

CONTRACT BETWEEN
TEXAS DEPARTMENT OF CRIMINAL JUSTICE
AND
THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
FOR
CORRECTIONAL MANAGED HEALTH CARE SERVICES
FY 2014-2015 Biennium

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List of Exhibits

- Exhibit A: Offender Health Services Plan
- Exhibit B: Description of Functional Responsibilities
- Exhibit C: Correctional Pre-Service Training Schedule
- Exhibit D: FY 2010-2011 Performance Factors and Covered Facilities
- Exhibit E: FY 2010-2011 ACA Accreditation Schedule
- Exhibit F: Senate Bill 1, 83rd Legislature, Regular Session, Article V, Rider 50

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PREAMBLE

This Contract is entered into by and between the TEXAS DEPARTMENT OF CRIMINAL JUSTICE ("TDCJ") and the UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON ("UTMB"), pursuant to the authority granted by and in compliance with the provisions of Texas Government Code, Chapter 501, Subchapter E, and any applicable provisions of the Appropriations Act, and upon ratification by each respective party's board. The terms, conditions, obligations and responsibilities agreed to by the parties are set forth below:

WHEREAS, Texas Government Code, Chapter 501, Subchapter E, establishes the Correctional Managed Health Care Committee ("CMHCC"), and directs them to develop a Managed Health Care Plan for the provision of Health Care to Offenders for and on behalf of, the TDCJ;

WHEREAS, the TDCJ has directly received appropriations intended to fund Health Care services for Offenders incarcerated in its facilities and the authority to Contract for Health Care services;

WHEREAS, the TDCJ intends to Contract with the UTMB to furnish Health Care services to Offenders, and

WHEREAS, to the extent possible, the UTMB, at the direction of the TDCJ, shall provide such Health Care services through its own capabilities or by further subcontracting.

NOW, therefore, for and in consideration of the foregoing and in further consideration of the mutual benefits, the parties hereto agree as follows:

Article I
DEFINITIONS

1.1 Allowable Costs: For purposes of inpatient and outpatient hospital services, Allowable Costs shall mean UTMB's actual costs for delivering inpatient and outpatient hospital services to TDCJ Offender patients as determined using the same rules, methodologies, and cost components as defined by the Centers for Medicare and Medicaid Services ("CMS") and the Texas Health and Human Services Commission ("HHSC") for Medicare and Medicaid cost reporting / cost determination purposes. For physician services provided to TDCJ Offender patients under this Contract, Allowable Costs shall mean UTMB's actual cost for delivering physician services.

For all other Health Care services provided by UTMB under this Contract, Allowable Costs shall mean UTMB's actual costs incurred for providing such Health Care services. All Allowable Cost calculations shall be governed by Senate Bill 1, 83rd Legislature, Regular Session, Article V, Rider 50. Allowable Costs shall also include the UTMB's actual indirect administrative costs applicable to the provision of Health Care services under the terms of this contract.

1.2 Capital Assets: State property that has an estimated life of greater than one (1) year and are recorded as Capital Assets in the State Property Accounting ("SPA") system.

1.3 Correctional Managed Health Care Committee ("CMHCC"): A committee established by Texas Government Code, Section 501.133, consisting of nine (9) voting members and one (1) nonvoting member. Voting members of the CMHCC include one (1) member employed full-time from the TDCJ and appointed by the Executive Director; one (1) member who is a physician and employed full-time by the UTMB and appointed by the President of the medical branch; one (1) member who is a physician and employed full-time by the TTUHSC and appointed by the President of the University; two (2) members who are physicians, each of whom is employed full-time by a medical school other than the UTMB or TTUHSC and appointed by the Governor; two (2) members appointed by the Governor who are licensed mental health professionals; and two (2) public members appointed by the Governor who are not affiliated with the TDCJ or with any contracting entity, at least one of whom is licensed to practice medicine in this State; and the State Medicaid Director or a person employed full-time by the HHSC and appointed by the Medicaid Director to serve ex officio as a nonvoting member. The CMHCC is responsible for performing duties listed in Texas Government Code, Sections 501.146 and 501.148.

1.4 Correctional Managed Health Care Policies and Procedures: Those policies and procedures promulgated for the Correctional Managed Health Care Program pursuant to the joint committee process.

- 1.5 Correctional Health Care System: The correctional managed care program as set forth in the provisions of Texas Government Code, Chapter 501, Subchapter E.
- 1.6 Health Care: Health related actions taken, both preventive and Medically Necessary, to provide for the physical and mental well-being of the TDCJ Offender populations. Health Care, among other aspects, includes medical services, dental services, and mental health services. For the purposes of this Contract the definition does not include inpatient/outpatient substance abuse or sex offender treatment.
- 1.7 Hospital Medical Records: All records pertaining to the history, diagnosis, treatment or prognosis of a TDCJ Offender treated pursuant to the terms of this Contract which are generated and maintained by the treating hospitals, including subcontractors, copies of which shall be made a part of the TDCJ Offender's Medical Record.
- 1.8 Material: An action, change, or occurrence to the Offender Health Care Plan, the staffing plan, or to the terms or conditions of the Contract that, if implemented, would be projected to cause UTMB's Allowable Costs for providing Health Care under the Contract to exceed the Contract amount set forth in Article V.
- 1.9 Medically Necessary or Medical Necessity: Services, equipment, or supplies furnished by a Participating Provider which, under the provisions of this Contract, are determined to be:
- (1) Appropriate and necessary for the symptoms, diagnosis or treatment of the medical condition; and
 - (2) Provided for the diagnosis or direct care and treatment of the medical condition; and
 - (3) Within standards of good medical practice within the organized medical community; and
 - (4) Not primarily for the convenience of the TDCJ Offender patient, the physician or another provider, or the TDCJ Offender patient's legal counsel whether or not for or in anticipation of litigation; and
 - (5) The most appropriate provision or level of service which can safely be provided. For inpatient services, this means acute care necessary due to the kind of services the TDCJ Offender patient is receiving or the severity of the condition, and that safe and adequate care cannot be received as an outpatient or in an infirmary setting (or similarly less-intensified medical setting).

- 1.10 Medical Director(s): The medical director appointed by TDCJ and the medical director appointed by UTMB for overseeing the Health Care services provided to TDCJ Offenders under this Contract.
- 1.11 Medical Records: All records, to include electronic, pertaining to the history, diagnosis, treatment or prognosis of a TDCJ Offender treated which are generated at TDCJ owned or operated facilities or private contractor owned and/or operated facilities that house incarcerated Offenders for the benefit of the TDCJ and regardless as to whether maintained by the UTMB in accordance with this Contract. The definition includes, but is not limited to, privately operated State Jails, Prison Units, Intermediate Sanction Facilities, Pre-Parole Transfer Facilities or other secure Facilities in which TDCJ Offenders are incarcerated. The definition does not include Hospital Medical Records maintained by the treating hospital made a part of the TDCJ Offender's medical file. Medical Records, for the purpose of this Contract, do not include substance abuse treatment information and sex offender treatment program records generated and maintained by the TDCJ. However, this term does include any substance abuse and sex offender treatment information and records collected or originated in connection with the Health Care services provided pursuant to this Contract.
- 1.12 Natural or Manmade Catastrophe: An unanticipated event, including but not limited to, major riot, explosion, fire, earthquake, hurricane, tornado, flood, plague, poison, terrorist act, war, hazardous substances, and any other natural disaster, which, in the opinion of the TDCJ, requires the provision of Health Care services to TDCJ Offenders in excess of those services within the routine anticipation of this Contract's Article II and therefore require reimbursement beyond the payment provisions of this Contract.
- 1.13 Offsite Services: All Health Care provided to TDCJ Offender patients outside of the TDCJ Unit including outpatient services, emergency services, hospitalization, and inpatient services and those pharmacy services.
- 1.14 Onsite Services: Health Care provided for TDCJ Offenders "onsite" at those TDCJ Units, including infirmary care at those TDCJ Units with infirmary care and those pharmacy services provided to TDCJ Units for Medically Necessary prescription and over the counter drugs.
- 1.15 Participating Provider: All of the Health Care providers who provide covered services to TDCJ's Offender patients.
- 1.16 Practitioner Subcontractor: A physician, dentist, optometrist, nurse practitioner, or physician assistant providing Health Care to TDCJ Offenders.
- 1.17 TDCJ Employee: Individual who is an employee of the TDCJ.

- 1.18 TDCJ Offender: Those individuals confined by appropriate legal processes and incarcerated in the TDCJ's state owned facilities.
- 1.19 Texas Department of Criminal Justice ("TDCJ"): An agency of the State of Texas responsible for the incarceration of convicted felons.
- 1.20 Texas Tech University Health Sciences Center ("TTUHSC"): An Institution of higher education of the State of Texas responsible for the education of health professionals in the delivering of professional health services.
- 1.21 The University of Texas Medical Branch at Galveston ("UTMB"): A component Institution of higher education of The University of Texas System responsible for the education of health care professionals in the delivering of professional health services.

Article II SERVICES

- A. **Scope and Intent:** To implement the Managed Health Care Plan consistent with the requirements of Texas Government Code, Chapter 501, Subchapter E, the UTMB shall provide for the delivery of Health Care as defined in the Offender Health Services Plan (hereby incorporated as Exhibit A) and as further defined herein to those TDCJ Offenders in Units covered by this Contract and assigned to the UTMB in Exhibit D. This Contract is intended to describe the roles and responsibilities of the TDCJ, the CMHCC the UTMB and the TTUHSC, and incorporates the Description of Functional Responsibilities found in Exhibit B. The parties understand and agree that the payments set forth in Article III cover the services outlined in this Contract for only those Units and capacities listed in Exhibit D and the Centralized Statewide Services set forth in Article II.F of this Contract.
- B. **Uniform Level of Care:** It is the intent of the parties, in exchange for the payments herein defined, that the UTMB provide a uniform level of Health Care to all TDCJ Offenders.
- C. **Offender Health Services Plan:** The Offender Health Services Plan (Exhibit A) as approved by the CMHCC, and subsequent revisions to that Plan that are approved by the CMHCC, shall describe the services provided to TDCJ Offenders under this Contract. All services are subject to a determination of Medical Necessity. Changes to the Offender Health Services Plan will be considered and approved by the CMHCC only after approval of the changes by each of the Medical Directors through a joint committee process similar to that utilized for approval of health services policies and procedures.
- D. **Onsite Services:** Health Care Onsite Services include, in addition to the services detailed in the Offender Health Services Plan:

1. Unit Level Health Care Services, including sick call and nursing coverage at a level required for maintaining accreditation and meeting access to care standards.
2. Medical Record Services, with the exception of substance abuse and sex offender records, to include duplication of Medical Records as required by policy.
3. Health education/training for TDCJ Offenders, Health Care providers and correctional officers, as per policy.
4. Health Care related administrative management services.
5. First aid kits and spill kits, as specified in health services policy.
6. Supplies, sterile packs and gloves for the medical department only.
7. Bio-hazardous waste disposal.
8. Certified or licensed personnel to dispense medication at all Units.
9. Diagnostic services at designated facilities.
10. Collection of samples for purposes of Deoxyribonucleic Acid (DNA) analysis as required by State law.
11. Human Immunodeficiency Virus (HIV) testing as required by State law.
12. Emergency preparedness and response.
13. Dialysis services.
14. Pharmacy Services, subject to the requirement that all medications must be approved by and prescribed by legally authorized providers contracting with the TDCJ or the UTMB.
15. The UTMB will ensure that Unit security personnel have immediate access to Automated External Defibrillators (AED's) at times when the Unit is not staffed with licensed health care personnel.

E. Offsite Services: Health Care Offsite Services include, in addition to the services detailed in the Offender Health Services Plan:

1. Emergency, inpatient and outpatient services at hospitals (including infirmary and observation room services).
2. Specialty physician consults, surgeries, and treatment.

F. Centralized Statewide Services: The UTMB shall provide for delivery of the following centralized services statewide on behalf of the TDCJ:

1. **Medical Records:** maintain paper and/or electronic medical records, archive,, manage electronic medical records, provide technical support, and maintain forms control and death records.
2. **Radiology:** liaison with the Bureau of Radiation Control, provide radiation safety services, equipment registration with Bureau of Radiation Control and coordinate related policy and procedure development or revision.
3. **Medical Training:** provide health related training required for security staff during pre-service (Exhibit C) and in-service training academies, including Cardiopulmonary Resuscitation (CPR) instructor's training for TDCJ academy staff, annual Acquired Immunodeficiency Syndrome (AIDS) education and basic suicide prevention training for TDCJ staff, according to the schedule and locations found in the schedule published by the TDCJ.
4. **Burial/Autopsies:** coordinate and pay for burials and autopsies on a statewide basis for deceased TDCJ Offenders in Units covered by this Contract and listed in Exhibit D. A copy of the autopsy report shall be provided to the UTMB within thirty (30) days of receipt of the final report. The TDCJ Office of Inspector General, after conducting a custodial death investigation, may request that a deceased TDCJ Offender's body be sent to a Medical Examiner for autopsy. The UTMB's financial responsibility for the costs of an independent autopsy requested by the TDCJ Office of Inspector General shall be limited to the UTMB's current contracted rate for an autopsy examination. The disposition of remains will be conducted in accordance with TDCJ Policy AD-03.29 (Procedures for TDCJ Offender Deaths).
5. **Dialysis Services:** Provide or arrange for outpatient and inpatient dialysis services on a statewide basis for Offenders. This service includes establishing a center of clinical excellence and chronic care clinics for TDCJ Offenders with chronic kidney disease and pre-end stage renal disease that is supervised by a nephrologist. The objective being, to slow the progression of chronic kidney disease to kidney failure, thus avoiding the need for dialysis.

G. Services Provided by the TDCJ:

The TDCJ shall provide the following services which shall be financed directly by the TDCJ including, but not limited to:

1. Utilities, housekeeping, medical office trash removal, housekeeping supplies (including paper towels, toilet tissue, trash bags, floor buffers and pads, soap, wax, etc.) and maintenance of TDCJ facilities, to include good-faith efforts to

maintain necessary HVAC systems for medical clinic service areas in operable condition.

2. Administrative support services, including but not limited to, access and use of agency motor pool resources to include such items as fuel, tires, batteries, routine servicing for vehicles used solely for the provision of services to TDCJ Offenders; access to and use of agency mail systems; and, use of agency mainframe computer applications and basic telephone services. Administrative support services shall be used solely for TDCJ Offender care.
3. All capital equipment customarily included as part of the construction of any new TDCJ Unit clinics occupied after the effective date of this Contract. Prior written approval of the TDCJ is required for the addition of major capital equipment items which require additional facility infrastructure support such as power, water, wastewater, air conditioning, etc. to ensure sufficient support is available. Requests should be sent to the TDCJ Facilities Division, Planning and Programming Branch for written approval and coordination.
4. General and security orientation.
5. Routine and scheduled TDCJ Offender transportation services that do not require the presence of attending medical staff during transportation (e.g., Emergency Medical Services (EMS) ambulance runs). It is the intent of the parties to develop mutually acceptable schedules for routine transportation services provided by the TDCJ in order to maximize transportation efficiency to the extent practical.
6. All necessary TDCJ Forms/Medical Records used on site.
7. TDCJ policy and procedure manuals and guides, and appropriate revisions.
8. Printing of bilingual educational materials.
9. Computerized pharmacy system mainframe and peripheral equipment, maintenance and servicing.
10. Substance abuse and sex offender treatment programs and counseling.
11. Communication and coordination between the parties for TDCJ Unit completion and TDCJ Offender arrival schedules, with notification of TDCJ Offender occupancy a minimum of thirty (30) days prior to scheduled openings.
12. Requesting appropriations for funding of the Correctional Managed Health Care Program from the Legislature.
13. Those administrative and security services historically provided in support of the UTMB/TDCJ Hospital physically owned and operated by the UTMB at the UTMB

Galveston site. The UTMB shall remain responsible for utilities, maintenance, repair, medical services, ancillary services and other necessary support for the hospital consistent with historical practice.

14. Correctional officers to be assigned to the medical department at all times when TDCJ Offender Patients are present.
15. Establishing a managed health care provider network of physicians and hospitals to provide health care to persons confined by the TDCJ.
16. Evaluating and recommending new medical facilities that appropriately support the managed health care provider network.
17. Provisions necessary to ensure that the UTMB is eligible for and makes reasonable efforts to participate in the purchase of prescription drugs under Section 340B, Public Health Service Act (42 U.S.C. Section 256b).
18. Communicating with the Legislature regarding the financial needs of the UTMB Correctional Health Care System.
19. Monitoring the expenditures of the UTMB to ensure those expenditures comply with applicable statutory and contractual requirements.
20. Addressing problems found through the TDCJ Health Services Division and the UTMB's internal monitoring activities, including requiring corrective action if care does not meet expectations as determined by quality of care monitoring activities.
21. Identifying and addressing long-term needs of the Correctional Health Care System.

The TDCJ may provide the following services which shall be financed directly by the TDCJ including, but not limited to:

1. Contracting with an individual for financial consulting services and making use of financial monitoring of the Managed Health Care Plan to assist the TDCJ in determining an accurate capitation (funding) rate.
2. Contracting with an individual for actuarial consulting services to assist the TDCJ in determining trends in the health of the Offender population and the impact of those trends on future financial needs.

H. Services Provided by the CMHCC:

The CMHCC shall:

1. Develop and approve a Managed Health Care Plan for all persons confined by the TDCJ that specifies the types and general level of care to be provided to persons confined by the TDCJ;
2. Ensure continued access to needed care in the Correctional Health Care System; and
3. Advise the TDCJ and the Texas Board of Criminal Justice (TBCJ) as necessary, including providing medical expertise and assisting the TDCJ and the TBCJ in identifying system needs and resolving contract disputes.

The CMHCC may:

1. Appoint subcommittees to assist the TDCJ in developing policies and procedures for implementation of the Managed Health Care Plan;
2. Develop statewide policies for the delivery of Correctional Health Care; and
3. Report to the board at the TBCJ's regularly scheduled meeting each quarter on the CMHCC's policy recommendations.

I. Medical Transportation: The UTMB shall provide or arrange for EMS transportation of TDCJ Offender Patients to the UTMB/TDCJ Hospital in Galveston and/or free-world hospitals based on an assessment and clinical evaluation by a qualified health care professional. The TDCJ will be responsible for transportation by chain bus or other non-EMS transportation services.

1. For transfer of inpatients between a TDCJ infirmary or regional medical facility and the UTMB/TDCJ Hospital at Galveston or a free-world hospital, EMS transportation shall be routinely provided.
2. TDCJ transportation may be utilized for inpatient transfers provided that:
 - a. TDCJ Offenders transferring from one inpatient facility to another inpatient facility shall be assessed by the sending physician and/or mid-level practitioner;
 - b. documentation charted or noted that the TDCJ Offender is not anticipated to require medical intervention or assessment while enroute; and
 - c. the transport time by TDCJ van is less than three (3) hours.

3. If the criteria for TDCJ transport in paragraphs 2 (a) and (b) is met, but the transport time is greater than three (3) hours, the request for TDCJ transport shall be referred to the TDCJ Health Services Liaison for review and decision.
- J. Privately Operated Facilities of TDCJ:** The UTMB shall provide Health Care services in support of TDCJ's eleven (11) privately operated Correctional Facilities and State Jail Facilities listed in Exhibit D in accordance with the terms of this Contract.
- K. UTMB Hospital Galveston Beds:** UTMB Hospital Galveston beds are to be utilized only for those TDCJ Offenders under the CMHCC Health Care program.
- L. Elective Cosmetic Surgery:** No proceeds from this Contract shall be used to pay for elective cosmetic surgery without prior written approval of the TDCJ Division Director for Health Services.
- M. Employee-Related Health Care Services:** The UTMB, upon the employee's request, shall provide TDCJ Employee health services to the extent required by State law and Senate Bill 1, 83rd Legislature, Regular Session, Article V, Rider 14. Such health services include:
1. Immediate medical attention to TDCJ Employees injured in the performance of their duties on TDCJ Units.
 2. Medical attention and hospitalization by correctional medical staff and the correctional hospital facilities or payment of necessary medical expenses for employees injured while performing the duties of any hazardous position which is not reimbursed by workers' compensation and/or TDCJ Employees' state insurance, if specifically directed to do so by the TDCJ.
 3. Tuberculosis ("TB") screening that includes a Tuberculin Skin Test (TST) will be performed on all medical staff at the time of hire and periodically thereafter in accordance with recommendations and Employee TB Testing Policy B-14.3. Staff who have documented contraindication to a TST must be evaluated as directed by the Employee TB Testing Policy B-14.3.
 4. For documented TB occupational exposure, TB screenings will be performed as directed by the Tuberculosis Policy B-14.10. Referrals, if indicated, for a chest radiograph or anti-TB medications will be made to the Texas Department of State Health Services or the employee's private physician.
 5. For medically determined Human Immunodeficiency Virus (HIV)/Hepatitis B Virus (HBV)/Hepatitis C Virus (HCV) Occupational Exposure, TDCJ Employees will receive pre- and post-test counseling and testing at the Unit of assignment. Prophylaxis medications will be provided when indicated. Payment for staging and/or dispensing of prophylaxis medication is the responsibility of the TDCJ.

- N. Infectious Waste:** The handling of infectious waste will be in accordance with established Center for Disease Control (CDC) protocols and Texas Department of State Health Services standards.
- O. Utilization Review and Management:** The UTMB, with the advice and counsel of physicians and other health care professionals, shall ensure the establishment of a review program, which implements procedures for the efficient use of resources, consistent with State and federal law and the Offender Health Services Plan, for the rendition of Health Care. The program may include review of elective referrals, offsite utilization, health care case management, utilization management studies, emergency services, and hospital admissions on a retrospective, concurrent and prospective basis. Copies of written review procedures shall be filed with the TDCJ Health Services Division.
- P. Credentialing:** The UTMB shall require of its providers and any subcontractors they utilize, that all health care professionals meet applicable State of Texas licensure, certification and registration requirements. Current credentialing documentation and verification shall be maintained at each facility, consistent with accreditation standards and made available for inspection by the TDCJ upon request. The UTMB shall immediately notify the TDCJ Health Services Division of any restrictions placed on a health care professional's license by a Licensing Board prior or subsequent to hire, and any final internal or external disciplinary action (excluding peer reviews) taken against the professional. The UTMB will not hire or maintain health care providers whose licenses restrict them to practice only in correctional institutions. Health care staff shall not be employed at a TDCJ institution unless they pass TDCJ security clearance procedures. Decisions from the TDCJ on security clearances shall be provided within a reasonable time of submission of the required information to the TDCJ, unless the parties mutually agree to extend the timeframe. Should the security clearance require more than five (5) business days, the UTMB and the TDCJ Division Director for Health Services will be notified. In the event that there is a disagreement between the UTMB and the TDCJ relating to a security clearance, the matter shall be referred to the TDCJ Division Director for Health Services for review and decision.
- Q. Human Resource Policies:** The parties acknowledge that the responsibility for personnel issues to include human resource policies, personnel selection and promotion, disciplinary procedures, compensation policies and other employment-related matters rests with the employing agency and shall be governed by all applicable State and federal laws and employing agency policies and rules. Health care staff shall comply with all other TDCJ policies and rules while on TDCJ premises.
- R. Employee Services:** The TDCJ shall provide UTMB employees (but not to subcontractors of the UTMB) with meals, use of barber facilities, and access to laundry, commissary, recreational and other services in a manner and at a cost consistent with those offered to TDCJ Employees.
- S. Capital Assets:** The parties hereby acknowledge that the TDCJ and the UTMB are each subject to the provisions of Texas Government Code, Chapter 403, Subchapter L.

The parties further acknowledge that each entity is responsible for compliance with the rules and procedures for accounting for state property promulgated by the Comptroller of Public Accounts pursuant to that law, including the proper recording of Capital Assets on the State Property Accounting (SPA) System. The parties agree to abide by Capital Asset value limitations and definitions established for the SPA System and nothing in this Contract changes the reporting thresholds established by the SPA System.

1. The transfer of Capital Assets used in the delivery of medical care (documented by electronic transfer documents from the TDCJ to the UTMB) was effectuated by the Contract between the CMHCC and the TDCJ dated August 24, 1995 and which expired August 31, 1997. The Capital Assets originally transferred or subsequently transferred under this prior contract are for the beneficial use of the State of Texas and shall not be used for any other purpose. Such Capital Assets may be transferred as needed among TDCJ facilities but shall not be removed from TDCJ premises. The UTMB shall notify the TDCJ Health Services Division of the nature of use of such Capital Assets for benefit of any state entity or individual other than the TDCJ. Use of such Capital Assets shall not negatively impact on provision of services to the TDCJ as provided in this Contract.
2. Subject to state inventory reporting requirements, annually in September, the UTMB shall submit to the TDCJ a complete list of Capital Assets at each location including description and property number. Changes to the most recent inventory, consisting of the lists of purchased or transferred equipment and notifications for disposal of equipment shall be submitted to the TDCJ quarterly.
3. The UTMB retains accountability for Capital Assets and responsibility for maintenance, repair or replacement as may be necessary. Any maintenance and repair issues that may arise relating to Capital Assets covered under terms of the construction warranty documents shall be handled in accordance with procedures of the TDCJ Facilities Division's Warranty Office.
4. In the event that a current contract with the UTMB is completed, terminated or canceled, those Capital Assets originally transferred, subsequently transferred or purchased with proceeds from this Contract shall be identified through the SPA System by location code and transferred to the TDCJ in accordance with procedures for inter-agency transfer of property. In the event of a dispute over the transfer of one or more items of property, the parties shall refer the matter to the Comptroller of Public Accounts for resolution.
5. It is understood that costs related to the acquisition, maintenance and replacement of Capital Assets referenced in this section are included in the financial reporting required by Article IV of this Contract including the allocated share of costs for such Capital Assets benefiting programs other than the TDCJ. The remaining share of such costs shall be allocated to those programs benefiting from the Capital Assets.

- T. Medical Records:** All Medical Records of TDCJ Offenders receiving Health Care under this Contract with the exception of Hospital Medical Records are the property of the TDCJ. The UTMB has the right to retain copies of such Medical Records. The TDCJ will designate a custodian of all Medical Records with the designee's approval and/or consent.
1. The UTMB shall include provisions in its subcontracts allowing the TDCJ access, on request and at no cost, to Hospital Medical Records, that shall be made part of the TDCJ Offender's permanent medical file, including the patient discharge summary, subject to medical confidentiality laws. Any subcontractor which refuses to provide records on request shall be referred to the UTMB for consideration of corrective action.
 2. The designated custodian of Medical Records is responsible for the maintenance of Medical Records and responses to requests and subpoenas for Medical Records. Such maintenance and responses shall be in accordance with the policies and procedures promulgated as a result of the Joint Health Care Policies and Procedures Committee and applicable State and federal law.
 3. The Electronic Medical Record (EMR) system is operated and managed by the designated custodian of Medical Records and shall be utilized by the UTMB. The designated custodian of Medical Records shall ensure the UTMB has access to the EMR system as well as the following:
 - a. Provide adequate and timely updates for software, networking, and server.
 - b. Provide adequate and timely technical support.
 - c. Establish system redundancy and shall coordinate an approved system outage window for an annual failover test and complete the annual performance test of the failover solution implemented and provide to the TDCJ within two (2) weeks of the test completion, with adequate documentation to demonstrate the successful test results.
 - d. Assure EMR system is medico-legally compliant.
 - e. The UTMB agrees to work cooperatively in planning activities related to system infrastructure, network, hardware and software upgrades or changes that may be necessary to support the effective and efficient operation of the EMR system. The UTMB agrees to proportionately share the costs of such upgrades provided that the UTMB has agreed in advance to the changes and the costs.
 4. New and revised Medical Record forms and policies are to be approved by the Medical Director's Committee.

5. Subject to existing software license and related provisions, the designated custodian of Medical Records shall provide read-only EMR access, to all private facilities such as Intermediate Sanction Facilities, Pre-Parole Transfer Facilities or other secure facilities that have custody of TDCJ Offenders.

U. Health Care Confidentiality: In order to ensure that provisions of State and federal law relating to the confidentiality of Health Care Information are met, the parties herein acknowledge that:

1. The UTMB agrees to provide Protected Health Information (PHI) to CMHCC authorized representatives. The TDCJ Medical Director or Medical Director's designees are authorized representatives of the CMHCC for the purpose of requesting and receiving, without limitation, Health Care Information from the UTMB. Other TDCJ Employees may have access to PHI as permitted in situations outlined and authorized by 42 C.F.R. §164.512 of the Health Insurance Portability and Accountability Act (HIPAA) and as set forth in paragraphs 2 and 3 below.
2. Disclosure of PHI of TDCJ Offenders in the custody of the TDCJ between the parties is required for the following purposes within the correctional system:
 - a. Use in determining medically appropriate classification, housing and job assignments;
 - b. Use in determining an TDCJ Offender's ability to participate in programmatic activities;
 - c. Use in the processes involved in monitoring the delivery of Health Care services, including both access to Health Care and the quality of Health Care;
 - d. Use in the investigation and response to grievances and complaints from Individual TDCJ Offenders regarding their Health Care services;
 - e. Use in the investigation and response to complaints from third parties about the Health Care services provided to TDCJ Offenders;
 - f. Use in preventive medicine monitoring and reporting activities;
 - g. Use in ensuring appropriate continuity of care planning is available for Offenders;
 - h. Use in qualifying TDCJ Offenders for release consideration under provisions of State law related to Medically Recommended Intensive Supervision (MRIS);
 - i. Use in responding to TDCJ Offender emergency medical needs; and
 - j. Use in providing Health Care to TDCJ Offenders.
3. The parties further agree that the disclosure of PHI of TDCJ Offenders in the custody of the TDCJ is necessary for:
 - a. The provision of Health Care to TDCJ's Offenders;
 - b. The health and safety of the TDCJ Offender or other Offenders;

- c. The health and safety of the officers or employees of or others at the correctional institutions;
 - d. The health and safety of such individuals and officers or other persons responsible for transporting of TDCJ Offenders or their transfer from one institution, facility, or setting to another;
 - e. Law enforcement on the premises of the correctional institution;
 - f. The administration and maintenance of the safety, security and good order of the correctional institution;
 - g. The provision of TDCJ Offender emergency medical care; and
 - h. The need to obtain discoverable information as permitted by HIPAA with respect to judicial and administrative proceedings.
4. The parties further agree that any PHI shared among the parties pursuant to this Contract may not be further disclosed to other parties except as permitted by law. Liability for inappropriate disclosure of PHI rests with the party that inappropriately disclosed the information.
 5. Subject to the contractual restrictions on the release of confidential and proprietary information and subject to the intellectual property rules of The University of Texas System Board of Regents, any software, research, reports, studies, data, photographs, negatives or other documents, drawings or materials prepared by the UTMB in the performance of its obligations under this Contract shall be the exclusive property of the State of Texas and all such materials shall be delivered to the TDCJ by the UTMB upon completion, termination or cancellation of this Contract. The UTMB may, at its own expense, keep copies of all its writings for its personal files. The UTMB shall not use, willingly allow, or cause to have such materials used for any purpose other than the performance of the UTMB's obligations under this Contract without prior written consent of the TDCJ; provided, however, that the UTMB shall be allowed to use non-confidential materials for writing samples in pursuit of the work. Subject to contractual restrictions on the release of confidential and proprietary information and subject to the intellectual property rules of The University of Texas System Board of Regents, the ownership rights described herein shall include, but not be limited to, the right to copy, publish, display, transfer, prepare, derivative works, or otherwise use the works.
- V. Continuity of Care:** The UTMB, including its components, affiliates and subcontractors shall abide by the disclosure provisions of Chapter 614, Health and Safety Code, regarding TDCJ Offenders who require continuity of care including accessing and sharing release of medical and/or psychiatric information as authorized by Chapter 614, Health and Safety Code, at the time of intake, prior to and after the Offender's release from custody.

The UTMB shall ensure that all TDCJ Offenders who require continuity of care are identified with a PULHES score indicator of 4 and will be reported to the TDCJ-Reentry and Integration Division (RID), Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI). Upon request from TCOOMMI, the UTMB will provide

information related to the Offender's current medical status, to be utilized by TCOOMMI staff in coordinating post-release placement and care.

- W. Medically Recommended Intensive Supervision:** Subject to federal and State law, the UTMB shall gather and report medical information necessary to facilitate the release of Offenders on MRIS to TCOOMMI. Requests for medical screening forms in response to an application for MRIS shall be responded to within three (3) working days; requests for medical summaries shall be responded to within five (5) working days. The UTMB's designated physician shall serve as a consultant to the Parole Board to facilitate the Parole Board's comprehension of the clinical information submitted by the UTMB. TCOOMMI shall provide monthly reports of the status of requests for medical summaries to the UTMB Medical Director or Medical Director designee for review.
1. TCOOMMI shall inform the UTMB of Offenders who are approved for MRIS. The UTMB shall in turn provide information related to the Offender's current medical status to be utilized by TCOOMMI staff in coordinating post-release placement and care. Any changes in the Offender's condition since the date of medical summary completion are to be reported.
 2. In the event that a TDCJ Offender patient is an inpatient at a free-world hospital at the time they become no longer eligible for services under this Contract, the TDCJ, TCOOMMI and the UTMB will work cooperatively to ensure the transfer of responsibility for continued care of the TDCJ Offender patient. For the purposes of this provision, "no longer eligible" means TDCJ Offenders:
 - a. who have discharged their sentence; been placed on mandatory supervision; been approved for regular parole; or have been approved for MRIS release; and
 - b. cannot be transferred to their designated release plan due to their medical condition.
- X. Medical Research:** Medical research involving TDCJ Offenders shall be conducted in accordance with the TDCJ Agency Research Policy AD-02.28.
- Y. Emergency Preparedness and Response:** The UTMB shall participate in emergency preparedness training activities of the TDCJ. The UTMB shall also ensure that a UTMB mental health staff person participates as a bona fide member of the TDCJ hostage negotiation teams.
- Z. Utilization of Other Facilities:** The UTMB agrees to use best efforts to fully utilize the TDCJ's contracts with Huntsville Memorial Hospital.
- AA. Corrections Medication Aides Training:** The TDCJ, in cooperation with the TTUHSC and the UTMB, shall maintain a training program for corrections medication aides that uses a curriculum specific to administering medication in a correctional setting that is approved by the Texas Department of Aging and Disability Services (DADS).

**Article III
PAYMENT PROVISIONS**

A. Payment Schedule: The TDCJ agrees to pay the UTMB as follows:

Advanced Payments: The TDCJ shall make eight (8) advance payments to the UTMB for the eight (8) quarters of FY 2014 and FY 2015 corresponding with the Term in the amount of \$768,566,449.00, as follows ("Advance Payments"):

FY 2014:

Strategy	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
C.1.7	\$49,577,241.00	\$49,032,435.00	\$50,122,045.00	\$50,122,045.00	\$198,853,766.00
C.1.8	\$33,766,160.00	\$33,395,104.00	\$34,137,217.00	\$34,137,217.00	\$135,435,698.00
C.1.9	\$11,478,333.00	\$11,352,197.00	\$11,604,468.00	\$11,604,468.00	\$ 46,039,466.00
Total	\$94,821,734.00	\$93,779,736.00	\$95,863,730.00	\$95,863,730.00	\$380,328,930.00

- 1st Quarter Advance Payment September 6, 2013
- 2nd Quarter Advance Payment November 20, 2013
- 3rd Quarter Advance Payment February 20, 2014
- 4th Quarter Advance Payment May 20, 2014

If the payment date falls on a weekend, the payment will be made on the following Monday.

FY 2015:

Strategy	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
C.1.7	50,490,565.00	49,935,724.00	\$51,045,406.00	\$51,045,406.00	\$202,517,101.00
C.1.8	\$34,832,773.00	\$34,449,996.00	\$35,215,552.00	\$35,215,552.00	\$139,713,873.00
C.1.9	\$11,470,125.00	\$11,344,080.00	\$11,596,170.00	11,596,170.00	\$ 46,006,545.00
Total	\$96,793,463.00	\$95,729,800.00	\$97,857,128.00	\$97,857,128.00	\$388,237,519.00

- 1st Quarter Advance Payment September 5, 2014
- 2nd Quarter Advance Payment November 20, 2014
- 3rd Quarter Advance Payment February 20, 2015
- 4th Quarter Advance Payment May 20, 2015

If the payment date falls on a weekend, the payment will be made on the following Monday.

Strategy Funding FY 2014- FY 2015 Biennium:

Strategy	FY 2014	FY 2015	Biennial
C.1.7	\$198,853,766.00	\$202,517,101.00	\$401,370,867.00
C.1.8	\$135,435,698.00	\$139,713,873.00	\$275,149,571.00
C.1.9	\$ 46,039,466.00	\$ 46,006,545.00	\$ 92,046,011.00
Total	\$380,328,930.00	\$388,237,519.00	\$768,566,449.00

- B. Appropriation Rider Acknowledgements:** The parties acknowledge the applicability of Senate Bill 1, 83rd Legislature, Regular Session, Article V, Rider 50 (Exhibit F). TDCJ acknowledges access to full FY 2014 and FY 2015 appropriations to fully fund UTMB's Allowable Costs for providing Health Care services under this Contract, subject to any required approvals by the Legislative Budget Board (LBB) or the Legislature:
- C. Basis for Payments:** The parties understand and agree that the payments outlined herein cover the services outlined in this Contract for only those Units and capacities listed in Exhibit D and statewide services specified in this Contract. The provision of services for any Material expansion of capacity beyond that contemplated in Exhibit D may require additional payment and prior written agreement, subject to any required approvals by the LBB or Legislature. The parties further understand and agree that this Contract is entered into with an understanding that the level of services required shall be consistent with the accepted national standards of care at the time of execution of this Contract. Any Material changes in the national standards of care as promulgated and approved by national authorities, such as the National Institute of Health or the U.S. Centers for Disease Control and Prevention may be cause to renegotiate the terms and amounts of this Contract subject to any required approvals by the LBB or Legislature. The payment amounts listed above may be further adjusted to a mutually agreed amount and the Contract amount in Article V may be increased or decreased by amending this Contract, subject to any required approvals by the LBB or Legislature, should the volume, type or intensity of the Health Care services required to be provided by the UTMB increase or decrease in a Material way during the term of this Contract, as a result of, but not limited to, new or revised TDCJ policies, procedures or regulations, changing conditions or court mandates.
- D. Requirement for Fiscal Estimate for Additional Services:** If during the period this Contract is in effect, additional services beyond those contemplated by the Contract are requested, the TDCJ and the UTMB agree to work cooperatively to develop a fiscal estimate indicating the anticipated cost and/or savings related to the request and identifying a source(s) of funding for the additional services. At a minimum, the

methodology, cost categories and expenditure detail that is agreed upon for reporting Allowable Costs for the base level of services defined in this Contract shall be used to estimate costs for additional services, as applicable.

- E. Reimbursement for Services:** The UTMB shall be reimbursed by the TDCJ its estimated Allowable Costs for services provided under this FY 2014-FY 2015 Contract pursuant to the following Interim rate schedule, subject to end of term reconciliation procedures in Article III.F to the UTMB's Allowable Costs:

Service	Rate Schedule	Rider 50 Strategy
Inpatient Hospital Services (Hospital Galveston)	Interim TEFRA Rates (currently 48% of UTMB's total billed charges)	C.1.8 – Managed Health Care - Hospital and Clinical Care
Outpatient Hospital Services (UTMB Facilities)	Interim TEFRA Rates (outpatient non-lab currently 40% of total billed charges and outpatient lab currently 20% of total billed charges)	C.1.8 – Managed Health Care - Hospital and Clinical Care
Physician Services	Cost	C.1.8 – Managed Health Care - Hospital and Clinical Care
Autopsies	\$2,100 per Autopsy	C.1.7 – Managed Health Care Unit and Psychiatric Care
Pharmacy Services	Cost	C.1.9 – Managed Health Care - Pharmacy
Unit Operations	Cost	C.1.7 – Managed Health Care - Unit and Psychiatric Care
Free-world Contract Providers	No Greater Than 100% Medicare Unless Prior Legislative Budget Board Approval	C.1.8 – Managed Health Care - Hospital and Clinical Care

- Hospital Services:** TEFRA rates are updated annually by the Texas Medicaid Healthcare Partnership based on the UTMB's most current settled Medicaid cost report. The UTMB may update Interim TEFRA rates based on actual cost data for inpatient and outpatient hospital services throughout the year. These services should be reimbursed at an amount no greater than the UTMB's Allowable Costs. Upon completion of the UTMB's annual cost report, the UTMB's final cost figures and applicable adjustments will be used to determine over- or underpayments based on established Medicaid standards.

2. Indirect Costs: In accordance with the definition of Allowable Costs, the TDCJ shall reimburse the UTMB for actual indirect administrative services cost based on generally accepted accounting principles. The UTMB shall allocate actual indirect costs to the Correctional Managed Health Care program.

F. Reimbursement for Natural or Manmade Catastrophe: In the event of a Natural or Manmade Catastrophe, the UTMB shall be reimbursed by the TDCJ for all Allowable Costs specifically related to the catastrophe and provided to the TDCJ Offenders and employees, provided the TDCJ has reviewed and verified the expenses and certified the event as a Natural or Manmade Catastrophe.

G. Quarterly and Annual Reconciliations:

1. Quarterly Reconciliation: On or before December 20, 2013, March 20, 2014, June 20, 2014, September 20, 2014, December 20, 2014, March 20, 2015, June 20, 2015 and September 20, 2015, the UTMB shall submit to the TDCJ a computation sheet indicating its initial computation of (a) the actual Correctional Health Care services provided by the UTMB and the rates for such services for FY 2014 and FY 2015 through the quarter then ended (including estimated free-world contract provider expenditures incurred by the UTMB but not reported), (b) the Advance Payments paid by the TDCJ to the UTMB, and (c) any excess or deficit between the rates (including estimated free-world contract provider expenditures incurred by the UTMB but not reported) and the Advance Payments (as applicable, "Excess" or "Deficit"). In the event there is an Excess determined during the December 20, 2013, March 20, 2014, June 20, 2014, September 20, 2014, December 20, 2014, March 20, 2015 and June 20, 2015 quarterly reconciliations, the UTMB shall retain such Excess as additional Advance Payments. In the event there is an Excess determined during the September 20, 2015 quarterly reconciliation, the UTMB shall return such Excess to the TDCJ within fifteen (15) days of the UTMB's submission of the initial reconciliation computation sheet for such quarter, unless otherwise instructed by the TDCJ. In the event there is a Deficit, the TDCJ shall pay the Deficit to the UTMB within fifteen (15) days of the TDCJ's receipt of the initial reconciliation computation sheet for each quarter, subject to any required approvals by the Legislative Budget Board or the Legislature.
2. Annual Reconciliation: On or before the thirtieth (30th) day following the UTMB's filing of UTMB's FY 2014 and FY 2015 Medicaid cost report, and the completion of UTMB's actual physician costs, the UTMB shall submit to the TDCJ a final computation sheet indicating its final computations of (a) the actual costs for the Correctional Health Care services provided by the UTMB during FY 2014 and FY 2015 (including free-world contract provider actual expenditures incurred by the UTMB), (b) the Advance Payments paid by the TDCJ to the UTMB, and (c) any Excess or Deficit between the rates (including free-world contract provider expenditures incurred by the UTMB) and the Advance Payments. In the event there is an Excess determined during the year end reconciliation, the UTMB shall

return such Excess to the TDCJ within fifteen (15) days of the UTMB's submission of the final reconciliation computation sheet, unless otherwise instructed by the TDCJ. In the event there is a Deficit, the TDCJ shall pay the Deficit to the UTMB within fifteen (15) days of the TDCJ's receipt of the final reconciliation computation sheet, subject to any required approvals by the Legislative Budget Board or the Legislature.

H. Unemployment and Workers' Compensation Reimbursements: The UTMB shall be responsible for unemployment and workers' compensation claims for their employees.

I. Change in Appropriations: The undersigned parties understand and agree that payment for services outlined in this Contract are based on appropriations for Strategy C.1.7, Managed Health Care – Unit and Psychiatric Care ; Strategy C.1.8, Managed Health Care – Hospital and Clinical Care and Strategy C.1.9, Managed Health Care – Pharmacy found in SB 1, 83rd Legislature, Regular Session, 2013. Any change in the appropriations amounts made by the Legislature, by budget execution or other action beyond the control of the TDCJ shall be cause for this Contract to be renegotiated and/or canceled by any of the parties.

J. Restrictions on Expenditures:

1. All expenditures made from funds allocated through this Contract to the UTMB shall be for actual costs (see Article I., Section 1.1) for services provided to the TDCJ under the terms of this Contract. The UTMB shall properly allocate expenditures and segregate funding sources for TDCJ and non-TDCJ health care services. The TDCJ shall through its contract monitoring procedures ensure that the UTMB properly allocate expenditures and segregate funding sources for TDCJ and non-TDCJ Managed Health Care program.
2. While the parties acknowledge that once funds have been earned by the UTMB under the terms of this Contract, such funds are considered local funds, the parties agree that all expenditures will be made in accordance with the State Comptroller's guidelines for utilization of general revenue funds. These guidelines include definitions for allowable and unallowable expenditures of general revenue funds. The parties further agree to the following exceptions:
 - a. On a case-by-case basis, the UTMB may request that additional exceptions to the restrictions on expenditures be approved by the TDCJ.
 - b. In no event may the funds earned under this Contract be expended for the following items, including but not limited to:
 - 1) food items for employees or prospective employees, other than payments for meals made as a part of a travel reimbursement in compliance with state travel regulations;
 - 2) flowers or decorative plants;

- 3) gifts and awards for employees, other than service awards subject to limitations set by the Government Code Section 2113.201; and
 - 4) costs related to staging employee celebrations such as retirement parties, special recognitions, graduations, promotions or similar such events.
3. The UTMB shall maintain detailed payroll records for each employee that allow for an accurate allocation of payroll costs between TDCJ and non-TDCJ contracts based on actual hours worked. The TDCJ shall include procedures for reviewing and testing those allocations in the financial monitoring activities of the UTMB.
- K. Notice and Review of Certain Spending Initiatives:** The TDCJ shall be provided at least sixty (60) days advance notice of spending initiatives undertaken by any of the parties that are projected to represent a significant cost increase to the program. For the purposes of this paragraph, a significant cost increase is defined as an amount over \$1,000,000. Examples of such initiatives include, but are not limited to, across the board salary increases for staff, purchases of new equipment, or changes in procurement practices. During the sixty (60) day period following notice to the TDCJ, TDCJ staff shall review the supporting detail and rationale for the initiative. At its option, TDCJ staff may elect to refer such an initiative to the CMHCC for review at its next regularly scheduled meeting. If an initiative is referred to the CMHCC, the implementation of the initiative shall be postponed until completion of the CMHCC review.
- L. Right to Audit Allowable Costs:** The parties acknowledge and agree that the UTMB's Allowable Costs for providing Correctional Health Care services, as described in Article III above, are subject to biennial review by the organization that is contracted with the HHSC to audit the UTMB's Medicaid cost report; provided, however, that nothing in this Article shall in any way be read to limit the ability of the State Auditor's Office, the CMHCC or the TDCJ from auditing the UTMB's Allowable Costs.
- M. Market Adjustments to Retain/Hire Staff:** The parties hereby acknowledge that funding was appropriated by the Legislature specifically for Offender Health Care market adjustments to retain/hire staff and is to be used for services provided to the TDCJ for the purposes displayed below:
- | | |
|--|----------------|
| C.1.7 Managed Health Care – Unit and Psychiatric Care | |
| FY 2014 – 4.0% | FY 2015 – 0.0% |
-
- | | |
|---|----------------|
| C.1.9 Managed Health Care – Pharmacy | |
| FY 2014 – 4.0% | FY 2015 – 0.0% |
- N. Critical Capital Equipment Replacement:** The parties hereby acknowledge that \$4,751,632.00 was appropriated by the Legislature specifically for Offender Health Care funding for critical capital equipment replacement and is to be used for services provided to the TDCJ for the purposes displayed below:

C.1.7 Managed Health Care – Unit and Psychiatric Care

FY 2014 **\$2,007,750.00**

- Medical Equipment - \$1,253,750.00
- Information Technology Needs - \$605,750.00
- Replacement of Vehicles - \$148,250.00

FY 2015 **\$1,736,699.00**

- Medical Equipment - \$1,217,449.00
- Information Technology Needs - \$372,750.00
- Replacement of Vehicles - \$146,500.00

C.1.9 Managed Health Care – Pharmacy

FY 2014 **\$614,600.00**

- Information Technology Needs - \$260,650.00
- Other Equipment - \$353,950.00

FY 2015 **\$392,583.00**

- Information Technology Needs - \$85,195.00
- Other Equipment - \$307,388.00

It is the parties' objective to acquire such capital equipment as early as feasible during this contract term, upon submission of a capital plan and subject to any required approvals from the LBB and Legislature as outlined in this contract.

- O. Right to Audit Provision:** The parties understand that acceptance of funds under this Agreement acts as acceptance of the authority of the State Auditor's Office, the TDCJ, the CMHCC or any successor agency, to conduct an audit or investigation in connection with those funds. The parties further agree to cooperate fully with the above parties in the conduct of the audit or investigation, including providing all records requested. The parties shall ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through the UTMB and the requirement to cooperate is included in any subcontract it awards.

Article IV

FINANCIAL REPORTING AND MONITORING PROVISIONS

- A. Financial Reports:** The TDCJ shall develop and distribute financial reports detailing all expenditures made to provide services under this Contract and reflecting the actual costs of providing Health Care. The UTMB shall provide information necessary to complete financial reports. Such reports include:

1. Monthly reports detailing all actual expenditures made to provide services required by the Contract including information such as, but not limited to:

- a. A standard financial report summary (summary level information totals);
 - b. Supporting Detail: Salary/Benefit Costs by Unit/ Department;
 - c. Supporting Detail: Operating Costs by object of expense;
 - d. Supporting Detail: Capital Asset Acquisitions;
 - e. Supporting Detail: Payments to Free-world Providers (Physician/Hospital/EMS costs);
 - f. Supporting Detail: Payments to UTMB Physicians and Hospital; and
 - g. Supporting Detail: Allocation of Direct and Indirect Expenditures.
2. Monthly reports detailing all actual revenue applied to the Contract including both payments from the Contracts and benefit reimbursements made directly to the UTMB.
 3. Reports identifying all personnel assigned to TDCJ contracts who also provide services for other UTMB contracts, with information on the allocation of those costs and methods used to verify the accuracy of those allocations.
 4. Reports, on at least a quarterly basis, detailing historical and current payments compared with actual costs and revenues.
 5. Quarterly reports to the Legislative Budget Board and the Office of the Governor.
 6. Completion of schedules relating to the Annual Financial Report meeting the requirements of Texas Government Code, Section 2101.011 as directed by the Comptroller of Public Accounts.
 7. Other financial reports required by the TDCJ.
- B. Reporting Formats and Schedules:** The TDCJ and the UTMB agree to continue to work cooperatively to identify reporting data requirements, to adopt standardized report formats and to comply with schedules for reporting information to the TDCJ. Monthly financial data is due to the TDCJ from the UTMB not later than the twentieth (20th) day of the following month, and will be subsequently updated in accordance with the provisions of Article III.G, as necessary.
- C. Financial Monitoring:** The TDCJ with the cooperation of the UTMB and subcontractors, shall conduct monitoring activities designed to verify the accuracy of data included in financial reports and enforce the financial provisions of this Contract. Such activities shall include, but not be limited to:
1. Provisions for the TDCJ to have access to a portion of the university internal auditor resources to assist the TDCJ in risk assessment, testing and expense verification activities.

The minimum number of audit hours made available to the TDCJ by the UTMB will be five hundred (500) hours per year.

2. Procedures for testing samples of expenditures to review and verify supporting documentation.
3. Provisions for TDCJ staff, internal auditors or agents of the TDCJ to access, test and validate transactions charged to the TDCJ's Managed Health Care Contracts.
4. Summaries of all financial monitoring activities and copies of internal audit reports relating to the Correctional Managed Health Care Program will be provided to the UTMB and the TDCJ as a part of the routine financial reports issued by the TDCJ.

Article V CONTRACT AMOUNT

The amount of this Contract shall not exceed \$768,566,449.00 for the period of September 1, 2013 through August 31, 2015 unless adjusted in accordance with the terms of the Contract.

Article VI OFFENDER POPULATION

The TDCJ shall have responsibility for placement of TDCJ Offenders. This will be accomplished in conformity with the governing statute, Texas Government Code, Chapter 494, and existing classification criteria. The TDCJ State Classification Committee shall have sole responsibility for the placement of TDCJ Offenders in the Units, provided however, that the decision to admit or discharge a TDCJ Offender patient to/from a regional medical facility, infirmary or hospital is the sole responsibility of the treating physician. The TDCJ shall make a good-faith effort to initiate the review, classification and transfer of TDCJ Offender patients from infirmary beds upon notification that the TDCJ Offender patient is able to return to the population. Concerns about delays in transfer of discharged TDCJ Offender patients from an infirmary shall be communicated to the TDCJ Division Director for Health Services.

Article VII INDEPENDENT CONTRACTORS

Nothing contained herein shall be construed as creating the relationship of employer and employee between the TDCJ, its employees, agents and contractors and the UTMB, its employees, agents and contractors. In carrying out the terms of this Contract, the UTMB shall select its own employees and Participating Providers.

Article VIII QUALITY OF CARE MONITORING

A. Cooperation in Quality of Care Monitoring: The parties hereby acknowledge that pursuant to Texas Government Code, Section 501, Subchapter E, the CMHCC is responsible for establishing procedures for monitoring the quality of care delivered by the health care providers. The TDCJ is responsible for enforcing compliance with Contract provisions, including requiring corrective action if care does not meet expectations as determined by quality of care monitoring activities as required by Texas Government Code, Section 501.148 (a) (5) and Section 501.150. The parties further acknowledge and agree that the delivery and monitoring of Health Care within the Texas correctional system requires coordinated and cooperative efforts from all parties, including subcontractors.

1. The TDCJ and the UTMB shall cooperate in monitoring quality of care.
2. The TDCJ shall monitor the quality of care delivered by the health care providers, including investigating medical grievances, ensuring access to medical care and conducting periodic operational reviews of medical care provided at its Units.
3. The clinical and professional resources of the health care providers shall be used to the greatest extent feasible for clinical oversight of quality of care issues. The TDCJ may require the health care providers to take corrective action if the care provided does not meet expectations as determined by quality of care monitoring.
4. The TDCJ and the UTMB shall communicate the results of their monitoring activities, including a list of and the status of any corrective actions to the CMHCC and to the TBCJ.
5. To ensure the effectiveness and efficiency of such efforts, the TDCJ, in coordination with and in consideration of input from the UTMB and the CMHCC, has applied key principles involved in monitoring the Correctional Health Care System, including monitoring operational results to determine overall performance or compliance. These principles include:
 - a. Definitions of the roles and responsibilities of the TDCJ, the CMHCC and the UTMB in regard to monitoring activities;
 - b. Designation of formal notification mechanisms for communicating and sharing information related to monitoring activities, results and trends;
 - c. Formal reporting mechanisms for communicating the results of monitoring activities to the CMHCC, the TDCJ and to the UTMB;
 - d. Delineation of the timeframes for review and comment on monitoring reports and for filing corrective action plans in response to those reports;
 - e. Identification of specific self-monitoring activities intended to maximize the clinical oversight of quality of care issues through the clinical and

professional resources of the health care providers and the appropriate means of sharing the results of those activities among the parties;

- f. Requirements that the UTMB monitors all subcontractors with whom the UTMB contracts for services and reports the results of such monitoring to the TDCJ and the CMHCC. Performance standards and monitoring criteria shall meet as a minimum, performance standards set forth in this Contract for the UTMB. Performance standards and monitoring criteria shall be included in each subcontract executed by the UTMB under this Contract, and provisions for financial remedies and cancellation of the subcontract if the performance measures are not attained by the subcontractor;
- g. Definition of the roles of the UTMB in assisting the TDCJ and responding to the TDCJ's responsibilities related to the investigation of medical grievances, ensuring access to medical care and conducting periodic operational reviews of medical care provided at its Units; and
- h. Provisions for follow-up reporting, verification and enforcement of corrective actions.

- B. Accreditation:** The TDCJ and the UTMB agree to obtain and maintain American Correctional Association (ACA) accreditation as required in Article IX.A in accordance with Exhibit E. The TDCJ agrees to pay the entire ACA accreditation or re-accreditation fee for the facility.
- C. Health Care Provider Credentials:** All health care providers must have and maintain appropriate licensure or certification as outlined in Article II.P of this Contract. Verification of current credentials must be maintained and made available upon request of the TDCJ Health Services Division.
- D. Operational Review:** All Unit Health Care Facilities are subject to routine or special Operational Review Inspections conducted to ascertain compliance with Health Care policies. The TDCJ's Health Services Division will develop and implement a system-wide assessment mechanism for Operational Review results and perform trend analyses of these results to identify recurring issues and to identify at risk Units for special audit reviews. Following each Operational Review, the status of compliance with the policies shall be documented in a written report provided to the UTMB. Corrective action plans shall be developed for any identified deficiencies below 80% and submitted to the TDCJ Health Services Division Director for approval in accordance with established procedures.
- E. Access to Care Reporting:** Access to care shall be afforded by the TDCJ and the UTMB in accordance with approved health services policies and procedures. All Unit Health Care Facilities shall monitor access to care indicators monthly in accordance with approved methodologies. A rate of compliance below 80% for any indicator shall be cause for the UTMB Medical Director or designee to review the indicator and initiate corrective action as appropriate. At the discretion of the TDCJ Health Services Division

Director, or upon request of the UTMB or the CMHCC, any Unit may be required to report access to care monitoring results on a bi-weekly basis until at least ninety (90) days of compliance has been demonstrated. All newly opened Units or Units with a change in the Health Care Contractor shall be monitored on a bi-weekly basis until demonstrated compliance is documented for at least ninety (90) days.

- F. Quality Improvement Plan:** All Unit Health Care Facilities are responsible for developing and maintaining an on-going self-monitoring program as outlined in the Quality Improvement Plan adopted by the CMHCC.
- G. Staffing Levels:** Each Unit Health Care Facility shall maintain a written staffing plan that assures a sufficient number of qualified health care personnel of varying types necessary to provide Health Care services. Written unit staffing plans will be made available to the TDCJ Health Services Division staff upon request. The staffing plans will indicate the scheduled number of hours and days of operation and the number and type of personnel assigned. The staffing plans shall be developed in a manner that ensures that staffing levels at the Units conform to appropriated funds or the Contract amount as set forth in Article V. Any change to the hours, days or type of personnel assigned to a facility shall require notice and approval as soon as practical under the circumstances to the TDCJ Health Services Division. The parties to this Contract acknowledge that the numbers and types of health care professionals required at a facility depend upon a number of factors, including but not limited to, the size of the facility, the type and scope of services delivered, the needs and medical acuity of the Offender population and the organizational structure and systems employed. The parties further agree that the appropriate measure of adequacy for a facility staffing plan is compliance with the performance requirements outlined in this Article. Should a facility fail to meet those performance requirements, corrective actions sought by the TDCJ may include requesting that an evaluation of the adequacy of the staffing levels be prepared and submitted to the TDCJ for review. A staffing expert may be hired to evaluate staffing adequacy by any of the parties to this Contract, at that party's discretion and expense. Such evaluations shall be shared and considered by the parties. In the event, agreement on staffing levels cannot be reached, the matter may be referred to the CMHCC for resolution in accordance with Article X of this Contract.
- H. Peer Review Committees:** The UTMB Medical Director shall appoint an appropriately credentialed TDCJ Health Services representative designated by the TDCJ Director for Health Services Division as an ad hoc member to the UTMB's peer review committees which relate directly to health and medical services provided to TDCJ Offender Patients, with the exception that the UTMB's Medical Director may appoint a mutually agreed to independent third party designee as an ad hoc member in the event that there is a reasonable possibility of a conflict of interest between the two parties. Disputes over whether a conflict of interest between the parties exists can be referred to the CMHCC, but the decision of the CMHCC is not binding on the UTMB. The TDCJ appointee or independent third party designee to the peer review committee shall abide by the UTMB's various bylaws, rules, regulations and policies governing the institution.

1. The UTMB shall provide the TDCJ representative or independent third party designee access to a written summary of peer review matters to include any corrective action taken for those peer review committee cases for which the TDCJ representative or independent third party physician designee is an ad hoc member so long as the UTMB has deemed that no conflict of interest exists. Subject to the UTMB's due process requirements, TDCJ's representative may request corrective action be taken against the provider in question, including the removal from contact with TDCJ Offenders during the course of the peer review.
 2. Disputes between the parties regarding corrective action and removal from treating Offender Patients will be referred to the CMHCC in accordance with this paragraph H, however all medical confidentiality provisions relating to the peer review findings and other confidential medical information shall remain in effect. Decisions of the CMHCC shall be binding on the parties.
- I. **Offender Grievances and Complaints:** The UTMB and the TDCJ recognize the need to respond to and track TDCJ Offender grievances and complaints in order to ensure prompt resolution of potential access to care or quality of care issues. The parties agree to review and respond to TDCJ Offender grievances and complaints in a timely manner, not later than forty-five (45) days from receipt. Inquiries from Legislators or statewide elected officials shall normally be investigated and responded to within five (5) working days and not later than ten (10) working days following the UTMB's receipt of a properly executed HIPAA release form. Copies of responses shall be provided to the TDCJ Health Services Division to close out the grievance/complaint file. Should it be necessary, the UTMB may request an extension of time to pursue further investigation or review of a grievance or complaint. The TDCJ shall require that the UTMB submit to the CMHCC and the TDCJ Health Services Division copies of any inquiries relating to the provision of Health Care services covered by this Contract from Legislators, statewide elected officials and other state and federal agencies, officials or authorities and the responses to those inquiries. In the event that disputes arise regarding the timeliness of responses, the dispute resolution provisions in Article X of this Contract shall apply.
- J. **Joint Committee Processes Required:** The CMHCC, through the TDCJ and the UTMB, shall provide additional coordination and monitoring of Health Care services through participation in joint committees as outlined in CMHCC Policy and Procedures. Meetings may be conducted through Poly Com services and/or telephone conference calls when applicable or appropriate.

Article IX PERFORMANCE MEASURES

The parties agree to the following performance requirements throughout the term of this Contract:

- A. Standards and Requirements:** The UTMB agrees to provide services which meet applicable federal and state constitutional and statutory requirements; applicable court mandates; and performance measures as described in this Article.
1. Non-emergency inpatient hospital facilities must be certified by either Joint Commission on Accreditation of Health Organizations (JCAHO) or Medicare certification requirements.
 2. The UTMB agrees to obtain and maintain accreditation with ACA in conjunction with the TDCJ's schedule for Unit re-accreditation and initial Unit accreditation. The accreditation schedule is attached to this Contract as Exhibit E.
- B. Access to Care Measures:** The parties agree to provide access to care consistent with the following access to care indicators. Access to care measures are calculated monthly and reported on a quarterly basis through the System Leadership Council in accordance with the Quality Improvement Plan adopted by the CMHCC. For the purpose of this Contract, a compliance rate of 80% on each indicator is expected at each facility. Compliance rates of less than 80% will require corrective actions to be taken and may subject the facility to additional monitoring.
1. Dental Indicator #1: Each Offender who submits a Sick Call Request for Dental Services will be physically triaged within seventy-two (72) hours.
 2. Dental Indicator #2: Each Offender who submits a Sick Call Request for Dental Services will have their chief complaint documented in the health record at the time of triage.
 3. Dental Indicator #3: Each Offender who has been referred to a dentist (through nursing or dental triage) will be seen by the dentist within fourteen (14) calendar days of receipt of the Sick Call Request.
 4. Mental Health Indicator #4: Each Offender on outpatient status, who submits a Sick Call Request for Mental Health Services, will be physically triaged within seventy-two (72).
 5. Mental Health Indicator #5: Each Offender who submits a Sick Call Request for Mental Health Services, will have the chief complaint documented in the health record at the time of triage.
 6. Mental Health Indicator #6: Each Offender on outpatient mental health status who has been referred to a qualified mental health professional for further evaluation and/or treatment is seen by a qualified mental health professional within fourteen (14) days of physical triage.
 7. Medical Indicator #7: Each Offender who submits a Sick Call Request for Medical Services, (whether nursing sick call or provider sick call) will be physically triaged within seventy-two (72) hours.

8. Medical Indicator #8: Each Offender who submits a Sick Call Request for Medical Services, will have the chief complaint documented in the health record at the time of triage.
9. Medical Indicator #9: Each Offender who has been referred to a physician, physician assistant or advanced practice nurse will be seen by a physician, physician assistant or advanced practice nurse within fourteen (14) calendar days of receipt of the Sick Call Request.

C. Health Care Outcome Measures: The parties agree to provide services to meet the following health care outcome performance expectations. Unless noted otherwise, these measures shall be reported quarterly to the TDCJ and the CMHCC.

1. Percent of Eligible Facilities accredited by ACA: Calculated as the number of facilities accredited by ACA divided by the number of facilities eligible for ACA accreditation in accordance with the provisions of this Contract times 100. The performance expectation of this measure is 100% of the facilities designated in Exhibit E.
2. Percentage of Sustained Offender Grievances: Calculated as the number of Step One and Step Two Offender grievances about Health Care services found in favor of the Offender in the past twelve (12) months divided by the total number of Step One and Step Two Offender grievances about Health Care times 100. The performance expectation for this measure is that the percentage of sustained Offender grievances is 10% or less for Step One and 6% or less for Step Two.
3. Percentage of Unit Level Provider Staff Vacancies: Calculated as the number of vacant provider level positions (defined as physician, psychiatrist, dentist, physician's assistant, advanced practice nurse, nursing and other allied health professional positions) assigned to facilities divided by the total number of provider level positions assigned to facilities times 100. The performance expectation for this measure is that the percentage of Unit level provider staff vacancies be 12% or less.
4. Percentage of Medical Summaries Completed for MRIS in a Timely Manner: Calculated as the number of medical referral summaries completed and submitted to TCOOMMI within five (5) days of receiving the request divided by the total number of requests for medical summaries received times 100. The performance expectation for this measure is that the percentage of medical summaries completed in a timely manner for MRIS consideration will exceed 95%.

D. Legislative Performance Measures: The UTMB shall cooperate with the TDCJ to collect and provide to the TDCJ necessary data on a quarterly basis to enable the TDCJ to comply with its reporting obligations under Texas Government Code, Section 501.1471; Senate Bill 1, 83rd Legislature, Article V, Rider 50; and any additional request made by State Leadership.

E. Remedy for Non-Performance: The TDCJ and the UTMB shall monitor the other party's compliance with the terms of this Contract. In the event that the UTMB, or its subcontractors, or the TDCJ or its subcontractors fails to comply with the terms of this Contract, the TDCJ or the UTMB, as applicable will require that the non-complying party take appropriate corrective actions to remedy the failure to comply.

1. Continued and ongoing failures to implement corrective actions to remedy deficiencies may subject the non-complying party to administrative and financial remedies. Such remedies may include a range of actions including termination of the arrangements in place for any or all services being provided by the party that fails to take appropriate corrective action.
2. Upon issuing a finding of a continued and ongoing failure to correct, the TDCJ may assess one or more of the following remedial actions. It is the intent of the TDCJ to assess such remedial actions in a progressive manner. The goal of such action is to enforce corrective actions and ensure that necessary services are provided in an appropriate, timely and effective manner. The level, type and duration of remedial actions assessed by the TDCJ may vary with the seriousness, urgency and nature of the finding. Remedial actions available to the TDCJ include:
 - a. In addition to specified reporting requirements, requiring more detailed and/or more frequent reporting requirements related to the area of deficiency, including written progress reports to the TDCJ signed by the responsible Medical Director;
 - b. Withholding or suspending payment for services identified in the finding until corrective actions are implemented;
 - c. Assigning an independent monitor to review and report on the progress made on the deficiency, at the expense of the responsible party;
 - d. Transferring responsibility for providing the service or services in question to another party and reducing the payments received by the deficient party accordingly; and/or
 - e. Other actions determined appropriate by the TDCJ up to and including termination of any or the entire Contract to provide services.

Any dispute between the parties regarding the other party's non-compliance with the terms of the Contract or the corrective action taken as a result of such non-compliance with the terms of the Contract shall be subject to the dispute resolution procedures set forth in Article X.

Article X DISPUTE RESOLUTION

It is the intent of the parties to reach mutually acceptable resolutions to any disputes that may arise relating to the services and terms of this Contract through direct communication and informal means.

- A. The parties understand that most disputes can be resolved by an open sharing and understanding of each other's position and perspectives on the issue and with good-faith discussions on how to reach mutually beneficial solutions. It is therefore agreed that efforts to resolve such disputes should first be attempted at the lowest organizational level appropriate to the issue.
- B. Should such efforts fail, the issue should be discussed and considered upwards through the respective organizational levels of the agencies involved up to and including the respective medical directors.
- C. Should face-to-face discussion between the Medical Directors fail to result in a mutually acceptable solution, the matter in dispute shall be referred to the Chairman of the CMHCC.
- D. In the event that the parties are still unable to reach a mutually agreeable solution, the Chairman of the CMHCC shall refer the matter to the full CMHCC. The CMHCC shall consider the issues involved and render a decision of the dispute. Unless specifically accepted elsewhere in this Contract, such decisions shall be binding on all parties.

Article XI TERM

- A. Regardless of the date of execution hereof, this Contract shall become effective September 1, 2013 and shall continue in full force until August 31, 2015 subject to the termination provisions contained herein or unless one hundred eighty (180) days written notice of termination is given by either party at any time during the Contract. The term of the Contract shall not transcend the biennium.
- B. Notice of Intent to terminate shall be sent by certified mail, return receipt requested to: Chief Financial Officer, Texas Department of Criminal Justice, P.O. Box 4015, Huntsville, Texas 77342-4015 and Executive Vice President, Chief Business and Finance Officer, The University of Texas Medical Branch at Galveston, 301 University Boulevard, Galveston, Texas 77555-0128.

Article XII GENERAL PROVISIONS

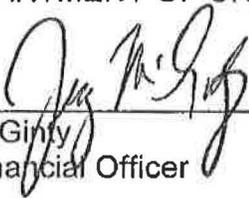
- A. This Contract shall be governed by and interpreted under the laws of the State of Texas.
- B. This Contract and any written modifications thereto constitute the sole Contract of the parties. Oral agreements or understandings outside of the terms of this Contract shall be void.

obligations under this Contract. At the beginning of the term of this Contract and within thirty (30) days after each fiscal quarter, the UTMB shall provide to the TDCJ a listing of all pending litigation that meets the criteria listed above. Coordination of reporting obligations, mechanisms and schedules shall be the joint responsibility of the general counsels of the TDCJ and the UTMB.

- F. To the extent permitted by the United States Constitution, the laws and statutes of the United States, the Constitution of the State of Texas, and the laws and statutes of the State of Texas, the parties to this Contract agree to make a good-faith effort to meet those goals and objectives set forth by the Governor and Legislature to assure participation by Historically Underutilized Business (HUB's) in contracts awarded for goods and services.
- G. The TDCJ and the UTMB are committed to a policy of equal opportunity and will not discriminate on the basis of race, color, sex, age, religion, national origin, veteran status or physical disability.
- H. The TDCJ reserves the right to audit and monitor provision of services under the terms of this Contract and related subcontracts and to inspect all records, charges, billings and supporting documentation as may be necessary. Such monitoring and inspection shall be conducted upon reasonable notice during normal business hours and may include, but not be limited to, onsite inspection, interviews of employees, patients and contracting providers and review of records.
- I. The undersigned contracting parties do hereby certify that: (1) the services specified above are necessary and essential for activities that are properly within the statutory functions and programs of the affected parties of State Government, (2) the proposed arrangements serve the interest of efficient and economical administration of the State Government, and (3) the services, supplies and materials contracted for are not required by Section 21 of Article 16 of the Constitution of Texas to be supplied under contract given to the lowest responsible bidder.
- J. Neither the UTMB or the TDCJ shall be required to perform any term, condition, or covenant of this Contract so long as such performance is delayed or prevented by acts of God, material or labor restriction by any governmental authority, riot, floods, hurricanes, or any other natural disasters, and which by the exercise of due diligence by any of the parties is unable, wholly or in part, to be prevented or overcome.
- K. The undersigned parties understand and agree that all persons employed by the UTMB and paid from the proceeds of this Contract shall be considered as general revenue funded employees for the purpose of allocating fringe benefit charges. Such charges shall be made against the Teachers' Retirement System (TRS), Employees' Retirement System (ERS), or State Comptroller or other appropriations as determined by the State Comptroller of Public Accounts. Any costs of such charges not reimbursed by the aforementioned agencies may be reimbursed by the TDCJ using Correctional Managed Health Care Program funding.

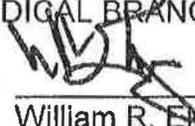
The undersigned contracting parties bind themselves to the faithful performance of this Contract:

TEXAS DEPARTMENT OF CRIMINAL JUSTICE

By: 
Jerry McGinty
Chief Financial Officer

Date: 8/27/13

THE UNIVERSITY OF TEXAS MEDICAL BRANCH

By: 
William R. Eiger
Executive Vice President and
Chief Business and Finance Officer

Date: 8/12/13

CONTRACT REVIEW:

CCG/
/bycmg