**The Commonwealth of Kentucky**

**MASTER AGREEMENT**

(APPROVED)

**Description:** DMS/CFC/DPH - Targeted Case Mgmt.

**Sub Type:** MA-MOA-internal/Fixed/Capped

**Effective Date:** 01 Jul 2003  
**Expiration Date:** 30 Jun 2004

**Administered By:** LYNNE FLYNN, DIV DIRECTOR  
**Telephone:** (502) 504-6890 ext ( )

**Cited Authority:** FAP11-44-00 Memorandum of Agreement  
**Issued By:** VICKIE CRAVENS, CONTRACTS OFFICER

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<td>Targeted Case Management</td>
<td>0.0000</td>
<td>Each</td>
<td>$0.0000</td>
<td>$36,494,852.00</td>
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**Extended Description**

To provide Medicaid reimbursement for targeted case management services for Medicaid eligible recipients including children in custody of or under the supervision of, or at risk of being in the custody of the state and, adults who may require protective services from the state, and for rehabilitative services for children in the custody of or under the supervision of, or at risk of being in the custody of, the state, as a component of the Title V Maternal and Child Health Program.

**Funding Source:** 69.94% Federal  30.06% State

**Additional Markings and Instructions**

CHS DMS DIV OF FIN SYSTEMS  
**ATTN:** DEBORAH BENASSI, SECT SUPERVISOR  
275 EAST MAIN ST 6W-C  
FRANKFORT KY 40621  
Phone: (502) 564-8196 ( )  
Fax: ( ) -

<This address is applicable to all line items>

**Name and Title of Contracting Officer**

By signing this contract, the vendor agrees that electronic approvals may serve as electronic signatures.

1st Party X: ___________________________  
**Title:** ___________________________  
**Date:** ___________________________

2nd Party X: ___________________________  
**Title:** ___________________________  
**Date:** ___________________________

Other Party X: ___________________________  
**Title:** ___________________________  
**Date:** ___________________________

Approved as to form and legality:

______________________________

Attorney
AGENCY / BRANCH / DIVISION: CHS-MEDICAID SERVICES/COMM OFC

TYPE OF AWARD: Renew

1. NAME AND ADDRESS OF VENDOR
CFC MEDICAID
275 EAST MAIN STREET
FRANKFORT KY 40601
USA

2. EFFECTIVE PERIOD OF AWARD
Effective Date: 01 Jul 2003
Expiration Date: 30 Jun 2004

3. DESCRIPTION OF WORK TO BE PERFORMED
To provide Medicaid reimbursement for targeted case management services for Medicaid eligible recipients including children in custody of or under the supervision of, or at risk of being in the custody of the state and, adults who may require protective services from the state, and for rehabilitative services for children in the custody of or under the supervision of, or at risk of being in the custody of, the state, as a component of the Title V Maternal and Child Health Program.

4. FINANCIAL AND AWARD COST DATA
Total Projected Cost of Award: $36,494,852.00
Source of Funds:
- Federal: $25,506,252.06
- General: $10,988,599.94
- Agency: $0.00
- Capital:
- Construction: $0.00
- Other: $0.00
If Other, specify: Not Applicable

If federal, is there an associated grant? Yes No
Is the agency paying FICA? Yes No
Was award cost included as a line item in the most recent budget bill for the Commonwealth? Yes No
Was this cost included in the current agency budget? Yes No
If No, explain source of funds: Not Applicable

Detailed Description of Projected Cost:
Based on costs to CFC to administer these services.

Method of Payment: Internal
Frequency of Payment: Monthly expenditure report
If Other, explain: Not Applicable

5. CONTRACTOR JUSTIFICATION
Could or should the work be performed by state personnel? Yes No

Justification for Outside Service Provider:
The Department for Community Based Services provides protective services in accordance with KRS Chapters 620 and 209, and such services provided on behalf of its clients include targeted case management services and rehabilitative services.

6. NAME/ADDRESS OF OTHER PROVIDER(S) CONSIDERED:
none
7. BASIS FOR SELECTION OF PROPOSED CONTRACTOR (PSC)/
   REASON FOR EXCHANGE OF RESOURCES OR RESPONSIBILITIES (MOA):
Because CFC's DCBS provides protective services in accordance with KRS Chapters 620 and 209, and such services provided on behalf of its clients included targeted case management services and rehabilitative services.

8. PLANNED PERFORMANCE MONITORING ACTIVITIES:
DMS staff will work closely with DCBS and DPH staff to ensure that these services are performed in accordance with all applicable KRS and KAR requirements.
WHEREAS, 1996 Kentucky Acts Chapter 380 as enacted by the 1996 Kentucky General Assembly directs the Cabinet for Health Services to identify and access federal financial resources including but not limited to Title XIX of the Social Security Act (Medicaid), on behalf of Department for Community Based Services clients, and

WHEREAS, the Department for Community Based Services, herein referred to as DCBS, provides protective services in accordance with KRS Chapters 620 and 209, and such services provided on behalf of its clients include targeted case management services and rehabilitative services, and

WHEREAS, the Department for Medicaid Services (DMS), the single state agency for Title XIX [as defined by USC 1396(a)(5)], is responsible for the administration of the Medical Assistance Program in Kentucky as provided by Title XIX of the Social Security Act, herein referred to as the Title XIX Agency, and

WHEREAS, the Title XIX Agency effective July 1, 1996, has expanded its service coverage to include reimbursement of targeted case management services and rehabilitative services provided by DCBS for its Medicaid recipients as a component of the State’s Title V Maternal and Child Health Program, and

WHEREAS, the Department for Public Health (DPH) has been designated the Kentucky Title V grantee for the Maternal and Child Health Program, herein referred to as the Title V Agency,

THEREFORE, it is hereby mutually agreed among the Title XIX Agency, the Title V Agency and DCBS that:

I. DCBS shall:

A. Provide targeted case management services that fulfill requirements of 42 CFR 431.615, and are included under the Title XIX (Medicaid) State Plan, Attachment 4.16-A, Section 7, as herein described in this agreement, as targeted case management services for Medicaid eligible recipients including children in the custody of or under the supervision of, or at risk of being in the custody of or under the supervision of, the state, and adults who may require protective services from the state. Targeted case management is a set of activities which assist an individual in accessing needed medical, social, educational and other support services. Targeted case management activities include:

1. A written assessment of the client’s needs,
2. Arranging for the delivery of the needed services as identified in the assessment,
3. Assisting the child and his family, or the adult, in accessing needed services,
4. Monitoring the child’s or adult’s progress by making referrals, tracking the child’s or adult’s appointments, performing follow-up services on referrals, and performing periodic reassessments of the child’s or adult’s changing needs,
5. Performing advocacy activities on behalf of the child and his family, or the adult,
6. Preparing and maintaining case records documenting contacts, services needed, reports, progress of the child or adult, etc.,
7. Providing case consultation (i.e., consulting with the service providers/collateral) in determining the child’s or adult’s status or progress, and
8. Performing crisis assistance (i.e., intervention on behalf of child or adult, making arrangements for emergency referrals, and coordinating other needed emergency services).

B. Provide Rehabilitative Treatment Services that fulfill requirements of 42 CFR 431.615 for children in the custody of, or under the supervision of or at risk of being in the custody of the state, directly or through sub-contract, as included under the Title XIX (Medicaid) State Plan, Attachment 4.16-A, Section 8, as described in this agreement. These services meet the requirements of 1905(a)(13) of the Social Security Act and may include but are not limited to:

1. Treatment Planning and Support: Activities which assist children in gaining access to necessary care and services as described in the individual treatment plan include:
   a. Intake and Assessment: Identifying the child’s medical, social, educational and other needs through face-to-face contact with the child, the child’s family, and through consultation with other professionals.
   b. Development of the Treatment Plan: Determining with the child, family, guardians, or other professionals what services and resources are necessary to meet the child’s identified needs and how they can best be provided.
   c. Coordination: Facilitating the client’s access to the services and resources identified in the treatment plan including:
      i. referral and follow-up services,
      ii. arranging and attending case conferences, and
      iii. arranging home visits, discharge and aftercare services.

2. Living Skills Development: Client-centered activities directed at reducing mental disabilities of children in care, restoring them to their best possible functioning level, and assisting them in becoming responsible for their own actions.

3. Counseling, Therapy, Consultation and Psychological Assessment: Individual, group or family counseling and/or therapy, consultation, psychological evaluations and/or assessments necessary to improve or remedy personal problems or behaviors and to restore children to their best possible functioning level.

These Medicaid allowable activities shall be provided by DCBS directly or through subcontract at locations such as: private child care, emergency shelter, maternity homes, group homes, therapeutic foster care/family treatment homes, day treatment, in a child’s own home, and other comparable non-institutional settings.

C. Assure staff and subcontractors providing services herein described meet DCBS standards and when services are provided under subcontract, such subcontractors have a signed agreement with DCBS to provide such services.
D. Comply with the policy and procedures as required in the Medicaid Services Provider Manual for DCBS Targeted Case Management and Rehabilitative Services.

E. Comply with the provisions of 42 CFR 431.615, 42 CFR 440.130, and Section 1915(g)(1) of the Social Security Act.

F. Encourage referrals between various programs for which the recipient may benefit and be eligible, e.g., WIC Headstart, and encourage appropriate linkages with the child's primary care physician.

G. Submit, when appropriate, bills to all third party payors before billing the Title XIX Agency.

H. Submit service claims in the format required by the Title XIX Agency.

I. Prevent duplication of case management services for multiple-system needs clients through a coordinated case planning and case management process. Case documentation will show that each case manager in the case of multiple-system clients was engaged in non-duplicative activity.

J. Assure access to any subcontractor's financial and program records by the Title XIX Agency and agents acting for or on behalf of the Title XIX Agency as necessary.

K. Provide targeted case management and rehabilitative services utilization and financial data as requested by the Title XIX and Title V Agencies.

L. Maintain records of all Medicaid targeted case management and rehabilitative services provided directly or via subcontract in accordance with usual Title XIX Agency requirements.

M. Provide to the Title XIX Agency as appropriate required state match for claimed expenditures pursuant to this agreement that are in excess of the appropriated amount of $36,494,852 (state and federal).

N. Provide to the Title XIX Agency technical assistance with regard to DCBS targeted case management and rehabilitative service programs. DCBS will maintain regular communication with its subcontractors providing rehabilitative services concerning the operation of the program in consultation with the Title XIX and Title V Agencies.

O. Participate in the Title V Maternal and Child Health Program as the provider responsible for the administration of the DCBS targeted case management and rehabilitative services programs as herein described.

P. Be responsible for Title XIX audit disallowances which necessitate repayment of federal funds for targeted case management and rehabilitative services herein described unless the disallowance clearly results from some action or inaction on the part of the Title XIX Agency.
Q. Participate with the Title V Agency and the Title XIX Agency in the development of policies and procedures governing DCBS targeted case management and rehabilitative services programs.

II. DPH shall:

A. Include targeted case management services for Medicaid eligible recipients including children in the custody of or under the supervision of, or at risk of being in the custody of the state and adults who may require protective services from the state, and rehabilitative services for children in the custody or under the supervision of or at risk of being in the custody of, the state, as components of the Title V Maternal and Child Health Program.

B. Assure to the Title XIX Agency that the provider of targeted case management and rehabilitative services as herein described is a Title V service provider which provides protective services as required in KRS Chapters 620 and 209.

C. Comply with the policy and procedures as required in the Title XIX Agency Provider Manual for targeted case management services and rehabilitative services as herein described.

D. Comply with the provisions of 42 CFR 431.615, 42 CFR 440.130 and Section 1915(g)(1) of the Social Security Act.

E. Encourage referrals between various programs for which the recipient may benefit and be eligible, e.g., WIC, Headstart, and encourage appropriate linkage with the child's primary care physician.

F. Assure the provision of utilization and financial data for services herein described as requested by the Title XIX Agency. Such utilization and financial data shall be maintained by DCBS.

G. Participate with DCBS and the Title XIX Agency in the development of policies and procedures governing services herein described.

III. DMS shall:

A. Certify and enroll the qualified Title V provider as a provider of Medicaid Targeted Case Management Services for eligible recipients including children in the custody of or under the supervision of, or at risk of being in the custody of, the state, and adults who may require protective services from the state, and/or as providers of Medicaid Rehabilitative Services for children in the custody of, under the supervision of or at risk of being in the custody of, the state.

B. Reimburse DCBS for the following services:

1. Targeted Case Management Services. Targeted Case Management Service activities include:
a. A written assessment of the client’s needs,
b. Arranging for the delivery of the needed services as identified in the assessment,
c. Assisting the child and his family, or the adult, in accessing needed services,
d. Monitoring the child’s or adult’s progress by making referrals, tracking the child’s or adult’s appointments, performing follow-up services on referrals, and performing periodic reassessments of the child’s or adult’s changing needs,
e. Performing advocacy activities on behalf of the child and his family, or the adult,
f. Preparing and maintaining case records documenting contacts, services needed, reports, progress of the child or adult, etc.,
g. Providing case consultation (i.e., consulting with the service providers/collaterals) in determining the child or adult’s status or progress, and
h. Performing crisis assistance (i.e., intervention on behalf of child or adult, making arrangements for emergency referral, and coordinating other needed emergency services).

2. Rehabilitative Treatment Services.

Rehabilitative Treatment Services include medical or remedial services (provided in a non-medical facility or a home, or other setting) recommended by a physician or other licensed practitioner of the healing arts within the scope of their practice under State law, for the maximum reduction of physical or mental disability or restoration of an individual to the best possible functioning level. These services shall meet the requirements of 1905(a)(13) of the Social Security Act and may include but are not limited to:

a. Treatment Planning and Support: Activities which assist children in gaining access to necessary care and services as described in the individual treatment plan include:

i. Intake and Assessment: Identifying the child’s medical, social, educational, and other needs through face-to-face contact with the child, the child’s family, and through consultation with other professionals.

ii. Development of the Treatment Plan:
Determining with the child, family, guardians, or other professionals what services and resources are necessary to meet the child’s identified needs and how they can best be provided.

iii. Coordination: Facilitating the client’s access to the services and resources identified in the treatment plan including:
- Referral and follow-up services,
- Arranging and attending case conferences, and
- Arranging home visits, discharge and aftercare services.

b. Living Skills Development: client-centered activities directed at reducing mental disabilities of children in care, restoring them to their best possible functioning level, and assisting them in becoming responsible for their own actions.

c. Counseling, Therapy, Consultation and Psychological Assessment: Individual, group or family counseling, consultation, psychological evaluations and/or assessments necessary to improve or remedy personal problems or behaviors and to restore children to their best possible functioning level.

These Medicaid allowable activities shall be provided by DCBS directly or through subcontract at locations such as: private child care, emergency shelter, maternity homes, group homes, therapeutic foster care/family treatment home, day treatment, in a child’s own home or other comparable non-institutional settings.

C. Reimburse DCBS at rates not to exceed cost for eligible services.

D. Provide payment and claims data to DCBS for Medicaid claims for services herein described.

E. Provide other reports to DCBS and/or the Title V Agency as requested.

F. Pay claims in a timely manner.

G. Provide technical assistance to DCBS and the Title V Agencies with regard to the provision of services herein described.

H. Participate with the Title V Agency and DCBS in the development of policies and procedures governing targeted case management and rehabilitative services herein described.

IV. Method of Reimbursement

A. DCBS shall bill the Title XIX Agency for targeted case management services and rehabilitative services herein described.

B. The Title XIX Agency shall pay for services under this agreement up to $36,494,852 in state and federal matching funds. Any additional expenditures in excess of that amount will be reimbursed only if the necessary state match is provided by the Cabinet for Families and Children to the Title XIX Agency.

C. The Title XIX Agency shall reimburse the certified and enrolled provider at payment levels that shall not exceed the cost of providing the service.
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V. General Terms

A. The Title XIX Agency and agents acting for or on behalf of the Title XIX Agency reserve the right to review the provider’s and any subcontractor’s financial and program records as necessary.

B. All parties shall designate staff responsible for representing their agencies at annual meetings, or more frequently as necessary, for the purpose of reviewing and evaluating the policies that affect the cooperative work of the parties and the need for changes in the agreement.

VI. Terms of Agreement

A. This Agreement may be altered or amended at any time by the mutual agreement of the parties and will be evaluated and reviewed annually in joint meetings among DCBS, the State Agency for Title V and the State Agency for Title XIX.

B. It is recognized that changes to this Agreement may be required as a result of the federal Department of Health and Human Services regulatory policy or program directional changes. In such event, the parties hereto will make changes as required to comply with laws and regulations.

C. Liabilities and responsibilities shall be contingent upon the availability of federal funds for the funding of services and that this agreement shall be terminated if such funding ceases to be available. The State Title XIX Agency shall have the sole responsibility for determining the lack of availability of such federal funds.
Cabinet for Health Services as the First Party
The Cabinet for Health Services (Cabinet), in the exercise of its lawful duties, has determined that the functions outlined in this Agreement and in the attachment(s) thereto, are necessary for the performance of the statutory and regulatory requirements of the Cabinet for Health Services.

Contractor as the Second Party and/or Third Party
The Contractor agrees that they are willing, available and qualified to perform the scope of work as detailed in this agreement and as specifically outlined and referenced in any attachments.

Binding Agreement
Both the Cabinet and the Contractor agree to the terms and conditions as set forth in this Agreement and as set forth in the scope of services and detailed in the attachment(s) to this agreement.

Attachment(s)
The Attachment(s) as referenced in this Agreement are incorporated into this contract and are binding to all parties. If an Attachment(s) is in conflict with this Agreement and its contract clause(s), this Agreement and its contract clauses shall prevail.

Total Amount of Contract and Contract Period
The Second Party’s and/or Third Party’s fees and expenses relative to the performance of the scope of services outlined in this Agreement and in the detailed attachment(s) to this agreement shall not exceed the Total Order Amount as set forth on signature page of this Agreement. The subject services and functions are to be performed during the term of this agreement as set forth on page 1. It is understood that this agreement is not effective and binding until approved by the Secretary of the Finance and Administration Cabinet and/or Legislative Research Commission’s Government Contract Review Committee.

Earliest Date of Payment
No payment for services or for deliverables under the terms and conditions of this agreement shall be made before completion of the review procedure provided for in KRS 45A.705, unless and until alternate actions occur as set out in KRS 45A.695(7).

Payments
Payment by the Cabinet to the Second Party and/or Third Party shall be made only after receipt of appropriate, acceptable and timely bills, as so described in the attachment to this agreement, and as submitted in written or electronic format to the Cabinet by the Second Party and/or Third Party.

Other Expenses
The contractor shall be reimbursed for no other expenses than those which have been expressly detailed in this Agreement and the attachment(s) to said agreement.

(a) Invoicing for fees: The contractor’s fee shall be original invoice(s) and shall be documented by the contractor. The invoice(s) must conform to the method prescribed in the specifications of this contract.

(b) Invoicing for travel expenses: The contractor must follow instructions prescribed in the specifications of this agreement. Either original or certified copies of receipts must be submitted for airline tickets, motel bills, restaurant charges, rental car charges, and other miscellaneous expenses.

(c) Invoicing for miscellaneous expenses: The contractor must follow instructions prescribed in the
specifications of this agreement. Expenses submitted shall be documented by original or certified copies.

**Extension Periods and Amendments to Agreement**
The terms and conditions of this agreement may be extended or amended according to the provisions of KRS Chapter 45A, and are subject to the approval of the Secretary of the Finance and Administration Cabinet and/or the Legislative Research Commission’s Government Contracts Review Committee.

**Cancellation**
The Cabinet shall have the right to terminate and cancel this agreement at any time upon (30) days’ written notice served on the contractor by registered or certified mail outlining the reasons for the cancellation. The Second Party has the same such right to terminate said agreement, upon thirty (30) days’ written notice served on the Cabinet by registered mail or certified mail outlining the reasons for the cancellation.

**Purchasing and Specifications**
The contractor will not attempt, in any manner, to influence any business transactions to be unlawful in any way or respect, nor attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky.

**Confidentiality Agreements**
The contractor shall provide documentation to the Cabinet that personnel or staff employed to perform the scope of work as detailed in this Agreement and the attachment(s) thereto, and including all such staff employed by any subcontractor(s) for the same purpose, that Cabinet confidentiality agreements have been signed, and are on file with the Second Party. *(See Confidentiality Agreement)*

**Confidentiality**
The Second Party agrees that any employee or agent acting in its behalf will abide by the state and federal rules and regulations governing access to and use of information provided to the second party by the Cabinet in the administration of this contract.

The Second Party agrees to maintain on file Cabinet for Health Services approved confidentiality agreements signed by all contractor personnel who may have access to confidential data provided by the Cabinet or who may be responsible in any way for the administration of the terms and conditions of this agreement. The Second Party further agrees that unrestricted access on demand to these agreements shall be provided to personnel of the Cabinet for Health Services, the Office of the Attorney General, the Office of the Auditor of Public Accounts, and any representative of a federal funding agency authorized to review contractor records for audit or investigation purposes. The Cabinet reserves the right to direct the removal from contract administration, or the termination of access to data, for any employee of the Second Party covered by this agreement who has not signed a confidentiality agreement.

**Subcontractor Requirements**
The Second Party agrees that all requirements of this agreement shall also be applicable and binding on any subcontractor (subject to Cabinet approval) the Second Party contracts with to meet the statement of work, method of payment, and deliverables of this agreement. Any plan to subcontract any of the provisions of this agreement must be set forth in the Second Party’s proposal for the delivery of products.
or services and included in the body of the contract in the subcontractor's section. The subcontractor must make available to the Second Party and to the Cabinet, if requested, copies of personnel records, documentation of employees' compliance with the contract as it is written.

**Subcontractor Confidentiality Agreement**

Any subcontractor, their agent, and any of their employees who enter into any type of agreement to fulfill the requirements of this contractual agreement with the Second Party, must provide written assurances that they and any of their agents will abide by the terms of confidentiality as set forth in this agreement, as well as any federal or state confidentiality agreements which may govern the terms and conditions in this agreement.

**Discrimination: Because of Race, Religion, Color, National Origin, Sex, Age, or Disability.**

During the performance of the scope of services under this Agreement, the contractor agrees as follows:

(a) The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, age or disability. Such action shall include, but not be limited to the following, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensations, and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, age, or disability.

(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or worker's representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places, available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

(d) The contractor shall comply with all provisions of Executive Order 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

(e) The contractor shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract agreement or with any of said rules, regulations, and orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures
authorized in Executive Order 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

(g) The contractor will include the provisions of paragraphs (1) through (7) of Section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Minority Hiring, Recruitment and Reporting Requirements
The contractor shall provide to the Cabinet documentation of their minority hiring and recruiting policies and procedures, and make available a report of these activities for the last two (2) years.

Property
Property purchased by the Cabinet for the purposes of fulfilling the requirements of the scope of services for this agreement, and which may include, but not be limited to, furniture, computer software, computer hardware, office equipment, and supplies are considered the property of the Cabinet and shall remain the property of the Cabinet.

Intellectual Properties
The contractor agrees that any formulae, methodology, other reports and compilations of data provided by the Cabinet to the contractor for the purposes of meeting the terms and conditions of this agreement, or as developed, prepared or produced by the contractor for use by the Cabinet under the scope of services of this agreement shall be the exclusive property of the Cabinet. Any use of this material for purposes other than those specifically outlined and authorized by this agreement without prior approval and without appropriate acknowledgement of the funding source, shall be grounds for immediate termination of this agreement and possible criminal prosecution.

Data Collection/Analysis Limitations
No data collected and provided by the Cabinet shall be used for any other purpose other than those expressly authorized in this Agreement.

Compliance with State Computer Requirements
All contractors, who under the terms and conditions of this agreement, will purchase, upgrade or maintain management information systems to meet the scope of the services as outlined in this Agreement, shall provide documentation that all systems and subsystems are Year 2000 compliant, and further, that any subcontractor employed by the primary contractor shall be required to provide the same degree of documentation for Year 2000 compliance of any of their information systems.

Financial Management System
(Applicable only to contract agreements where reimbursement is based upon actual, allowable costs)
The Second Party agrees to establish and/or maintain a financial management system which shall provide for:
(a) Accurate, current, and complete disclosure of the financial results of the functions/services performed
under this agreement in accordance with the reporting requirements as set forth in this Agreement and attachment(s) thereto;
(b) Records that identify the source and application of funds for activities/functions/services performed pursuant to this contract agreement. These records shall contain information pertaining to federal and/or state funds received, obligations, unobligated balances, if applicable, assets, liabilities, expenditures and income;
(c) Effective control over and accountability for all funds, property, and other assets. The Second Party shall safeguard all such assets and shall assure that they are used solely for authorized purposes in the provision of functions/services under this agreement;
(d) Procedures for determining reasonableness, and allowability of costs in accordance with the terms and conditions of this Agreement and any attachment(s) thereto; and
(e) Accounting records that are supported by source documentation.

Indirect Administrative Costs

Section 1. Definitions as used in this provision, the following definitions shall apply:
(a) “Administrative activities” means those activities performed by an entity in the development and implementation of policy and the management of the organization necessary to fulfill the functions and obligations of the organization. These activities generally include, but are not limited to: agency and personnel management; accounting; auditing and legal services.
(b) “Cabinet” means the Cabinet for Health Services.
(c) “Cost allocation” means the written description of processes for identification, accumulation, and distribution of costs together with the allocation methods used.
(d) “Direct costs” means those costs that can be identified specifically with and charged to a particular project, service, program or activity of a contracting entity.
(e) “Indirect administrative costs” means those costs for administrative activities of an entity or organization which are not specifically identifiable with a particular project, service, program or activity.
(f) “Indirect costs” mean those costs of an entity or organization which are not specifically identifiable with a particular project, service, program or activity, but nevertheless are necessary to the general operation of the organization and the conduct of the activities it performs.
(g) “Service activities” mean those activities carried out by an entity or organization which are integral and necessary to the production and/or delivery of specific products and services.

Section 2. Indirect Administrative Cost Limitation in Contract Agreements
(a) The Cabinet shall limit payment to contractors for indirect administrative cost to no more than ten percent (10%) of the contract total. For the purpose of this provision, contract total means actual, allowable expenses reimbursed by the Cabinet.
(b) The provision is applicable to all personal service contracts and program administration contracts which are of a cost reimbursement type. The provision does not apply to competitively bid contracts or negotiated fixed price contracts.
(c) When offering a contract for bid or negotiation, the Cabinet shall clearly indicate that the state will limit its reimbursement of indirect administrative costs to no more than ten percent (10%) of the total actual allowable expense reimbursed by the Cabinet. If the total indirect administrative cost exceeds such limit, the additional expense shall be the responsibility of the contractor and not the Commonwealth.
(d) In cases where payment to a contractor is made on a fixed price/fixed fee basis and the fixed price/fixed fee is established based upon a consideration of a prior year actual allowable cost, such
contracts shall be subject to the indirect administrative cost limitations set forth herein.

(e) There shall be no restriction to limitations on indirect administrative costs paid for with contractor local funds and used to satisfy in-kind or matching requirements.

(f) In the event more restrictive contract provisions or federal and/or state laws and/or regulations apply to a particular contract, such laws, regulations, or contract provisions shall prevail with respect to limitations of indirect administrative cost.

(g) In the event an audit results in a finding that the indirect administrative cost limitations set forth herein had been exceeded for the period of performance under the contract, payment made by the Cabinet to the contractor in consideration of such cost shall be subject to recovery from the contractor by the Cabinet.

Section 3. Allocation Plan Requirements
(a) A contractor shall maintain a written plan for allocation of direct and/or indirect costs in instances where the contractor organization operates more than one (1) project, service, program or activity. The general requirement for any cost allocation plan is that it shall provide for an equitable distribution of allocable direct costs and indirect costs to each project, service, program or activity that benefits from such costs. The cost allocation plan must be consistently and uniformly applied except where it is determined to be in the best interest of the Cabinet and contract provisions specifically exempt a particular fund source. Only those costs that are not specifically identifiable to a single project, service, program or other direct activity shall be allocated.

(b) In the event a contractor has a cost allocation plan in operation which has been accepted and approved by the contractor’s cognizant federal agency, the Cabinet will recognize such cost allocation plan as applicable for purposes of recording and reporting reimbursable costs to the extent that such costs are allowable. Acceptance of such a plan by the Cabinet is contingent on compliance by the contractor with all federal and/or state laws, regulations and rules applicable to the various programs and activities funded by the Cabinet and, further, that an audit will be completed and reported to the Cabinet which will include a statement as to the contractor’s compliance with the indirect administrative cost limitations set forth in this provision.

Section 4. Documentation Required for Costs
(a) All direct or allowable direct charges shall be documented by appropriate source documents to support the direct charging of the expense.

(b) The contractor shall document the method used to allocate direct and/or indirect costs.

(c) The contractor shall indicate the allowable indirect administrative cost amount, and the percentage such amount represents, in each contract budget and/or the final expenditure report as an indication of compliance. If the contractor is operating under a cost allocation plan as described in Section 3B, then the amount and percentage of indirect administrative cost will be reported in the required audit.

(d) Reports of audits performed to meet federal and/or state requirements and which are conducted by independent public auditors, Cabinet auditors and/or State auditor, shall contain a statement as to the compliance of the contractor with the cost limitations set forth herein.

Section 5. Subcontracts
(a) In the event the primary contractor subcontracts (subject to Cabinet approval) with any non-state government agency or organization or individual pursuant to or relating to the terms and conditions of the contractor’s Agreement with the Cabinet, the indirect administrative cost of the primary contractor shall not exceed ten percent (10%) of the total actual allowable expenses reimbursed by the Cabinet, excluding such subcontracted costs. The indirect administrative cost of the subcontractor
shall not exceed ten percent (10%) of the total actual allowable expenses reimbursed by the primary contractor or the subcontractor. In no event shall the combined indirect administrative costs of the primary contractor and subcontractor(s) in the aggregate exceed ten percent (10%) of the total actual allowable expenses reimbursed by the Cabinet.

Travel
The contractor shall be paid no travel expense unless and except as specifically authorized under the specifications of this agreement. Unless otherwise indicated, travel reimbursement shall be in accordance with in lieu thereof "200 KAR 2:006".

Travel and Hourly Rate
No travel time nor travel expenses will be included in the contractor’s or any subcontractor’s hourly rates.

Conflict of Interest Laws and Principles
The contractor certifies that he is legally entitled to enter into this contract agreement with the Commonwealth of Kentucky, and by holding and performing the terms and conditions of this agreement will not violate either any conflict of interest statute, KRS 45A.330-45A.340, 45A.990, KRS 164.390, or KRS 11A.040 of the Executive Branch code of ethics, relating to the employment of former public servants.

Campaign Finance
The contractor certifies that neither he/she nor any member of his/her immediate family having an interest of ten percent (10%) or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056 (2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this contract. The contractor further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

Certification of Lobbying
(a) No state funds appropriated to the Second Party pursuant to this agreement shall be used to influence, either directly or indirectly, the introduction or modification of any federal or state legislation, or the outcomes of any federal, state or local election, referendum, or initiative.

(b) In addition, for any payment involving federal funds, the Second Party certifies to the best of his or her knowledge and belief, that for the preceding contract period, if any, and for this current contract period:
1. No federal appropriated funds have been paid or will be paid, by or on behalf of the Second Party, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in
Social Security
The Second Party and all other parties so contracted for services under the scope of service of this agreement agree that they are cognizant that the Cabinet is not liable for Social Security contributions pursuant to 42 U.S Code, Section 418, relative to the compensation of the Second Party during the effective dates of this agreement.

Violation of Tax and Employment Laws
KRS 45A.485 requires the contractor to reveal to the Commonwealth, prior to the award of a contract, any final determination of a violation by the contractor within the previous five (5) year period of the provisions of KRS Chapters 136, 139, 141, 337, 338, 341 and 342. These statutes relate to the state sales and use tax, corporate and utility tax, wages and hours laws, occupational and safety and health laws, unemployment insurance laws, and workers’ compensation insurance laws.

(a) To comply with the provisions of KRS 45A.485, the contractor shall report any such final determination(s) of violation(s) to the Commonwealth by providing the following information regarding the final determination(s): the KRS violated, the date of the final determination, and the state agency which issued the final determination. KRS 45A.485 also provides that, for the duration of any contract, the contractor shall be in continuous compliance with the provisions of those statutes which apply to the contractor’s operations, and that the contractor’s failure to comply with the above statutes for the duration of the contract, shall be grounds for the Commonwealth’s cancellation of the contract and the contractor’s disqualification from eligibility for future state contracts for a period of two (2) years.

(b) The contractor shall not have violated any of the provisions of the above-referenced statutes within the previous five (5) year period.

Audit Requirements
If the Second Party is a governmental entity, an institution of higher learning or other nonprofit institution, the Second Party shall procure an audit in accordance with the United State’s Office of Management and Budget (OMB) Circular A-133, as amended. A copy of the Second Party’s audit report(s) shall be submitted to the Cabinet as so identified and detailed, and in the prescribed timeframes as set forth in this Agreement and in the attachment(s) to the agreement.

Job Listing and Employment Priority
(a) The Second Party agrees to list all jobs/positions created as a result of this agreement and to cause all subcontractors to this agreement to list all job employment openings with the local employment office of the Department for Employment Services.

(b) The Second Party agrees to give and to cause all subcontractors to this agreement to give first priority for employment positions created as a result of this agreement to Temporary Assistance for Needy Families of the Department for Community Based Services in the Cabinet for Families and Children, unless such priority violates state or federal law.

Health Insurance Portability and Accountability Act
The second party agrees to abide by the rules and regulations regarding the confidentiality of personal medical records as mandated by the Health Insurance Portability and Accountability Act (42 USC 1320d) and set forth in federal regulations at 45 CFR Parts 160 and 164. Any subcontract entered by the second party as the result of this agreement shall mandate that the subcontractor is required to abide by the same statutes and regulations regarding confidentiality of personal medical records as is the second party.