

E-Mail Address: GMcMann@dhs.lacounty.gov

DHS PROJECT MANAGER:

Name: Todd W. Bowers

Title: Administrator, Clinical Analytics

Address: 5555 Ferguson Drive, Suite 100-65

Commerce, CA 90022

Telephone: (323) 890-7926 Facsimile: (323) 838-0785

E-Mail Address: tbowers@dhs.lacounty.gov

DHS PROJECT MONITOR:

Name: Jason Ginsberg

Title: Staff Analyst, Health

Address: 5555 Ferguson Drive, Suite 100-65

Commerce, CA 90022

Telephone: (323) 890-7926 Facsimile: (323) 838-0785

E-Mail Address: jginsberg@dhs.lacounty.gov

EXHIBIT G

RESERVED

CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

CONTRACTOR NAME _____ Contract No._____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: _____/_____/_____

PRINTED NAME: _____

POSITION: _____

CERTIFICATION OF COMPLIANCE WITH THE COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:	Email address:	

The Proposer certifies that:

☐ It is familiar with the terms of the County of Los Angeles Defaulted Property Tax Reduction Program, Los Angeles County Code Chapter 2.206; AND

To the best of its knowledge, after a reasonable inquiry, the Proposer is not in default, as that term is defined in Los Angeles County Code Section 2.206.020.E, on any Los Angeles County property tax obligation; AND

The Proposer agrees to comply with the County's Defaulted Property Tax Reduction Program during the term of any awarded contract.

– OR –

☐ I am exempt from the County of Los Angeles Defaulted Property Tax Reduction Program, pursuant to Los Angeles County Code Section 2.206.060, for the following reason:

_____

I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

Print Name: _____ Title: _____

Signature: _____ Date: _____

Date: _____

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more such contracts or subcontracts.

B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.

C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:

1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or

2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or

3. A purchase made through a state or federal contract; or

4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or

5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or

6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or

7. A non-agreement purchase with a value of less than $5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or

8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.

D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:

1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or

2. The contractor has a long-standing practice that defines the lesser number of hours as full time.

E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002: Ord. 2002-0015 § 1 (part), 2002)

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002: Ord. 2002-0015 § 1 (part), 2002)

2.203.040 Contractor Jury Service Policy.

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

2.203.050 Other Provisions.

A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.

B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,

2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

2.203.070. Exceptions.

A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.

B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.

C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:

1. Has ten or fewer employees during the contract period; and,

2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than $500,000; and,

3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed $500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

2.203.090. Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

SAFELY SURRENDERED BABY LAW

EXHIBIT J

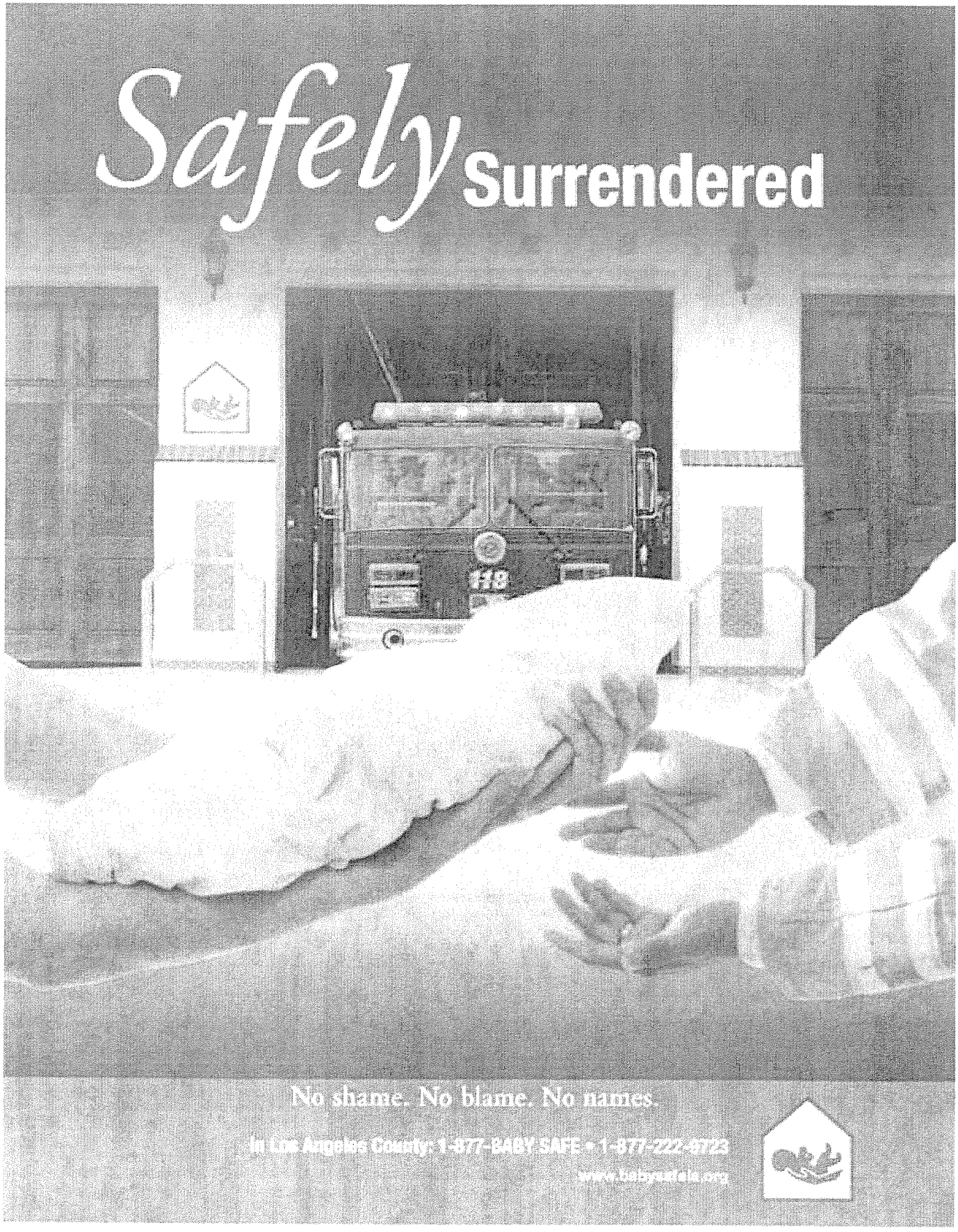
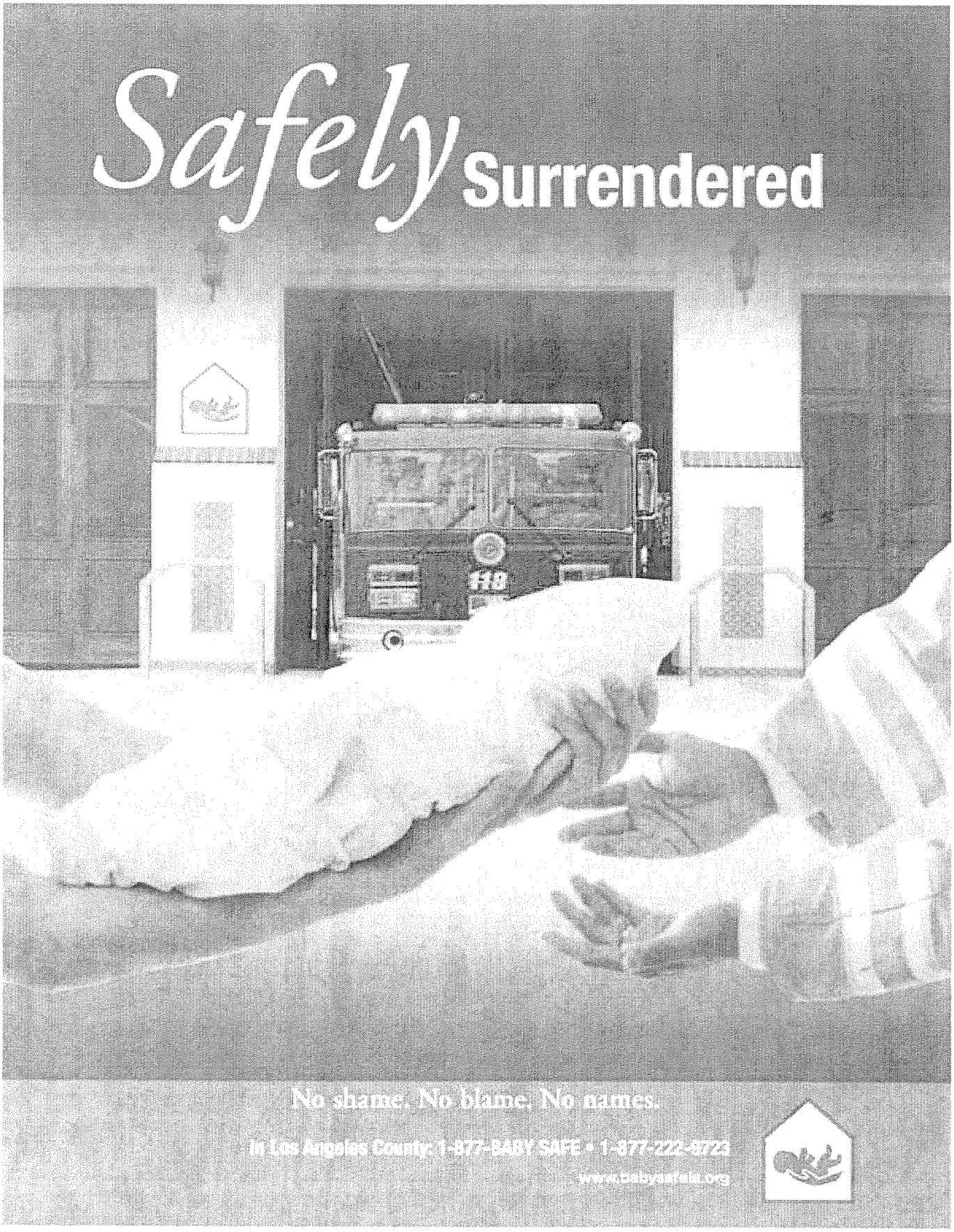

Safely Surrendered
No shame. No blame. No names.
In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723
www.babysafela.org

EXHIBIT J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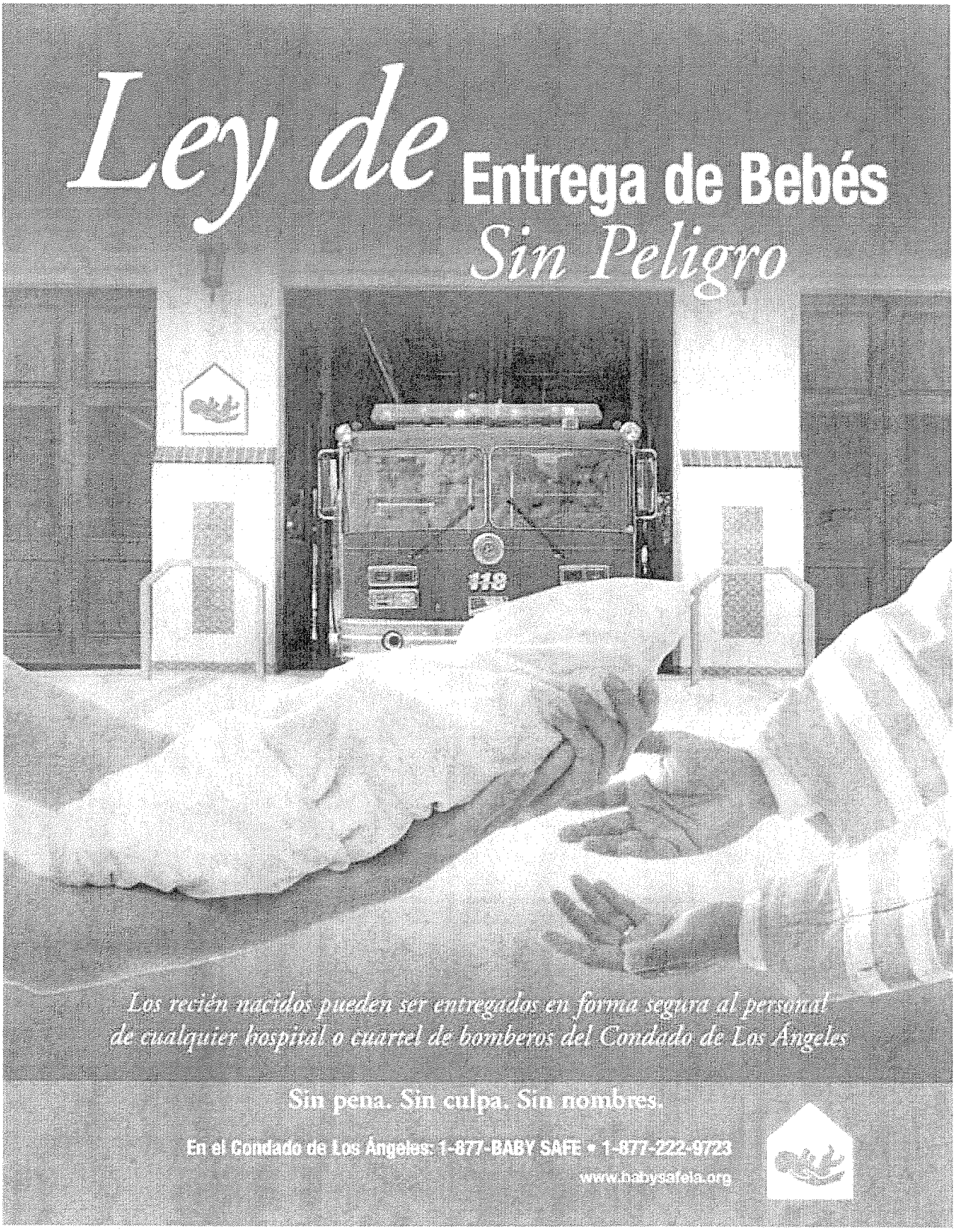
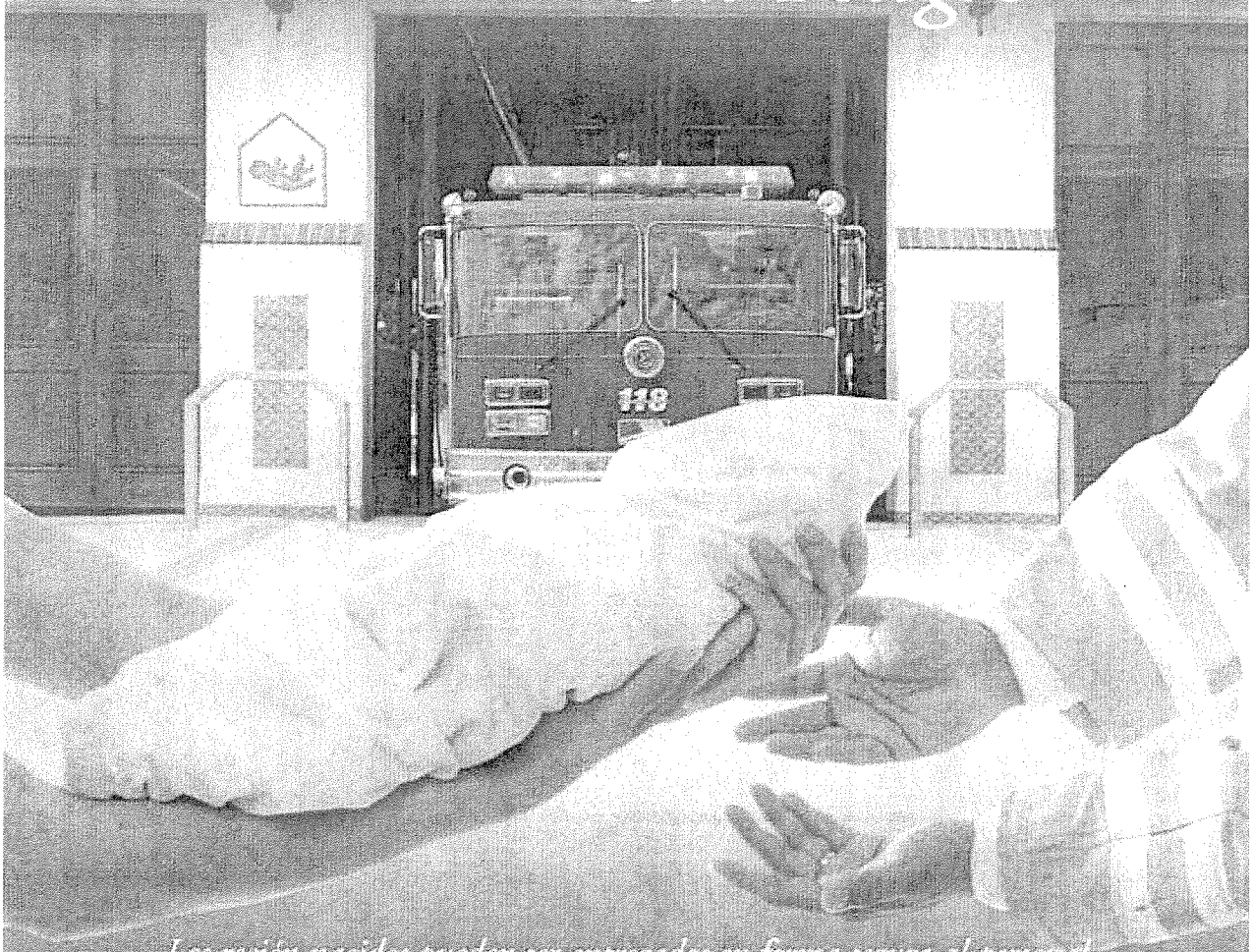

Ley de Entrega de Bebés
Sin Peligro
Los recién nacidos pueden ser entregados en forma segura al personal
de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles
Sin pena. Sin culpa. Sin nombres.
En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723
www.babysafela.org

Ley de Entrega de Bebés *Sin Peligro*



Los recién nacidos pueden ser entregados en forma segura al personal de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles

Sin pena. Sin culpa. Sin nombres.

En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org

GLOBAL HEALTHCARE EXCHANGE (GHX) AGREEMENT

ESTIMATED COST OF CONTRACT

Contract Component	Estimated Cost
Base Period	$1,204,150
Contingency	$120,415
Extension Period	$610,250
Total Cost	**$1,934,815**

Global Healthcare Exchange
Negotiated Terms and Conditions

§8.7 COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

In order to remain consistent with Global Healthcare Exchange's User Agreement the parties agreed to modify the County's determination that *Contractor did not adequately represent the County from "sole" to "reasonable" judgment.* Additionally, the parties negotiated for GHX to enter into settlements before County approval if there is no finding of admission of guilt and/or a full and unconditional release of liability for the County of Los Angeles.

§8.8 COMPLIANCE WITH CIVIL RIGHTS LAWS-ANTI-DISCRIMINATION AND AFFIRMATIVE ACTION LAWS

Parties negotiated to allow the County access to GHX's employment records after reasonable advance notice. Moreover, the County agreed that GHX may require the County to sign a non-disclosure agreement regarding GHX's employment records.

§8.24 FORCE MAJEURE

To remain consistent with GHX's User Agreement, the Force Majeure Clause requires that the parties adhere to those Force Majeure events as described in the GHX User Agreement. GHX's User Agreement substantially defines Force Majeure events consistent with standard County agreements and duplicate language would only create the potential for confusion and questions regarding controlling language.

§8.28 INDEMNIFICATION

The parties negotiated to modify the indemnification language to remain consistent with the User Agreement. GHX is a member based organization also commonly referred to as a Business Exchange. The intent of a Business Exchange is to reduce the cost of doing business and maximize savings through efficiencies. GHX acts as the conduit for vendors and purchasers. By limiting GHX's overall operating costs the whole group benefits with increased savings. Operating costs include insurance expenses and increased indemnification increases the overall cost of insurance.

DHS negotiated an alternate indemnification standard consistent with the GHX User Agreement. This Indemnification language is similar to that of the County but limits indemnification to only the County and requires that the County cross indemnify GHX for inappropriate use of products and/or data services provided by GHX to the County.

In making its determination to negotiate limited indemnification rights, DHS weighed the potential for increased savings versus the potential risk to DHS and the County and determined that the benefits of this agreement far outweigh any potential liability to the County. CEO Risk Management reviewed these provisions and informed DHS that the changes to the indemnification language in this situation were at the discretion of DHS as a reasonable business decision.

§8.29 **GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE**

With regards to insurance coverage the parties negotiated to limit the liability of GHX to once again remain consisted with the GHX User Agreement. Moreover the parties negotiated to change terms in the contract to reflect commercially reasonable efforts as it pertains to notification and the provision of evidence documenting insurance coverage. Additionally, notification to the County of insured status by GHX's insurance provider has been modified to match commercially reasonable efforts. The same rationale for indemnification applies to the limitation of liability and insurance coverage provisions.

DHS negotiated to limit GHX's liability to the amount actually expended by the County for this service agreement. However, DHS did negotiate that the limitations on liability would not apply to death or bodily injury negligently or willfully caused by GHX or its agents while working in DHS facilities. All insurance coverage amounts meet County standards and requirements and are unchanged. CEO Risk Management reviewed these provisions and informed DHS that the changes to the insurance language, in this situation, were at the discretion of DHS as a reasonable business decision.

§8.50 **TERMINATION FOR DEFAULT**

The parties negotiated to remove the termination for default language from the County standard agreement to remain consistent with the GHX User Agreement. The GHX User Agreement provides that both parties may terminate this contract at any point in time for default, convenience or for failure to cure. The County must give notice to GHX before termination and provide GHX 30 (thirty) days to cure. The County must also give 60 (sixty) days notice to terminate for convenience. Moreover, the County may terminate at any point in time for a material breach of the User Agreement and the County-GHX Services Agreement before your Board for approval. The County's overall position and ability to terminate is similar and consistent with standard County language. To remain consistent with the User Agreement and avoid potential conflict with contract terms, the parties determined that sound business judgment warrants this negotiated change.

CHOICE OF LAW AND VENUE

The Parties negotiated to alter GHX's standard User Agreement Choice of Law and Venue provision. GHX's User Agreement calls for the contract to observe Colorado Law and requires that any legal action be initiated and heard in a Denver, Colorado, state or federal court. To adequately represent the interest and importance of this agreement to Los Angeles County, the parties negotiated to select California Law in combination with a Denver, Colorado, venue.

CIO ANALYSIS

DEPARTMENT OF HEALTH SERVICES (DHS) SOLE-SOURCE AGREEMENT WITH GLOBAL HEALTHCARE EXCHANGE, L.LC. (GHX) FOR SUPPLY CHAIN PROCUREMENT AND DATA MANAGEMENT SERVICES

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION ☐ DISAPPROVE

Contract Type:
☒ New Contract ☐ Contract Amendment ☐ Contract Extension
☒ Sole Source Contract ☐ Hardware Acquisition ☐ Other

New/Revised Contract Term: Base Term: Approx. 2 years 9 months (Board Approval – Jun. 30, 2013) # of Option Yrs: 2 years 6 months [one (1) 2-year extension and six (6) month-to-month optional extensions]

Contract Components:
☒ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: John F. Schunhoff, Ph.D, Interim Director, Department of Health Services

Budget Information :

Y-T-D Contract Expenditures	$0
Requested Contract Amount	$1,934,815
Aggregate Contract Amount	$1,934,815

Project Background:

Yes	No	Question
☐	☒	Is this project legislatively mandated?
☐	☒	Is this project subvented? If yes, what percentage is offset? **Although technically not subvented, 100% of the costs will be offset by credits received by virtue of DHS' membership in the University HealthSystem Consortium.**
☐	☒	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

Strategic Alignment:

Yes	No	Question
☒	☐	Is this project in alignment with the County of Los Angeles Strategic Plan?
☒	☐	Is this project consistent with the currently approved Department Business Automation Plan?

☒	☐	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
☒	☐	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
☐	☒	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

Agreement with Global Healthcare Exchange, L.L.C. (GHX) for the provision of supply chain procurement software and data management services for all DHS hospital facilities in Los Angeles County. Agreement Base Term is for approximately two years, nine months (Board approval through June 30, 2013) plus two and one-half (2½) optional extension years (July 1, 2013 through December 31, 2015). Total Agreement sum is $1,934,815.

Background:

Aside from some benefits DHS derives from a variety of volume discount buying practices utilized by its hospital facilities, oftentimes independently of each other, it currently does not have a uniform and efficient means for managing vendor commodity contracts or otherwise procuring medical and surgical supplies for its hospital facilities. As a member of the University HealthSystem Consortium (UHC), DHS is entitled to participate in a group purchasing arrangement through services provided by Global Healthcare Exchange (GHX). These services include up-to-date procurement data regarding medical supplies, as well as assistance with maintaining a uniform and efficient medical and surgical supply formulary, greatly increasing the savings DHS can realize through much more structured, automated, and centrally managed procurement practices.

Project Justification/Benefits:

This Agreement will enable DHS to better manage a supply formulary and vendor contracts for DHS medical and surgical commodities, as well as create a tracking mechanism for the Department's purchasing history, maximize efficiencies through the use of supply chain automation, ensure purchasing rules and regulation compliance by implementing proven controls and standards, and capture the data necessary to effectively manage and monitor its entire supply chain process.

Project Metrics:

To provide the best possible opportunity for success of this project, a project team and working groups consisting of representatives from the CEO, DHS, ISD, Auditor-Controller, CIO, and GHX have met often and worked very closely to acquire a comprehensive understanding of the issues involved, as well as the impact on existing County systems (e.g., eCAPS). A very detailed Statement of Work has been developed clearly defining both the vendor's and DHS' roles and responsibilities, key tasks, deliverables, and milestones.

The benefits derived from this Agreement will be measured by the savings DHS can achieve by coordinating its medical and surgical supply purchases through the software system and

services provided by GHX. The software and services acquired under this Agreement will be entirely offset by credits received by way of DHS' membership in UHC. The savings achieved will be relatively easy to measure from year-to-year through the data tracking and management reporting mechanisms and features provided by GHX under this Agreement. DHS will be establishing baseline measurements against which to measure the year-to-year savings, which are expected to be significant enough to cover the entire costs of this Agreement in a relatively short period of time.

Impact on Service Delivery or Department Operations, if Proposal is Not Approved:

If this Agreement is not approved, DHS, will continue to purchase its medical and surgical supplies as it does today, benefiting as best it can from volume discounts, but not from the enormous group discounts and other features it will derive by acquiring the software and services from GHX under this Agreement.

Alternatives Considered:

A number of alternatives were considered by DHS, including having the product and services GHX will be providing under this Agreement performed separately by different vendors. Ultimately, GHX was selected because:

- GHX is the only vendor that will allow DHS to transmit orders electronically to its participating medical and surgical supply vendors [via an Electronic Data Interchange (EDI)]. Reportedly, 90% of all hospitals and 95% of all medical and surgical supply vendors participate in the GHX EDI Exchange;
- Contracting out the services to develop a system from scratch and provide comparable management tools for these same services would be far more expensive and time consuming than contracting with GHX for these services, and would likely provide less functionality than already exists in the GHX software;
- Use of the GHX product would create much greater efficiencies than other solutions considered and will require far fewer interfaces to be created to work here in Los Angeles County; and
- As an added benefit, GHX is considered the industry standard for supporting contract management and supply chain operations efficiencies.

Project Risks:

No significant risks have been identified.

Risk Mitigation Measures:

No risk mitigation measures were deemed necessary. The County Information Security Officer has reviewed the proposed Agreement and did not identify any security risks or issues.

Financial Analysis:

The total maximum obligation for this Agreement is $1,934,815, including a 10% contingency set-aside and the additional costs for the optional 2½-year extensions, if exercised, as detailed in the table below:

DESCRIPTION	AMOUNT
Software Licenses	$ 751,200
Implementation Services	$ 430,200
Maintenance & Support	$ 533,000
Professional Services	$ 90,000
Travel	$ 10,000
Contingency (10% of Base Agreement Sum)	$ 120,415
Total	**$ 1,934,815**

Funding is included in the FY 2010-11 Adopted Budget S&S Appropriation and will be requested by DHS in future fiscal years. This expenditure will be paid for entirely by DHS using credits it receives by virtue of its membership in UHC. As a member of UHC, DHS receives patronage and equity credits from the Group Purchasing Organization. These credits can be used to purchase membership and services from GHX, including the services being provided under this Agreement.

CIO Concerns:

None

CIO Recommendations:

CIO recommends approval of this agreement.

CIO APPROVAL

Date Received: August 10, 2010

Prepared by: Earl Bradley

Date: September 7, 2010

Approved: [signature]

Date: 9/9/2010

ATTACHMENT IV

Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

December 22, 2009

To: Each Supervisor

From: John F. Schunhoff, Ph.D.
Interim Director

Subject: **ADVANCED NOTIFICATION OF SOLE SOURCE AGREEMENT NEGOTIATIONS WITH GLOBAL HEATHCARE EXCHANGE L.L.C.**

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax:213-481-0503

www.dhs.lacounty.gov

To improve health through leadership, service and education

This is to advise your Board that in two weeks time the Department of Health Services (DHS) intends to enter into sole source agreement negotiations with Global Healthcare Exchange L.L.C. (GHX) for the provision of software and services to support the Department's Group Purchasing Organization (GPO) supply chain initiatives. Board Policy 5.100 requires written notice of a department's intent to enter into sole source negotiations for agreements over $250,000.

GHX offers services to maximize supply chain results by assisting clients in developing a standardized supply formulary, implementing controls to ensure compliance with the established formulary, reconciling and cleansing purchasing data for consistency and completeness, and hosting established supplier agreements and pricing to automate the reconciliation of purchases to the GPO contract catalogue.

DHS has maintained membership in the University HealthSystem Consortium (UHC), a not-for-profit member alliance of approximately 68 academic health centers and its GPO, Novation, since 1997. As a member of the UHC, DHS has the ability to access the UHC agreements as an alternative to conducting a competitive solicitation. GHX has a current agreement with the UHC that was the result of the UHC's competitive bid process. DHS is recommending negotiations with GHX because the firm is the only company that focuses on healthcare supply chain data management in the United States and it is integrated with all major GPOs including Novation.

Negotiating this agreement will enable DHS to manage a supply formulary and vendor contracts for DHS commodities, as well as provide visibility to the Department's purchasing history. It is in the best interest of the County to enter into these sole source negotiations in order to maximize supply chain automation, drive compliance by implementing controls and standards, and provide DHS with the data necessary to effectively managed the supply chain.

www.dhs.lacounty.gov

DHS will proceed with the sole source negotiations with GHX Inc. within two weeks from the date of this memo unless the Department is instructed otherwise by your Board.

If you have any questions, please let me know.

JFS:KKH:cvc

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

ATTACHMENT V

SOLE SOURCE CHECKLIST

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS *Identify applicable justification and provide documentation for each checked item.*
X	➢ **Only one bona fide source for the service exists; performance and price competition are not available.** The services that DHS is requesting GHX to provide primarily include: 1) Develop a Medical/Surgical Supply Formulary and provide software management tools. 2) Allow DHS to send orders to vendors electronically via Electronic Document Interface (EDI). 3) Electronic Requisitioning with access to Medical/Surgical Supply Formulary and vendor catalogs. DHS discussed the Formulary requirements with the University HealthSystem Consortium/Novation (DHS designated Group Purchasing Organization) and other Hospital Materials Management Peers. Based on the feedback provided it was determined that GHX was the only vendor that could provide all the services listed above that were required to efficiently/effectively develop and manage a Medical/Surgical Supply Formulary. DHS did consider having these services be performed separately by different vendors, but this alternative was not chosen because: 1) GHX is the only vendor that will allow DHS to send EDI orders to the Medical/Surgical vendors (90% of US Hospital utilize the GHX EDI Exchange and 95% of US Suppliers participate). This service would be a sole source if bid out separately. 2) A consultant was considered to create/write software to develop and provide management tools for the Medical/Surgical Supply Formulary. It was determined that this would be more expensive, more time consuming, and would provide less functionality than the GHX software that was already developed and being utilized by other hospitals for this function. 3) Utilizing GHX for all three services listed above creates efficiencies and reduces the number of interfaces required by LA County. 4) GHX is the industry standard for supporting contract management and supply chain operations efficiencies.
	➢ **Quick action is required (emergency situation).**
	➢ **Proposals have been solicited but no satisfactory proposals were received.**
	➢ **Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.**
	➢ **Maintenance service agreements exist on equipment which must be serviced by the authorized manufacturer's service representatives.**
	➢ **It is more cost-effective to obtain services by exercising an option under an existing contract.**
	➢ **It is in the best interest of the County, e.g., administrative cost savings, excessive learning curve for a new service provider, etc.**
	➢ **Other reason. Please explain:**

Deputy Chief Executive Officer, CEO

9/8/10
Date