

**FIRST AMENDMENT TO THE AGREEMENT FOR INMATE HEALTH CARE SERVICES AT
MUSKEGON COUNTY, MICHIGAN
(Effective October 1, 2013)**

This is the First Amendment to the Agreement for Inmate Health Care Services at Muskegon County, Michigan effective July 16, 2012 through September 30, 2013 (hereinafter "AGREEMENT") between Correctional Healthcare Companies, Inc., (hereinafter "CHC") and Muskegon County, Michigan (hereinafter the "COUNTY").

NOW THEREFORE, IN CONSIDERATION of the foregoing facts, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree that effective October 1, 2013, Paragraphs 2.0.2, 2.0.5, 8.0, and 9.0 of the AGREEMENT shall be deleted and amended to state as follows:

2.0.2 A total of 145 hours per week of Licensed Practical Nurse services to be assigned by CHC.

2.0.5 Omit.

8.0 ANNUAL AMOUNT/MONTHLY PAYMENTS. The amount to be paid by the COUNTY to CHC under this AGREEMENT shall be Eight Hundred Seventy-One Thousand Five Hundred Forty-Five Dollars (\$871,545.00) for a period of twelve (12) months. Each monthly payment shall be at Seventy-Two Thousand Six Hundred Twenty-Eight Dollars and seventy-five cents (\$72,628.75), pro-rated for any partial months and subject to any reconciliations as set forth below. The first monthly amount is to be paid to CHC on the 1st day of October, 2013 for services administered in the month of October, 2013. Each monthly payment thereafter is to be paid by the COUNTY to CHC before or on the 1st day of the month of the month of service.

8.0.1 Year 3, Effective October, 2014, the basic annual amount to be paid by the COUNTY to CHC in Year 3 shall be the annual amount of Year 2, plus an increase of 2.79%.

9.0 TERM. The term of this AGREEMENT shall be from October 1, 2013 at 12:01 a.m., through September 30, 2015 at 11:59 p.m.

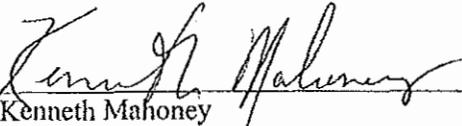
Except for the provisions amended by this document, all other provisions of the AGREEMENT shall remain in full force and effect and unchanged.

(The balance of this page has been intentionally left blank.)

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed in their names or their official acts by their respective representatives, each of whom is duly authorized to execute the same.

AGREED TO AND ACCEPTED AS STATED ABOVE:

County of Muskegon, Michigan

By: 
Kenneth Mahoney

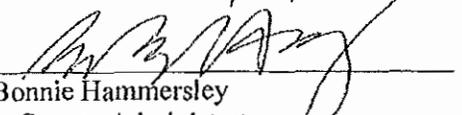
Title: Board of Commissioners Chair

Date: 11/14/13

By: 
Dean Roesler

Title: Sheriff

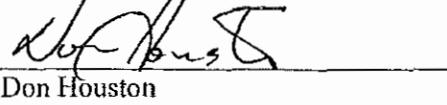
Date: 11/11/13

By: 
Bonnie Hammersley

Title: County Administrator

Date: 11/11/13

Correctional Healthcare Companies,
Inc.

By: 
Don Houston

Title: Chief Operating Officer

Date: 11/20/13

September 10, 2013

Dean Roesler, Sheriff
Muskegon County Jail
25 West Walton Ave.
Muskegon, MI 49440

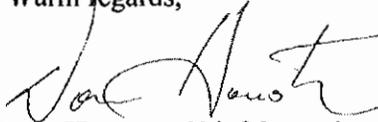
RE: Price Quote for Continued Inmate Healthcare Services in 2013-2015

Dear Sheriff Roesler:

I hope this letter finds you well. Enclosed please find our price quote for continued inmate medical services provided to Muskegon County for the term October 1, 2013 to September 30, 2015. Based on our contract executed on July 16, 2012, the attached price quote details the terms of a two-year renewal option which includes the current Consumer Price Index (CPI) increase for US Medical Care Services of 2.79%, and also incorporates the changes to the contract as discussed between Muskegon County and CHC.

This price quote is valid until September 23, 2013. Once approved by Muskegon County, please forward a signed copy of the attached price quote to Demi Arenas, Marketing Coordinator, at demi.arenas@correctioncare.com to affirm moving forward under the proposed terms. Once you do so, we will return the contract amendment in a timely manner in order to move towards completing the renewal prior to October 1, 2013. If you have any questions, please do not hesitate to contact your CHC Contract Manager, Elaine Kaiser, at 989-280-2030. We greatly appreciate the relationship we have established with the entire Sheriff's Office over the last 4 years and look forward to another successful year working together.

Warm regards,



Don Houston, Chief Operating Officer

Cc: Andrew Walter, CHC Vice President of Operations – Division III
Elaine Kaiser, CHC Contract Manager

Price Quote for Inmate Medical Services at the Muskegon County Jail
Effective: October 1, 2013 to September 30, 2015

Correctional Healthcare Companies, Inc. (CHC) will continue providing professional healthcare services at the Muskegon County Jail in accordance with the contract executed on July 16, 2012. Please refer to the contract and any subsequent amendment(s) for complete scope of staffing and services provided. In addition, the following changes will be incorporated into the renewal contract as discussed amongst the parties:

- Eliminate MHP hours and replace with LPN hours (this change is cost-neutral as indicated below). LPN hours will be increased from 128 hours/week to 145 hours/week.

CHC submits the following Cost Proposal to Muskegon County for the renewal period, incorporating all services that will be provided to the County:

\$70,657.41 per month (Current Cost)
* 2.79% CPI Increase
= \$72,628.75 per month (Base Renewal Cost)
+ \$ 0.00 per month to add 17 hours/week LPN and eliminate all MHP hours
= **\$72,628.75 per month**
\$871,545.00 annually (Renewal Cost – Year 1 of 2)

For professional health care services rendered at the Muskegon County Jail, CHC will charge \$72,628.75 per month from October 1, 2013 through September 30, 2014. For Year 2 – October 1, 2014 through September 30, 2015, CHC will increase the Base Renewal Cost by 2.79%. All terms of the current Agreement, including any changes detailed above, shall remain in full force and effect through September 30, 2015.

The terms of this price quote shall expire September 23, 2013, if not accepted prior to that date by Muskegon County.

Respectfully Submitted:



Don Houston, Chief Operating Officer

The undersigned is authorized by Muskegon County to accept the above terms. Once we receive a signed copy of this document, CHC's legal department will draft a contract amendment for the County.

Daniel A. Stout
Authorized Muskegon County Representative

10-7-13
Date Signed

DANIEL A. STOUT
Print Name

UNDERSHERIFF
Title



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/30/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER ALLIANT INSURANCE SERVICES HOUSTON LLC 6300 S. SYRACUSE WAY, SUITE 205 CENTENNIAL, CO 80111 303.824.1403	CONTACT NAME: Renee McLaughlin	
	PHONE (A/C, No, Ext): 303-824-1403	FAX (A/C, No): 303-824-1437
	E-MAIL ADDRESS: rmclaughlin@alliant.com	
	PRODUCER CUSTOMER ID #:	
	INSURER(S) AFFORDING COVERAGE	
INSURED CORRECTIONAL HEALTHCARE COMPANIES, INC. CHC COMPANIES, INC. P.O. BOX 5078, GREENWOOD VILLAGE, CO 80156-5078	INSURER A: EVANSTON INSURANCE COMPANY	NAIC # 35378
	INSURER B: EMPLOYERS INSURANCE COMPANY OF WAUSAU	NAIC # 21458
	INSURER C: CONTINENTAL CASUALTY COMPANY	NAIC # 20443
	INSURER D: COMMERCE AND INDUSTRY INSURANCE COMPANY	NAIC # 19410
	INSURER E:	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY	X	X	MM-824178	01/01/14	01/01/15	EACH OCCURRENCE \$ 1,000,000	
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000	
	<input checked="" type="checkbox"/> CLAIMS-MADE						OCUR	MED EXP (Any one person) \$ 5,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000	
	<input checked="" type="checkbox"/> POLICY						PROJECT	LOC
B	AUTOMOBILE LIABILITY	X	X	ASC-Z91-460727-023	03/31/13	03/31/14	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000	
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$	
	<input checked="" type="checkbox"/> HIRED AUTOS						BODILY INJURY (Per accident) \$	
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident) \$	
C	UMBRELLA LIAB	<input checked="" type="checkbox"/>	OCUR	4031355312	03/31/13	03/31/14	EACH OCCURRENCE \$ 10,000,000	
	<input checked="" type="checkbox"/> EXCESS LIAB	CLAIMS-MADE	AGGREGATE \$ 10,000,000					
	DEDUCTIBLE \$		\$					
	RETENTION \$		\$					
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	X		084631417 - CA 084631415 - FL 084631414 - OR 84631416 - WI 084631418 - AZ & GA 084631419 - IL & KY 084631420 - NJ 084631413 - All Other	09/01/13	09/01/14	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						OTH-ER	E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below							E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
								E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	PROFFESIONAL LIABILITY (CLAIMS MADE) PRIMARY	X	X	MM-824178	01/01/14	01/01/15	*INCIDENT \$ 1,000,000	
							*AGGREGATE \$ 3,000,000	
							*TOTAL POLICY AGGREGATE \$	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 PROFESSIONAL LIABILITY COVERAGE INCLUDES CIVIL RIGHTS VIOLATIONS ALLEGED PURSUANT TO 42 USC §1983, THAT ARISE OUT OF A MEDICAL INCIDENT.
 CERTIFICATE HOLDER, ITS OFFICERS & EMPLOYEES, WITH EXCEPTION TO WORKERS' COMPENSATION, ARE INCLUDED AS ADDITIONAL INSURED WHEN REQUIRED BY CONTRACT.

CERTIFICATE HOLDER
 MUSKEGON COUNTY JAIL
 25 W. WALTON AVENUE
 MUSKEGON, MI 49440
CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

AGREEMENT FOR INMATE HEALTH CARE SERVICES
AT MUSKEGON COUNTY, MICHIGAN
Effective July 16, 2012 through September 30, 2013

This Agreement for Inmate Health Care Services (hereinafter, the "AGREEMENT") entered into by and between the County of Muskegon, a municipality in the State of Michigan, (hereinafter, the "COUNTY") acting by and through its duly elected Board of COUNTY Commissioners, (hereinafter the "BOARD") and SHERIFF (hereinafter, "SHERIFF"), and Correctional Healthcare Companies, Inc., (hereinafter, "CHC") a Delaware corporation doing business in the State of Michigan as Correctional HC Companies, Inc.

RECITALS

WHEREAS, the COUNTY is charged by law with the responsibility for administering, managing, and supervising the health care delivery system of the Muskegon County Jail located at 25 West Walton Avenue, Muskegon, Michigan (hereinafter, "JAIL"); and

WHEREAS, the objective of the COUNTY is to provide for the delivery of quality health care to the INMATES and DETAINEES of the JAIL (hereinafter, "JAIL POPULATION"), in accordance with applicable law; and

WHEREAS, CHC is in the business of administering correctional health care services and desires to administer such services on behalf of the COUNTY to the JAIL POPULATION under the terms and conditions hereof.

NOW THEREFORE, in consideration of the covenants and promises hereinafter made, the parties hereto agree as follows:

DEFINITIONS

INITIAL CONTRACT PERIOD – The initial fourteen (14) month and sixteen (16) day period beginning July 16, 2012 through September 30, 2013.

CONTRACT YEAR – Any successive, twelve (12) month period beginning with October 1, 2013.

COUNTY INMATES/DETAINEES – An INMATE/DETAINEE held under the jurisdiction of the COUNTY or SHERIFF. COUNTY INMATES/DETAINEES may be housed in the JAIL or in another jurisdiction's correctional facility. However, COUNTY INMATES/DETAINEES housed in another jurisdiction are not covered by the provisions of this AGREEMENT unless CHC administers health care services at the other jurisdiction's facility and is specifically set forth below.

COVERED PERSONS – An INMATE/DETAINEE of the JAIL who is: (1) part of the JAIL's MADP; and (2) FIT FOR CONFINEMENT; and (3)(a) incarcerated in the JAIL; or (b) on work release status and is indigent. NOTE: COVERED PERSONS include OTHER COUNTY INMATES/DETAINEES for purposes of delivery of basic health care services, however, the cost of certain services provided to OTHER COUNTY INMATES/DETAINEES are borne by the COUNTY as set forth in Section 5.0.

DETAINEE – An adult or juvenile individual whose sentence has not yet been adjudicated and is held as a pre-trial detainee or other individual held in lawful custody.

FIT FOR CONFINEMENT – A determination made by a CHC authorized physician and/or health-trained JAIL staff that an INMATE/DETAINEE is medically stable and has been medically cleared for acceptance into the JAIL. Such determination shall only be made after resolution of any injury or illness requiring immediate transportation and treatment at a hospital or similar facility.

HEALTH CARE STAFF – Medical, mental health and support staff provided or administered by CHC.

CHC CHIEF MEDICAL OFFICER – CHC's Chief physician who is vested with certain decision making duties under this AGREEMENT.

INMATE – An adult or juvenile individual who is being incarcerated for the term of their adjudicated sentence.

MONTHLY AVERAGE DAILY POPULATION (MADP) – The average number of INMATES/DETAINEES housed in the JAIL on a daily basis for the period of one month. The MADP shall include, but separately list, OTHER COUNTY INMATES/DETAINEES. The MADP shall be figured by summing the daily population for the JAIL and OTHER COUNTY INMATES/DETAINEES (as determined by a count performed at the same time each day) for each day of the month and dividing this sum by the total number of days in the month. JAIL records shall be made available to CHC upon request to verify the MADP. Persons on work release and not indigent, home confinement, housed outside of the JAIL, and parolees and escapees shall not be considered part of the JAIL's MADP.

NCCHC – The National Commission on Correctional Health Care.

OTHER COUNTY INMATE/DETAINEE – An INMATE/DETAINEE under the jurisdiction of another county, state or federal agency, who is being housed in the JAIL.

SPECIALTY SERVICES – Medical services that require physicians to be licensed in a specialty such as obstetrics, gynecology, or dermatology or other specialized field of medicine, excluding services that are otherwise provided for in this AGREEMENT.

ARTICLE I
HEALTH CARE SERVICES

- 1.0 SCOPE OF SERVICES. CHC shall administer health care services and related administrative services at the JAIL according to the terms and provisions of this AGREEMENT. The costs of the various health care services shall be borne by CHC or the COUNTY as set forth in this Article.
- 1.1 GENERAL HEALTH CARE SERVICES. CHC will arrange and bear the cost of the following health care services:
 - 1.1.1 RECEIVING SCREENING. A receiving screening of an INMATE/DETAINEE shall be performed as soon as possible after the INMATE/DETAINEE's booking into the JAIL.
 - 1.1.2 HEALTH ASSESSMENT. A health assessment of an adult COVERED PERSON shall be performed as soon as possible, but no later than fourteen (14) calendar days after the INMATE/DETAINEE's arrival at the JAIL. The health assessment shall follow current NCCHC standards.
 - 1.1.3 SCHEDULED SICK CALL. A qualified healthcare professional shall conduct sick calls for COVERED PERSONS on a timely basis and in a clinical setting. A physician will be available to see COVERED PERSONS at least once per week.
- 1.2 AMBULANCE SERVICE. CHC shall arrange and bear the cost of emergency ambulance services for COVERED PERSONS. Costs for ambulance services shall be included in the CAP AMOUNT listed in Section 1.19.
- 1.3 BODY CAVITY SEARCHES/COLLECTION OF PHYSICAL EVIDENCE. CHC HEALTH CARE STAFF will not perform body cavity searches, nor collect physical evidence (blood, hair, semen, saliva, etc.), except within guidelines established by the NCCHC. If CHC HEALTH CARE STAFF collect physical evidence, the COUNTY shall be responsible for arranging any testing and bear the cost of collection and testing the collected evidence. After collecting evidence, CHC HEALTH CARE STAFF shall turn the specimen over to the SHERIFF or a court-designated representative for completion of chain-of-custody evidence.
- 1.4 DENTAL - EMERGENCY DENTAL ONLY. CHC shall arrange and bear the cost of emergency dental services only if CHC's CHIEF MEDICAL OFFICER or designee determines that dental care is medically necessary. In the event that the JAIL POPULATION requires any other dental services, the COUNTY shall bear the cost. Costs for offsite dental services shall be included in the CAP AMOUNT listed in Section 1.19.

- 1.5 **ELECTIVE MEDICAL CARE - NOT COVERED.** CHC shall not be responsible for the provision or cost of any elective care. In the event a member of the JAIL POPULATION requires elective care, the INMATE/DETAINEE or COUNTY shall be responsible for all costs. Elective medical care shall be defined as care which, if not provided, would not, in the sole opinion of CHC's CHIEF MEDICAL OFFICER or designee, cause the INMATE/DETAINEE'S health to deteriorate or cause harm to the INMATE/DETAINEE'S well being. Decisions concerning elective medical care shall be consistent with the applicable American Medical Association (AMA) Standards.
- 1.6 **HOSPITALIZATION.** CHC will arrange and bear the cost of hospitalization for a COVERED PERSON who, in the opinion of the treating physician and/or CHC's CHIEF MEDICAL OFFICER or designee, requires hospitalization. Costs for hospitalization services shall be included in the CAP AMOUNT listed in Section 1.19.
- 1.7 **LONG TERM CARE - NOT COVERED.** CHC shall not be responsible for the provision or cost of any long term care facility services. In the event that a member of the JAIL POPULATION requires skilled care, custodial care or other services of a long term care facility, the COUNTY shall bear the cost.
- 1.8 **MEDICAL EQUIPMENT OVER \$100.** In the event that the Parties mutually agree that medical equipment in excess of \$100 per unit cost is required to assist in providing health care services to COVERED PERSONS under this AGREEMENT, the COUNTY shall bear the cost of the medical equipment.
- 1.9 **MEDICAL SUPPLIES/EQUIPMENT OF \$100 OR LESS.** CHC shall provide and bear the cost of medical supplies (i.e. alcohol prep pads, syringes, etc.) and equipment (i.e. thermometers, scales, etc.) required to administer the terms of the AGREEMENT, which have a unit cost of \$100 or less, but does not include office and paper supplies.
- 1.10 **MEDICAL WASTE.** CHC shall arrange and bear the cost of removing and properly disposing of medical waste material generated while fulfilling its duties under this AGREEMENT in accordance with all applicable state laws and OSHA-regulated standards.
- 1.11 **MENTAL HEALTH CARE.** CHC shall arrange and bear the cost of on-site mental health services for COVERED PERSONS which shall include evaluations, referrals, crisis management, suicide intervention, basic community linkage, case management, medication evaluation and prescription and continuity of care. CHC shall not be responsible for the provision or cost of any off-site or inpatient mental health services. The COUNTY shall be responsible for the provision and cost of off-site or inpatient mental health services for the JAIL POPULATION.

- 1.12 OFFICE EQUIPMENT – NOT COVERED. CHC shall not be responsible for the provision or cost of any office equipment. The COUNTY shall be responsible for providing office equipment, such as copier, fax and phone service required for the administrative operation of the medical unit.
- 1.13 OFFICE SUPPLIES. CHC shall be responsible for providing office supplies such as books, medical record folders, and forms as required for the administrative operations of the medical unit.
- 1.14 PATHOLOGY/RADIOLOGY SERVICES. CHC shall arrange and bear the cost of all pathology and radiology services (also referred to as laboratory and x-ray services) ordered by a CHC physician for COVERED PERSONS. CHC shall arrange on-site pathology and radiology services to the extent reasonably possible. To the extent pathology and radiology services are required and cannot be rendered on-site, CHC shall make appropriate off-site arrangements for rendering pathology and radiology care. CHC will arrange and coordinate with the SHERIFF's office for the transportation for pathology and radiology off-site services. Costs for off-site pathology and radiology services shall be included in the CAP AMOUNT listed in Section 1.19.
- 1.15 PHARMACY SERVICES. CHC shall provide monitoring of pharmacy usage as well as a Preferred Medication List. Except as provided below, CHC shall bear the cost of all prescription and non-prescription over-the-counter medications prescribed by a duly licensed CHC physician for a COVERED PERSON. EXCEPTION: CHC shall only bear the cost of CHC physician approved non-prescription over-the-counter medication issued to COVERED PERSONS from OTHER COUNTIES and the COUNTY shall bear the cost of all prescription medications issued to COVERED PERSONS from OTHER COUNTIES. Costs for all medications shall be included in the PHARMACY CAP AMOUNT listed in Section 1.15.4.
- 1.15.1 GENERAL. Prescribing, dispensing, and administering of medication shall comply with all State and Federal laws and regulations and all medications shall be dispensed under the supervision of a duly authorized, appropriately licensed or certified health care provider.
- 1.15.2 AIDS, HIV, HEP C. CHC shall bear the cost of prescription medication related to the treatment of Acquired Immune Deficiency Syndrome ("AIDS"), Human Immuno-deficiency Virus ("HIV"), Hepatitis C, organ transplants and neuromuscular disease and Biological medications. Medications related to the treatment of AIDS, HIV, Hepatitis C, organ transplants and neuromuscular disease, and Biological medications shall be defined in accordance with the Physician's Desk Reference.
- 1.15.3 PSYCHOTROPIC MEDICATIONS. CHC shall arrange and bear the cost of psychotropic medications for COVERED PERSONS.

1.15.4 MEDICATION FINANCIAL LIMITATIONS. CHC's maximum liability for costs associated with the provision of medications in Paragraph 1.15 shall be Ninety Thousand Seven Hundred Eighty Seven Dollars and sixty-seven cents (\$90,787.67) in the aggregate for the INITIAL CONTRACT PERIOD and Seventy-Five Thousand Dollars (\$75,000.00) in the aggregate per CONTRACT YEAR, to be pro-rated for any partial contract years (the "PHARMACY CAP AMOUNT"). Costs for medications, as set forth above, which are provided to INMATES/DETAINEES during the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR which are in excess of the PHARMACY CAP AMOUNT shall be the responsibility of the COUNTY. When the PHARMACY CAP AMOUNT for the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR is reached, CHC will continue to provide utilization management, extend all provider discounts to the COUNTY and pay these expenses on behalf of the COUNTY, as long as the COUNTY remains current with payments due under this AGREEMENT. Amounts paid by CHC which are over the PHARMACY CAP AMOUNT will be periodically reconciled with the COUNTY pursuant to paragraph 8.1.2.

1.15.5 COUNTY REBATE. Should the costs associated with the provision of healthcare services listed above not exceed the PHARMACY CAP AMOUNT, CHC shall reimburse the COUNTY at a rate of One Hundred Percent (100%) of the difference between the actual cost to CHC for these services and the PHARMACY CAP AMOUNT. This rebate shall be net of any other reconciliation amounts due to CHC under this AGREEMENT. The rebate will be calculated three months after the end of the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR to allow for processing of claims incurred during the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR. Any claims from the prior INITIAL CONTRACT PERIOD and/or CONTRACT YEAR services received and paid after this three month period will be calculated in the subsequent CONTRACT YEAR CAP AMOUNT.

1.16 PREGNANT COVERED PERSONS. CHC shall arrange and bear the cost of on-site health care services for any pregnant COVERED PERSON in accordance with NCCHC standards and this AGREEMENT, but CHC shall not arrange or bear the cost of any health care services for infants. Off-site health care services for any pregnant COVERED PERSON shall be in accordance with SPECIALTY SERVICES as set forth herein in Paragraph 1.17.

1.17 SPECIALTY SERVICES. In the event it is determined that a COVERED PERSON requires SPECIALTY SERVICES, CHC shall arrange and bear the cost of specialty services. CHC's authorized physician will make such determination and refer COVERED PERSONS for SPECIALTY SERVICES when, in the physician's professional opinion, it is deemed medically necessary. CHC's

authorized personnel will make a recommendation and obtain approval from the SHERIFF's office for SPECIALTY SERVICES prior to making arrangements for specialty services. CHC shall arrange on-site SPECIALTY SERVICES to the extent reasonably possible. To the extent SPECIALTY SERVICES are required and cannot be rendered on-site, CHC shall make appropriate off-site arrangements for rendering off-site care. In the event that SPECIALTY SERVICES are rendered off-site but do not require hospitalization, CHC will arrange and bear the cost only if the CHC CHIEF MEDICAL OFFICER or designee approves off-site SPECIALTY SERVICES. Costs for off-site specialty services shall be included in the CAP AMOUNT listed in Section 1.19.

1.18 VISION CARE – NOT COVERED. CHC shall not be responsible for the provision of eyeglasses or any other vision services other than care for eye injuries or diseases. In the event that any COVERED PERSON requires vision services, including an ophthalmologist's services, the COUNTY shall bear the cost of vision or eye care services.

1.19 FINANCIAL LIMITATIONS. CHC's maximum liability for costs associated with the provision of off-site medical or other healthcare services which include, but are not limited to, the services in paragraphs 1.2, 1.4, 1.6, 1.14 and 1.17 shall be One Hundred Eighty-One Thousand Five Hundred Seventy Five Dollars and thirty-four cents (\$181,575.34) in the aggregate for the INITIAL CONTRACT PERIOD and One Hundred Fifty Thousand Dollars (\$150,000.00) in the aggregate per CONTRACT YEAR, to be pro-rated for any partial contract years (the "CAP AMOUNT"). Costs for any medical or other health services, as set forth above, which are provided to INMATES/DETAINEES during the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR which are in excess of the CAP AMOUNT shall be the responsibility of the COUNTY. When the CAP AMOUNT for the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR is reached, CHC will continue to provide utilization management, extend all provider discounts to the COUNTY and pay these expenses on behalf of the COUNTY, as long as the COUNTY remains current with payments due under this AGREEMENT. Amounts paid by CHC which are over the CAP AMOUNT will be periodically reconciled with the COUNTY pursuant to paragraph 8.1.2.

1.19.1 COUNTY REBATE. Should the costs associated with the provision of healthcare services listed above not exceed the CAP AMOUNT for the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR, CHC shall reimburse the COUNTY at a rate of One Hundred Percent (100%) of the difference between the actual cost to CHC for these services and the CAP AMOUNT. The rebate shall be net of any other reconciliation amounts due to CHC under this AGREEMENT. The rebate will be calculated three months after the end of the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR to allow for processing of claims incurred during the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR. Any claims from the prior INITIAL CONTRACT PERIOD and/or CONTRACT

YEAR services received and paid after this three month period will be calculated in the subsequent CONTRACT YEAR CAP AMOUNT.

ARTICLE II
HEALTH CARE STAFF

- 2.0 STAFFING HOURS. CHC shall provide or arrange for the provision of HEALTH CARE STAFF necessary to render the health care services contemplated in Article I as set forth below:
- 2.0.1 A total of 40 hours per week of Health Services Administrator services to be assigned by CHC.
 - 2.0.2 A total of 128 hours per week of Licensed Practical Nurse services to be assigned by CHC.
 - 2.0.3 A total of 40 hours per week of Medical Records Clerk services to be assigned by CHC.
 - 2.0.4 Up to 2 hours per week of Physician services to be assigned by CHC.
 - 2.0.5 Up to 10 hours per week of Mental Health Professional services to be assigned by CHC.
 - 2.0.6 Additional hours may be provided if mutually agreed upon by both parties in writing, with at least 24 hours advanced notice.
 - 2.0.7 CHC shall provide or arrange for the provision of an on-call Physician and/or Nurse and/or Mental Health Professional available by telephone or pager, 24 hours per day and 7 days per week.
 - 2.0.8 Said hours may be re-allocated and subject to change as determined by mutual agreement of the SHERIFF and CHC, but shall in all respects be consistent with the medical recommendations of CHC's licensed physician.
 - 2.0.9 CHC shall make reasonable efforts to supply the staffing levels contained in this section, however, failure to continuously supply all of the required staffing due to labor market demands or other factors outside the control of CHC, after such reasonable efforts have been made, shall not constitute a breach of this AGREEMENT.
- 2.1 STAFFING LEVELS WAIVER. Based on actual staffing needs as affected by medical emergencies, riots, increased or decreased INMATE/DETAINEE population, and other unforeseen circumstances, certain increases or decreases in staffing requirements may be waived as agreed to by the SHERIFF and CHC.

- 2.2 STAFFING CHANGES. CHC shall not change members of the HEALTH CARE STAFF without prior notice to the SHERIFF.
- 2.3 STAFF SCREENING. The COUNTY and SHERIFF shall screen CHC's proposed HEALTH CARE STAFF, employees, agents and/or subcontractors providing services at the JAIL to ensure they do not constitute a security risk. The SHERIFF shall have final approval of CHC's HEALTH CARE STAFF, employees, agents and/or subcontractors in regards to security/background clearance.
- 2.4 SATISFACTION WITH HEALTH CARE STAFF. In recognition of the sensitive nature of correctional facility operations, if the SHERIFF becomes dissatisfied with any member of the HEALTH CARE STAFF, the SHERIFF shall provide CHC written notice of such dissatisfaction and the reasons therefore. Following receipt of such notice, CHC shall use commercially reasonable efforts to resolve the dissatisfaction. If the problem is not resolved to the satisfaction of the SHERIFF within ten (10) business days following CHC's receipt of the notice, CHC shall remove the individual from providing services at the JAIL within a reasonable time frame considering the effects of such removal on CHC's ability to deliver health care services and recruitment/hiring of an acceptable replacement. The SHERIFF reserves the right to revoke the security clearance of any HEALTH CARE STAFF at any time.

ARTICLE III
ADMINISTRATIVE SERVICES

- 3.0 UTILIZATION MANAGEMENT. CHC shall provide utilization management services and administer medical claims processing for the offsite medical services administered by CHC, as set forth in Article I, on behalf of the COUNTY. CHC will follow applicable state laws and make reasonable efforts to obtain provider discounts and will keep the COUNTY and/or SHERIFF apprised of its utilization management practices.
- 3.1 CARDIOPULMONARY RESUSCITATION (CPR), HEALTH AND MENTAL HEALTH EDUCATION AND TRAINING. CHC shall conduct an ongoing CPR, health and mental health education and training program for the COUNTY Deputies and Jailers in accordance with the needs mutually established by the COUNTY and CHC.
- 3.2 QUARTERLY REPORTS. As requested by the SHERIFF, CHC shall submit quarterly health care reports concerning the overall operation of the health care services program rendered pursuant to this AGREEMENT and the general health of the JAIL POPULATION.

- 3.3 QUARTERLY MEETINGS. As requested by the SHERIFF, CHC shall meet quarterly, or as soon thereafter as possible, with the SHERIFF, or designee, concerning health care services within the JAIL and any proposed changes in health-related procedures or other matters, which both parties deem necessary.
- 3.4 MEDICAL RECORDS MANAGEMENT. CHC shall provide the following medical records management services:
- 3.4.1 MEDICAL RECORDS. CHC HEALTH CARE STAFF shall maintain, cause or require the maintenance of complete and accurate medical records for COVERED PERSONS who have received health care services. Medical records shall be kept separate from COVERED PERSON'S confinement records. A complete copy of the individual medical record shall be available to accompany each COVERED PERSON who is transferred from the JAIL to another location for off-site services or transferred to another institution. CHC will keep medical records confidential and shall not release any information contained in any medical record except as required by published JAIL policies, by a court order or by applicable law. Upon termination of this AGREEMENT, all medical records shall be delivered to and remain with the SHERIFF, as property of the SHERIFF's office.
- 3.4.2 ELECTRONIC MEDICAL RECORDS. CHC shall provide and maintain an electronic medical records software program for use at the JAIL according to the terms attached hereto as Exhibit A.
- 3.4.3 COMPLIANCE WITH LAWS. Each medical record shall be maintained in accordance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and any other applicable state or federal privacy statute or regulation.
- 3.4.4 RECORDS AVAILABILITY. As needed to administer the terms of this AGREEMENT, CHC shall make available to the SHERIFF or COUNTY, unless otherwise specifically prohibited, at the SHERIFF's or COUNTY's request, all records, documents and other papers relating to the direct delivery of health care services to the JAIL POPULATION hereunder.

ARTICLE IV
PERSONS COVERED UNDER THIS AGREEMENT

- 4.0 GENERAL. Except as otherwise provided in this AGREEMENT, CHC shall only be required to arrange for health care services under this AGREEMENT to be provided to COVERED PERSONS.

- 4.1 EMERGENCY MEDICAL CARE FOR JAIL EMPLOYEES AND VISITORS. CHC shall arrange for on-site first response emergency medical care as required for JAIL employees, contractors and visitors to the JAIL. The medical treatment shall be limited to the extent reasonably necessary to stabilize and facilitate the individual's referral to a medical facility or personal physician.
- 4.2 RELEASE FROM CUSTODY. The COUNTY acknowledges and agrees that CHC is responsible for the payment of costs associated with services rendered to COVERED PERSONS as set forth in this AGREEMENT only when such persons remain in the custody of, or under the jurisdiction of, the JAIL. In no event shall CHC be responsible for payment of any costs associated with any services rendered to any individual when said individual is released from the custody of, or no longer under the jurisdiction of, the JAIL including, but not limited to, releasees, parolees and escapees. Furthermore, in no event shall CHC be responsible for payment of costs associated with any medical services rendered to a COVERED PERSON when said COVERED PERSON is injured outside the JAIL facility during transport to or from the JAIL.

ARTICLE V

PERSONS NOT COVERED OR PARTIALLY COVERED UNDER THIS AGREEMENT

- 5.0 OTHER COUNTY INMATES/DETAINEES. CHC shall only be responsible for arranging receiving screenings, health assessments, sick call, over-the counter medications, medical supplies and medical waste services for OTHER COUNTY INMATES/DETAINEES. The cost of all prescription medication and all other health care expenses shall be paid by the agency responsible for the OTHER COUNTY INMATE/DETAINEE, including those services listed in Article I of this AGREEMENT and all other medically-related expenses associated with OTHER COUNTY INMATES/DETAINEES.
- 5.1 COUNTY INMATES/DETAINEES HOUSED IN OTHER JURISDICTIONS OR OUTSIDE THE JAIL. CHC shall not be responsible for arranging the medical care or treatment for COUNTY INMATES/DETAINEES housed in other counties or jurisdictions. The COUNTY or SHERIFF or other agency with legal responsibility for the medical care of such persons shall be responsible for all medical expenses associated with the care and treatment of COUNTY INMATES/DETAINEES removed from the JAIL, including, but not limited to the services listed in Article I of this AGREEMENT and any other health care related expenses associated with said INMATES/DETAINEES, unless the INMATE/DETAINEE is housed in a facility where CHC provides INMATE/DETAINEE health care services. CHC shall not be responsible for arranging the medical care or treatment for COUNTY INMATES/DETAINEES housed outside the JAIL (i.e. non-indigent work release INMATES/DETAINEES or INMATES/DETAINEES on home confinement).

- 5.2 INJURIES PRIOR TO INCARCERATION, FIT FOR CONFINEMENT AND ESCAPED INMATES/DETAINEES. CHC shall not be responsible for the cost of providing off-site medical care for injuries incurred by an arrested person prior to incarceration at the JAIL or during an escape or escape attempt, including, but not limited to, medical services provided to any arrested person prior to the person's booking and confinement in the JAIL. In addition, CHC shall not be responsible for the cost of any medical treatment or health care services necessary to medically stabilize any arrested person presented at intake by an arresting agency with a life threatening injury or illness or in immediate need of emergency medical care. CHC shall provide such care as is medically necessary until the arrested person can be transported to a medical care facility by the arresting agency or their designee. The arresting authority or the COUNTY shall bear the cost of, and be responsible for, all reasonable and necessary medical services or health care services of the individual until such time as the arresting authority can present a medically stable individual that is FIT FOR CONFINEMENT. To the extent CHC is billed for medical services provided to an individual who is not FIT FOR CONFINEMENT the COUNTY shall reimburse CHC for all such costs. CHC shall not charge an additional fee simply to examine an individual to determine if he is suitably FIT FOR CONFINEMENT.

ARTICLE VI

COST OF SERVICES NOT COVERED UNDER THIS AGREEMENT

- 6.0 SERVICES NOT LISTED. Both parties understand and agree that there will be costs incurred for health care related services as outlined in Articles I, II and III above. CHC shall not be responsible for any expenses not specifically covered under Articles I, II and III of this AGREEMENT. In the event that any of the health care services not covered by CHC under Articles I, II and III, or any services that are not listed within this AGREEMENT, are required for a member of the JAIL POPULATION as a result of the medical judgment of a physician or CHC authorized personnel, CHC shall not be responsible for arranging such services and the cost of such services shall be billed directly to the COUNTY.
- 6.1 SERVICES BEYOND THE SCOPE OF THIS AGREEMENT. Both parties understand and agree that there are certain occurrences, both beyond the control and within the control of the parties, that may result in health care expenses which are outside the scope of the normal operation of a correctional facility and, therefore, outside the contemplated scope of services under this AGREEMENT. While both parties will act in good faith and endeavor to reduce the possibility of such occurrences, in the unlikely event of an occurrence such as an Act of God, riot, explosion, fire, food poisoning, epidemic illness outbreak or any other catastrophic event, or an event caused by the action or inaction of the COUNTY or SHERIFF or their employees, agents or contractors, which results in medical care for the JAIL POPULATION, JAIL staff, visitors, or contractors, CHC shall not be responsible for costs attributable to such catastrophic event and all such costs shall be borne by the COUNTY. Notwithstanding the above, CHC shall be

responsible for medical costs under this AGREEMENT associated with such an event only if such an event was caused solely by CHC.

ARTICLE VII
COUNTY'S DUTIES AND OBLIGATIONS

- 7.0 COMPLIANCE WITH HIPAA/STATE HEALTH INFORMATION PRIVACY LAWS. The COUNTY, JAIL, and SHERIFF and their employees, agents and subcontractors shall comply with the Health Insurance Portability and Accountability Act of 1996 (hereinafter "HIPAA") and any State health information privacy laws, to the extent they are applicable. The COUNTY and the SHERIFF shall implement policies and/or procedures in compliance with such laws.
- 7.1 COMPREHENSIVE MEDICAL/MENTAL HEALTH CARE. CHC shall identify to the SHERIFF those members of the JAIL POPULATION with medical or mental health conditions which may be worsened as a result of being incarcerated at the JAIL or which may require extensive care while incarcerated. After review of the circumstances, and when security risks permit, the SHERIFF shall make every effort to have such an INMATE/DETAINEE released, transferred or otherwise removed from the correctional setting.
- 7.2 RECORD ACCESS. During the term of this AGREEMENT, and for a reasonable time following the termination of this AGREEMENT, the SHERIFF shall provide CHC, at CHC's request, the COUNTY, JAIL and/or SHERIFF'S records (including medical records) relating to the provision of health care services to the JAIL POPULATION, including records maintained by hospitals, and other outside health care providers involved in the care or treatment of the JAIL POPULATION (to the extent the COUNTY, JAIL or SHERIFF has control of, or access to, such records). CHC may request such records in connection with the investigation of, or defense of, any claim by a third party related to CHC's conduct or to prosecute a claim against a third party. Any such information provided by the SHERIFF to CHC that the SHERIFF considers confidential shall be kept confidential by CHC and shall not, except as may be required by law, be distributed to any third party without prior written approval by the SHERIFF.
- 7.3 USE OF INMATES/DETAINEES IN THE PROVISION OF HEALTH CARE SERVICES. INMATES/DETAINEES of the JAIL shall not be employed or otherwise engaged or utilized by either CHC or the SHERIFF in rendering any health care services to the JAIL POPULATION, provided however, that INMATES/DETAINEES may be used in positions not involving the rendering of health care services directly to the JAIL POPULATION and not involving access to JAIL POPULATION records in accordance with NCCHC standards.

- 7.4 SECURITY OF THE JAIL FACILITY AND CHC. CHC and the COUNTY understand that adequate security services are necessary for the safety of the agents, employees, and subcontractors of CHC, as well as for the security of the JAIL POPULATION and SHERIFF'S staff, consistent with a correctional setting. The SHERIFF shall provide security sufficient to enable CHC, its HEALTH CARE STAFF, employees, agents and/or subcontractors to safely provide the health care services described in this AGREEMENT. CHC, its HEALTH CARE STAFF, employees, agents and/or subcontractors shall follow all security procedures of the SHERIFF while at the JAIL or other premises under the SHERIFF's direction or control. However, any CHC HEALTH CARE STAFF, employee, agent and/or subcontractor may, at any time, refuse to provide any service required under this AGREEMENT if such person reasonably feels that the current safety services are insufficient. CHC shall not be liable for any loss or damages resulting from CHC's HEALTH CARE STAFF, employees, agents and/or subcontractors failure to provide medical services due to insufficient security services.
- 7.5 SHERIFF'S POLICIES AND PROCEDURES. CHC, its HEALTH CARE STAFF, employees, agents and/or subcontractors shall operate within the requirements of the COUNTY'S and/or SHERIFF'S posted security Policies and Procedures, which impact the provision of medical services.
- 7.5.1 A complete set of said Policies and Procedures shall be maintained by the COUNTY and made available for inspection by CHC at the JAIL, and CHC may make a reasonable number of copies of any specific section(s) it wishes using the SHERIFF'S photocopy equipment and paper.
- 7.5.2 Any Policy or Procedure that may impact the provision of health care services to the JAIL POPULATION which has not been made available to CHC shall not be enforceable against CHC unless otherwise agreed upon by both parties.
- 7.5.3 Any modification of the posted Policies and Procedures shall be timely provided to CHC. CHC, its HEALTH CARE STAFF, employees, agents and/or subcontractors shall operate within the requirement of a modified Policy or Procedure after such modification has been made available to CHC.
- 7.5.4 If any of the COUNTY and/or SHERIFF'S Policies and Procedures specifically relate to the delivery of medical services, the COUNTY and/or SHERIFF'S representative and CHC shall review the COUNTY and/or SHERIFF'S Policies and Procedures and modify or remove those provisions that conflict with CHC's Jail Health Care Policies and Procedures.

- 7.6 DAMAGE TO EQUIPMENT. CHC shall not be liable for loss of or damage to equipment and supplies of CHC, its agents, employees or subcontractors if such loss or damage was caused by the sole negligence of the COUNTY and/or SHERIFF's employees.
- 7.7 SECURE TRANSPORTATION. The SHERIFF shall provide security as necessary and appropriate in connection with the transportation of a member of the JAIL POPULATION to and from off-site services including, but not limited to, SPECIALTY SERVICES, hospitalization, pathology and radiology services as requested by CHC. CHC shall coordinate with the SHERIFF's office for transportation to and from the off-site services provider or hospital.
- 7.8 OFFICE EQUIPMENT AND SUPPLIES. The SHERIFF shall provide use of COUNTY-owned office equipment, supplies and all necessary utilities (including telephone and fax line service) in place at the JAIL health care facilities except as otherwise set forth in Paragraphs 1.12 and 1.13. At the termination of this AGREEMENT, CHC shall return to the COUNTY possession and control of all COUNTY-owned medical and office equipment. At such time, the office equipment shall be in good working order, reasonable wear and tear excepted.
- 7.9 NON-MEDICAL CARE OF JAIL POPULATION. It is understood that the SHERIFF shall provide for all the non-medical personal needs and services of the JAIL POPULATION as required by law. CHC shall not be responsible for providing, or liable for failing to provide, non-medical services to the JAIL POPULATION including, but not limited to, daily housekeeping services, dietary services, building maintenance services, personal hygiene supplies and services and linen supplies.
- 7.10 JAIL POPULATION INFORMATION. In order to assist CHC in providing the best possible health care services to COVERED PERSONS, the SHERIFF shall provide, as needed, information pertaining to the COVERED PERSON that CHC and the SHERIFF mutually identify as reasonable and necessary for CHC to adequately perform its obligations under this AGREEMENT.

ARTICLE VIII
COMPENSATION/ADJUSTMENTS

- 8.0 ANNUAL AMOUNT/MONTHLY PAYMENTS. The amount to be paid by the COUNTY to CHC under this AGREEMENT for the INITIAL CONTRACT PERIOD shall be One Million Twenty-Eight Thousand Six Hundred Ninety-Two Dollars and forty-four cents (\$1,028,692.44). The base annual amount to be paid by the COUNTY to CHC under this AGREEMENT shall be Eight Hundred Forty-Seven Thousand Eight Hundred Eighty-Eight Dollars and ninety-two cents for (\$847,888.92) a period of twelve (12) months. The July, 2012 monthly payment shall be Thirty-Nine Thousand Four Hundred Eighty-Eight Dollars and seventy cents (\$39,488.70) and each subsequent monthly payment shall be

Seventy Thousand Six Hundred Fifty Seven Dollars and forty-one cents (\$70,657.41), pro-rated for any partial months and subject to any reconciliations as set forth below. The first monthly amount is to be paid to CHC on the 1st day of July, 2012 for services administered in the month of July, 2012. Each monthly payment thereafter is to be paid by the COUNTY to CHC before or on the 1st day of the month of the month of service.

8.1 MONTHLY RECONCILIATION PROCESS. CHC will provide a monthly reconciliation with the COUNTY for any amounts owed by either party pursuant to the terms of this AGREEMENT, including, but not limited to:

8.1.1 ADJUSTMENT FOR MADP. For each month reconciled, if the JAIL's MADP is greater than Four Hundred Forty (440) COUNTY INMATES/DETAINEES, the compensation payable to CHC by the COUNTY shall be increased by the number of INMATES/DETAINEES over Four Hundred Forty (440) at the per diem rate of Forty-Four cents (\$0.44). If the JAIL's MADP is less than Three Hundred Sixty (360) COUNTY INMATES/DETAINEES, then CHC will issue a credit to the COUNTY for the number of INMATES/DETAINEES under Three Hundred Sixty (360) at the per diem rate of Forty-Four cents (\$0.44).

8.1.2 ADJUSTMENT FOR COSTS IN EXCESS OF CAP AMOUNTS. The monthly reconciliation shall include any amounts paid by CHC in excess of the financial limits listed in this AGREEMENT. The compensation payable to CHC by the COUNTY shall be increased by any costs paid by CHC in excess of the financial limits listed in 1.15.4 and 1.19.

ARTICLE IX TERM AND TERMINATION

9.0 TERM. The term of this AGREEMENT shall be Fourteen (14) months and Sixteen (16) days from July 16, 2012 at 12:01 a.m. through September 30, 2013 at 11:59 p.m. This AGREEMENT may be renewed for two (2) additional one (1) year periods on October 1st of each subsequent year with mutually agreed upon increases, unless this AGREEMENT is terminated or notice of termination is given, as set forth in this Article.

9.0.1 RENEWAL. Upon each subsequent renewal of this AGREEMENT pursuant to paragraph 9.0, the parties have agreed to an increase of CPI but not to exceed 5.0% of the annual amount as defined in paragraph 9.0.1.1.

9.0.1.1 CPI INCREASES. A CPI increase shall be calculated by multiplying the annual amount of the previous year by a fraction, the numerator of which is the Price Index (as defined below) for the month which is two months immediately preceding the AGREEMENT renewal date, and the denominator of which is the

Price Index for the same month for the year immediately preceding the AGREEMENT renewal date. However, the annual amount due for any year will not be less than the annual amount for the prior year. The "Price Index" is defined as the Consumer Price Index -- All Urban Consumers, U.S. City Average, Medical Care Services (1982-84=100), published by the Bureau of Labor Statistics of the U.S. Department of Labor.

- 9.1 TERMINATION FOR LACK OF APPROPRIATIONS. It is understood and agreed that this AGREEMENT shall be subject to annual appropriations by the BOARD of the COUNTY.
- 9.1.1 Recognizing that termination for lack of appropriations may entail substantial costs for CHC, the COUNTY and the SHERIFF shall act in good faith and make every effort to give CHC reasonable advance notice of any potential problem with funding or appropriations.
- 9.1.2 If future funds are not appropriated for this AGREEMENT, and upon exhaustion of existing funding, the COUNTY and SHERIFF may terminate this AGREEMENT without penalty or liability, by providing a minimum of thirty (30) days advance written notice to CHC.
- 9.2 TERMINATION DUE TO CHC'S OPERATIONS. The COUNTY reserves the right to terminate this AGREEMENT immediately upon written notification to CHC in the event that CHC discontinues or abandons operations, is adjudged bankrupt or is reorganized under any bankruptcy law, or fails to keep in force any required insurance policies. Both parties agree that termination under this provision will be considered without cause.
- 9.3 TERMINATION FOR CAUSE. The AGREEMENT may be terminated for cause under the following provisions:
- 9.3.1 TERMINATION BY CHC. Failure of the COUNTY and/or SHERIFF to comply with any provision of this AGREEMENT shall be considered grounds for termination of this AGREEMENT by CHC upon sixty (60) days advance written notice to the COUNTY specifying the termination effective date and identifying the "basis for termination." The COUNTY shall pay for services rendered up to the date of termination of the AGREEMENT. Upon receipt of the written notice, the COUNTY shall have ten (10) days to provide a written response to CHC. If the COUNTY provides a written response to CHC which provides an adequate explanation for the "basis for termination" and the COUNTY cures the "basis for termination" to the satisfaction of the CHC, the sixty (60) day notice shall become null and void and this AGREEMENT will remain in full force and effect. Termination under this provision shall be without penalty to CHC.

9.3.2 **TERMINATION BY COUNTY.** Failure of CHC to comply with any provision of this AGREEMENT shall be considered grounds for termination of this AGREEMENT by the SHERIFF or the COUNTY who shall provide sixty (60) days advanced written notice specifying the termination effective date and identifying the "basis for termination." The COUNTY shall pay for services rendered up to the date of termination of the AGREEMENT. Upon receipt of the written notice CHC shall have ten (10) days to provide a written response to the COUNTY. If CHC provides a written response to the COUNTY which provides an adequate explanation for the "basis of termination," or cures the "basis for termination" to the satisfaction of the SHERIFF, the sixty (60) day notice shall become null and void and this contract will remain in full force and effect. Termination under this provision shall be without penalty to the SHERIFF or the COUNTY.

9.4 **TERMINATION WITHOUT CAUSE.** Notwithstanding anything to the contrary contained in this AGREEMENT, the SHERIFF, the COUNTY or CHC may, without prejudice to any other rights it may have, terminate this AGREEMENT for their convenience and without cause by giving ninety (90) days advance written notice to the other party.

9.5 **COMPENSATION UPON TERMINATION.** If any of the above termination clauses are exercised by any of the parties to this AGREEMENT, the COUNTY shall pay CHC for all services rendered by CHC up to the date of termination of the AGREEMENT regardless of the COUNTY'S failure to appropriate funds.

9.6 **PAYMENT OF CAPPED EXPENSES UPON TERMINATION OR EXPIRATION OF AGREEMENT.** Upon the termination or expiration of this AGREEMENT, the administration of expenses listed in paragraphs 1.15 and 1.19 ("CAPPED EXPENSES") shall be handled as follows:

9.6.1 Upon termination or expiration of this AGREEMENT, CHC shall not be responsible for administration or payment of CAPPED EXPENSES and all invoices received by CHC for CAPPED EXPENSES shall be forwarded to the COUNTY for payment, regardless of whether the CAP AMOUNT for the INITIAL CONTRACT PERIOD and/or CONTRACT YEAR has been reached. CHC shall forward to the COUNTY any rebate due pursuant to the terms of paragraph 1.15.5 and 1.19.1.

9.7 **PROPERTY DISPOSITION UPON TERMINATION.** Upon termination of this AGREEMENT, CHC shall be allowed to remove from the JAIL any stock medications or supplies purchased by CHC that have not been used at the time of termination. CHC shall also be allowed to remove its property from the JAIL including its proprietary Policies and Procedures, Manuals, Training Material, and Forms.

ARTICLE X
LIABILITY AND RISK MANAGEMENT

- 10.0 INSURANCE COVERAGE. CHC shall, at its sole cost and expense, procure and maintain during the term of this AGREEMENT, the following coverage and limits of insurance:
- 10.0.1 MEDICAL MALPRACTICE/PROFESSIONAL LIABILITY. Medical Malpractice/ Professional Liability insurance in an amount not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate.
- 10.0.2 COMPREHENSIVE GENERAL LIABILITY. Comprehensive General Liability insurance in an amount not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate.
- 10.0.3 WORKER'S COMPENSATION. Worker's Compensation coverage as required by applicable state law.
- 10.1 ENDORSEMENTS. The Comprehensive General Liability policy shall contain additional endorsements naming the JAIL as an additional insured with respect to liabilities arising out of the performance of services under this AGREEMENT.
- 10.2 PROOF OF INSURANCE. CHC shall provide the COUNTY proof of professional liability or medical malpractice coverage for CHC's HEALTH CARE STAFF, employees, agents and subcontractors, for the term services are provided under this AGREEMENT. CHC shall promptly notify the SHERIFF, in writing, of each change in coverage, reduction in policy amounts or cancellation of insurance coverage. If CHC fails to provide proof of adequate insurance within a reasonable time under the circumstances, then the COUNTY shall be entitled to terminate this AGREEMENT without penalty to the COUNTY or the SHERIFF pursuant to the terms of Article LX.
- 10.3 INDEMNIFICATION. CHC agrees to indemnify and hold harmless the COUNTY, its officials, agents, and employees from and against any and all claims, actions, lawsuits, damages, judgments or liabilities of any kind whatsoever caused by, based upon or arising out of any act, conduct, misconduct or omission of CHC, its agents, employees, or independent contractors in connection with the performance or non-performance of its duties under this AGREEMENT. The COUNTY agrees to indemnify and hold harmless CHC, its officials, agents, and employees from and against any and all claims, actions, lawsuits, damages, judgments or liabilities of any kind whatsoever caused by, based upon or arising out of any act, conduct, misconduct or omission of COUNTY, its agents, employees, or independent contractors. The COUNTY and SHERIFF agree to promptly notify CHC in writing of any incident, claim or lawsuit of which they become aware and shall fully cooperate in the defense of such claim. The COUNTY and SHERIFF agree that CHC's indemnification and

defense obligations do not apply for any costs or expenses, including attorney's fees or settlements, incurred or effected prior to written notice to CHC as set forth above. Upon written notice of claim, CHC shall take all steps necessary to promptly defend and protect the COUNTY and SHERIFF from an indemnified claim, including retention of defense counsel, and CHC shall retain sole control of the defense while the action is pending, to the extent allowed by law.

- 10.4 HIPAA. CHC, the COUNTY, JAIL, and SHERIFF and their employees, agents and subcontractors shall fully comply with, and shall implement all necessary policies and/or procedures in order to comply with, the requirements of HIPAA as it applies to the services provided under this AGREEMENT. The COUNTY, JAIL and SHERIFF and their employees and agents shall indemnify and hold harmless CHC from and against any claims of any kind made as a result of alleged or actual violations of HIPAA by the COUNTY, the SHERIFF and their employees, agents and subcontractors, unless such claims are proven to be caused by the sole negligence or willful misconduct of CHC.

ARTICLE XI
MISCELLANEOUS

- 11.0 INDEPENDENT CONTRACTOR STATUS. It is mutually understood and agreed, and it is the intent of the parties hereto that an independent contractor relationship be and is hereby established under the terms and conditions of this AGREEMENT. Nothing in this AGREEMENT shall be construed to create an agency relationship, an employer/employee relationship, a joint venture relationship, or any other relationship allowing the COUNTY or SHERIFF to exercise control or direction over the manner or methods by which CHC, its employees, agents or subcontractors perform hereunder, or CHC to exercise control or direction over the manner or methods by which the COUNTY or the SHERIFF, and their employees, agents or subcontractors perform hereunder, other than as provided in this AGREEMENT.
- 11.1 SUBCONTRACTING. In performing its obligations under the AGREEMENT, it is understood that CHC is not licensed or otherwise authorized to engage in any activity that may be construed or deemed to constitute the practice of medicine, dentistry, optometry, or other professional healthcare service requiring licensure or other authorization under state law. To comply with these requirements CHC may engage physicians or other clinicians as independent contractors ("Contract Professionals"), rather than employees, in order to supply the clinical services required under this AGREEMENT. CHC shall engage Contract Professionals that meet the applicable professional licensing requirements and CHC shall exercise administrative supervision over such Contract Professionals as necessary to insure the fulfillment of the obligations contained in this AGREEMENT. Contract Professionals shall provide clinical services under this AGREEMENT in a manner reasonably consistent with the independent clinical judgment that the Contract Professional is required to exercise. It is further understood that CHC may subcontract for specialized services such as pharmacy, medical waste,

medical supplies and other services or supplies which it is required to provide under this AGREEMENT.

- 11.2 AGENCY. For purposes of asserting any statutory rights afforded to the COUNTY or the JAIL to pay providers for medical services at certain reduced rates, COUNTY and/or SHERIFF designate CHC as their agent to assert such rights and privileges.
- 11.3 EQUAL EMPLOYMENT OPPORTUNITY. CHC will not discriminate against any employee or applicant for employment because of race, color, religion, sex, ancestry, national origin, place of birth, marital status, sexual orientation, age or handicap unrelated to a bona fide occupational qualification of the position or because of status as a disabled veteran or Vietnam-Era veteran. CHC will distribute copies of its commitment not to discriminate to all persons who participate in recruitment, screening, referral and selection of job applicants, and to prospective job applicants.
- 11.4 WAIVER OF BREACH. The waiver of either party of a breach or violation of any provision of this AGREEMENT shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.
- 11.5 OTHER CONTRACTS AND THIRD-PARTY BENEFICIARIES. The parties acknowledge that CHC is neither bound by or aware of any other existing contracts to which either the SHERIFF or the COUNTY are a party and which relate to the providing of health care to INMATES/DETAINEES at the JAIL. The parties agree that they have not entered into this AGREEMENT for the benefit of any third person or persons, and it is their express intention that this AGREEMENT is for their respective benefits only and not for the benefits of others who might otherwise be deemed to constitute third-party beneficiaries thereof.
- 11.6 FORCE MAJEURE. In case performance of any terms or provisions hereof shall be delayed or prevented because of compliance with any law, decree or order of any governmental agency or authority of local, State or Federal governments or because of riots, war, terrorism, explosions, acts of civil or military authority, acts of public enemy, public disturbances, lack of adequate security escorts, strikes, lockouts, differences with workers, earthquakes, fires, floods, Acts of God or any other reason whatsoever which is not reasonably within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, said party is unable to prevent; the party so suffering may, at its option, suspend, without liability, the performance of its obligations hereunder during the period such cause continues.

- 11.7 ASSIGNMENT. Except as otherwise provided herein, no party to this AGREEMENT may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other parties; provided however, that CHC may assign its rights or delegate its duties to an affiliate of CHC, or in connection with the sale of all or substantially all of the stock assets or business of CHC, without the prior written consent of the other parties. Any unauthorized attempted assignment shall be null and void and of no force or effect.
- 11.8 NOTICES. Any notice of termination, requests, demands or other communications under this AGREEMENT shall be in writing and shall be deemed delivered: (a) when delivered in person to a representative the parties listed below; (b) upon receipt when mailed by overnight courier service, mailed by first-class certified or registered mail, return receipt requested, addressed to the party at the address below; or (c) upon confirmation of receipt if sent by facsimile to the fax number of the party listed below:

<p>If for CHC: Correctional Healthcare Companies, Inc. General Counsel 6200 South Syracuse Way, Suite 440 Greenwood Village, CO 80111</p>	<p>If for COUNTY: Muskegon County Jail Sheriff 25 West Walton Avenue Muskegon, MI 49440</p>
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<p>If for CHC: (720) 458-3478</p>	<p>If for COUNTY: (231) 724-6177</p>
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Such address or facsimile number may be changed from time to time by either party by providing written notice as provided above.

- 11.9 GOVERNING LAW. This AGREEMENT shall be governed by and construed in accordance with the laws of the State of Michigan without regard to the conflicts of laws or rules of any jurisdiction.
- 11.10 EXECUTION AUTHORITY. By their signature below, each signatory individual certifies that they are the properly authorized agent or officer of the applicable party hereto and have the requisite authority necessary to execute this Agreement on behalf of such party, and each party hereby certifies to the other than any resolutions necessary to create such authority have been duly passed and are now in full force and effect.
- 11.11 SURVIVAL. The following provisions will survive any termination or expiration of the AGREEMENT: 1.15, 1.19, Article VIII, Article IX and Article X.
- 11.12 COUNTERPARTS. This AGREEMENT may be executed in several counterparts, each of which shall be considered an original and all of which shall constitute but one and the same instrument.

11.13 TITLES OF PARAGRAPHS. Titles of paragraphs are inserted solely for convenience of reference and shall not be deemed to limit, expand or otherwise affect the provisions to which they relate.

11.14 SEVERABILITY. In the event that any one or more provisions of this AGREEMENT shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this AGREEMENT and this AGREEMENT shall be construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein.

11.15 ENTIRE AGREEMENT. This AGREEMENT constitutes the entire agreement of the parties and is intended as a complete and exclusive statement of the promises, representations, negotiations, discussions and agreements that have been made in connection with the subject matter hereof. This AGREEMENT may be amended at any time, but only with the written consent of all parties.

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be executed as their official act by their respective representative, each of whom is duly authorized to execute the same.

AGREED TO AND ACCEPTED AS STATED ABOVE:

County of Muskegon, Michigan

Correctional Healthcare Companies,
Inc.

By: [Signature]
Kenneth Mahoney
Title: Board of Commissioners Chair

By: [Signature]
Douglas D. Goetz
Title: Chief Executive Officer

Date: 7-17-12

Date: 8/14/12

By: [Signature]
Dean Roesler
Title: Sheriff

Date: 7/12/2012

By: [Signature]
Bonnie Hammersley
Title: County Administrator

Date: [Signature]
7/14/12

Exhibit A

**ELECTRONIC MEDICAL RECORDS at
MUSKEGON COUNTY, MICHIGAN
Effective July 16, 2012**

DEFINITIONS

EMR SOFTWARE – The VIZION software package developed and distributed by CHC, including the original computer software, computer program, source code, object code, algorithms and related documentation to enable the creation, maintenance, storage and access of electronic medical records and includes all enhancements, upgrades, modifications and additions.

SERVER – The single computer server owned, operated and maintained by CHC.

1.0 EMR SOFTWARE USE.

1.0.1. **GENERAL USE.** For the duration of the AGREEMENT, CHC will maintain one copy of the EMR SOFTWARE on its SERVER for use by CHC HEALTH CARE STAFF at the JAIL.

1.0.2. **EMR SOFTWARE USE UPON TERMINATION.** Upon termination of the AGREEMENT, CHC shall provide COUNTY a stand alone, read only program which will allow the SHERIFF to search for, view and print medical records pertaining to INMATES/DETAINEES. Such data shall be in the same format the data was stored preceding termination of this AGREEMENT.

1.0.3. **COMPENSATION.** Costs for EMR are included in Section 8.0 of the AGREEMENT.

2.0 INTELLECTUAL PROPERTY AND OTHER PROPRIETARY INFORMATION. CHC has created, acquired or otherwise has intellectual property rights in the EMR SOFTWARE and all copies thereof. This AGREEMENT does not grant COUNTY or SHERIFF any intellectual property rights in the EMR SOFTWARE and all such rights are reserved by CHC. The EMR SOFTWARE and all CHC documents or images used in its application, including but not limited to CHC Nursing Protocols, are the confidential and proprietary information of CHC and may not be copied or reproduced by COUNTY or SHERIFF. CHC has no ownership or claim of ownership in any medical data that is accessed via the EMR SOFTWARE.

- 3.0 RESTRICTIONS. COUNTY and SHERIFF shall not: (1) disassemble, decompile, unbundle, reverse engineer, or translate any part of the EMR SOFTWARE, or otherwise reduce to a human perceivable form, or otherwise attempt to reconstruct or discover the source code of the EMR SOFTWARE; (2) modify, copy, duplicate, reproduce, license, or transfer or convey the EMR SOFTWARE; (3) customize, modify, translate or extend the functionality of the EMR SOFTWARE.
- 4.0 LIMITATION ON CHC's OBLIGATIONS. CHC is not responsible for any issues, support, or loss of functionality that may result from COUNTY or SHERIFF installing and using third-party software on or with the EMR SOFTWARE. CHC is not responsible for any COUNTY cost associated with interfacing the COUNTY'S software/hardware systems with CHC's EMR system. Furthermore, CHC shall not be liable for any loss of use, lost or damaged data, any inability to access or retrieve data, including any loss, damages, claims, suits or actions of any nature, including claims of injury to any person or persons or of damage to property, resulting from or caused directly or indirectly be reason of any error, omission, negligence, or wrongful act by the COUNTY or SHERIFF, their officers, agents and/or employees.
- 5.0 NO WARRANTIES. The EMR SOFTWARE is provided "as is", without warranty or representation of any kind, whether express or implied, or arising from common law, custom, usage or otherwise, or statutory, including without limitation, any implied warranties or non-infringement, merchantability, and fitness for a particular purpose, or pertaining to title, integration, accuracy, security or availability.
- 6.0 EMR SOFTWARE UPDATES. During the term of this AGREEMENT, CHC will provide COUNTY any available updates, modifications or enhancements which improve the speed, efficiency, or ease of use of the EMR SOFTWARE, or add additional capabilities to the EMR SOFTWARE.