Department of Public Safety and Correctional Services

Office of the Secretary
300 E. JOPPA ROAD • SUITE 1000 • TOWSON, MARYLAND 21286-3020
410-339-5000 • FAX: 410-339-4240 • TOLL FREE: 877-379-8636 • V/TTY: 800-735-2258 • www.dpscs.state.md.us

STATE OF MARYLAND

ROBERT L. EHRLICH, JR.
GOVERNOR

MICHAEL S. STEELE
LT. GOVERNOR

MARY ANN SAAR
SECRETARY

G. LAWRENCE FRANKLIN
DEPUTY SECRETARY

MARY L. LIVERS, Ph.D.
DEPUTY SECRETARY

DIVISION OF CORRECTION

DIVISION OF PAROLE AND PROBATION

DIVISION OF PRETRIAL DETENTION AND SERVICES

PATUXENT INSTITUTION

MARYLAND COMMISSION ON CORRECTIONAL STANDARDS

CORRECTIONAL TRAINING COMMISSION

POLICE TRAINING COMMISSION

MARYLAND PAROLE COMMISSION

CRIMINAL INJURIES COMPENSATION BOARD

EMERGENCY NUMBER SYSTEMS BOARD

SUNDRY CLAIMS BOARD

INMATE GRIEVANCE OFFICE

September 9, 2005

Daniel L. Conn
Vice President and Chief Financial Officer
Wexford Health Sources, Inc.
205 Greentree Commons
381 Mansfield Avenue
Pittsburg, PA 15220

Dear Mr. Conn:

Enclosed is a copy of the fully executed contract #Q0005057E for Utilization Management Services. In the contract, on page 3, paragraph 4.1, the following sentence was added, "Insofar as this contract covers secondary care services, it is a time and materials contract under COMAR 21.06.03.05."

If you have should have any questions, please contact me at 410 339 -5026.

Sincerely yours,

Ulysses Rose

Ulysses Rose
Assistant Director of Procurement Services

CC: Walter Wirsching, Director of Inmate Health Care

RECEIVED
SEP 14 2005
DIRECTOR
INMATE HEALTH CARE

CONTRACT # Q0005057E
UTILIZATION MANAGEMENT SERVICES

THIS CONTRACT ("Contract", sometimes referred to as the "Agreement"), effective as of the 2nd day of June, 2005 is by and between **WEXFORD HEALTH SOURCES, INC.** and the **STATE OF MARYLAND**, acting through the **DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES.**

IN CONSIDERATION of the premises and the covenants herein contained, the parties agree as follows:

1. Definitions

In this Contract, the following words have the meanings indicated:

1.1 "Contract Manager" means: the Director of the Office of Inmate Health Services, Walter G.R. Wirsching, or his duly appointed alternate or successor.

1.2 "Contractor" means Wexford Health Sources, Inc. whose principal business address is 205 Greentree Commons, 381 Mansfield Avenue, Pittsburgh, Pa. 15220.

1.3 "Department" means the Department of Public Safety and Correctional Services, sometimes also referred to as "the Agency" or "DPSCS."

1.4 "Financial Proposal" means the Contractor's Financial Proposal for Utilization Management Services dated April 15, 2005.

1.5 "Procurement Officer" means: the Director of Procurement Services, Ulysses Rose, or his duly appointed successor or alternate.

1.6 "RFP" means the Request for Proposals for State of Maryland Project No. Q0005057 issued November 9, 2004, as updated January 28, 2005, with amendment #5 dated February 1, 2005, amendment #6 dated February 4, 2005, amendment #7 dated February 9, 2005, amendment #8 dated February 11, 2005, amendment #9 dated March 21, 2005 and amendment#10 dated April 11, 2005.

1.7 "State" means the State of Maryland.

1.8 "Technical Proposal" means the Contractor's Technical Proposal for Utilization Management Services, dated February 14, 2005.

2. Scope of Work

2.1 The Contractor shall provide programs and services in accordance with Exhibits A-D listed in this paragraph 2.1 and incorporated by reference as part of this Contract. If there is any conflict between this Contract and the Exhibits, the terms

of the Contract shall govern. If there is any conflict among the Exhibits, the following order of precedence shall determine the prevailing provision, with first-listed Exhibits prevailing over later-listed Exhibits:

Exhibit A – RFP
Exhibit B – Technical Proposal
Exhibit C – Financial Proposal.
Exhibit D – The Contractor's Contract Affidavit dated May 11, 2005.

2.2 The Procurement Officer unilaterally may, at any time, by written change order, make changes in the work within the general scope of the Contract. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within thirty (30) days of receipt of a written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section may be the basis for a claim under the Disputes clause. The Contractor may not delay or refuse performance under a change order for any reason, but will proceed immediately and diligently with performance of the Contract in accordance with the change.

2.3 Modifications to the Contract may be made if: 1) the modifications are approved by State agencies as required under Maryland law; and 2) the modifications are in writing signed by the parties to this Contract.

3. Time for Performance.

The term of this Contract begins on the date the Contract is executed by the Department, and unless terminated earlier in accordance with the Contract, ends June 30, 2007 (the "base term"). The Contractor shall undertake transition activities necessary to provide its services under the Contract immediately upon receipt of a written notice to proceed issued by the Contract Manager. Apart from transition activities, the Contractor shall provide all the services, hardware, related software and other deliverables under this Contract during the period July 1, 2005 to June 30, 2007. The State, at its sole option, shall have the unilateral right to extend the

4. Compensation and Method of Payment

4.1 This is a fixed-price with incentive contract under COMAR 21.06.03.04. Insofar as this Contract covers secondary care services, it is a time and materials contract under COMAR 21.06.03.05.

4.2 Except with the express written consent of the Procurement Officer, payments to the Contractor under this Contract may not exceed $1,187,758 for "utilization management" services and $9,713,983 for reimbursable "secondary care" services for the year ending June 30, 2006, nor may payments exceed the "not-to-exceed" amount established under Section 1.4 of the RFP for each contract payment item listed in this paragraph 4.2 ("item"), for each subsequent year of the Contract (the "Not-To-Exceed Amount"). The Contractor shall notify the Contract Manager, in writing, at least 60 days before the total of Contract payments for any item for any year equals the applicable Not To Exceed Amount. The State may unilaterally, and in its sole discretion, increase the Not-To-Exceed Amount for an item. After notification by the Contractor, if the State fails to increase the Not-To-Exceed Amount for an item, the Contractor shall have no obligation to perform with regard to the item under this Contract after the payments reach the Not-To-Exceed Amount for the item.

4.3 The Contractor shall contract for and pay for secondary care services it has approved in accordance with the RFP. The Department shall reimburse the Contractor for such expenses.

4.4 For each calendar month beginning July, 2005, the Department shall pay the Contractor 1/12 of 90% of the applicable Not-To-Exceed Amount, plus reimbursement, as provided in the RFP, for allowable and approved expenditures for which the Contractor has received invoices during the calendar month.

4.5 The 10% held in reserve under the monthly payments shall be paid to the Contractor in accordance with RFP Q0005057, Section 2.2.5.16 within thirty days following the end of the fiscal year in which the incentives were earned.

4.6 The Contractor shall submit its invoice within 10 days following the end of the month for which the invoice is submitted. Payments to the Contractor shall be made no later than thirty (30) days after the Agency's receipt of a proper invoice for services provided by the Contractor, acceptance by the Agency of services provided by the Contractor, and pursuant to the conditions outlined in Section 4 of this Contract. Each invoice for services rendered must include the Contractor's Federal Tax Identification Number which is 59-2363973. Charges for late payment of invoices other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, as from time-to-time amended, are prohibited. Invoices should be submitted to the Agency Contract Manger. If the Contractor submits an invoice for reimbursement of its expenses as authorized under this Contract, the invoice is a "proper invoice" under this paragraph 4.6 only

if the invoice includes complete copies of the invoices for which it is seeking reimbursement. Electronic funds transfer will be used by the State to pay Contractor under this Contract and any other State payments due Contractor, unless the State Comptroller's Office grants Contractor an exemption.

4.7 In addition to any other available remedies, if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced, or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer.

4.7.1 The Agency may adjust payment to the Contractor to cover damages.

4.7.1.1 The Contractor shall not be responsible for damages to the extent that the damages are directly the result of acts or omissions by the State's employees. Each party shall bear responsibility for the damages directly caused by their acts or omissions in accordance with Maryland law.

4.7.1.2 Liquidated Damages

4.7.1.2.1 The Agency may deduct liquidated damages as set forth in RFP Attachment V.

4.7.1.2.1.1 For the 90 day period following the "transition period" defined in the RFP, the Department will not take liquidated damages for items i through xii found at Section V of Attachment V "LIQUIDATED DAMAGES (L.D.), Calculation Methodology."

4.7.1.2.2 When the Agency has identified a deficiency for which it could assess a liquidated damage, it shall notify the Contractor in writing of the deficiency.

4.7.1.2.3 The Contractor shall provide to the Agency Representative within 10 working days of the date that the Contractor receives the agency's notice, its written explanation for the deficiency.

4.7.1.2.3.1 The Agency may determine whether or not to assess the liquidated damages without considering the Contractor's response if it has not received the Contractor's explanation within 10 working days.

4.7.1.3.1 The Agency may deduct for direct damages sustained as a result of Contractor's failure to perform as required under this Contract.

4.7.1.3.2 If hospitalization, outpatient or specialty care not otherwise provided on site is required as a result of the Contractor's negligence, the Contractor shall be responsible for these and for related costs. The determination as to whether these services were required as a result of the Contractor's negligence will be that of the DPSCS Medical Director, whose decision shall be final.

4.7.1.4 Notification

4.7.1.4.1 The Agency shall notify the Contractor of each adjustment to payments due under its invoices.

4.7.1.4.1 The Agency shall provide the Contractor with such evidence as the Agency determines is adequate to justify each adjustment.

4.7.1.4.1.2 If the Contractor does not agree with the adjustment or the action taken to obtain the adjustment, the Contractor's sole remedy to resolve the issue is as provided in ARTICLE 11 of the Contract.

4.8 As provided within the RFP, the Contractor may submit a schedule of revised rates to adjust the services rates then in effect under the Contract. Any such adjustment shall be based upon conditions described in Section 1.4 of the RFP.

4.9 Unless otherwise provided in the Contract, the Contractor shall make all payments owed to the Agency within 30 days after receipt by the Contractor of a correct invoice. If the Contractor fails to make payment to the Agency within 45 days after the Contractor receives a correct invoice, the Contractor shall pay the Agency interest for that portion of the unpaid balance prorated for the period beginning with the 31st day after the Contractor receives a correct invoice from the Agency and ending when the Agency receives the payment. The Agency shall separately invoice the Contractor for any interest due. The rate of interest shall be the same rate as that specified in Section 11-107(a) of the Courts and Judicial Proceedings Article, Annotated Code of Maryland, during the time that the interest is accruing.

4.10 Payment of an invoice by the Agency is not evidence that services were rendered as required under this Contract.

4.11 The Agency is not responsible for bills incurred or paid by the Contractor for processing fees, indirect or direct costs, or overhead costs related to bills paid or incurred by the Contractor, other than those fees or costs which the Contractor has included in its price stated in its Financial Proposal or for which the Contractor is authorized to submit an invoice for reimbursement under this Contract.

4.12 In the event that any monies due the Contractor are not sufficient to satisfy all claims against the Contractor, the Agency may invoice the Contractor for all additional amounts due. In the event the Contractor fails to pay the amount owed within 30 days, the Agency, in addition to any other remedies, may deduct the amounts due from any monies due the Contractor during any renewal term of the Contract or under any other contract between the parties.

4.13 The Contractor shall obtain reimbursements, credits, reductions, refunds, rebates and gifts, including insurance and government payments ("third party payments"), for services rendered to inmates, when such are available.

4.13.1 When the Contractor can receive will receive or has received third party payments, the Contractor shall immediately notify the Agency of the source, nature and amount of the third party payments.

4.13.2 All third party payments are the property of the Agency and the Contractor shall follow the Agency's instructions in each instance concerning the disposition of such payments. Such instructions may include, within the sole discretion of the Agency, the remission to the Agency of the third party payment.

4.13.2.1 Because third party payments are the property of the Agency; the Contractor's obligations under this SUB ARTICLE 4.13 shall survive the expiration of the Contract.

4.13.3 At the end of each quarter of each year of the Contract, the Contractor shall submit a report to the Agency detailing all third party payments.

5. Rights to Records

5.1 The Contractor agrees that all documents and materials including, but not limited to, software, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, graphics, mechanical, artwork, computations and data prepared by the Contractor solely for purposes of this Contract shall be the sole property of the Department and shall be available to the Department at any time. The Department shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract.

5.2 Upon the request of the Agency, the Contractor shall provide, free of charge, certified copies of all records related to this Contract produced through the use of a time keeping or other record systems owned, developed or utilized by the Contractor.

5.3 The Contractor agrees that at all times during the term of this Contract and thereafter, works created as a deliverable under this Contract, and services performed under this Contract shall be "works made for hire" as that term is

interpreted under U.S. copyright law. To the extent that any products created as a deliverable under this Contract are not "works made for hire" for the Department, the Contractor hereby relinquishes, transfers, and assigns to the State all of its rights, title, and interest (including all intellectual property rights) to all such products created under this Contract, and will cooperate reasonably with the State in effectuating and registering any necessary assignments.

5.4 The Contractor shall report to the Procurement Officer, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all data delivered under this agreement.

5.5 The Contractor shall not affix any restrictive markings upon any data and if such markings are affixed, the Department shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

6. Patents, Copyrights, Intellectual Property

6.1 If the Contractor furnishes any design, device, material, process, or other item ("Product") that is covered by a patent or copyright, or which is proprietary to or a trade secret of another, the Contractor shall obtain the necessary permission or license to permit the State to use such item or items.

6.2 The Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any Product infringes any patent, trademark, copyright, or trade secret. If a third party claims that a Product infringes that party's patent or copyright, the Contractor will defend the Department against that claim at Contractor's expense and will pay all damages, costs and attorney fees that a Court finally awards, provided the Department (i) promptly notifies the Contractor in writing of the claim; and (ii) allows Contractor to control and cooperates with Contractor in, the defense and any related settlement negotiations. The obligations of this paragraph are in addition to those stated in paragraph 6.3 below.

6.3 If any Product becomes, or in the Contractor's opinion is likely to become, the subject of a claim of infringement, the Contractor will, at its option and expense: a) procure for the State the right to continue using the Product, b) replace the Product with a non-infringing product substantially complying with the item's specifications, or c) modify the Product so that it becomes non-infringing and performs in a substantially similar manner to the original Product.

7. Confidentiality

Subject to the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other

party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided that the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party, (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information or (e) such party is required to disclose by law.

7.1 The Contractor shall not use Maryland data or create any publication related to the programs and services being provided under the Contract without first obtaining the written consent of the Assistant Secretary of Public Safety and Correctional Services for Treatment Services.

8. Loss of Data

In the event of loss of any State data or records held or maintained by the Contractor in the performance of services, where such loss is due to the intentional act, omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data, in the manner and on the schedule set by the Procurement Officer. The Contractor shall ensure that all data is backed up, and is recoverable by the Contractor.

9. Indemnification

9.1 The Contractor shall indemnify the State and the State's employees against liability for any suits, actions, or claims of any character arising from or relating to the performance of the Contractor or its subcontractors under this Contract.

9.1.1 This shall not be construed to mean that the Contractor shall indemnify the State or the State's employees against liability for any suits, actions, or claims of any character that are directly the result of acts or omissions in the performance of the State or of the State's employees. Each party shall bear sole responsibility for any liability for any suits, actions, or claims of any character to the extent that such are directly caused by their acts or omissions to the extent provided under Maryland law.

9.3 The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's performance under this Contract.

9.4 The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from, or relating to, the Contractor's obligations under the Contract, and will cooperate, assist and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of, or relating to, the Contractor's performance under this Contract.

10. Non-Hiring of Employees

No official or employee of the State of Maryland, as defined under State Government Article, § 15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall, during the pendancy and term of this contract and while serving as an official or employee of the State, become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

11. Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Contract, the Contractor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

12. Maryland Law

12.1 This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland.

13. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified individual with

a disability; (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

14. Contingent Fee Prohibition

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Contractor to solicit or secure this Agreement, and that it has not paid or agreed to pay any person, partnership, corporation or other entity, other than a bona fide employee or agent, any fee or other consideration contingent on the making of this Agreement.

15. Non-Availability of Funding

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State of Maryland from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

16. Termination for Cause

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State of Maryland shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of

and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

17. Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract; provided, however, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A)(2).

18. Vendor Transition

If the Agency awards a contract to another vendor to perform services presently being performed by the Contractor under the Contract, the Contractor shall cooperate with the Agency and the new vendor in facilitating the transition as the Agency directs, including providing the new vendor with a copy of all the current policies, procedures and work plans applicable to the institutions covered by the Contract.

19. Delays and Extensions of Time

The Contractor agrees to perform this Agreement continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances, regardless of cause, in the performance of services under this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

20. Suspension of Work

The State unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

21. Pre-Existing Regulations

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

22. Financial Disclosure

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate, $100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches $100,000, file with the Secretary of the State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

23. Political Contribution Disclosure

The Contractor shall comply with Election Law Article, §§14-101 – 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county, or an incorporated municipality, or their agencies, during a calendar year in which the person receives in the aggregate $100,000 or more, shall, file with the State Board of Elections a statement disclosing contributions in excess of $500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

24. Retention of Records

The Contractor shall retain and maintain all records and documents in any way relating to this Contract for five years after final payment by the State under this Contract or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer's designee, at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section.

25. Compliance with Laws

The Contractor hereby represents and warrants that:

25.1 It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;

25.2 It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;

25.3 It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and,

25.4 It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

26. Costs and Price Certification

26.1 By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of the date of its bid or offer.

26.2 The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date of its bid or offer, was inaccurate, incomplete, or not current.

27. Subcontracting; Assignment

27.1 The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the Department, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the Department. Any such subcontract or assignment shall include such terms of this Contract as the State deems necessary to protect its interests. The State shall not be responsible for the fulfillment of the Contractor's obligations to the subcontractors.

28. Administrative

28.1 Contract Manager and Procurement Officer - The work to be accomplished under this Contract shall be performed under the direction of the Contract Manager. All matters relating to the interpretation of this Agreement shall be referred for determination to the Procurement Officer, who has those duties and authorities established under Maryland law.

28.2 Authority of the Department - Except as expressly prohibited by Maryland law, any of the State's rights, powers or duties under this Contract may be exercised or enforced by any officials or employees of the Department who are authorized to do so by the Secretary of Public Safety and Correctional Services. Where this Contract provides for the exercise or enforcement of rights, powers or duties by a specific official or employee of the Department, the Department may unilaterally, and within its sole discretion, change the designated official or employee upon written notice to the Contractor. To the extent that the Department utilizes internal review or approval processes in making determinations under this Contract, the Contractor has no right to or rights in connection with those processes.

28.3 Notices. All notices under this Contract shall be in writing and either delivered personally or sent by certified or registered mail, postage prepaid as follows:

If to the State:

Walter G.R. Wirsching
Director, Office of Inmate Health Services
Department of Public Safety and Correctional Services
6776 Reisterstown Road, Suite 315
Baltimore Maryland, 21215

If to the Contractor: Daniel L. Conn
Vice President and Chief Financial Officer
Wexford Health Sources, Inc.
205 Greentree Commons
381 Mansfield Avenue
Pittsburgh, PA 15220

IN WITNESS THEREOF, the parties have executed this Contract as of the date hereinabove set forth.

CONTRACTOR

By: _____ Date _____

NAME (typed): Daniel L. Conn

TITLE: Vice President and Chief Financial Officer

Witness: _____

MARYLAND DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES

By: _____ Date _____

Acting for: Mary Ann Saar
Secretary of Public Safety and Correctional Services

Witness: _____

Approved for form and legal this 6th day of Sept, 2005.

_____
Assistant Attorney General

APPROVED BY BPW: 6/1/05 (Date) 18-5 (BPW Item #)