

COMPREHENSIVE MANAGEMENT AGREEMENT
FOR THE PROVISION OF HEALTH CARE SERVICES TO THE CORRECTIONAL

POPULATION UNDER THE CUSTODY OF THE DEPARTMENT OF CORRECTIONS
AND REHABILITATION OF PUERTO RICO

2012-2017

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This Agreement is entered into this 17 day of October, 2012, by Correctional Health Services Corporation, a not-for-profit corporation created under the laws of the Commonwealth of Puerto Rico (hereafter, "CHSC") and the Department of Corrections and Rehabilitation, an agency of the Government of the Commonwealth of Puerto Rico (hereafter "DCR").

Whereas : CHSC and the Administration of Corrections had a management contract that expired on August 30, 2011. This contract was extended until October 31, 2012, by virtue of a stipulation signed by the parties.

Whereas : CHSC, during the past 6 years, has developed and proven its expertise in the management of a constitutionally compliant correctional health system.

Whereas : The DCR hired the services of Dr. Jackie Moore to undertake an evaluation of the operations of the correctional health system, CHSC's Model of Care, CHSC's administrative and clinical policies and of the actual operations at the institutional level to ascertain the level of compliance with applicable standards of care in the industry. The DCR also hired the services of an accounting firm to evaluate CHSC's compliance with its contractual obligations and



procedures as set forth in the existing Comprehensive Management Agreement.

Whereas : The review of the aforementioned experts reflected CHSC's compliance with its contractual obligations and, more importantly, that CHSC, in a cost-effective way, has brought the correctional health services from the brink of a receivership in 1997 to compliance with minimum constitutional standards. More specifically, Dr. Moore's report states that since 2005 CHSC has "progressively conceived and implemented" a number of changes to correct many of the constitutional deficiencies identified by the US District Court for the District of Puerto Rico, has substantially improved compliance with the Medical and Mental Health Care Plan and it states that it believes that all of the health care facilities could meet the accreditation standards promulgated by the National Commission on Correctional Healthcare

Whereas : The DCR believes that the continued contracting with CHSC as set forth in the present Agreement shall guarantee continuity and compliance with the applicable standards and maintain the gains obtained during the past years in the area of correctional health care and thus complies with the Government of Puerto Rico's public policy to provide adequate health care to inmates under its custody.



Whereas : The parties to the aforementioned agreement desire to renew the
said agreement at this time, subject to certain amendments and
modifications included herein.

NOW THEREFORE, the appearing parties agree to enter into this
Agreement for the delivery of health care services (as defined herein below) to the adult
and young adult correctional population in the custody of the Department of Corrections
and Rehabilitation pursuant to the following terms and conditions:



ARTICLE 1

DEFINITIONS

- 1.1 AGREEMENT – This agreement, commencing on November 1, 2012.
- 1.2 COMPUTERIZED HEALTH INFORMATION SYSTEM – A comprehensive information system focused in the gathering, processing, sharing and transmission of all aspects of information related to the health of an individual and health care institution's operations, including inmate medical records. The term includes computer hardware, software, applications, infrastructure and operating procedures. This system may also be referred as Electronic Health Record System or "EHR".
- 1.3 CONFIDENTIAL INFORMATION – It will mean confidential, nonpublic or other proprietary information in any form (written, electronic, graphic or other tangible or intangible form) as well as any information identified as confidential by the disclosing party. It will not include information that is generally available to the public.
- 1.4 CORRECTIONAL FACILITIES – The facilities and/or physical structures used by the DCR to maintain custody of the correctional population and to provide them with different services. This term may also include any correctional facility operated by any private contractor or subcontractor.
- 1.5 CORRECTIONAL HEALTH PROGRAM ("CHP") – As of July 1, 2005, a subdivision of the DCR, in charge of providing medical and mental health care of the correctional population in the custody of the DCR pursuant to the Medical

and Mental Health Care Plan. The CHP is also known as "Salud Correccional" or "Programa de Salud Correccional".

- 1.6 CORRECTIONAL HEALTH SERVICES CORPORATION ("CHSC") – A not-for-profit corporation organized and authorized to do business pursuant to the laws of the Commonwealth of Puerto Rico.
- 1.7 CORRECTIONAL MEDICAL CENTER ("CMC"): It is a medical institution currently under construction at the Bayamón Correctional Complex that will provide emergency room service, specialty and subspecialty clinics, radiology and physical therapy services, emergency room services as well as approximately 200 beds for physical and mental health services.
- 1.8 COURT ORDERS – The set of orders and court-approved stipulations which govern various aspects of the Morales Feliciano case.
- 1.9 DEPARTMENT OF CORRECTIONS AND REHABILITATION OF PUERTO RICO – 16An agency of the Government of the Commonwealth of Puerto Rico responsible for the custody, care and rehabilitation of all adult and young adult male and female inmates under its custody.
- 1.10 DIRECT HEALTH CARE SERVICES – The clinical services provided by the health care professional to the correctional population, which include the diagnosis and treatment of all inmates in accordance with the professional clinical judgment of the pertinent health care professional pursuant to the applicable standards, procedures and practices, including the MMHCP. It also includes the ancillary, diagnostic and support services rendered that are related to the clinical services.

- 1.11 DISPUTE - means any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including without limitation any dispute regarding its validity or the performance or breach hereof by either party.
- 1.12 INFORMATION SYSTEMS – Information System means the conglomerate of computers, peripherals, servers, networks, cabling, router switchers, wireless antennas, electronic storage systems, and redundant or backup systems. The term will also include the software and applications running either in individual personal computers and/or on a CHSC server, and whose license belongs to CHSC.
- 1.13 INMATES – All adult and young adult persons under the custody of the DCR, as well as those persons in the custody of private contractors on behalf of the DCR, pursuant to Article 1.5 above.
- 1.14 INTEGRATED HEALTH CARE DELIVERY MODEL ("Model") – The model, protocols and procedures for the delivery of health care to the correctional population prepared by CHSC and attached hereto as Attachment 1.
- 1.15 FISCAL YEAR – It refers to the Government of Puerto Rico's Fiscal Year, which runs from July 1 of a particular year through June 30 of the following year.
- 1.16 MEDICAL AND MENTAL HEALTH CARE PLAN ("MMHCP") – The Medical and Mental Health Care Plan approved by the Court in the Morales Feliciano case, which seeks to bring the level of health services to the correctional population in compliance with the mandates of the Constitution of the United States of America, and attached hereto as Attachment 2.

- 1.17 MEDICAL LIAISON OFFICE ("MLO") – The office within the DCR designated to be the main clinical liaison between the DCR and CHSC. Its Director should be a medical doctor duly licensed and in good standing in Puerto Rico.
- 1.18 MEDICAL EQUIPMENT - Any machine or equipment designed or used to aid clinical therapies, to assist in the diagnosis of any type of medical condition or to monitor the clinical state of an inmate. This equipment will be further subdivided as DCR Medical Equipment, which refers to any equipment owned or leased by the DCR for use, directly or indirectly, in the provision of care for inmates, and CHSC Medical Equipment, which refers to any equipment owned or leased by CHSC for use, directly or indirectly, in the provision of care for inmates.
- 1.19 MEDICAL SUPPLIES – Any type of product used by health professionals to provide clinical, dental and/or mental care to inmates. This term excludes Medical Equipment as well as Drugs and Medicines.
- 1.20 MEDICAL RECORD – The account (in either paper or electronic format) compiled by the healthcare professionals of a variety of the inmate's health information which includes, without limitation, the inmate's clinical history, present illnesses, findings on examinations, results of diagnostics tests and procedures, medications, details of treatment and progress notes.
- 1.21 MONTHLY OPERATIONS MEETING – the monthly operations meeting held between the parties to this Agreement, through the Joint Oversight Committee as set forth herein below, in which they will discuss all issues related to the performance of this Agreement, the existence of anticipated or real obstacles in

the progress of any and all projects and any other issue related to the obligations of the parties under the present contract or imposed by law or judicial order.

- 1.22 MORALES-FELICIANO CASE – A lawsuit filed before the United States District Court for the District of Puerto Rico, entitled Carlos Morales-Feliciano vs. Luis G. Fortuño Burset, Civil No. 79-004(PG), related to conditions of confinement of the adult and young adult correctional population in the custody of the Commonwealth of Puerto Rico.
- 1.23 NON-MEDICAL EQUIPMENT – Equipment owned and/or leased by either party and used for administrative or support purposes and not directly related to the care of inmates.
- 1.24 CHP OPERATIONAL BUDGET – The funds assigned by the Government of Puerto Rico to the Correctional Health Program as part of its regular budgetary process.
- 1.25 CHSC ADMINISTRATIVE BUDGET – The funds assigned or paid to CHSC to cover its operational expenses and which shall not be used to pay for any expense related to the provision of direct services to inmates, unless otherwise provided in this Agreement.
- 1.26 PERFORMANCE INDICATORS – Levels of performance designed to measure the quality of the health services and its compliance with the applicable laws, regulations, standards and/or agreements.
- 1.27 PUBLIC BUILDING AUTHORITY ("PBA") – An agency of the Commonwealth of Puerto Rico that holds title to several facilities used by DCR and which also retains maintenance obligation over one or more facilities.

ARTICLE 2

WARRANTIES AND REPRESENTATIONS

- 2.1 The DCR represents and warrants that it is an agency of the Commonwealth of Puerto Rico with full legal right, power and authority to execute, deliver and perform this Agreement which will constitute a legal, valid and binding obligation of the DCR and/or the Commonwealth of Puerto Rico. The DCR also warrants that the execution of this Agreement does not conflict with, violate or result in the material breach of any law or governmental regulation currently in effect or any term or condition of any order, judgment, decree, contract or agreement to which the DCR is a party.
- 2.2 CHSC represents and warrants that it is a not-for-profit corporation organized pursuant to the laws of the Commonwealth of Puerto Rico with full legal right, power and authority to execute, deliver and perform this Agreement which will constitute a legal, valid and binding obligation of CHSC. CHSC also warrants that the execution of this Agreement does not conflict with, violate or result in the material breach of any law or governmental regulation currently in effect or any term or condition of any order, judgment, decree, contract or agreement to which CHSC is a party. CHSC further represents that it has the required authority, ability, skills, expertise, technical support and capacity to perform all of its obligations hereunder.



ARTICLE 3

SCOPE OF CHSC'S SERVICES AND OBLIGATIONS

3.1 The DCR herein contracts with and appoints CHSC to design, manage, direct the operations, provide direct services to inmates, supervise and organize the health care delivery system to inmates, to assure the correctional population of access to medical, dental and mental health care in compliance with the MMHCP, the Court's orders and the applicable laws, regulations and standards, as well as the provisions of this Agreement. No other entity, public or private, will be appointed or contracted to provide any services subject of the present Agreement. The services include but are not limited to the following:

- 3.1.1 Implement and maintain a system of delivery of medical, dental and mental health care to inmates as well as substance abuse programs that meets minimum constitutional standards, as well as all applicable laws, regulations and standards for this type of health care services delivery system;
- 3.1.2 Implement and maintain a cost-effective and efficient model for the delivery of health services that provides for the needs of the correctional population in a multidisciplinary and integrated approach, including the delivery of services in the appropriate levels of treatment with emphasis on prevention and continuity of care;
- 3.1.3 Establish and maintain a collaborative approach to the delivery of health care to inmates, incorporating health professionals, DCR personnel and public health agencies;
- 3.1.4 Establish and maintain continuous trainings for DCR personnel as well as health care professionals in areas of safety and security, correctional operations, identification and referral procedures, suicide prevention, and other related topics.
- 3.1.5 Conduct research and studies of the correctional population's health status and its particular needs in order to improve the health care services to be provided in the future;

- 3.1.6 As set forth in this Agreement, suggest a capital improvement program for health care facilities throughout the Island to be submitted periodically to the DCR;
- 3.1.7 Establish and maintain a computerized health information system that will allow for immediate access to medical records and information by all health care professionals;
- 3.1.8 Conclude the construction process and operate, while this Agreement is in place, a medical and psychiatric facility known as the Correctional Medical Center (hereinafter "CMC") to provide specialty care and other services to the correctional population, as provided herein below;
- 3.1.9 Subject to the terms and conditions of this Agreement, maintain adequate clinical and support staffing levels to provide the services promptly and in accordance with the applicable standards and contractual provisions herein below;
- 3.1.10 Provide the DCR with reports and information as it may need to gauge contract compliance, for statistical purposes and for any other reasonable purpose;
- 3.1.11 Perform any additional task required to implement the Model, comply with the MMHCP and/or fulfill its obligations and objectives under existing court orders; and
- 3.1.12 CHSC will cooperate and assist the DCR in the execution of its duties and responsibilities under this Agreement.

ARTICLE 4

SCOPE OF DCR'S SERVICES AND OBLIGATIONS

4.1 The DCR is the sole entity responsible for the custody and security of adult and young adult inmates, which includes their transportation, security and custody services, physical facilities, food services, housing, education, and recreation, among others. The services to be provided by the DCR include but are not limited to the following:

- 4.1.1 Transportation – The DCR will have the obligation and duty to transport inmates in a safe, appropriate and timely manner to and from all medical appointments, visits, examinations and other health related events, including intra and extra-institutional appointments and treatments in health care facilities outside of a correctional facility, as well as regular and emergency transportation to and from hospitals and/or medical facilities or offices. Notwithstanding the above, the parties may enter into any agreement whereas CHSC assumes the duties and obligations related to inmate transportation for medical appointments, visits, examinations or other health related events;
- 4.1.2 Security and Custody Services – the DCR will be in charge of the custody and wellbeing of all inmates, and will provide security to CHSC's staff and contractors, as well as to their property and equipment. The DCR shall also maintain adequate staffing levels to assure reasonable access to health care;
- 4.1.3 Physical Facilities – the DCR will provide adequate facilities from which CHSC can offer its services, and will be responsible for the adequate and continuous maintenance and refurbishing of these facilities as well as their equipment, except as otherwise provided herein below;
- 4.1.4 Food Services – the DCR will provide all inmates with meals and nourishment as required by the Court Orders or applicable laws and regulations. It will also provide special medical diets to inmates who may require them, in compliance with the applicable orders, laws and regulations;

- 4.1.5 Cooperation – The DCR will cooperate and assist CHSC in the execution of its duties and responsibilities under this agreement; and
- 4.1.6 Information - the DCR will maintain CHSC informed of any prospective changes in their operations that may affect, directly or indirectly, the provision of health services. These changes may include but are not limited to change in mission of a facility and/or housing unit, the deactivation of a facility and/or housing unit, any plans to build a new facility or housing unit, plans to rehabilitate and/or refurbish of a facility and/or housing unit, changes in modes of transportation, and changes in staffing patterns that may affect clinical services.

ARTICLE 5

MEDICAL RECORDS

- 5.1 All medical records, in paper and/or electronic format, will be maintained in accordance with the pertinent laws, standards and regulations applicable to the delivery of correctional health care services and CHSC's operations.
- 5.2. CHSC has implemented an Electronic Health Record system ("EHR system") which will be continuously accessible to health care professionals and support staff authorized to access it, as provided herein below. For the foreseeable future, and due to the large amount of paper health records currently in use and the cost of digitizing the same, CHSC will maintain a dual system, that is, part of an inmate's health record will be on paper form and other parts will be on electronic form. ~~Whenever possible and feasible, all new admissions records will~~ be kept in digital form.
- 5.3 The EHR system will have redundant and backup systems to protect against loss of service and/or data. The system may not be accessible for short periods of time to conduct maintenance of the system, or due to unforeseen circumstances, such as extended power outages or acts of nature, as defined in Article 25.10, on Force Majeure.
- 5.4 All existing medical records, as well as those generated after the execution of this Agreement will be the property of the DCR, and CHSC will be its sole custodian. CHSC will keep these records in a secure location and will reasonably safeguard them against loss or tampering.

- 5.5 CHSC will make every effort to ensure that all medical records are complete and contain the pertinent data concerning the health and care of the inmates. Medical records must be completed in a timely fashion.
- 5.6 All inmate medical records are considered confidential under applicable laws and regulations and as agreed in Article 6, Disclosure of Protected Health Information, herein below. The parties will safeguard their confidentiality through any reasonable means necessary.
- 5.7 CHSC will grant access to the medical records as required by law to the regulatory agencies such as the Department of Health of the Commonwealth of Puerto Rico. Upon request, the DCR's MLO Director will only have unrestricted assisted access at reasonable times to these records to gauge and measure compliance with the terms of this Agreement and CHSC's obligations. DCR's non-medical staff will not have access to individual records, but will have a right to receive information that may be pertinent to an inmate's custody or transportation, or for any other reasonable reason related to the health and security of an inmate or correctional staff and as allowed by applicable laws and regulations. The DCR will have access to all compilations of data prepared by CHSC pertinent to the delivery of care to inmates and CHSC will prepare, whenever feasible and possible, compilations of medical data and conditions, as long as the inmates' confidentiality is maintained.
- 5.8 In the event the DCR and/or CHSC receive a subpoena or order for the production of any medical record, the party receiving the subpoena or order shall

immediately notify the other party of the receipt of said request. The DCR will have five (5) working days from notice to inform CHSC if it will seek a protective order to prevent the production and/or disclosure of the medical record or information contained in the medical record. If no such notice is given to CHSC, it will comply with said subpoena or order.

- 5.9 In the event this Agreement expires and is not renewed, or it is terminated for any reason whatsoever as set forth in this Agreement, CHSC will cause to deliver to the DCR or its designees an original of all medical records and data in its possession in electronic format, if possible in a non-proprietary format accessible to the DCR. If the data is requested in any format other than electronic, the DCR will bear the cost of the production of said data. CHSC may retain for its own use a copy of said records if there is an on-going litigation, claim or potential claim against CHSC. The DCR agrees to give CHSC access to any medical record it may need after the expiration of the Agreement if needed to defend against any claim, lawsuit, administrative proceeding or investigation of any kind and in which the medical record may be relevant or necessary. The DCR will not unreasonably deny said requests.

ARTICLE 6

DISCLOSURE OF PROTECTED HEALTH INFORMATION

- 6.1. The parties to this agreement will comply with all applicable federal and local laws and regulations that seek to protect the privacy of an Inmate's health information, including but not limited to the Health Insurance Portability and Accountability Act (HIPAA).
- 6.2. The MLO Director will have unrestricted assisted access at reasonable times to Protected Health Information, as this term is defined by Law or regulations, to gauge and measure compliance with the terms of this Agreement and CHSC's obligations only, provided that the MLO Director is a medical doctor. DCR's non-medical staff will not have access to individual records or Personal Health Information as defined by law.
- 6.3. Other than the information CHSC will disclose to the MLO Director, CHSC will further disclose the minimum and applicable Protected Health Information to the DCR if requested and only for the following purposes:
- a) Use in determining medically appropriate classification, housing and job assignments;
 - b) Use in determining an inmate's ability to participate in programmatic activities;
 - c) Use in the processes involved in the assessment and monitoring of the delivery of health care services, including access to health care, pertinence and the quality of health care;

- d) Use in the investigation and response to grievances and complaints from individual inmate regarding his health care services;
- e) Use in the investigation and response to complaints from third parties about the health care services provided to inmates;
- f) Use in preventive medicine monitoring and reporting activities;
- g) Use to determine if the inmate is a risk to self or others;
- h) Use in safeguarding the health and safety of the officers or employees or others at the correctional institutions;
- i) Use in safeguarding the health and safety of such individual and officers or other persons responsible for transporting of inmates or their transfer from one institution, facility or setting to another;
- j) ~~Use by law enforcement on the premises of the correctional institution; and~~
- k) Use in the administration and maintenance of the safety, security and good order of the correctional institution;

6.4 Any Protected Health Information shared among the parties pursuant to this Agreement may not be further disclosed to other parties except as permitted by law and regulations. The party disclosing any Protected Health Information in violation of this clause and/or the applicable laws and regulations will bear the full legal responsibility for said disclosure.

6.5 All contractors and subcontractors of either party with access to Protected Health Information will be made aware of the obligations imposed by this Agreement

and the applicable laws, and will agree in writing to abide with said confidentiality obligations.

A handwritten signature in black ink, consisting of a stylized, cursive letter 'B' followed by a horizontal stroke.A handwritten signature in black ink, appearing to be the letters 'He' in a cursive style.

ARTICLE 7

EQUIPMENT, MATERIALS & FACILITIES

Medical Equipment

- 7.1 All DCR Medical Equipment will be identified as such with clearly visible equipment identification tags. CHSC may remove this equipment from its current premises and transfer them to another DCR premises as long as CHSC keeps a detailed record of these movements. The DCR authorizes CHSC to use this equipment without cost.
- 7.2 CHSC will maintain an up-to-date inventory of the DCR's Medical Equipment, and will provide the DCR, at its request, listings of said equipment, including at least the following information: (a) a description of the equipment; (b) its property identification tag number; (c) the current location of the equipment.
- 7.3 The DCR Medical Equipment currently owned or leased by the Commonwealth of Puerto Rico and/or any of its agencies and/or subdivisions will continue to be owned or leased by the Commonwealth of Puerto Rico and CHSC will not have any legal, equitable, tax, beneficial or ownership or other leasehold interest in the DCR's Medical Equipment and no act or omission by either party will change the ownership status of the DCR Medical Equipment.
- 7.4 CHSC will be responsible for the maintenance, upkeep and replacement of the DCR's Medical Equipment during the term of this Agreement. Said maintenance, upkeep and/or replacement shall be paid from the CHP Operational Budget.
- 7.5 The DCR expressly authorize CHSC to directly procure, execute and supervise maintenance agreements for the DCR's Medical Equipment. CHSC will invoice at

cost the DCR for said maintenance agreements which shall be paid from the CHP Operational Budget. CHSC will negotiate maintenance agreements for the DCR Medical Equipment and will provide the DCR with a full accounting of these contracts as requested by the DCR. In any such negotiation, CHSC shall strive to obtain competitive quotes whenever possible and reasonable and to obtain the best price possible for the necessary products and/or services in order to keep maintenance costs at a reasonable amount.

- 7.6 CHSC will procure and acquire directly all medical equipment needed for the adequate operation of the CHP, unless otherwise provided elsewhere in this Agreement. This medical equipment will be of an acceptable quality from local vendors, if possible, and CHSC will strive to obtain the best terms for the acquisition or lease of same. CHSC will make available to the DCR if requested, all evidence concerning purchases or lease of medical equipment. CHSC shall invoice the DCR at cost and shall be paid from the CHP Operational Budget.
- 7.7 In the event CHSC considers there is a need for additional or replacement medical equipment and there are no available funds in the CHP Operational Budget, it will notify the DCR of this need, indicating in detail (a) the reason or justification for the purchase or lease; (b) the type of equipment needed, with clear specifications for the equipment; and (c) approximate cost or lease terms of said equipment. The DCR may opt to purchase or lease said medical equipment with the DCR budget without any diminution or set-off against the yearly CHP Operational Budget or may allow CHSC to acquire or lease said equipment and invoice the DCR for said equipment, at cost. CHSC shall not acquire or lease any

equipment unless the CHP Operational Budget has the necessary funding. The DCR or CHSC, as the case may be, will endeavor to purchase or lease said equipment promptly as to not affect the delivery of medical care to inmates and at the best terms possible. CHSC will render all assistance in the procurement process as the DCR may need, and the DCR will keep CHSC informed at all times of the status of said purchase or lease.

Medical Supplies

- 7.8 CHSC will procure and acquire directly all supplies it needs for the adequate operation of CHP, unless otherwise provided elsewhere in this Agreement. These supplies will be of an acceptable quality and will be acquired from local vendors, if possible. CHSC shall strive to obtain competitive quotes whenever possible and reasonable and to obtain the best price possible for the necessary products and/or services. CHSC will make available to the DCR all evidence concerning purchases of supplies. CHSC shall invoice the DCR for these medical supplies, at cost and shall be paid from the CHP Operational Budget. CHSC will strive to maintain an adequate supply of supplies to attend to the Inmates' medical needs.
- 7.9 CHSC will maintain a perpetual inventory of all supplies used at each Institution and will provide the DCR, at its request, with semiannual reports on the usage of medical supplies as may be required, as well as any other related information agreed upon by the parties.

- 7.10 In the event this Agreement is not renewed at the expiration of the Contract Term, CHSC will transfer the existing paid medical supplies in its inventory to the DCR at no cost whatsoever. CHSC will provide the DCR a complete inventory of said supplies and any other relevant information by the expiration date of this Agreement.

Drugs and Medication

- 7.11 CHSC will procure and acquire directly all drugs and medication necessary for the adequate operation of the CHP, unless otherwise provided elsewhere in this Agreement. CHSC shall invoice the DCR for these drugs and medications, at cost, and shall be paid from the CHP Operational Budget. These drugs and medication will be of an acceptable quality and will be acquired from local vendors, if possible. CHSC shall strive to obtain competitive quotes and to obtain the best price possible for the necessary products and/or services. CHSC will make available to the DCR all evidence concerning purchases of drugs and medication.
- 7.12 CHSC will maintain a perpetual inventory of all drugs and medications purchased and distributed to inmates and will provide the DCR, upon request, with reports on the usage of medications as may be required, as well as other pertinent related information.
- 7.13 CHSC has established the formulary of drugs and medications to be used for the provision of health services to inmates, and will make available to the DCR said formulary upon request. CHSC reserves the right to modify the formulary at any

time and shall duly notify the MLO Director and/or the Joint Oversight Committee.

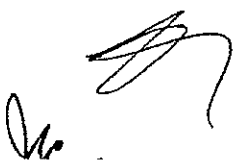
- 7.14 In the event this Agreement is not renewed at the expiration of the Contract Term, CHSC will transfer the existing paid drugs and medication in CHSC's inventory to the DCR at no cost whatsoever. CHSC will provide the DCR a complete inventory of said drugs and medication and any other relevant information at the expiration of this Agreement.

Office Furniture and Equipment

- 7.15. Office furniture and equipment currently installed in the medical facilities are either the property of the DCR or CHSC, and are identified as such. Title to this property shall not change during the duration of this Agreement. The DCR hereby authorizes CHSC to continue using its office furniture and equipment installed in all medical areas

- 7.16. CHSC will maintain an inventory of all DCR's office furniture and equipment and will make certain that all such equipment and furniture has the appropriate property tag identifying the ownership of the same.

- 7.17 In the event CHSC considers there is a need for additional or replacement of office furniture and equipment and there are no available funds in the CHP Operational Budget, CHSC will notify the DCR of this need, indicating (a) the reason or justification for the purchase or lease; (b) the type of equipment needed, with clear specifications for the equipment; and (c) approximate cost or lease terms of said equipment. The DCR may opt to purchase or lease said



office furniture and equipment with the DCR budget without any diminution or set-off against the yearly CHP Operational Budget or may allow CHSC to acquire or lease said office furniture or equipment and invoice the DCR for said equipment, at cost. CHSC shall not acquire or lease any office furniture or equipment unless the CHP Operational Budget has the necessary funding. The DCR or CHSC, as the case may be, will endeavor to purchase or lease said equipment promptly as to not affect the delivery of medical care to inmates and at the best terms possible. CHSC will render all assistance in the procurement process as the DCR may need, and the DCR will keep CHSC informed at all times of the status of said purchase or lease

Facilities

- 7.18 The parties acknowledge that the physical facilities from which medical services are rendered to inmates either belong to the DCR, the Public Building Authority ("PBA") and/or other Government entity that has legally allowed the DCR to use the facility.
- 7.19 The DCR will allow CHSC to operate from the existing facilities for the duration of this Agreement without any charge. In the event of a PBA-owned facility, the DCR will continue to pay PBA rent for the facility and any other payment agreed upon between PBA and the DCR or to maintain in place an agreement with PBA so that CHSC may continue using these premises.

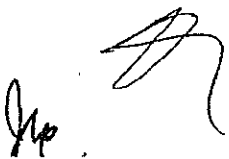
7.20 The DCR will continue to be responsible, at its cost, for the maintenance, utilities and upkeep of all facilities used or to be used by CHSC to provide health care services, or as support for the provision of health care services. The DCR will provide monthly preventive schedules to CHSC of said facilities.

7.21 In the event of any non-emergency corrective maintenance required at any medical or support facility, CHSC will promptly inform the DCR of said need for maintenance. The DCR will inform CHSC, within five (5) working days of notice, of the corrective maintenance action to be taken, and will endeavor to take corrective action within thirty (30) calendar days of notification. In the event of emergency corrective maintenance that may affect access to care or endanger the wellbeing or health of the inmates in medical areas, CHSC shall immediately notify the DCR and corrective action shall be executed as soon as possible. At all times the DCR shall keep CHSC informed of the progress of the maintenance works. CHSC shall not be held responsible for the failure to provide services due to lack of corrective maintenance.

7.22 In the event the DCR contracts with any entity for the operation of any correctional facility, the DCR shall procure adequate space in said facility for the medical services to be provided by CHSC.

Facility Inventory and Capital Improvement Program

7.23 The DCR retains full authority to modify the mission or purpose of any complex, facility or housing unit to better accommodate its operational or security needs. However, it is recognized that any such change in mission may impact the ability



of CHSC to provide medical, dental and mental health care, and may require modification on the staffing pattern or the model of services for that particular site. The DCR agrees to provide CHSC, no later than thirty (30) days from the signing date of this Agreement, a facility mission inventory that identifies (a) each facility operated by DCR; (b) the overall mission of each facility; (c) the mission of each housing unit within each facility; and (d) the number of inmates in each housing unit. If, at any time, DCR updates or modifies its facility mission inventory, it will provide a copy of the same to CHSC.

7.24 The DCR will inform CHSC of any projected change in the mission of any facility and/or housing unit at least ninety (90) days in advance to the change. If, due to the particular circumstances, it is not possible to provide said notice, the DCR will provide CHSC as much notice as practicable to allow it to adjust its operations to the new mission. CHSC will not be held responsible for any problem in the delivery of medical services arising from any change in mission of a facility or housing unit by the DCR where adequate notice is not given to CHSC.

7.25 The DCR will provide CHSC its planned capital improvement program and/or schedule for the correctional system in order to allow CHSC to plan for the provision of services in any new or rehabilitated facility. In the event of new construction or major rehabilitation of an existing facility, the DCR will incorporate CHSC as an advisor in the planning of said new facility or rehabilitation of an established facility so as to allow CHSC to provide design input into the medical areas and the overall design that may impact the provision of medical services.

7.26 CHSC agrees to keep in strict confidentiality any information regarding any capital improvement contemplated by the DCR, pursuant to the confidentiality terms set forth elsewhere in this Agreement.

Psychiatric Correctional Hospital

7.27 The parties acknowledge that the Psychiatric Correctional Hospital ("PCH") is under a lease from PBA to the Department of Health.

7.28 The DCR has obtained authorization from Department of Health that will allow CHSC to use and operate the PCH until such time these operations are transferred to the CMC currently being built on the premises of the Bayamón Correctional Complex.

7.29 ~~The parties have identified two housing units at the Psychiatric Correctional~~
Hospital that are vacant and available. These two housing units have been made available to the Department of Health for its use by the Psychiatric Forensic Hospital. CHSC and the Department of Health have agreed on the distribution of the available administrative and support space and how to modify their respective operations so as not to threaten the safety or security of the correctional operations, the DCR's or CHSC's staff. The parties also agreed on how to distribute office and support space so that both operations can coexist with minimum interference. The parties have also agreed on the distribution of incremental costs incurred by the additional operation of the Psychiatric Forensic Hospital, which arrangement will remain in place until the PCH is transferred to its new facility.

Inmate Emergency Transportation

- 7.30 The parties agree that CHSC shall assume the responsibility of the emergency transportation of inmates, pursuant to the terms and provisions of this Article.
- 7.31 The DCR shall assign all new ambulances in its possession to CHSC to maintain and operate them pursuant to the terms of this Agreement. The Parties shall prepare an inventory of the ambulances that shall be assigned to CHSC, identifying them by make, model, license plate number, Vehicle Identification Number and a description of the current operational state of the ambulances at the time of the transfer of the same to CHSC. This inventory shall be kept current and updated at least once a year by CHSC.
- 7.32 As part of the closure of the Morales Feliciano case, CHSC shall request from the United States District Court for the District of Puerto Rico the amount of monies from the Fine Fund to cover the purchase of 10 new ambulances necessary to provide the services contracted herein. If approved by the Court, CHP shall purchase the ambulances and operate them at all times under the supervision of CHSC during the term of this Agreement or any extension of the same. If the Court denies the request, the DCR shall seek the necessary funding for the purchase of all or some of the ambulances needed, if it so desires.
- 7.33 CHSC shall be in charge of coordinating the preventive and remedial maintenance of all ambulances and all repairs and maintenance will be the responsibility of the DCR. CHSC shall provide the DCR a quarterly accounting of all repairs and maintenance, with copy of all invoices for these services.



- 7.34 Subject to the terms and conditions agreed upon in Article 14 on subcontracting, CHSC may be authorized to contract and/or hire paramedics to provide their services in the emergency transportation of inmates. These paramedics, if hired by CHSC, shall be considered employees or subcontractors of CHSC and not employees or subcontractors of the DCR. CHSC shall pay for the services of the paramedics and invoice the DCR at cost plus benefits, as set forth in Article 14.
- 7.35 CHSC shall be responsible to provide in service training for the recertification of the paramedics. The DCR shall prepare jointly with CHSC a curriculum to train the paramedics in security operations. Once agreed upon, this training shall be offered by the DCR at no cost to CHSC. DCR shall extend to the paramedics other in service trainings in the areas of security and correctional operations it deems necessary, and shall assume the costs of the same.
- 7.36 The DCR agrees to provide correctional officers in enough quantity to provide custody for the emergency transportation services. The parties will agree the minimum staffing pattern needed to comply with the emergency transportation needs. CHSC agrees to provide, at its cost, training and certification in CPR and any other incidental training required by law to the correctional officers that will provide this custody. The DCR shall endeavor to avoid transferring these correctional officers to other posts so as to not disrupt the services or impose upon CHSC unnecessary training and retraining costs.
- 7.37 Subject to the terms and conditions of Article 23 on Indemnity, CHSC shall not be responsible for any claim arising from the fact that the DCR does not provide a correctional officer to provide custody in the transportation of an inmate.

No



Similarly, the DCR shall not be responsible for any claim arising from the acts or omissions of the paramedics hired by CHSC while working as such.

- 7.38 The DCR shall procure and obtain additional funding to promptly pay CHSC for the additional costs imposed by the Emergency Inmate Transportation and shall not use current funds from the CHP in this endeavor. Should no funding be obtained by the DCR in a particular year for these services, CHSC may discontinue the services. If the services are discontinued by CHSC the DCR shall assume full responsibility for the same.

ARTICLE 8

IS EQUIPMENT AND SOFTWARE

- 8.1 The DCR acknowledges that CHSC has installed, at its own cost, a substantial network and infrastructure necessary for the establishment of a Computerized Health Information System, Telemedicine system, as well as other Management Information Systems in the medical areas of the DCR facilities.
- 8.2 The DCR will provide CHSC all the assistance it may need for the completion and maintenance of its network and infrastructure, and it will not install any equipment that may interfere with the operation of CHSC's Information System. If any such interference arises, the DCR will promptly resolve the conflict upon notification from CHSC.
-
- 8.3. The software and applications in the possession of CHSC will remain in its possession and custody throughout the Agreement and its possible extensions.
- 8.4 The DCR will not make any request or demand that may require CHSC to violate any existing licensing agreement with any of the suppliers or manufacturers of hardware and/or software used by CHSC in its operations.
- 8.5 The clinical data stored in CHSC's Computerized Health Information System is the property of the DCR. At the expiration of this Agreement, said information will be provided to the DCR in a machine-readable format, if possible, or in paper format, as provided for in Article 5.9.
- 8.6 Any purchases of equipment, software and/or applications for the Information System will be done by CHSC following its internal standards and procedures.

Any such purchase shall come from CHSC's budget, unless the parties agree otherwise.

8.7 CHSC will be solely responsible for the maintenance and upkeep of the Information System, and said maintenance and upkeep shall be paid for by CHSC from the CHSC Administrative Budget, unless agreement to the contrary. The DCR will render access to any portion of the Information System installed in its facilities, and will render any assistance reasonably necessary for the installation, maintenance, upkeep and use of the Information System.

8.8 If the DCR decides not to renew this Agreement or if this Agreement is cancelled for just cause as defined in this Agreement, the DCR shall be obligated to request CHSC to maintain its Information System operational for an agreed-upon period of time, no longer than six (6) months, to allow the transition of operations to a new system. Such extension of time will be subject to an agreement between the parties as to the terms and conditions of said operation, including costs. Any equipment purchased by CHSC with funds from the Assessed and Uncollected Fine Fund shall be transferred to the DCR at the end of the Agreement or its extensions.

ARTICLE 9

HUMAN RESOURCES

- 9.1 In the performance of its obligations hereunder, CHSC will use the services of CHP's regular and transitory employees, collectively referred henceforth as "Government Employees", provided they meet the requirements associated with their respective positions. Notwithstanding the fact that the Government Employees will work at the DCR's medical facilities under the supervision and direction of CHSC, they will continue to be considered Government Employees of the DCR until such time the employer-employee relationship is terminated or modified for whatever reason.
- 9.2 CHSC may, at its sole discretion, hire personnel to work directly for CHSC, and ~~this personnel's compensation and fringe benefits will be determined solely by~~ CHSC, and will be referred to hereinafter as "CHSC's Employees". These employees shall not provide direct services to inmates, unless otherwise provided herein. The DCR will not exercise any authority over these employees unless otherwise noted elsewhere in this Agreement.
- 9.3 CHSC may, at its sole discretion, hire personnel and/or contractors to provide direct, ancillary and/or support onsite services to inmates (hereinafter referred to as "Direct Service Employees"). CHSC shall select, oversee, supervise and direct these Direct Service Employees and the DCR will not exercise any authority over these employees unless otherwise noted elsewhere in this Agreement. CHSC shall invoice the DCR for the services rendered by the Direct Service Employees at cost plus benefits plus cost of professional practice

insurance, and these invoices shall be paid from CHP's Operational Budget. CHSC shall not hire any Direct Service Employee unless there are adequate funds in the CHP Operational Budget to cover this expense. CHSC shall submit a monthly invoice to the DCR for these services, which shall be paid immediately by the DCR.

- 9.4 There is a group of health care professionals that render services but are compensated directly by CHSC. CHSC subsequently invoices the DCR for these services. This group of employees includes, among others, Psychiatrists, Psychologists, Pharmacists and others, and is identified in Attachment 3, and is also known as difficult recruitment employees or "difícil reclutamiento". For the fiscal years 2012-2013 and 2013-2014, the cost of this group of employees shall be paid from the CHSC's Administrative Budget, provided the same is approved by the US District Court. From Fiscal Year 2013-2014 until the expiration of this agreement, all difficult recruitment employees shall be considered as Direct Service Employees and their services shall be invoiced by CHSC as described in Article 9.3 above.

- 9.5 Subject to the terms of this Agreement, CHSC retains the right to put in place any managerial and/or administrative structure it deems necessary to supervise, oversee, direct and manage the Government Employees. The DCR will not establish or keep in place a parallel administrative and/or managerial structure relating to the provision of health services and will rely on CHSC's administrative and/or managerial structure for the provision of health services to inmates.

9.6 Subject to the applicable laws, regulations, the terms and conditions of any existing collective bargaining agreement or other labor agreements in effect during the term of this Agreement, and the dispositions of the Court Orders, CHSC will exercise full managerial and/or supervisory authority over the Government Employees, either directly or through the Nominating Authority ("Autoridad Nominadora"), as mandated by Law, including supervising, overseeing, directing and managing all Government Employees and recommending hiring, terminating, promoting, demoting, disciplining and/or transferring said Government Employees. In any action requiring the DCR's decision as the Nominating Authority, CHSC will submit to the DCR a recommendation detailing, at minimum, (a) the name or names of the Government Employees affected; (b) the action recommended; (c) an explanation for the recommended action, including supporting evidence and legal grounds; and (d) any other information or documentation that may be pertinent. The DCR will have up to fifteen (15) calendar days to review the recommendation and request any reasonable and necessary information from CHSC, if needed, or to confer with CHSC about the recommended action. Any such recommendation will not be unreasonably denied by the DCR. The DCR will initiate the required action within fifteen (15) working days after the initial recommendation, unless said recommendation is modified or otherwise rescinded by CHSC. The DCR will inform CHSC the reasons for rejecting any recommendation made by CHSC. The parties further agree that there may be situations that expedited action may be needed to protect the life and wellbeing

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of employees and/or the property and/or operations of the DCR, CHSC, or others. In these events, the DCR will take whatever immediate action it is allowed under the circumstances and the applicable laws and regulations.

- 9.7 CHSC reserves the right to request to the DCR the relocation, transfer or termination of any Government Employee that is not needed to serve the best interest of the health care system, subject to the MMHCP, the Model of Care, the applicable laws and regulations and the provisions of Article 9 of this Agreement.
- 9.8 The DCR may require that a Government or CHSC Employee be removed from on-site services or direct health services to inmates when it believes the Employee is a substantial security risk. Said request will be done in writing and will thoroughly document the reasons for said request. CHSC will try to relocate these employees to a different site or off-site, whenever possible. If relocation is not possible, and the DCR insists on the removal of the Employee, CHSC may terminate the Employee, assuming the Employee is indeed a substantial security risk. In the event the employee files a claim against CHSC for this termination, the DCR shall indemnify CHSC pursuant to Article 23 below.
- 9.9 The DCR will inform CHSC of any change in the terms and conditions of employment of any Government Employee that may affect the provision of health services. Any such changes will be notified to CHSC with at least thirty (30) days advance notice, and will state (a) the name or names of the employees affected; (b) the nature of the change; (c) the justification for the requested change; and (d) any other information CHSC deems necessary to make the necessary adjustments.

9.10 CHSC acknowledges that it is aware of the existence of a collective bargaining Agreement between the "Unión General de Trabajadores" and CHP, and CHSC, as management, will comply with its terms and conditions during the term of this Agreement.

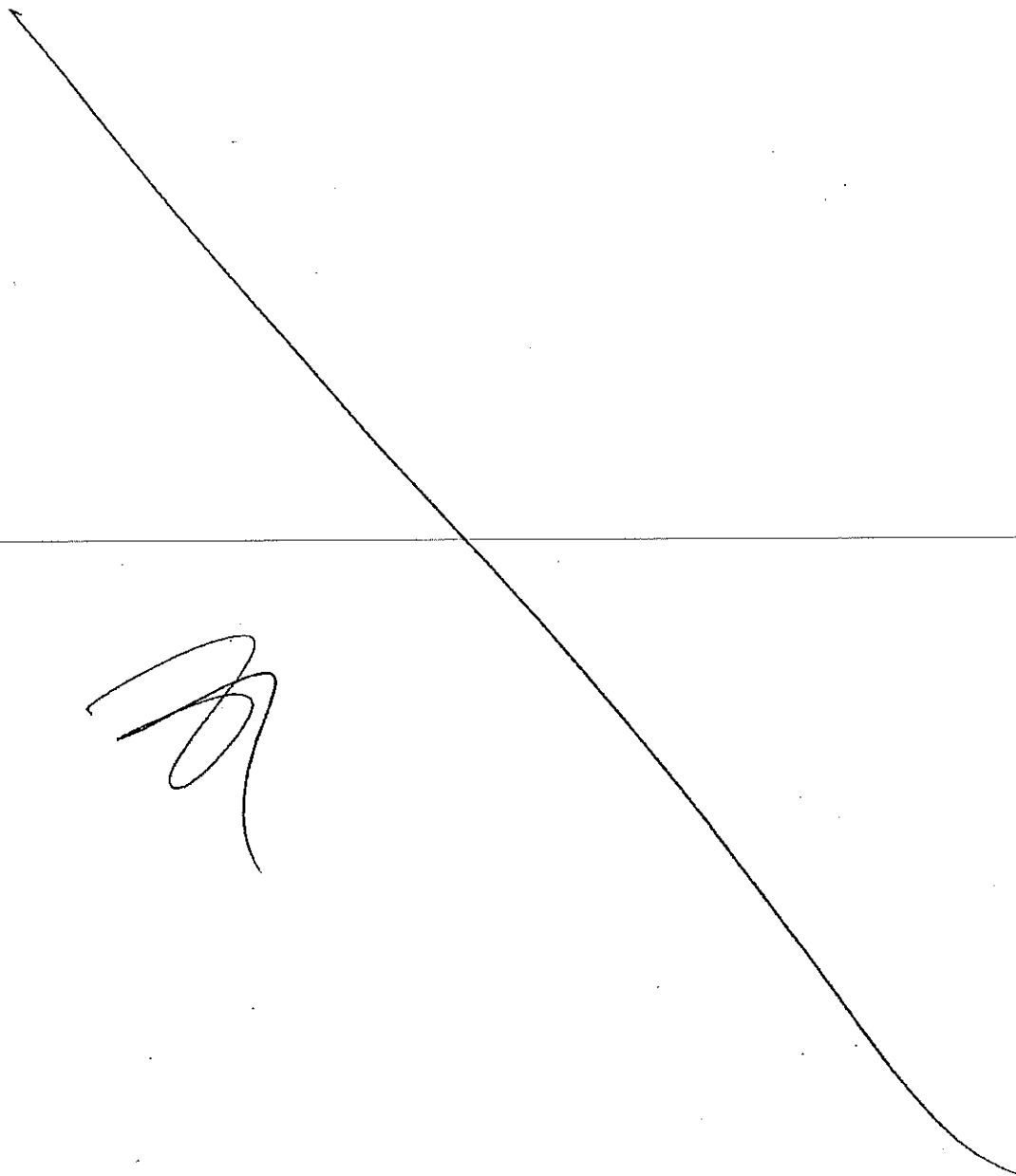
9.11 CHSC will render all assistance possible to the DCR in the evaluation and negotiation of any future collective bargaining agreements or modifications to the existing agreements. Prior to the beginning of negotiations, the DCR and CHSC will meet and discuss the desirable terms and conditions to be negotiated with the union or unions, and the DCR agrees to seek the best terms possible to facilitate the provision of quality health services in an efficient and cost-effective manner. The DCR will incorporate CHSC representatives as advisors in all bargaining processes related to the union or unions representing its Government Employees.

9.12 All grievances filed by unionized Government Employees will be handled by the DCR, and CHSC will render all assistance necessary in the handling of all these grievances. The DCR agrees to provide CHSC immediate notification of any grievance filed by a Government Employee, and will keep CHSC informed of any action, proceeding and/or decision concerning these grievances. CHSC will designate a representative that will assist the DCR in the handling of any such grievances including any possible settlement, and this representative shall be present at any and all negotiations seeking to settle a particular labor dispute. The DCR may delegate on CHSC to handle all complaints and grievances in their initial stages and to submit recommendations to the DCR for final approval.

- 9.13 CHSC will timely provide the DCR all the necessary information required to make all payments and/or process any type of compensation due to its Government Employees. The DCR will be responsible for the diligent and prompt funding and payment of contracts, salaries, fringe benefits such as, but not limited to, health insurance, life insurance, disability insurance, stipends, bonuses, accumulated sick and vacation leave and any other type of compensation it has extended to its Government Employees under federal and/or local laws and regulations, as well as for all withholdings required by federal and/or local statutes.
- 9.14 CHSC will not assume or be liable for any and all accrued benefits or claims the Government Employees and former DCR Contractors may have against the DCR which were accrued or arose prior to the effective date of this Agreement, including but not limited to accrued sick leave, accrued vacation, Christmas Bonus, wages and salaries, claims for any type, including but not limited to unlawful termination, discrimination, harassment and/or retaliation. DCR will hold CHSC harmless, and will defend and indemnify from any such claim or liability.
- 9.15 CHSC will not discriminate against any Government Employee or applicant for governmental employment because of age, creed, color, national origin, sex, age, political ideology, handicap, marital status, social origin or condition, sexual orientation or affectional preference with respect to all employee decisions, including but not limited to recruitment, hiring, promotion, demotion, transfer, training, rates of pay or other forms of compensation, layoff, termination and all other terms and conditions of employment. Furthermore, CHSC will comply with all applicable labor and employment laws.

- 9.16. The DCR has a policy on drug testing of persons who are on their premises. Any CHSC personnel or Contractor visiting any DCR Institution may be required to undergo urinalysis or blood tests, and/or random drug testing, subject to the applicable laws and regulations. The DCR will assume the cost of all the aforementioned testing. The DCR will provide CHSC a copy of its current drug testing policy and protocol and will notify CHSC of any changes with reasonable time prior to its effective date.
- 9.17 CHSC will be the custodian of all personnel files of Government Employees and will maintain an up-to-date personnel file for each employee for as long as he/she continues to work for the DCR. Said files shall be retained for a period of five (5) years after his/her termination. All Government Employee personnel files will be the property of the DCR. ~~All personnel files of Government Employees~~ will be kept confidential and access to the same will be restricted pursuant to Article 12 of Law 184 of August 3, 2004, 3 LPRA Sec. 1467b or any other applicable law.
- 9.18 All employees will comply with the security guidelines issued by the DCR. The DCR may alter or modify these guidelines from time to time, and adequate notice will be given to CHSC of said changes.
- 9.19 CHSC's employees will not be considered employees of the Commonwealth of Puerto Rico, and CHSC will take no action or make any representation that creates said inference. CHSC will hold the DCR harmless from any damages and/or compensation granted to a CHSC employee arising from any complaint, grievance, claim or lawsuit filed for any adverse employment action taken by

CHSC. In the event of any such claim, adequate notice will be given to the DCR,
as set forth in this Agreement.

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ARTICLE 10

BUDGET

CHSC ADMINISTRATIVE BUDGET

- 10.1 CHSC's current total budget is approximately \$17 million, which includes the full cost of the difficult recruitment employees as set forth in Article 9.4 above, as well as certain special information system projects currently in process. The parties agree to request from the presiding judge in the Morales Feliciano Litigation that the US District Court covers the Administrative Budget of CHSC for fiscal years 2012-2013 and 2013-2014 or until said fund is depleted, as set forth in more detail in Article 10.5 below.
- 10.2 Pursuant to Article 9.4 above, the US District Court has also paid the difficult recruitment employees, which is approximately \$3 million at this time. The parties agree to request from the presiding judge in the Morales Feliciano Litigation that the US District Court covers this cost for fiscal years 2012-2013 and 2013-2014 from the Fine Fund in the possession of the US District Court in the aforementioned case, also known as the Assessed and Collected Fine Fund.
- 10.3 The US District Court for the District of Puerto Rico has imposed fines and they are uncollected to the Government of Puerto Rico of approximately \$140 million, of which approximately \$75 million have been allocated for the construction of the Correctional Medical Center ("CMC"), pursuant to several orders to that effect. These monies are identified as the Assessed and Uncollected Fine Fund.

- 10.4 The extension of the contract and any monies paid in relation to this agreement in excess of the fine funds in the possession of the US District Court will be considered monies from the assessed and uncollected fines, subject to the approval of the Court.
- 10.5 The parties agree to request from the US District Court that it funds the operations of CHSC from the Assessed and Uncollected Fine Fund once the Assessed and Collected Fine Fund is depleted and until the expiration of this Agreement and its extension.
- 10.6 The parties agree that the US District Court has the discretion to approve or deny the request to fund from the Assessed and Collected Fine Fund or to approve credit against the Assessed but Uncollected Fine Fund to fund the CHSC Administrative Budget. In the event the US District Court denies to further fund or to give credit against the Assessed but Uncollected Fine Funds to fund the CHSC Administrative Budget, this Agreement shall be deemed cancelled.
- 10.7 The DCR, through the government processes, shall request from the legislature the funding necessary to cover the outstanding balance of the Assessed and Uncollected Fine Fund to fund this contract. If the legislature does not provide said funding, the contract shall be terminated unless the Court orders that the contract be paid from the Fine Fund.
- 10.8 Starting on Fiscal Year 2012-2013 the base amount in order to calculate CHSC Administrative Budget will be \$14 million which does not include the costs associated with the difficult recruitment employees, and any of the costs

allocated for the construction and operation of the CMC or any other special projects expenditures. The parties recognize that CHSC's administrative costs may increase on a yearly basis as a consequence of economic factors such as inflation, increase in price costs, increase in fuel costs and others. Therefore, in order to calculate the final CHSC Administrative Budget for Fiscal Year 2012-2013, the base amount of \$14 million shall be modified based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for all items, as defined by the Bureau of Labor Statistics of the Federal Department of Labor (hereinafter referred to as "the Automatic Adjustment"). To establish the applicable CPI-U, the parties will use the percentage of change of the seasonally adjusted 12 month period ending on June 30 of each year, compared to the prior year. This percentage of change shall be applied each year to the previous year resulting and final CHSC Administrative Budget and any increase shall be reflected in the CHSC Administrative Budget Proposal. If CHSC deems that it does not need this Automatic Adjustment, it can waive the same by giving written notice to the DCR.

- 10.9 CHSC shall prepare a detailed breakdown of its annual budget no later than the preceding December of each fiscal year, and will include a detailed explanation for its proposed expenditures. This proposed budget shall be submitted to the Secretary of Corrections or his designee for review and approval. The parties will engage in good faith efforts to resolve any and all disputes concerning the proposed budget. The final proposed budget shall be submitted to the US District Court for its authorization. The submission for the Court shall be

detailed and shall provide adequate explanation as to the proposed use of funds. CHSC shall render all necessary assistance to clarify the proposed budgetary request. If approved, the parties will request from the US District Court that it issues an order directing the Defendants to disburse the requested monies on a quarterly basis, in advance, from the Assessed and Uncollected Fine Fund. Finally, the parties recognize that the US District Court has the authority to approve, reject or modify the proposed budget.

10.10 Shortly after the end of each fiscal year, CHSC shall prepare a reconciliation of its accounts, which shall reflect the funds used during the past fiscal year. CHSC will deliver a detailed periodic accounting of all expenditures in a form mutually acceptable to the parties, and which allows the DCR to exercise its oversight and monitoring functions over said expenditures, as established elsewhere in this Agreement.

10.11 The parties agree that, at the option of the DCR, CHSC shall cease to pay for the difficult recruitment employees as set forth in this Agreement and the Government of Puerto Rico shall assume this responsibility either directly or as per Article 14 on subcontracting. This change will occur once payment for CHSC's budget is transferred to the Assessed and Uncollected Fine Fund or at any such time the US District Court so determines. However, if at any time the DCR decides for CHSC to pay for the aforementioned difficult recruitment, the DCR will be responsible to provide the necessary funds in advance to cover such expense. Any monies disbursed by the DCR for the difficult recruitment

will be considered monies from the assessed and uncollected fines fund, subject to the approval of the Court.

10.12 CHSC will develop and implement adequate cost containment measures and will provide said measures to the DCR for its review. The DCR may offer suggestions and recommendations as to cost containment issues that will be considered and may be implemented by CHSC if reasonable, feasible and in accordance with CHSC's Model of Care, the MMHCP and CHSC's strategic plans and the applicable laws and regulations.

CHP OPERATIONAL BUDGET

10.13 For the duration of the present Agreement, any governmental funding for correctional health services available to CHSC will only be used to pay for the costs of providing direct medical services and ancillary support services ("CHP Operational Budget"). CHSC will exercise managerial control over the CHP Operational Budget, which budget shall only be used exclusively for CHP operations and expenses. CHSC shall keep the DCR duly informed of the use of these funds. CHSC shall exercise full and exclusive control over the CHSC Administrative Budget.

10.14 The Operational Budget for Fiscal Year 2011-12 will be approximately \$73,000,000.00, or any other budget approved by the legislature or assigned by the government. However, the parties also recognize that there may be changes in operation that may require additional supplementation to the aforementioned budget. If there is a need for supplementation of the CHP Operational Budget,

CHSC shall provide adequate notification and explanation of the additional budgetary need so that the DCR may act as it deems necessary.

10.15 CHSC will submit to the DCR a detailed proposed CHP Operational Budget for the following Fiscal Year, in the form to be agreed upon by the parties. CHSC will provide as much detail as possible for the DCR to evaluate and approve said proposal. The parties will engage in good faith efforts to resolve any and all disputes concerning the proposed budget. Said proposed budget will be submitted for review no later than December 15 of the year preceding its effective date. The DCR will request appropriate funding as to guarantee compliance with the Court Orders and the required standard of care, and CHSC will assist the DCR in said request and in any process or procedure necessary to obtain this funding. In the event, despite the DCR's best efforts to obtain the necessary funding, the same is not approved by the Legislature, CHSC will not be held liable nor will it be considered a breach of contract if services cannot be provided at the projected levels or must reduce the levels of services due to the aforementioned budgetary shortfall.

10.16 The parties agree that the budget to be allocated to the CHP shall be at the sole discretion of the Government of Puerto Rico.

10.17 CHSC will develop and implement adequate cost containment measures and will provide said measures to the DCR for its review. The DCR may offer suggestions and recommendations as to cost containment issues that will be considered and may be implemented by CHSC if reasonable, feasible and in



accordance with CHSC's Model of Care, the MMHCP and CHSC's strategic plans and the applicable laws and regulations.

10.18 CHSC will deliver a detailed periodic accounting of all CHP Operational Budget expenditures in a form mutually acceptable to the parties, and which allows the DCR to exercise its oversight and monitoring functions over said expenditures, as established elsewhere in this Agreement. CHSC will notify the DCR on a periodic basis, or as needed, any transfers required between general accounts within the assigned CHP Operational Budget. The DCR shall assist CHSC to obtain said transfers.

10.19 In the event a shortfall is anticipated in the assigned CHP Operational Budget, CHSC will notify the DCR of said potential shortfall, and will provide all pertinent information and/or documentation necessary to assess the reason for the shortfall. The DCR will strive to obtain the necessary funding to cover any such shortfall if DCR deems the justifications are reasonable

10.20 CHSC is authorized to seek grants for itself or on behalf of the DCR for the benefit of the correctional health system. CHSC will provide the DCR with information regarding the source of all such monies, the amounts and terms thereof, and any other relevant information the DCR may request from CHSC.

10.21 The parties have agreed that certain situations may arise that may require an extraordinary and unforeseen expenditure of funds that may not have been anticipated in any particular budget and which arise from circumstances outside the control of CHSC and which may cause a budgetary shortfall in the CHP Operational Budget. These services and related costs will be identified as

Budget Exclusions. Budget exclusions may include but are not limited to (a) damage to property arising from extraordinary events such as natural disasters, riots, fire, hurricanes and earthquakes; (b) the adoption and/or enforcement by the Commonwealth of Puerto of laws and regulations that impact adversely the Operational Budget and which was not anticipated and funded in the budgeting process; (c) an unanticipated increase in the correctional population beyond its current level of approximately 11,500 inmates; (d) treatment of conditions or illnesses of such nature that they were not included in the normal budgeting processes. In the event of a shortfall for any of these reasons, Article 10.6 above would apply.

ARTICLE 11
JOINT OVERSIGHT

11.1 The Joint Oversight Committee (JOC) was created with the purpose of (a) monitoring compliance with the performance indicators; (b) monitor operational compliance with the provisions of this Agreement; (c) develop and implement any necessary corrective action to achieve compliance with the performance indicators or other health care issues; (d) attempt to resolve any disputes that may arise in connection with each parties attempts to comply with its obligations regarding health care issues, and (e) to discuss any other issue that may be brought to the attention of the Committee.

11.2 The Joint Oversight Committee will hold Monthly Operational Meetings at a date to be designated by the parties. The JOC meetings' location will alternate each month between the DCR and CHSC. The meetings will be held for as long as necessary to conclude all business brought before its attention. The parties commit to using their best efforts to make these meetings productive, efficient and meaningful.

11.3 The representatives of the DCR to the JOC shall include at least the following:

- a. Deputy Secretary of Administration
- b. Director, Legal Division
- c. Director of Security
- d. Medical Liaison Office Director
- e. Director of Finance

The CHSC's representatives to the JOC shall include at least the following:

- a. Director of Operations
- b. Clinical Services Director;
- c. Director of Legal Affairs
- d. Human Resources Director
- e. CHSC's Vice-president

Each party retains the right to substitute a representative if appropriate, but said representative must have the delegated authority so that the JOC can reach the necessary decisions to address the issues brought to its attention.

11.4 The meetings of the Joint Oversight Committee will be private and confidential, and only its members may attend, unless the Committee requests the presence of other persons to assist them in a particular situation.

11.5 Neither the Secretary of Corrections nor the Chief Executive Officer of CHSC will be part of the JOC.

ARTICLE 12

PERFORMANCE MONITORING AND QUALITY IMPROVEMENT

12.1 The parties have developed mutually acceptable written procedures for monitoring the correctional health care system, including monitoring operational results to determine overall performance or compliance with the MMHCP and the Performance Indicators adopted herein. These procedures include:

- a) Reporting mechanisms for sharing monitoring related activities, results and trends (hereinafter referred to as "Monitoring Reports");
- b) Procedures for the review and commenting of the monitoring reports and for the drafting and implementation of corrective plans;
- c) Procedures to review and update on a periodic basis, not less than once every three years, the reporting mechanisms to keep them up to date and relevant to the operations being monitored.

12.2 Monthly Monitoring Reports will be delivered to the Secretary of Corrections and the members of the Joint Oversight Committee.

12.3 Monthly Monitoring Reports will include the following documents:

- a. Admissions Services compliance reports
- b. Total Mental Health Admissions and screenings
- c. Referral to Tertiary Care Services
- d. Psychiatric Hospital Utilization
- e. Inpatient Services Utilization, including the following areas
 - Infirmary
 - Extended Care (including dormitories and psychosocial units)
 - Psychiatric Hospital
 - Emergency Services (including Psychiatric Intensive Care Unit)
 - Extra-institutional facilities
- f. Length of stay reports
- g. Mortality reports
- h. Ambulatory Care Services Utilization, including the following areas:



- Dental Services
- Sick Call
- Intra-institutional services
- Extra-institutional services
- Health education activities
- Specialty Clinics
- Infectious Diseases
- Mental Health
- J. In-service educational activities

12.4 The DCR may request that other reports be included as part of the Monitoring Reports. Moreover, the DCR may require from time to time special reports not included in the above listing. CHSC shall make its best efforts to produce said reports on a timely basis, unless the reports cause an undue hardship or the data needed for the reports are not reasonably available.

12.5 Once a year, CHSC will prepare an Annual Report which will provide a complete overview of the health services operations and its levels of compliance.

12.6 The DCR will assist CHSC in all endeavors related to the collection of the necessary data for the preparation of the Monitoring Reports.

QUALITY IMPROVEMENT PROGRAM

12.7 CHSC will maintain effective mechanisms as necessary to ensure that the quality and appropriateness of inmate care and the clinical performance of the health professionals are monitored and evaluated, through the establishment of a quality improvement program.

12.8 The Quality Improvement Program will include one or more of the following components:

- Monthly Clinical Chart Review;

- Annual review of statistics and information concerning access to care, receiving screening, health assessment, continuity of care, emergency care and hospitalizations, and adverse inmate occurrences including deaths
- Review of the effectiveness of the Quality Improvement Program;
- Inmate satisfaction surveys.

12.9 CHSC will review the effectiveness of its Quality Improvement Program at least every two (2) years.

PERFORMANCE INDICATORS

12.10 The parties have jointly developed reasonable performance indicators that adequately measure compliance with the MMHCP, as well as the applicable laws and regulations.

12.11 The Performance Indicators will only seek to measure compliance with those services that are under the control and/or supervision of CHSC or that may otherwise impact the provision of and access to health care.

12.12 The Performance Indicators will be reviewed jointly by the parties every three (3) years to determine the effectiveness of the same. By mutual agreement, these indicators, in whole or in part, may be altered, discarded or substituted by new indicators.



ARTICLE 13

EXTERNAL HEALTH SERVICE PROVIDERS

- 13.1 CHSC will establish service agreements with External Health Service Providers in order to provide the necessary professional and facility services for both inpatient admissions and specialized outpatients encounters that CHSC cannot provide at the CHP facilities, pursuant to the applicable standards of care. CHSC shall strive to obtain the best possible services, balancing the quality and cost of the services rendered.
- 13.2 All agreements entered into by CHSC with any External Health Services Provider will be available for review by the DCR, subject to the confidentiality provisions of this Agreement.
- ~~13.3 CHSC will provide the DCR, upon request, a yearly review of the utilization of~~
hospitalization services and/or outpatient specialty services indicating, at minimum, (a) number of hospitalizations per hospital; (b) average length of stay; and (c) the condition for which hospitalization was required.
- 13.4 Transportation to and from a medical facility will be effected by the DCR using the appropriate means required by the inmate's condition, unless otherwise provided elsewhere in this Agreement or by an amendment to this Agreement.
- 13.5 CHSC will provide each medical facility treating an inmate with the inmate's relevant medical information in summary form, and any other documentation that the medical facility may require in order to provide services to the inmate.
- 13.6 CHSC will invoice the DCR, at cost, for all services rendered by the clinical facilities and External Health Service Providers, pursuant to the terms and

conditions it may negotiate with them. Payment of these services will be made from the CHP Operational Budget. CHSC will provide the DCR with a clear and full accounting of payments for these services in a form acceptable to both parties.

- 13.7 CHSC has the sole right to establish, alter or terminate any agreement with any External Health Service Provider.
- 13.8 CHSC will be responsible for supervising the performance of the External Health Care Provider and the quality of services rendered.
- 13.9 CHSC will provide the DCR with the applicable security rules and regulations of the External Health Services Provider that provides services to inmates. Within thirty (30) days of the delivery of said rules and regulations, the DCR will identify any objections to any part of the same due to safety and security concerns, providing detailed information on the objection and possible alternatives and/or solutions to said objections. Upon receipt of these objections, CHSC will meet with the External Health Services Provider and the DCR representatives to negotiate deviations from their rules and procedures, if possible. Any agreement reached between CHSC and the External Health Services Provider will be promptly notified to the DCR. The DCR agrees to distribute these rules and regulations to its staff and require compliance with the same. If, for any unexpected and extraordinary reason, the DCR has to deviate from these agreed upon rules and regulations, it will promptly notify CHSC so that it may contact the External Health Services Provider and make any necessary arrangements for said deviation.

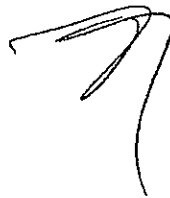


ARTICLE 14
SUBCONTRACTING

- 14.1 In order to provide health, ancillary and support services to inmates, CHSC may use the DCR employees, as set forth in Article 9 above, or use its own employees, contractors and/or subcontractors.
- 14.2 In the event CHSC uses its employees, contractors or subcontractors to offer direct health care services to inmates or ancillary or support services, CHSC may invoice DCR for the services provided by those individuals identified in Attachment 4, included herein. The parties may substitute and/or add individuals to this list upon prior agreement, and any such amendment to this list shall be signed by the parties and considered an amendment to this Agreement.
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- 14.3 ~~CHSC may also subcontract certain health professionals such as specialists and~~ subspecialists; providers of services such as laboratory and radiology services, as well as medical institutions such as hospitals and clinics; administrative services such transportation of goods and products, and others.
- 14.4 All services described above shall be invoiced by CHSC to the DCR at cost, plus benefits and cost of malpractice insurance, if applicable. These invoices shall be promptly paid from the CHP Operational Funds.
- 14.5 In the process of subcontracting, CHSC will seek the best services possible at a reasonable rate, and will use competitive processes to achieve this end whenever possible and reasonable. CHSC shall maintain copies of information regarding the competitive processes and make them available to the DCR upon request.

14.6 CHSC will provide at DCR's request a list of all agreements which have been executed. Similarly, and upon request by the DCR, CHSC will provide a copy of all executed contracts. The DCR agrees to maintain in strict confidentiality and not to disclose to third parties any information supplied pursuant to this Article nor to use this information for any purpose other than to verify contract compliance.

14.7 The DCR will not contract or subcontract for the provision of any services that may be considered, directly or indirectly, as health services to inmates, unless prior written consent has been provided by CHSC.

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ARTICLE 15

AUDITS, BOOKS AND RECORDS

- 15.1 The CHP Operational Budget, as defined above, will be audited by the DCR and/or the Comptroller of the Commonwealth of Puerto Rico pursuant to their regular rules and procedures.
- 15.2 CHSC will maintain separate and accurate books and records relating to the use of the CHP Operational Budget in an orderly and accessible manner for audit and review by the DCR during normal business hours at the central offices of CHSC. These reviews may be performed by the DCR staff and/or accountants or accounting firms hired by the DCR to perform these reviews, or by the Comptroller of Puerto Rico or its designee.
- ~~15.3 All such books and records will be maintained by CHSC in accordance with applicable Regulations and with the acceptable accounting procedures and practices for health industry, whenever possible, and will sufficiently and properly reflect all disbursements of any nature expended in the provision of direct services to inmates~~
- 15.4 All such books, records and supporting records will be retained by CHSC for a period of five (5) years from the creation of the document or record, or for any longer period of time if required by law.
- 15.5 CHSC shall cooperate with any audit performed by any other governmental agency with jurisdiction over the operations of the Correctional Health Program or the DCR.

ARTICLE 16

STAFFING

- 16.1 The parties agree that health care to inmates shall be delivered through a combination of the DCR and/or CHSC personnel, subcontractors and External Health Services Providers. Similarly, support and/or ancillary care staff may be provided by the DCR and/or CHSC personnel, subcontractors or External Health Services Providers.
- 16.2 CHSC will assure that each person providing health care to inmates will be duly licensed, certified and/or registered as required by applicable laws. In the event a health care provider fails to maintain his status as licensed, certified and/or registered for any reason whatsoever, CHSC will remove him/her from his/her position immediately, and the DCR will cooperate with this removal.
- 16.3 Any person or entity providing health care services through a contract will meet the minimum requirements established by law and will hold those licenses certifications, registration and/or permits mandated by the applicable laws.
- 16.4 CHSC will maintain an up-to-date list of all health services providers with the status of their respective licenses, credentials and/or permits, and will make this list available to the DCR upon request. CHSC will also prepare written job descriptions for each member of the health care staff which clearly states, among other things, their areas of responsibilities.
- 16.5 CHSC will use its best efforts to maintain an adequate level of staffing to provide health care and ancillary services, based on the available CHP Operational Budget. Failure to provide adequate staffing due to lack of funding for said



staffing shall not be considered a breach of contract by CHSC. CHSC may change said staffing level and patterns if it deems so necessary for the adequate provision of health services and to comply with the Model of Care. In the event of such change in staffing level and/or staffing pattern, CHSC will inform the DCR of said change in writing, at least thirty (30) days prior to the effective date of the change, and the DCR shall cooperate with the implementation of these changes.

16.6 The DCR will provide adequate correctional officer staffing for all medical areas and services to ensure that medical services can be provided in a safe, prompt and efficient manner. In the event the DCR anticipates changes in said staffing level and/or pattern, the DCR will inform CHSC of said changes in writing, at least thirty (30) days prior to the effective date of the change, and will afford CHSC an opportunity to meet and confer over these changes.

16.7 The DCR will assign correctional officers that are duly trained to provide services in health areas. The DCR reserves the right to authorize the creation of specialized units upon prior agreement between the parties.

16.8 CHSC and the DCR will jointly prepare a health related training curriculum for correctional officers that, at minimum, cover the following topics:

- a) First aid;
- b) Cardio-pulmonary resuscitation (CPR);
- c) Recognition of life-threatening emergency situations and acute manifestations of chronic illnesses, including mental illnesses;
- d) Procedures for patient disposition and referral;
- e) Intake screening, including indications for immediate referral of an inmate for medical or psychiatric evaluation;

- f) AIDS and other infectious disease prevention; and
- g) Any other area in which the DCR and CHSC may agree in the future.

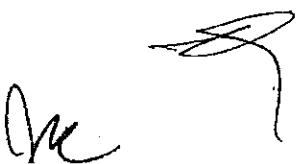
Should the DCR decide to implement this training, CHSC shall assist in the training and the DCR shall reimburse CHSC for all costs related to such assistance.

16.9 Health related training for DCR staff will be offered by CHSC to new hires as well as current DCR staff, in accordance with the provisions of the MMHCP. All current officers should receive the health related training at least once every two (2) years. CHSC will cooperate and assist the DCR in the preparation of all training schedules mentioned above in order to minimize any potential impact on the DCR's operations. The DCR shall be responsible for the coordination of these trainings. The DCR shall reimburse CHSC for all training costs incurred by CHSC in compliance with this Article.

16.10 CHSC will require from all health care professionals to attend continuing education courses as required by law for their specialties or areas of practice. CHSC will also provide a minimum of twelve hours per year of in-service trainings in areas to be determined by CHSC.

16.11 If so desired, the parties shall jointly develop a training program in correctional operations for CHSC staff, as well as for all health care providers, support staff and ancillary services employees of CHSC and/or the DCR. It will include training at least in the following areas:

- a. Security awareness;
- b. Emergency procedures,



c. Key and tool control.

The DCR shall cover the costs of these trainings.


ARTICLE 17
MEDICAL DISASTER PLAN

- 17.1 CHSC and the DCR agree to jointly prepare a medical disaster plan that will anticipate disasters such as hurricanes, flooding, riots, strikes, mass arrests, and/or lack of power or water for extended periods of time.
- 17.2 The Medical Disaster Plan will make provisions for the following areas:
- a. Communications;
 - b. Staffing;
 - c. Safety and security of inmates and staff;
 - d. Emergency equipment;
-
- e. Triage areas and procedures;
 - f. Access to medical records;
 - g. Transportation;
 - h. Evacuation procedures.
- 17.3 CHSC will cooperate with the organization and execution of any types of drills and trainings necessary for the effective implementation of the Medical Disaster Plan. Similarly, the DCR shall cooperate with the organization and execution of any types of trainings and drills required for accreditation purposes under the applicable standards.
- 17.4 CHSC and the DCR will meet periodically to review the Medical Disaster Plan and agree on any changes necessary to the same. Any such changes will be in writing and amply distributed to the necessary personnel.

ARTICLE 18

INMATE GRIEVANCES

- 18.1 The DCR have an established procedure for the handling of Inmate Grievances, which procedure will be provided to CHSC within the next thirty (30) days. The parties agree that this procedure will be used for the handling of any and all inmate grievances for health complaints.
- 18.2 The DCR agrees to notify CHSC immediately of any health related complaint or grievance lodged by an inmate or his/her relatives, providing as much information as possible concerning the grievance as to allow CHSC to review the same. If CHSC becomes aware of any health related grievance, it will immediately notify the DCR of the same, providing as much information as possible.
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- 18.3 CHSC will provide the DCR all assistance necessary in the handling of this grievance, including but not limited providing advice, documentation, witnesses, and any other evidence necessary for the handling of the grievance.
- 18.4 The DCR will keep CHSC informed of the progress and disposition of the grievance so that it may take appropriate action, if necessary.



ARTICLE 19

ACCREDITATION

- 19.1 Although accreditation is not an essential part of this Agreement CHSC may seek to obtain accreditation for the medical services and operation pursuant to the standards of the National Commission on Correctional Health Care (NCCHC), if so directed by the DCR. All costs associated with the accreditation of any health service facility or operation shall be paid by the DCR.
- 19.3 CHSC will coordinate with the DCR any attempts to have one or more of its facilities or operations accredited by NCCHC, and the DCR will render all assistance necessary in the pursuit of said accreditation.
- 19.4 CHSC will not be considered in breach of this obligation if it cannot obtain accreditation due to situations outside its direct control.
- 19.5 Once a facility is duly accredited by NCCHC, the DCR shall render all reasonable assistance possible to maintain the facility's accreditation.

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ARTICLE 20

TERM

20.1 The initial term of this Agreement will be for a period of two (2) years, commencing on November 1, 2012, and ending at midnight of October 31, 2014.

20.2 This Agreement shall be renewed for an additional period of three (3) years, commencing on November 1, 2014 and concluding on October 31, 2017, unless, pursuant to Article 21, CHSC has failed to substantially comply with its obligations as set forth in this Agreement and has failed to cure said breaches of contract.

ARTICLE 21

BREACH OF CONTRACT

- 21.1 In the event a party ("the Non-Breaching Party") believes that the other ("the Breaching Party") has not complied with its contractual obligations, the non-breaching party will give notice in writing to the breaching party of said infringement and request that the same be cured within thirty (30) days from written notice. The breaching party will endeavor to cure the breach in the allotted time or will provide a timetable in which it will execute said cure, which timetable will be reasonable.
- 21.2 If a breach of contract is not timely cured, or if it is of a continued or severe nature that it threatens the provision of health services to inmates, the non-breaching party may, after notice and opportunity to cure said infringement, seek the intervention of the US District Court with jurisdiction on the Morales Feliciano case. In the event the US District Court dismisses the Morales Feliciano case and decides not to retain jurisdiction, the parties shall seek redress from any court of justice with jurisdiction over the controversy and within the physical jurisdiction of San Juan, Puerto Rico.
- 21.3 Continued and substantial infringements of this Agreement by CHSC may constitute just cause for a request for termination of this Agreement by the DCR. Continued and substantial infringements by the DCR of its obligations under this Agreement may constitute just cause for which CHSC may seek relief.



21.4 Lack of funding by the DCR or failure to pay amounts owed which may hinder or impede CHSC from performing its contractual duties under this Agreement shall not constitute a breach of contract.



ARTICLE 22

MEDICAL RESEARCH

- 22.1 From time to time, CHSC and/or the DCR may conduct or authorize others to conduct biomedical, behavioral, medical or other research with the prior written consent of the other party and in compliance with all applicable federal and local regulations concerning research activities. Inmate participation shall be strictly voluntary and under no circumstances can an inmate be coerced into participating in any medical research.
- 22.2 CHSC and/or the DCR may, individually or jointly, apply for sponsored funds that would reimburse the cost of conducting said research. No funds from the Operational Budget will be used to conduct said research unless said allocation was included in a budget request and approved, as provided elsewhere in this contract or funding has been obtained through other methods.
- 22.3 The results of any medical research will be released to the parties first prior to their release to the public.
- 22.4 CHSC will make certain that health services to inmates will not be compromised by any medical research being conducted with the participation of the inmates.
- 22.5 The DCR is under no obligation to offer to any inmate that may participate in any medical research any form of special privileges, benefits, compensation or conditions of confinement for said participation.
- 22.6 If the DCR requires that CHSC engage in any medical research that imposes any costs to CHSC or CHP, the DCR shall reimburse these costs to CHSC or the CHP as it may apply.

ARTICLE 23

INSURANCE AND INDEMNIFICATION

- 23.1 CHSC will, at all times during the term of this agreement, obtain and maintain or cause to be obtained and maintained the required insurance to cover the risks under this contract. CHSC will be responsible for the payment of the aforementioned insurance as the same becomes due and payable, unless otherwise provided for in this agreement.
- 23.2 CHSC agrees to maintain the same type of insurance coverage as stated above during the life of this contract, and will not reduce or eliminate its insurance coverage without prior written notice to the DCR.
- 23.3 CHSC will indemnify, and hold harmless the DCR from any losses, damages, expenses arising out of or resulting from claims or actions, such as, but not limited to, medical malpractice, bodily injury, death, property damage, employment actions taken upon the recommendation of CHSC, or for any other injury or damage caused by any negligent act or omission of CHSC, its contractors, subcontractors, agents, representatives or employees during the performance of their obligations under this Agreement.
- 23.4 The DCR will indemnify, and hold harmless CHSC from any and all claims, losses, damages, expenses arising out of or resulting from claims or actions, such as, but not limited to, medical malpractice, bodily injury, death, property damage, employment actions taken upon the recommendation of the DCR, or for any other injury or damage caused by any negligent act or omission of the DCR,

its contractors, subcontractors, agents, representatives or employees during the performance of their obligations under this Agreement.

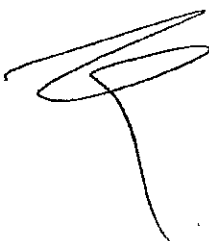


ARTICLE 24

CONFIDENTIALITY

- 24.1 During the course of this Agreement, each party may become privy or receive Confidential Information from the other party that is deemed confidential or proprietary. The parties agree that written reports, information or data furnished by the other party will be considered confidential and agrees not to disclose any portion of such written reports, information and data to any person without the prior written approval of the other party except as required by law. It is further agreed that any and all information provided by CHSC to the DCR shall be used exclusively for the evaluation of CHSC's contract compliance and shall not be used for any other purpose.
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- 24.2 In the event a party receives a judicial order to disclose Confidential Information, it will immediately notify the owner of said information of said order and cooperate with the owner of the Confidential Information in seeking any order against said disclosure of information.
- 24.3 Each party may disclose Confidential Information to its respective employees and agents on an "as needed" basis in connection with the performance of their respective obligations pursuant to this Agreement. Nevertheless, each party will make sure that said employees or agents are fully aware of their obligation to ensure the confidentiality of the information provided, and they may require that a confidentiality agreement be obtained from each employee that will receive any Confidential Information.

24.4 Notwithstanding the foregoing, the parties will produce and disclose any information required by any applicable laws and regulations.

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ARTICLE 25

GENERAL CLAUSES

- 25.1 CONFLICT OF INTERESTS CLAUSE - CHSC acknowledges that in the discharge of its professional duties it has no adverse interests to the DCR. CHSC recognizes its continuing obligation to disclose to the DCR, financial or other interests (public or private, direct or indirect) that may give rise to a potential or actual conflict of interest or the appearance of such conflict.
- 25.2. ETHICS - CHSC confirms that no employee or official of the CHSC has any personal pecuniary interest, direct or indirect in the execution of this contract according to Act No. 12 of July 24, 1985, known as the Government Ethics Act. Likewise, the official who represents the DCR in this act has no type of pecuniary interest in its realization. Furthermore, CHSC will comply with the Government Ethics Act insofar the same applies to this Management Agreement. CHSC will comply with the dispositions of the code of ethics for contractors and suppliers as promulgated by the Commonwealth of Puerto Rico in accordance with the dispositions of public Law Number 84, dated July 18, 2002.
- 25.3 COMPLIANCE WITH LAW - CHSC will comply with all applicable Federal and Commonwealth laws, ordinances and regulations that are not inconsistent with the Court Orders in the Morales Feliciano case. It will also comply with the applicable orders and stipulations in the Morales Feliciano case.
- 25.4 COMPLIANCE WITH TAX OBLIGATIONS - CHSC certifies and guarantees that it has complied fully with its tax obligations to the Commonwealth of Puerto Rico since its creation, including its obligation to file its tax returns and pay all taxes

due, and currently owes no monies to the Commonwealth of Puerto Rico arising from its tax returns or tax obligations.

25.5 NO DISCRIMINATION - Both parties agree not to discriminate in the performance of their duties under this contract for any reason of race, religion, political, social condition, nationality, handicap, impediment, or any other reason impermissible under law.

25.6 ASSIGNMENT - CHSC may not assign or transfer its interest in the present Agreement without the express written consent of the DCR.

25.7 NOTICES - Any notices, directions or communications required by this Agreement will be delivered to the addresses of the parties. The names and addresses for notices may be changed at any time by written notice to the other party.

25.8 FURTHER ASSURANCES - Each of the parties hereto agrees to execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time, promptly at the reasonable request of any other party herein, all such instruments and documents as may be necessary or advisable to carry out the intent and purpose of this Agreement.

25.9 AMENDMENTS AND WAIVERS - This Agreement may only be modified; amended or altered upon the written agreement of the parties. Similarly, any waiver of any obligation pursuant to this Agreement will be made in writing signed by the parties.

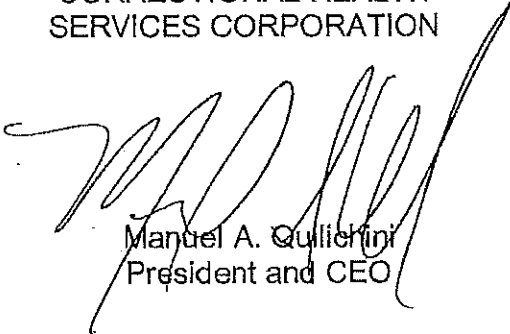
25.10 FORCE MAJEURE – Failure by either party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control, including acts of nature, riots, labor disputes, fire, flood, explosion or prolonged unavailability of major utilities such as water and electricity.

25.11 ENTIRE AGREEMENT - This Agreement constitutes the entire agreement of the parties hereto. Any and all prior agreements, promises, proposals, negotiations or representations, whether written or oral, which are not expressly set forth in this Agreement are hereby superseded and are of no force or effect.

25.12 SEPARABILITY - Should any part of this Agreement, for any reason, be declared void or unenforceable by a court of justice with jurisdiction over the parties, such decision will not affect the validity or enforceability of any remaining portion of the Agreement, which will remain in full force and effect.

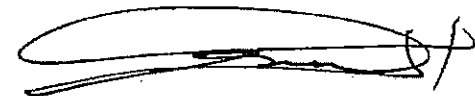
Executed in San Juan, Puerto Rico, on the date stated above.

CORRECTIONAL HEALTH
SERVICES CORPORATION



Manuel A. Gullichini
President and CEO

DEPARTMENT OF CORRECTIONS AND
REHABILITATION



Jesús González Cruz
Secretary, Department of Correction and
Rehabilitation

