



# SERVICES CONTRACT

## LRA Independent Residence

DSHS Contract Number:  
Resulting From Procurement Number:  
2313-837

Program Contract Number:  
Contractor Contract Number:

This Contract is between the state of Washington Department of Social and Health Services (DSHS) and the Contractor identified below, and is governed by chapter 39.26 RCW.

|   |                      |  |                           |
|---|----------------------|--|---------------------------|
| CONTRACTOR NAME   |                      | CONTRACTOR doing business as (DBA)           |                           |
| CONTRACTOR ADDRESS  |                      | WASHINGTON UNIFORM BUSINESS IDENTIFIER (UBI) | DSHS INDEX NUMBER         |
| CONTRACTOR CONTACT  | CONTRACTOR TELEPHONE | CONTRACTOR FAX                               | CONTRACTOR E-MAIL ADDRESS |
| DSHS ADMINISTRATION   | DSHS DIVISION        | DSHS CONTRACT CODE                           |                           |
| DSHS CONTACT NAME AND TITLE                                     |                      | DSHS CONTACT ADDRESS                         |                           |
| DSHS CONTACT TELEPHONE  | DSHS CONTACT FAX     | DSHS CONTACT E-MAIL ADDRESS                  |                           |
| IS THE CONTRACTOR A SUBRECIPIENT FOR PURPOSES OF THIS CONTRACT? |                      | ASSISTANCE LISTING NUMBER(S)                 |                           |
| CONTRACT START DATE   | CONTRACT END DATE    | CONTRACT MAXIMUM AMOUNT                      |                           |

**EXHIBITS. The following Exhibits are attached and are incorporated into this Contract by reference:**  
 **Exhibits (specify):** Exhibit A - Data Security Requirements Exhibit B – Rate Schedule; Exhibit C – Sample Forms Packet; Exhibit D – Policies Packet  
 **No Exhibits.**

The terms and conditions of this Contract are an integration and representation of the final, entire and exclusive understanding between the parties superseding and merging all previous agreements, writings, and communications, oral or otherwise, regarding the subject matter of this Contract. The parties signing below represent that they have read and understand this Contract, and have the authority to execute this Contract. This Contract shall be binding on DSHS only upon signature by DSHS.

|                                      |                        |             |
|--------------------------------------|------------------------|-------------|
| CONTRACTOR SIGNATURE                 | PRINTED NAME AND TITLE | DATE SIGNED |
| <b>Sample Contract – Do Not Sign</b> |                        |             |
| DSHS SIGNATURE                       | PRINTED NAME AND TITLE | DATE SIGNED |
| <b>Sample Contract – Do Not Sign</b> |                        |             |

## DSHS General Terms and Conditions

1. **Definitions.** The words and phrases listed below, as used in this Contract, shall each have the following definitions:
- a. "Central Contracts and Legal Services" means the DSHS central headquarters contracting office, or successor section or office.
  - b. "Confidential Information" or "Data" means information that is exempt from disclosure to the public or other unauthorized persons under RCW 42.56 or other federal or state laws. Confidential Information includes, but is not limited to, Personal Information.
  - c. "Contract" or "Agreement" means the entire written agreement between DSHS and the Contractor, including any Exhibits, documents, or materials incorporated by reference. The parties may execute this contract in multiple counterparts, each of which is deemed an original and all of which constitute only one agreement. E-mail or Facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.
  - d. "CCLS Chief" means the manager, or successor, of Central Contracts and Legal Services or successor section or office.
  - e. "Contractor" means the individual or entity performing services pursuant to this Contract and includes the Contractor's owners, members, officers, directors, partners, employees, and/or agents, unless otherwise stated in this Contract. For purposes of any permitted Subcontract, "Contractor" includes any Subcontractor and its owners, members, officers, directors, partners, employees, and/or agents.
  - f. "Debarment" means an action taken by a Federal agency or official to exclude a person or business entity from participating in transactions involving certain federal funds.
  - g. "DSHS" or the "Department" means the state of Washington Department of Social and Health Services and its employees and authorized agents.
  - h. "Encrypt" means to encode Confidential Information into a format that can only be read by those possessing a "key;" a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 256 bits for symmetric keys, or 2048 bits for asymmetric keys. When a symmetric key is used, the Advanced Encryption Standard (AES) must be used if available.
  - i. "Personal Information" means information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, Social Security Numbers, driver license numbers, other identifying numbers, and any financial identifiers.
  - j. "Physically Secure" means that access is restricted through physical means to authorized individuals only.
  - k. "Program Agreement" means an agreement between the Contractor and DSHS containing special terms and conditions, including a statement of work to be performed by the Contractor and payment to be made by DSHS.
  - l. "RCW" means the Revised Code of Washington. All references in this Contract to RCW chapters or sections shall include any successor, amended, or replacement statute. Pertinent RCW chapters can be accessed at <http://apps.leg.wa.gov/rcw/>.

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- m. "Regulation" means any federal, state, or local regulation, rule, or ordinance.
  - n. "Secured Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access. Secured Areas may include buildings, rooms or locked storage containers (such as a filing cabinet) within a room, as long as access to the Confidential Information is not available to unauthorized personnel.
  - o. "Subcontract" means any separate agreement or contract between the Contractor and an individual or entity ("Subcontractor") to perform all or a portion of the duties and obligations that the Contractor is obligated to perform pursuant to this Contract.
  - p. "Tracking" means a record keeping system that identifies when the sender begins delivery of Confidential Information to the authorized and intended recipient, and when the sender receives confirmation of delivery from the authorized and intended recipient of Confidential Information.
  - q. "Trusted Systems" include only the following methods of physical delivery: (1) hand-delivery by a person authorized to have access to the Confidential Information with written acknowledgement of receipt; (2) United States Postal Service ("USPS") first class mail, or USPS delivery services that include Tracking, such as Certified Mail, Express Mail or Registered Mail; (3) commercial delivery services (e.g. FedEx, UPS, DHL) which offer tracking and receipt confirmation; and (4) the Washington State Campus mail system. For electronic transmission, the Washington State Governmental Network (SGN) is a Trusted System for communications within that Network.
  - r. "WAC" means the Washington Administrative Code. All references in this Contract to WAC chapters or sections shall include any successor, amended, or replacement regulation. Pertinent WAC chapters or sections can be accessed at <http://apps.leg.wa.gov/wac/>.
2. **Amendment.** This Contract may only be modified by a written amendment signed by both parties. Only personnel authorized to bind each of the parties may sign an amendment.
3. **Assignment.** The Contractor shall not assign this Contract or any Program Agreement to a third party without the prior written consent of DSHS.
4. **Billing Limitations.**
- a. DSHS shall pay the Contractor only for authorized services provided in accordance with this Contract.
  - b. DSHS shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were performed.
  - c. The Contractor shall not bill and DSHS shall not pay for services performed under this Contract, if the Contractor has charged or will charge another agency of the state of Washington or any other party for the same services.
5. **Compliance with Applicable Law and Washington State Requirements.**
- a. **Applicable Law.** Throughout the performance of this Agreement, Contractor shall comply with all federal, state, and local laws, regulations, and executive orders to the extent they are applicable to this Agreement.
  - b. **Civil Rights and Nondiscrimination.** Contractor shall comply with all federal and state civil rights

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and nondiscrimination laws, regulations, and executive orders to the extent they are applicable to this Agreement, including, but not limited to, and as amended, Titles VI and VII of the Civil Rights Act of 1964; Sections 503 and 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act (ADA); Executive Order 11246; the Health Insurance Portability and Accountability Act of 1996 (HIPAA); the Age Discrimination in Employment Act of 1967, the Age Discrimination Act of 1975, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, and Chapter 49.60 of the Revised Code of Washington, Washington's Law Against Discrimination. These laws, regulations and executive orders are incorporated by reference herein to the extent that they are applicable to the Contract and required by law to be so incorporated.

In the event of the Contractor's noncompliance or refusal to comply with any applicable nondiscrimination laws, regulations, and executive orders, this Agreement may be rescinded, canceled, or terminated in whole or in part.

- c. **Certification Regarding Russian Government Contracts and/or Investments.** Contractor shall abide by the requirements of Governor Jay Inslee's Directive 22-03 and all subsequent amendments. The Contractor, by signature to this Contract, certifies that the Contractor is not presently an agency of the Russian government, an entity which is Russian-state owned to any extent, or an entity sanctioned by the United States government in response to Russia's invasion of Ukraine. The Contractor also agrees to include the above certification in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor does not comply with this certification. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor does not comply with this certification during the term hereof.

### 6. Confidentiality.

- a. The Contractor shall not use, publish, transfer, sell or otherwise disclose any Confidential Information gained by reason of this Contract for any purpose that is not directly connected with Contractor's performance of the services contemplated hereunder, except:
  - (1) as provided by law; or,
  - (2) in the case of Personal Information, with the prior written consent of the person or personal representative of the person who is the subject of the Personal Information.
- b. The Contractor shall protect and maintain all Confidential Information gained by reason of this Contract against unauthorized use, access, disclosure, modification or loss. This duty requires the Contractor to employ reasonable security measures, which include restricting access to the Confidential Information by:
  - (1) Allowing access only to staff that have an authorized business requirement to view the Confidential Information.
  - (2) Physically Securing any computers, documents, or other media containing the Confidential Information.
  - (3) Ensure the security of Confidential Information transmitted via fax (facsimile) by:
    - (a) Verifying the recipient phone number to prevent accidental transmittal of Confidential Information to unauthorized persons.

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(b) Communicating with the intended recipient before transmission to ensure that the fax will be received only by an authorized person.

(c) Verifying after transmittal that the fax was received by the intended recipient.

(4) When transporting six (6) or more records containing Confidential Information, outside a Secured Area, do one or more of the following as appropriate:

(a) Use a Trusted System.

(b) Encrypt the Confidential Information, including:

- i. Encrypting email and/or email attachments which contain the Confidential Information.
- ii. Encrypting Confidential Information when it is stored on portable devices or media, including but not limited to laptop computers and flash memory devices.

**Note: If the DSHS Data Security Requirements Exhibit is attached to this contract, this item, 6.b.(4), is superseded by the language contained in the Exhibit.**

(5) Send paper documents containing Confidential Information via a Trusted System.

(6) Following the requirements of the DSHS Data Security Requirements Exhibit, if attached to this contract.

c. Upon request by DSHS, at the end of the Contract term, or when no longer needed, Confidential Information shall be returned to DSHS or Contractor shall certify in writing that they employed a DSHS approved method to destroy the information. Contractor may obtain information regarding approved destruction methods from the DSHS contact identified on the cover page of this Contract.

d. Paper documents with Confidential Information may be recycled through a contracted firm, provided the contract with the recycler specifies that the confidentiality of information will be protected, and the information destroyed through the recycling process. Paper documents containing Confidential Information requiring special handling (e.g. protected health information) must be destroyed on-site through shredding, pulping, or incineration.

e. Notification of Compromise or Potential Compromise. The compromise or potential compromise of Confidential Information must be reported to the DSHS Contact designated on the contract within one (1) business day of discovery. Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.

**7. Debarment Certification.** The Contractor, by signature to this Contract, certifies that the Contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from participating in transactions (Debarred). The Contractor also agrees to include the above requirement in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor becomes Debarred. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor becomes Debarred during the term hereof.

**8. E-Signature and Records.** An electronic signature or electronic record of this Contract or any other ancillary agreement shall be deemed to have the same legal effect as delivery of an original executed copy of this Contract or such other ancillary agreement for all purposes.

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- 9. Governing Law and Venue.** This Contract shall be construed and interpreted in accordance with the laws of the state of Washington and the venue of any action brought hereunder shall be in Superior Court for Thurston County.
- 10. Independent Contractor.** The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and his or her employees or agents performing under this Contract are not employees or agents of the Department. The Contractor, his or her employees, or agents performing under this Contract will not hold himself/herself out as, nor claim to be, an officer or employee of the Department by reason hereof, nor will the Contractor, his or her employees, or agent make any claim of right, privilege or benefit that would accrue to such officer or employee.
- 11. Inspection.** The Contractor shall, at no cost, provide DSHS and the Office of the State Auditor with reasonable access to Contractor's place of business, Contractor's records, and DSHS client records, wherever located. These inspection rights are intended to allow DSHS and the Office of the State Auditor to monitor, audit, and evaluate the Contractor's performance and compliance with applicable laws, regulations, and these Contract terms. These inspection rights shall survive for six (6) years following this Contract's termination or expiration.
- 12. Maintenance of Records.** The Contractor shall maintain records relating to this Contract and the performance of the services described herein. The records include, but are not limited to, accounting procedures and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. All records and other material relevant to this Contract shall be retained for six (6) years after expiration or termination of this Contract.

Without agreeing that litigation or claims are legally authorized, if any litigation, claim, or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

- 13. Order of Precedence.** In the event of any inconsistency or conflict between the General Terms and Conditions and the Special Terms and Conditions of this Contract or any Program Agreement, the inconsistency or conflict shall be resolved by giving precedence to these General Terms and Conditions. Terms or conditions that are more restrictive, specific, or particular than those contained in the General Terms and Conditions shall not be construed as being inconsistent or in conflict.
- 14. Severability.** If any term or condition of this Contract is held invalid by any court, the remainder of the Contract remains valid and in full force and effect.
- 15. Survivability.** The terms and conditions contained in this Contract or any Program Agreement which, by their sense and context, are intended to survive the expiration or termination of the particular agreement shall survive. Surviving terms include, but are not limited to: Billing Limitations; Confidentiality, Disputes; Indemnification and Hold Harmless, Inspection, Maintenance of Records, Notice of Overpayment, Ownership of Material, Termination for Default, Termination Procedure, and Treatment of Property.
- 16. Contract Renegotiation, Suspension, or Termination Due to Change in Funding.**
- If the funds DSHS relied upon to establish this Contract or Program Agreement are withdrawn, reduced or limited, or if additional or modified conditions are placed on such funding, after the effective date of this contract but prior to the normal completion of this Contract or Program Agreement:
- a. At DSHS's discretion, the Contract or Program Agreement may be renegotiated under the revised funding conditions.

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- b. At DSHS's discretion, DSHS may give notice to Contractor to suspend performance when DSHS determines that there is reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow Contractor's performance to be resumed prior to the normal completion date of this contract.
- (1) During the period of suspension of performance, each party will inform the other of any conditions that may reasonably affect the potential for resumption of performance.
  - (2) When DSHS determines that the funding insufficiency is resolved, it will give Contractor written notice to resume performance. Upon the receipt of this notice, Contractor will provide written notice to DSHS informing DSHS whether it can resume performance and, if so, the date of resumption. For purposes of this subsection, "written notice" may include email.
  - (3) If the Contractor's proposed resumption date is not acceptable to DSHS and an acceptable date cannot be negotiated, DSHS may terminate the contract by giving written notice to Contractor. The parties agree that the Contract will be terminated retroactive to the date of the notice of suspension. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the retroactive date of termination.
- c. DSHS may immediately terminate this Contract by providing written notice to the Contractor. The termination shall be effective on the date specified in the termination notice. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination. No penalty shall accrue to DSHS in the event the termination option in this section is exercised.

17. **Waiver.** Waiver of any breach or default on any occasion shall not be deemed to be a waiver of any subsequent breach or default. Any waiver shall not be construed to be a modification of the terms and conditions of this Contract. Only the CCLS Chief or designee has the authority to waive any term or condition of this Contract on behalf of DSHS.

### Additional General Terms and Conditions – Professional Service Contracts:

18. **Advance Payment.** DSHS shall not make any payments in advance or anticipation of the delivery of services to be provided pursuant to this Contract.
19. **Construction.** The language in this Contract shall be interpreted as to its fair meaning and not strictly for or against any party. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Contract.
20. **Contractor Certification Regarding Ethics.** The Contractor certifies that the Contractor is now, and shall remain, in compliance with Chapter 42.52 RCW, Ethics in Public Service, throughout the term of this Contract.
21. **DES Filing Requirement.** Under RCW 39.26, sole source contracts and amendments must be filed with the State of Washington Department of Enterprise Services (DES). If this Contract is one that must be filed, it shall not be effective nor shall work commence or payment be made until the tenth (10th) working day following the date of filing subject to DES approval. In the event DES fails to approve the Contract or any amendment hereto, the Contract or amendment shall be null and void.
22. **Health and Safety.** Contractor shall perform any and all of its obligations under this Contract in a manner that does not compromise the health and safety of any DSHS client with whom the Contractor has contact.

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### 23. Indemnification and Hold Harmless.

- a. The Contractor shall be responsible for and shall indemnify, defend, and hold DSHS harmless from any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines, of whatsoever kind of nature, arising out of or relating to a) the Contractor's or any Subcontractor's performance or failure to perform this Contract, or b) the acts or omissions of the Contractor or any Subcontractor.
- b. The Contractor's duty to indemnify, defend, and hold DSHS harmless from any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines shall include DSHS' personnel-related costs, reasonable attorney's fees, court costs, and all related expenses.
- c. The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold harmless the State and its agencies, officials, agents, or employees.
- d. Nothing in this term shall be construed as a modification or limitation on the Contractor's obligation to procure insurance in accordance with this Contract or the scope of said insurance.

**24. Industrial Insurance Coverage.** The Contractor shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, Agency may collect from the Contractor the full amount payable to the Industrial Insurance accident fund. The Agency may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the Agency under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

**25. Publicity.** The Contractor shall not name DSHS as a customer, nor use any information related to this Contract, in any format or media, in any Contractor's advertising or publicity without prior written consent from DSHS.

**26. Notice of Overpayment.** If the Contractor receives a vendor overpayment notice or a letter communicating the existence of an overpayment from DSHS, the Contractor may protest the overpayment determination by requesting an adjudicative proceeding. The Contractor's request for an adjudicative proceeding must:

- a. Be *received* by the Office of Financial Recovery (OFR) at Post Office Box 9501, Olympia, Washington 98507-9501, within twenty-eight (28) calendar days of service of the notice;
- b. Be sent by certified mail (return receipt) or other manner that proves OFR received the request;
- c. Include a statement as to why the Contractor thinks the notice is incorrect; and
- d. Include a copy of the overpayment notice.

Timely and complete requests will be scheduled for a formal hearing by the Office of Administrative Hearings. The Contractor may be offered a pre-hearing or alternative dispute resolution conference in an attempt to resolve the overpayment dispute prior to the hearing.

Failure to provide OFR with a written request for a hearing within twenty-eight (28) days of service of a vendor overpayment notice or other overpayment letter will result in an overpayment debt against the Contractor. DSHS may charge the Contractor interest and any costs associated with the collection of



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this overpayment. DSHS may collect an overpayment debt through lien, foreclosure, seizure and sale of the Contractor's real or personal property; order to withhold and deliver; or any other collection action available to DSHS to satisfy the overpayment debt.

- 27. Site Security.** While providing services at a DSHS location, the Contractor, its agents, employees, or Subcontractors shall conform in all respects with physical, fire, or other security regulations specific to the DSHS location.
- 28. Subcontracting.** Except as otherwise provided in this Contract, the Contractor shall not Subcontract any of the contracted services without the prior written approval of DSHS. Contractor is responsible to ensure that all terms, conditions, assurances and certifications set forth in this Contract are included in any and all Subcontracts. Any failure of Contractor or its Subcontractors to perform the obligations of this Contract shall not discharge the Contractor from its obligations hereunder or diminish DSHS' rights or remedies available under this Contract.
- 29. Subrecipients.**
- a. General. If the Contractor is a subrecipient of federal awards as defined by 2 CFR Part 200 and this Agreement, the Contractor shall:
- (1) Maintain records that identify, in its accounts, all federal awards received and expended and the federal programs under which they were received, by Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the federal agency, and name of the pass-through entity;
  - (2) Maintain internal controls that provide reasonable assurance that the Contractor is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs;
  - (3) Prepare appropriate financial statements, including a schedule of expenditures of federal awards;
  - (4) Incorporate 2 CFR Part 200, Subpart F audit requirements into all agreements between the Contractor and its Subcontractors who are subrecipients;
  - (5) Comply with the applicable requirements of 2 CFR Part 200, including any future amendments to 2 CFR Part 200, and any successor or replacement Office of Management and Budget (OMB) Circular or regulation; and
  - (6) Comply with the Omnibus Crime Control and Safe streets Act of 1968, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, Title IX of the Education Amendments of 1972, The Age Discrimination Act of 1975, and The Department of Justice Non-Discrimination Regulations, 28 C.F.R. Part 42, Subparts C.D.E. and G, and 28 C.F.R. Part 35 and 39. (Go to <https://ojp.gov/about/offices/ocr.htm> for additional information and access to the aforementioned Federal laws and regulations.)
- b. Single Audit Act Compliance. If the Contractor is a subrecipient and expends \$750,000 or more in federal awards from any and/or all sources in any fiscal year, the Contractor shall procure and pay for a single audit or a program-specific audit for that fiscal year. Upon completion of each audit, the Contractor shall:
- (1) Submit to the DSHS contact person the data collection form and reporting package specified in

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2 CFR Part 200, Subpart F, reports required by the program-specific audit guide (if applicable), and a copy of any management letters issued by the auditor;

(2) Follow-up and develop corrective action for all audit findings; in accordance with 2 CFR Part 200, Subpart F; prepare a "Summary Schedule of Prior Audit Findings" reporting the status of all audit findings included in the prior audit's schedule of findings and questioned costs.

c. Overpayments. If it is determined by DSHS, or during the course of a required audit, that the Contractor has been paid unallowable costs under this or any Program Agreement, DSHS may require the Contractor to reimburse DSHS in accordance with 2 CFR Part 200.

**30. Termination for Convenience.** DSHS may terminate this Contract in whole or in part when it is in the best interest of DSHS by giving the Contractor at least thirty (30) calendar days' written notice.

**31. Termination for Default.** The CCLS Chief may immediately terminate this Contract for default, in whole or in part, by written notice to the Contractor if DSHS has a reasonable basis to believe that the Contractor has:

- a. Failed to meet or maintain any requirement for contracting with DSHS;
- b. Failed to protect the health or safety of any DSHS client;
- c. Failed to perform under, or otherwise breached, any term or condition of this Contract; and/or
- d. Violated any applicable law or regulation.
- e. If it is later determined that the Contractor was not in default, the termination shall be considered a termination for convenience.

**32. Termination or Expiration Procedure.** The following terms and conditions apply upon Contract termination or expiration:

- a. The Contractor shall cease to perform any services required by this Contract as of the effective date of termination or expiration.
- b. If the Contract is terminated, the Contractor shall comply with all instructions contained in the termination notice.
- c. The Contractor shall immediately deliver to the DSHS contact named on page one of this Contract, or to his or her successor, all DSHS property in the Contractor's possession. The Contractor grants DSHS the right to enter upon the Contractor's premises for the sole purpose of recovering any DSHS property that the Contractor fails to return within ten (10) calendar days of the effective date of termination or expiration of this Contract. Upon failure to return DSHS property within ten (10) calendar days, the Contractor shall be charged with all reasonable costs of recovery, including transportation.
- d. DSHS shall be liable only for payment required under the terms of this Contract for service rendered up to the effective date of termination or expiration.
- e. DSHS may withhold a sum from the final payment to the Contractor that DSHS determines necessary to protect DSHS against loss or additional liability.

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- f. The rights and remedies provided to DSHS in this Section are in addition to any other rights and remedies provided at law, in equity, and/or under this Contract, including consequential and incidental damages.

**33. Treatment of Property.** All property purchased or furnished by DSHS for use by the Contractor during this Contract term shall remain with DSHS. Title to all property purchased or furnished by the Contractor for which the Contractor is entitled to reimbursement by DSHS under this Contract shall pass to and vest in DSHS. The Contractor shall protect, maintain, and insure all DSHS property in its possession against loss or damage and shall return DSHS property to DSHS upon Contract termination or expiration.

**34. Taxes.**

- a. Where required by statute or regulation, Contractor shall pay for and maintain in current status all taxes that are necessary for Contract performance. DSHS will pay sales or use taxes, if any, imposed on the services and materials acquired hereunder. Contractor must pay all other taxes including without limitation Washington Business and Occupation Tax, other taxes based on Contractor's income or gross receipts, or personal property taxes levied or assessed on Contractor's personal property. DSHS, as an agency of Washington State government, is exempt from property tax.
- b. Contractor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this Contract in accordance with the requirements of [Title 82 RCW](#) and [Title 458 WAC](#). Out-of-state Contractors must contact the Department of Revenue to determine whether they meet criteria to register and establish an account with the Department of Revenue. Refer to WAC 458-20-101 (Tax registration and tax reporting) and call the Department of Revenue at 800-647-7706 for additional information. When out-of-state Contractors are not required to collect and remit sales tax, DSHS shall be responsible for paying use tax, if applicable, directly to the Department of Revenue.
- c. All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance, or other expenses for Contractor or Contractor's staff shall be Contractor's sole responsibility.

**35. Preventing Disruption of Adult Care, Mental Health, Addiction, Disability Support, or Youth Services Due to Labor Management Disputes and Employee Unrest.**

Washington law requires that all services, direct or ancillary, for adult care, mental health, addiction, disability support, and youth services, be warranted by the Contractor providing those services against disruption. Contractor and DSHS agree that disruptions to these services such as strikes, walk-offs, sick-ins, slowdowns, or any other such action designed to pressure Contractor's management to meet labor, workforce, or subcontractor demands ("Economic or Industrial Action") are covered under this warranty.

If this Contract includes adult care, mental health, addiction, disability support, or youth services, Contractor agrees to execute and maintain one or more of the following mandatory contractual commitments through the life of the Contract:

- a. An agreement between the Contractor and any exclusive representative labor organization representing the employees performing the contracted services. This agreement must contain a provision prohibiting Economic or Industrial Action on the part of all parties. This agreement must also include a process for the resolution of disputes between them; or

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- b. An agreement between the Contractor and any labor organization seeking to represent the employees performing the contracted services. This agreement must contain a provision prohibiting the parties from causing, promoting, or encouraging Economic or Industrial Action, or other disruptive activity. This agreement must also include a process for resolution of disputes between parties.

Contractor must notify DSHS if it is unable to form a compliant agreement with a labor organization within 30 days of executing this Contract.

If services under this Contract are interrupted due to Contractor's failure to maintain one or more of the required contractual commitments listed above, DSHS may immediately terminate, suspend, or revoke this Contract for default, and arrange for the provision of services by other means. Contractor shall provide reimbursement of the actual costs to DSHS arising out of the inadequacy of the warranty provided by the Contractor.

### **36. Mandatory Individual Arbitration and Class or Collective Action Waiver as a Condition of Employment.**

- a. "Mandatory Individual Arbitration Clause" or "Class or Collective Action Waiver" means an arbitration clause or waiver in an employment contract which precludes Contractor's employees from resolving employment disputes with their employer through class or collective proceedings in federal court. Instead, employees must bring individualized arbitration proceedings against their employer to resolve any employment disputes.
- b. The Contractor, by signature to this Contract, certifies that the Contractor does not require Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver.
- c. Contractor must notify DSHS within ten (10) business days if, during the term of this Contract, Contractor requires Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver.
- d. If Contractor, during the term of this contract, requires Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver, DSHS reserves the right to terminate this contract, per the General Terms and Conditions Section regarding Termination for Convenience.

## Special Terms and Conditions

### 1. Definitions

- a. "Administrative and Managerial Services" means the services of the Contractor's Manager for which an Administrative Fee shall be payable. Administrative and Managerial Services include the Manager's services in completing reports, completing logs and forms, maintaining records, maintaining and scheduling an adequate complement of Contractor Staff, performing human resources functions with regard to Contractor Staff including training of Staff, and performing those tasks necessary to ensure that Services are provided in accordance with the terms of this Contract. Contractor's Manager shall also serve as an LRA Supervisor when he or she is not providing Administrative and Managerial Services.
- b. "Authorized Designee" means an individual who is designated in writing by the person who is identified in this Contract to provide an approval or direction, to act on such person's behalf with regard to an approval or direction.
- c. "BHA" means the Behavioral Health Administration of DSHS, which operates the Special Commitment Center.
- d. "Chief of Transition and Program Accountability" or "Chief" means the SCC-employed professional who reports to the Chief Executive Officer of the SCC and whose responsibilities include oversight of the transition of SCC Residents to LRA settings and certain programs conducted in those settings. For purposes of this Contract, the term "Chief of Transition and Program Accountability" shall include an Authorized Designee of the Chief.
- e. "Contract Manager" means the DSHS employee identified as the DSHS Contact on page 1 of this Contract, who is responsible for overall Contract Management, monitoring Contractor performance, and payment authorization. For purposes of this Contract, the term "Contract Manager" shall include an Authorized Designee of the Contract Manager.
- f. "Contractor" has the same meaning as was given the term in the General Terms and Conditions Definitions section, though as used in this Special Terms and Conditions Section, the term "Contractor" also encompasses "Contractor Personnel" and "Contractor Staff."
- g. "Contractor Personnel" or "Contractor Staff" means all employees or subcontractors of Contractor or any other person permitted by Contractor to provide LRA Services including the LRA Manager and the Contractor's STL staff, including the STL Supervisor and STL Personnel who are serving as Chaperones or Chaperone Drivers. As used in this Contract, "Contractor Personnel" shall include "Contractor."
- h. "Corrections Specialist" or "CS" means an employee of the Department of Corrections who performs specific duties in the supervision of Residents and the monitoring of Court-Ordered Conditions.
- i. "Court" means the superior court that orders the conditional release of a Resident to a Less Restrictive Alternative, subject to compliance by the Resident with the Court-Ordered Conditions pertaining to such release.
- j. "Court-Ordered Conditions" means those conditions ordered by the Court concerning a Resident's conditional release from the SCC to a Less Restrictive Alternative (LRA) placement. A Resident's placement in Residence, under the supervision of the Contractor, as ordered by the Court, is an LRA placement that is subject to Court-Ordered Conditions.
- k. "LRA" or "Less Restrictive Alternative" means a court-ordered treatment setting that is less

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restrictive than total confinement and which satisfies the conditions set forth in RCW 71.09.092.

- l. "LRA Manager" or "Manager" or "Contractor's Manager" means the person designated by Contractor to provide Administrative and Managerial Services pursuant to this Contract.
- m. "LRA Residence" means the Less Restrictive Alternative residential setting that is operated by Contractor, to which a court has ordered the placement of Residents. "Residence" includes the grounds that are part of the property associated with the Residence.
- n. "LRA Services" or "Services" means Administrative and Managerial Services, Supported Transitional Living Services and Room and Board provided to Residents pursuant to this Contract.
- o. "LRA Supervisor" or "Supervisor" means the individual designated as a lead member of the group of Contractor Personnel who provide STL Services. The LRA Supervisor shall be considered a part of the primary STL Staff who provide STL Services.
- p. "Mileage" or "Mileage Reimbursement" means reimbursement paid to the Contractor for each mile the vehicle is used in providing Transportation and includes the cost of fuel but does not include the services of a Chaperone or Chaperone Driver, who transport and monitor the Client on Outings and does not include Vehicle Fees.
- q. "Non-emergency Incident" means an incident or event involving or affecting the LRA Residence or LRA residents that is significant enough to require SCC attention or intervention, but does not require an immediate response from an SCC staff member, local EMS, fire or law enforcement services and can wait until the next business day.
- r. "Positive Behavioral Support Plan" or "PBSP" means a plan prepared by a Resident's SOTP in collaboration with the Contractor which describes the supervision, support, guidance, and instruction provided to a Resident by the Contractor in a manner conducive to the Resident's learning, use of socially acceptable behaviors and avoidance of behaviors considered socially inappropriate, illegal, or in violation of the Resident's Court-Ordered Conditions.
- s. "Rent" shall refer to the charge paid by SCC for the provision by Contractor of the Residence, which shall include, for each Resident, a furnished single occupancy bedroom and shared restroom, kitchen and common areas for use by Residents within the Residence and shall also include all costs associated with the maintenance of Residence in a well-maintained, clean and habitable condition and in accordance with applicable DOC and court security requirements.
- t. "Resident" or "Client" means a person who has been conditionally released by the Court to a Less Restrictive Alternative and has been placed at Residence.
- u. "Special Expenses" or "Special Additional Expenses" means costs incurred by Contractor on behalf of one or more Residents that have been pre-approved for reimbursement by SCC under this Contracts. Special Expenses may also include reimbursement of pre-approved Outing Costs incurred by Contractor Personnel.
- v. "Resident's Community Transition Team" or "RCTT" means the group of professionals that oversees a Resident's transition from SCC to the community. The RCTT members are the Resident's SOTP, a Corrections Specialist, an SCC-designated RCTT facilitator and such other persons designated by court. Contractor is required to attend meetings of the RCTT but is not an RCTT member.
- w. "Food and Supplies" shall refer to the provision by Contractor of nutritious food for Residents and all

## Special Terms and Conditions

necessary incidental items such as toiletries and household supplies.

- x. "Sex Offender Treatment Provider" or "CSOTP" or "SOTP" means a professional who is certified as a Sex Offender Treatment Provider by the State of Washington, in accordance with chapter 18.155 RCW and is providing treatment to the Resident pursuant to the Order of the Court.
  - y. "Social Worker" means an employee of the SCC who is assigned by the Chief to work with Residents.
  - z. "Special Commitment Center" or "SCC" means the total confinement Residence operated by the Behavioral Health Administration of the Department of Social and Health Services on McNeil Island for the care, control, and treatment of sexually violent predators. For purposes of this Contract, references to the SCC shall include the Secure Community Transitional Residences operated by the SCC.
  - aa. "Third Party Reimbursement Source" means any source of benefits, public or private, for which the Resident is eligible that may cover a service provided to or an expense incurred by the Resident. Third Party Reimbursement Source includes, but is not limited to, Medicare, Medicaid, private insurance coverage and programs funded by the state of Washington.
  - bb. "Treatment Plan" or "Community Treatment Plan" means a written plan for an individual Resident that prescribes specific behavioral goals with targeted timelines for achievement. The Treatment Plan is developed and managed by the Resident's court-assigned Sex Offender Treatment Provider, in conjunction with the Contractor, SCC staff and the assigned CS. The Treatment Plan addresses the Resident's therapeutic needs and goals and reflects and conforms to Conditions ordered by the court.
  - cc. "Utilities" means all utilities consumed by the LRA including, but not limited to, water, heating and cooling costs, energy costs and garbage and sewer costs.
  - dd. "Vehicle Fee" means the monthly payment to Contractor for making a vehicle available at all times for LRA use and includes all aspects of insuring, repairing, and maintaining the condition and availability of the vehicle for use by the LRA with the exception of Mileage Reimbursement.
- 2. Purpose.** The purpose of this Contract is to engage LRA Contractors that will provide one or more Independent LRA Residences and related services on a twenty-four (24) hours per day, seven (7) days per week basis, housing Residents who have been conditionally released from the Special Commitment Center on McNeil Island.
- 3. Contractor Qualifications and Requirements.** The Contractor performing Services under this Contract must meet these requirements:
- a. **Licensing.** Contractor shall possess a current Master Business License issued by the state of Washington, and any additional licenses, registrations, certifications and permits as required by federal, state and local law, regulations or DSHS policy.
  - b. **Contractor Personnel.** Contractor shall employ only Contractor Personnel who possess appropriate backgrounds, ethics, qualifications and experience and who undergo training as required by the SCC.
  - c. **Drivers' licenses.** Contractor will ensure that Contractor Personnel who operate a motor vehicle used to transport Residents must possess a valid Washington state driver's license in good standing.

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- d. Background Checks Requirements. In accordance with RCW 74.34.070, 74.34.020, 72.05, 43.20A.710, 43.43.834, 43.43.837(5) and chapter 388-700 WAC, Contractor, including all Contractor Personnel who may or will have either regular or limited access to any Resident, must be cleared through a DSHS-approved criminal history and background check prior to providing Services under this Contract. This shall include an online background check and a fingerprint background check. Contractor and each Contractor Personnel who will have access to Residents shall complete and sign the Fingerprint Background Check Form that may be retrieved on line here: [DSHS Form 27-089](#) and shall follow the Online and Fingerprint Background Check Instructions provided by the Contract Manager. Additional instructions regarding disqualifications that might be revealed by a background check will be provided to Contractor, including the DSHS Secretary's List of Crimes and Negative Actions. Contractor shall promptly notify the Contract Manager in writing of the name of each Contractor Staff and each new Contractor Staff who is hired, in order to permit SCC to verify compliance with this requirement.
- e. Non-Disclosure of Confidential Information. Contractor and each Contractor Staff will be required to sign the DSHS Agreement on Nondisclosure of Confidential Information – Non-Employee, DSHS Form 03-374B prior to receiving any confidential information regarding Residents. This form may be retrieved online here: [DSHS NDA Form](#). Contractor shall maintain copies of the signed forms and shall provide copies to the Contract Manager upon request.
- f. Sex Offenses and Sexual Misconduct. The Contractor and Contractor Staff shall be knowledgeable of the requirements of RCW 13.40.570, Sexual misconduct by State Employees, Contractors; and of the crimes included in chapter 9A.44 RCW, Sex Offenses, and shall each sign an acknowledgment that they have reviewed the applicable laws on a form provided by SCC. Contractor shall maintain copies of the signed forms and shall provide copies to the Contract Manager upon request.
- g. Health Status. Contractor, including all Contractor Personnel who may or will have either regular or limited access to any Resident, shall be in a condition of health that allows them to perform the duties of their employment. The Contractor shall provide proof of a current TB screening (obtained within the past year), for each Contractor Personnel who will have regular or limited access to any Resident, prior to permitting Contractor or such Personnel to provide Services under this Contract. The Contractor shall also provide proof of this and all subsequent TB screenings directly to the [DSHSDLSCCVaccines@dshs.wa.gov](mailto:DSHSDLSCCVaccines@dshs.wa.gov) or to such other email address provided by the Contract Manager.

#### 4. Contractor's Communications with Outside Entities and the Public.

- a. Contractor does not represent SCC/DSHS, and, therefore, Contractor is not authorized to speak or provide information in any way (whether verbally or in writing) on behalf of DSHS or the SCC to any outside entity. Should any outside entity – including, but not limited to, members of the media, members of the press, county prosecutors or other personnel, or any external agency – ask for information regarding this Contract, the SCC or any other state organization involved with the transition of SCC Clients to community living, LRA Residents, DSHS/SCC requirements, or LRA Services, Contractor must immediately notify the SCC Contract Compliance Manager by email of the request for information, the identity and affiliation of the individual making the request, and that individual's contact information, if known, and a description of the information that was requested.
- b. Contractor must give seven (7) days' notice to the SCC Contract Compliance Manager via email in advance of addressing the public regarding the SCC's LRA program. The SCC Contract Manager will respond to the advance notice as appropriate.
- c. Until notified otherwise, Contractor should send all emails related to requests for information and



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public addresses to the SCC Contract Compliance Manager at the email address:  
Matthew.Bead@dshs.wa.gov.

5. **Statement of Work.** The Contractor shall provide Independent LRA Residences and related services for Residents who are ordered by the Court to be conditionally released from the SCC to reside in an Independent Less Restrictive Alternative Residence placement and are placed by the Court with the Contractor. The Contractor shall provide an Independent LRA Residence and otherwise do all things necessary for or incidental to the performance of its obligations as follows:
- a. **Treatment of Residents and the Residence.** The Contractor shall treat each Resident with dignity and consideration, shall keep the LRA Residence in a clean, sanitary, and well-maintained condition. and shall always respect the civil and human rights of Residents.
  - b. **DSHS Inspections.** Contractor will allow SCC staff and stakeholders to make unannounced inspections of the LRA Residence to ensure compliance with contractual obligations as well as to ensure the Resident(s) has/have adequate living conditions.
  - c. **Requirements for Independent LRA Residences.** All Independent LRA Housing Contractors shall provide proof of, and be responsible for, the following:
    - (1) The Residence is in compliance with all state and local zoning and building codes, including, if applicable, compliance with state and local septic system inspection and rating requirements.
    - (2) Provide adequate living conditions per RCW 71.09.097 as follows:
      - (a) Adequate running water
      - (b) Electricity
      - (c) Bedroom of adequate size
      - (d) Living space of adequate size
      - (e) Mold and infestation free
      - (f) Video Camera Monitoring System (Inside and outside the Residence)
    - (3) Providing a Residence in compliance with the LRA Housing Matrix Requirements as stated in RCW 71.09.097(2), which mandates all Independent LRA Residences to have:
      - (a) Adequate Public Services within reasonable distance of LRA Residence, including:
        - i. Grocery, retail, personal services, banking, restaurants
        - ii. Public transportation
        - iii. Reasonable access to local Hospital/Emergency Department
      - (b) Treatment and Counseling Services within reasonable distance of LRA Residence
        - i. Sex Offender Treatment Provider Services

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- ii. SOTP resources and availability
  - iii. Mental Health Treatment Providers
  - iv. Substance Abuse Treatment Providers
  - v. Other Counseling and Support Services
  - vi. Life Skills Counseling and Support Services
- (c) Public Safety Features
- i. Adequate LEO and FIRE/EMS response times
  - ii. Reasonable access to DOC Case Specialist to LRA Residence
- (d) Security Features
- i. Adequate availability of Wireless Communications
  - ii. Adequate availability of Telephone/Cable Communications and Services
  - iii. Shall have exterior and interior audible alarm system with motion sensors and cameras to track ingress, egress, and to monitor daily activities
  - iv. Shall have adequate exterior lighting
  - v. Shall ensure all doors and windows can be securely locked
- (e) Minimum Distance Requirements. Located more than 500 feet from childcare Residences, and from public or private schools providing instruction to kindergarten or any grades one through 12
- (f) Additional Restrictions may be imposed by the Court, and therefore not all Residences will be suitable for all Residents that qualify for conditional release to an Independent LRA Residence. A copy of the conditions of release shall be given to the released person and to any designated service providers. Such restrictions may include a minimum distance from other Residences, businesses, and neighborhood activities.
- (4) Protection and Security Equipment. Contractor shall arrange for the installation and use of all needed or required community protection and security equipment and shall implement safety procedures for community protection. Contractor shall provide ongoing monitoring of equipment and compliance with procedures in accordance with Court and DOC requirements.
- d. **Supportive Services.**
- (1) Contractor shall communicate and collaborate with Residents and with Contract Manager, program and fiscal managers, SCC Social Workers, assigned SOTPs, Corrections Specialists and other stakeholders approved by the Contract Manager to support Resident progress.
  - (2) Contractor will collect data at the request of the SOTP and RCTT Services, which will include, but is not limited to, Compliance with Court Orders and Treatment Plans.

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- (3) Contractor shall ensure that all Services provided, and activities conducted under this Contract comply with, and do not conflict with, each Resident's Treatment Plan, PBSP, and Court-Ordered Conditions, which may include:
  - (a) Restrictions as to with whom Resident may have social contact;
  - (b) Prohibition of contact with potential or past victims;
  - (c) Prohibition of alcohol and other drug use;
  - (d) Mandatory participation in a specific course(s) of inpatient or outpatient treatment that may include monitoring by the use of polygraph and plethysmograph;
  - (e) Monitoring through the use of global positioning system technology;
  - (f) Supervision by a department of corrections community corrections officer;
  - (g) Restrictions on travel (primarily out-of-state travel);
  - (h) Other conditions that the court determines are in the best interest of the person or others.

### e. **Administrative Requirements.**

- (1) Contractor shall schedule and supervise Contractor Personnel, prepare and submit all required reports and documentation, and maintain all records, including records of household activities and expenses.
- (2) Pre-Placement Meeting and Declaration of LRA Contractor. The Contractor, upon completion of the pre-placement meeting with the Client, shall contact the Contract Manager to provide a summary of the meeting. The Contractor shall provide a copy of each Declaration of Housing Provider, attached as part of the Forms Packet incorporated herein as Exhibit C, within 48 hours of agreeing that Contractor will provide an LRA placement and Services upon Conditional Release.
- (3) Written Procedures. The Contractor shall adopt, implement, and maintain written procedures for the care and treatment of Residents and submit these prior to the commencement of Services under this Contract and annually by August 1<sup>st</sup> of each year for review and approval by the Contract Manager. Contractor shall also promptly transmit any amendments to the Contract Manager for review and approval.
- (4) Progress Meetings. The Contractor agrees, when requested by SCC, will meet quarterly, or more frequently if so requested, with SCC representatives to assess and discuss the progress of each Resident. The Contractor shall also meet monthly as requested with the RCTT for each Resident assigned to Residence.
- (5) Health & Safety. Contractor shall not provide any over-the-counter medications to Residents except with the approval of a medical professional. All such medical approvals must be shall be documented and maintained in Contractor's records.
- (6) Required Monthly Submissions. Contractor shall submit the following documents to the SCC on a monthly basis.

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- (a) Resident Monthly Progress Report. Contractor shall submit a Monthly Progress Report regarding each Resident to the Contract Manager, the Chief of Transition and Program Accountability, the Resident's RCTT and any other party as ordered by the Court. A sample format for this report is provided as part of Exhibit C, Forms Packet. The Monthly Progress Report should reflect Services provided by Contractor from the first day of the calendar month to the last day of the calendar month.
  - (b) Monthly Independent LRA Housing Checklist. Contractor will submit a monthly independent LRA housing checklist. A sample format for this report is provided as part of Exhibit C, Forms Packet.
  - (c) Other Documentation. Contractor shall submit all required Forms and copies of receipts for Special Expenses and Mileage for which reimbursement is requested.
- f. **Documentation Requirements, Access to Records and Retention of Records.** In addition to the monthly documentation submitted to SCC as required in these Special Terms and Conditions, the Contractor shall maintain the following documentation, make any of these documents available for inspection by SCC and, if requested, provide copies to the SCC:
- (1) Copies of all invoices submitted to SCC requesting payment, including receipts for Special Expenses for which reimbursement is sought.
  - (2) Copies of all reports required to be submitted under this Contract.
  - (3) Copies of all written SCC authorizations for professional services and for reimbursement of Special Expenses.
  - (4) Records of all costs incurred by Contractor to operate the LRA including staff payroll records, vehicle repairs, Residence maintenance costs, utility bills, receipts for purchases and insurance invoices.
  - (5) Resident Records as required under WAC 388-880-043, Resident clinical records – Location and custody, provided that Contractor shall limit access to such records as provided under WAC 388-880-044.
  - (6) Copies of all records relating to electronic monitoring of Residents and compliance with Court and DOC security requirements.
  - (7) Copies of each Resident's Court Order for Release to a Less Restrictive Alternative including Court-Ordered Conditions and any modified or amended Orders.
  - (8) If applicable and as required by the SCC, a copy of each Resident's Confirmation of Assignment and Resident Agreement.
  - (9) Copies of all violations reports submitted as required by applicable SCC Policies, which shall be made available to Contractor prior to commencement of Services and as updated from time to time by the SCC.
  - (10) A record of compliance by any Contractor Representative or Personnel who will have either regular or limited access to any Resident with TB screening and COVID-19 vaccination requirements.
  - (11) Contractor's written procedures, including emergency and other incident response procedures.

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(12) Resident Progress Meeting forms and Contractor's notes

(13) Copies of all records relating to electronic monitoring of Residents and compliance with Court and DOC security requirements

(14) Copies of notes and other documentation pertaining to reports of Resident abuse or neglect.

**6. Reporting Resident Abuse or Neglect.** The Contractor shall report immediately to DSHS if there is reason to believe or suspect that:

- a. **Abandonment, abuse, financial exploitation,** or neglect of a person who has a developmental disability as defined under RCW 71A.10.020 has occurred; or
- b. **Sexual or physical assault of a Resident has occurred.** In this event, the Contractor shall also immediately notify the appropriate law enforcement agency, the assigned CS and the Chief of Transition and Program Accountability or Authorized Designee.

**7. Managing Emergencies and Non-Emergency Incidents.** The Contractor shall implement and maintain written policies and procedures for staff response to emergency and non-emergency situations. These shall comply with the following:

- a. **Emergencies.** If the continued presence or action of a Resident endangers the health, safety and/or personal property of other Residents, Contractor Personnel, the Resident or other people in the community, the Contractor shall:
  - (1) immediately contact law enforcement to request emergency assistance;
  - (2) immediately notify the RCTT members as well as the assigned Corrections Specialist; and
  - (3) contact the Contract Manager as soon as possible, but no later than twenty-four (24) hours after the Emergency.
- b. **Non-Emergency Incidents.** In Non-Emergency Incident situations, the Contractor may request, in writing, assistance from the Contract Manager. SCC shall then meet with the Contractor within five (5) working days of receipt of the written request to determine the course of action or any assistance needed.

**8. Compliance with SCC Policies; Violations.** The Contractor shall be thoroughly familiar with, and shall comply with, all SCC policies pertaining to individuals who have been conditionally released. The applicable policies are included as part of the Policies Packet attached to this Contract as Exhibit D. In accordance with these SCC Policies, the Contractor shall promptly submit written reports of any unusual incident or violation, as defined in this Paragraph, to the SCC CEO, SCC Contract Manager, the Court, prosecutor, defense attorney, the assigned Corrections Specialist, and the SOTP. An "unusual incident" refers to a Resident's behaviors, circumstances or events involving, or relating to, a behavior that affects the Resident's well-being, the safety of others, or the community at large. A "violation" means the occurrence of one or more of the following by a Resident: the commission of any criminal offense; any unlawful use or possession of a controlled substance; and any violation of Court-Ordered Conditions targeted to address the person's documented pattern of offense that increases the risk to public safety. Contractor shall not allow Residents to purchase or be provided with anything containing alcohol, tobacco or cannabis products unless otherwise specified in a court order.

**9. Consideration.** Consideration payable to Contractor for satisfactory performance of the work under this Contract is up to the maximum amount set forth on Page 1 of this Contract or, if amended, on Page

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1 of the latest amendment to this Contract and shall be based upon the charges described in this Section and Exhibit B, Rate Schedule. Upon written agreement between SCC and the Contractor, DSHS may amend this Contract to adjust the Maximum Contract Amount, enabling the Contractor to provide Court-Ordered Services to additional Residents or Resident Services that have been preapproved by the SCC or ordered by the Court. Placements will be based on need and subject to Contractor having obtained all required approvals to operate the LRA and to court orders placing the Resident in the LRA, upon request of the SCC.

Monthly charges and fees shall be payable in alignment with calendar months. In the event a Resident resides in the LRA for less than a calendar month, Contractor shall pro-rate the charges applicable to that Resident.

- a. As set forth on Exhibit B, Rate Schedule, Contractor's charges shall be based on the following:
- (1) Monthly Administrative Fee. Contractor shall be entitled to invoice DSHS monthly for these Services as set forth on Exhibit B, Rate Schedule and listed as Cumulative Administration Fees.
  - (2) Rent. Contractor shall be entitled to invoice DSHS monthly for a flat monthly Rent fee for all Residents, combined, as set forth on Exhibit B, Rate Schedule. This fee shall be subject to a maximum amount during the Contract period, as set forth on Exhibit B and page 1 of this Contract or the most recent amendment.
  - (3) Food and Supplies. Contractor shall be entitled to a monthly Food and Supplies Fee for each Resident.
  - (4) Utilities. Contractor shall pay for all Utilities and shall be entitled to a monthly Utilities Fee based upon the number of Residents in Contractor's LRA. Contractor shall not be entitled to bill SCC for Utilities charges that exceed this amount.
  - (5) Special Additional Pay Allocation Expenses. Contractor shall be entitled to invoice SCC for Special Expenses as set forth below, subject to the maximum monthly allocation for Special Expenses set forth on Exhibit B, Rate Schedule.
  - (6) Authorized Payments for Unexpected Resident Expenses. If a Resident has insufficient resources to pay for unexpected expenses that are not covered in the payments outlined above and that are agreed by the SCC to be necessary to the well-being and progress of the Resident, the Contractor may specially request SCC approval for reimbursement of such Special Expenses on behalf of the Resident, using the Form provided by the SCC and as further set forth below. Contractor must provide adequate written documentation and must obtain SCC approval in advance of the expenditure sought to be reimbursed as a Special Expense. The Contractor may request reimbursement of Special Expenses for the following purposes:
    - (a) Resident's essential living expenses when the Resident has insufficient resources. The Contractor shall provide written documentation detailing the essential living expense and showing the Resident's total earnings and other financial resources for the given month. Documentation shall include information about any Resident cash and any funds in the Resident's personal savings and checking accounts and the Resident's monthly financial obligations. The Contractor must document the Resident's financial need in order to justify the reimbursement request. This shall include documentation that the expenses are not eligible for reimbursement under any Third-Party Reimbursement Source that is available to the Resident.
    - (b) Expenses for service needs not covered within the charges otherwise allowed under this

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Contract but proposed to be provided by the Contractor. The Contractor shall provide a written request and justification for the proposed expenses, noting in detail:

- i. For each separate expense or need, the reason for the assistance requested and justification of why the payment is warranted.
- ii. The date of each separate expense or need for assistance; and
- iii. If applicable, the total number of additional Contractor hours, if any, that were required for each expense or assistance need.
- iv. A statement that these expenses are also not eligible for reimbursement under any Third-Party Reimbursement Source that is available to the Resident and are not expenses that should be paid for from Resident's personal funds. To qualify for reimbursement consideration, any expense not specifically included in the Rate Schedule must be preapproved by SCC in advance of purchase.

(c) Damages caused by the Resident. Contractor will be responsible for securing insurance coverage of its Residence and contents. If the Resident damages property belonging to the Contractor or other parties, DSHS shall not be responsible for any associated costs.

(7) Contractor is prohibited from accepting any funds from Residents unless they are set forth in a Voluntary Agreement to Pay. In the event the DSHS, through its Administrations, or SCC adopt a minimum contribution policy, Contractor shall take all reasonable steps necessary to assist SCC in implementing this policy. If a Resident pays for expenses that are otherwise payable by SCC under this Contract, Contractor shall reduce its charges by this amount.

**10. Payment When Resident is Returned to SCC.** If a Resident is returned to the SCC pending a court decision on whether to revoke the Resident's conditional release the Payment when Resident is Returned to SCC clause is applicable. During the period of up to 90 days, beginning with the Resident's return to SCC and ending when the Resident is either returned to the LRA Residence or the court has revoked the Resident's conditional release or when the Resident has been returned to the SCC for 90 days, whichever occurs soonest, shall be referred to as the "Return Payment Period." During the Return Payment Period, contractor shall be entitled to payment of full Rent. If more than one Resident remains in the LRA Residence during the Return Payment Period. No other monthly fees (such as utilities, Food and Supplies, Administrative Fees, etc.) pertaining to the returned Resident shall be payable during the Return Payment Period. When the Return Payment Period expires, if the Resident has not returned to the LRA Residence, no further payments shall be due to Contractor with respect to the returned Resident.

### **11. Billing and Payment.**

- a. **Invoice System.** The Contractor shall submit invoices using State Form A-19 Invoice Voucher, or such other form as designated by DSHS. Consideration for services rendered shall be payable upon receipt of properly completed invoices which shall be submitted by the Contractor not more often than monthly to both of the following two email addresses: [scc.lrabilling@dshs.wa.gov](mailto:scc.lrabilling@dshs.wa.gov) and [CBS3Institution-Fiscal@dshs.wa.gov](mailto:CBS3Institution-Fiscal@dshs.wa.gov) . The invoices shall describe and document to DSHS' satisfaction a description of the work performed, activities accomplished, the progress of the project, and fees. The rates shall be in accordance with those set forth in Section 4, Consideration, of this Contract.
- b. **Payment.** Payment shall be considered timely if made by DSHS within thirty (30) days after receipt and acceptance of the properly completed invoices. Payment shall be sent to the address

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designated by the Contractor on page one (1) of this Contract. DSHS may, at its sole discretion, withhold payment claimed by the Contractor for services rendered if Contractor fails to satisfactorily comply with any term or condition of this Contract.

**12. Insurance.** Contractor shall at all times comply with the following minimum insurance requirements.

- a. **General Liability Insurance.** Contractor shall maintain Commercial General Liability Insurance, or Business Liability Insurance, including coverage for bodily injury, property damage, and contractual liability, with the following minimum limits: Each Occurrence - \$1,000,000; General Aggregate - \$2,000,000. The policy shall include liability arising out of the parties' performance under this Contract, including but not limited to premises, operations, independent contractors, products-completed operations, personal injury, advertising injury, and liability assumed under an insured contract. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees of the state, shall be named as additional insureds.

In lieu of general liability insurance mentioned above, if Contractor is a sole proprietor with less than three contracts, the contractor may choose one of the following three general liability policies but only if attached to a professional liability policy, and if selected the policy shall be maintained for the life of the contract:

- b. **Supplemental Liability Insurance.** This insurance must include coverage for bodily injury and property damage that will cover the contractor wherever the service is performed with the following minimum limits: Each Occurrence - \$1,000,000; General Aggregate - \$2,000,000. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees shall be named as additional insureds, and be so named on the Certificate of Insurance.
- c. **Workplace Liability Insurance.** This insurance must include coverage for bodily injury and property damage that provides coverage wherever the service is performed with the following minimum limits: Each Occurrence - \$1,000,000; General Aggregate - \$2,000,000. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees of the state, shall be named as additional insureds.
- d. **Premises Liability Insurance.** This insurance must include coverage for bodily injury, property damage with the following minimum limits: Each Occurrence - \$1,000,000; General Aggregate - \$2,000,000. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees of the state, shall be named as additional insured.
- e. **Business Automobile Liability Insurance.** The Contractor shall maintain a Business Automobile Policy on all vehicles used to transport Clients, including vehicles hired by the Contractor or owned by the Contractor's employees, volunteers or others, with the following minimum limits: \$1,000,000 per accident combined single limit. The Contractor's carrier shall provide DSHS with a waiver of subrogation or name DSHS as an additional insured.
- f. **Professional Liability Insurance (PL).** The Contractor shall maintain Professional Liability Insurance or Errors & Omissions insurance, if such insurance is required to provide services under this Contract, which includes coverage for losses caused by errors and omissions and with the following minimum limits: Each Occurrence - \$1,000,000; Aggregate - \$2,000,000.
- g. **Workers' Compensation** Contractor shall comply with all applicable Workers' Compensation, occupational disease, and occupational health and safety laws and regulations. The State of Washington and DSHS shall not be held responsible for claims filed for Workers' Compensation under Title 51 RCW by the Contractor or its employees under such laws and regulations.



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- h. **Employees and Volunteers.** Insurance required of the Contractor under the Contract shall include coverage for the acts and omissions of the Contractor's employees and volunteers. In addition, the Contractor shall ensure that all employees and volunteers who use vehicles to transport clients or deliver services have personal automobile insurance and current driver's licenses.
- i. **Subcontractors.** The Contractor shall ensure that all subcontractors, if allowed under this contract, have and maintain insurance with the same types and limits of coverage as required of the Contractor under the Contract.
- j. **Separation of Insureds.** All insurance policies shall include coverage for cross liability and contain a "Separation of Insureds" provision.
- k. **Insurers.** The Contractor shall obtain insurance from insurance companies identified as an admitted insurer/carrier in the State of Washington, with a Best's Reports' rating of B++, Class VII, or better. Surplus Lines insurance companies will have a rating of A-, Class VII, or better.
- l. **Evidence of Coverage.** The Contractor shall, upon request by DSHS, submit a copy of the Certificate of Insurance, policy, and additional insured endorsement for each coverage required of the Contractor under this Contract. The Certificate of Insurance shall identify the Washington State Department of Social and Health Services as the Certificate Holder. A duly authorized representative of each insurer, showing compliance with the insurance requirements specified in this Contract, shall execute each Certificate of Insurance.
  - (1) The Contractor shall maintain copies of Certificates of Insurance, policies, and additional insured endorsements for each subcontractor as evidence that each subcontractor maintains insurance as required by the Contract.
  - (2) Certificate Holder shall be listed as follows:

DSHS – BHA Contracts  
PO. Box 45050  
Olympia, WA 98504-5050
  - (3) Please email COI Renewals to: [bhacontracts@dshs.wa.gov](mailto:bhacontracts@dshs.wa.gov)
- m. **Material Changes.** The Contractor shall ensure that its insurer shall give the DSHS point of contact listed on page one of this Contract 45 days advance written notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the insurer shall give DSHS 10 days advance written notice of cancellation.
- n. **General.** By requiring insurance, the State of Washington and DSHS do not represent that the coverage and limits specified will be adequate to protect the Contractor. Such coverage and limits shall not be construed to relieve the Contractor from liability in excess of the required coverage and limits and shall not limit the Contractor's liability under the indemnities and reimbursements granted to the State and DSHS in this Contract. All insurance provided in compliance with this Contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.
- o. **Contractor's Waiver.** The Contractor waives all rights, claims and causes of action against the State of Washington and DSHS for the recovery of damages to the extent said damages are covered by insurance maintained by Contractor.

### 13. **Disputes.** The Contractor may request resolution of a dispute according to SCC's contract dispute

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resolution process as follows:

- a. Contract disputes shall be resolved at the lowest organizational level possible in which the Contractor shall submit a written request for resolution directly to the SCC Chief of Transition and Program Accountability or authorized designee. The request must include the following information:
  - (1) Identification and description of the issue(s) in dispute.
  - (2) A statement describing the Contractor's position on the issue in dispute, including any documentation that supports this position.
  - (3) The Contractor's name, address, phone number; and
  - (4) The Contract number.
- b. The Contractor's request for dispute resolution must be emailed to the Contract Manager and to the Chief of Transition and Program Accountability and shall also be mailed to the address listed on page 1 of this Contract, within ten (10) days after the Contractor could reasonably be expected to have knowledge of the issue in dispute.
- c. The SCC Chief of Transition and Program Accountability or Authorized Designee shall review the dispute resolution request and issue a written response to the Contractor within thirty (30) days of receiving the written request.
- d. Items not eligible for dispute resolution include the amount of any rates set by law, regulation, or DSHS policy.
- e. Except for those items of dispute that fall under RCW 43.20.B, Revenue recovery for the Department of Health and Social Services, the dispute resolution process described above in subsections 8.a - c is the sole administrative remedy available under this Contract.

**14. Performance Tracking, Monitoring and Outcome Measures.** The Contract Manager shall track and evaluate Contractor's performance based upon the quality of Contractor's provision of the Services set forth in Section 4, Statement of Work. Contractor shall cooperate fully with the Contract Manager and shall meet with the Contract Manager as requested. Contractor shall make its LRA Residence and all documentation available for inspection on site by SCC at any time, without prior notice. In addition, the Contractor's performance may be reviewed based upon the following outcome measures:

- a. The timeliness of Contractor's Services.
- b. The quality of the Contractor's Services based upon any feedback received from Residents, Residence personnel, the CS, SOTPs and other stakeholders.
- c. The timeliness, completeness and quality of reports required to be submitted under this Contract; and
- d. If applicable to this Contract, the Contractor's efforts to assist Clients with behavioral health conditions to avoid involvement in the criminal justice system.
- e. Contractor maintenance of Residence in a well-maintained, clean and safe condition.

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### Exhibit A – Data Security Requirements

1. **Definitions.** The words and phrases listed below, as used in this Exhibit, shall each have the following definitions:
  - a. “AES” means the Advanced Encryption Standard, a specification of Federal Information Processing Standards Publications for the encryption of electronic data issued by the National Institute of Standards and Technology (<http://nvlpubs.nist.gov/nistpubs/FIPS/NIST.FIPS.197.pdf>).
  - b. “Authorized Users(s)” means an individual or individuals with a business need to access DSHS Confidential Information, and who has or have been authorized to do so.
  - c. “Business Associate Agreement” means an agreement between DSHS and a contractor who is receiving Data covered under the Privacy and Security Rules of the Health Insurance Portability and Accountability Act of 1996. The agreement establishes permitted and required uses and disclosures of protected health information (PHI) in accordance with HIPAA requirements and provides obligations for business associates to safeguard the information.
  - d. “Category 4 Data” is data that is confidential and requires special handling due to statutes or regulations that require especially strict protection of the data and from which especially serious consequences may arise in the event of any compromise of such data. Data classified as Category 4 includes but is not limited to data protected by: the Health Insurance Portability and Accountability Act (HIPAA), Pub. L. 104-191 as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), 45 CFR Parts 160 and 164; the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. §1232g; 34 CFR Part 99; Internal Revenue Service Publication 1075 (<https://www.irs.gov/pub/irs-pdf/p1075.pdf>); Substance Abuse and Mental Health Services Administration regulations on Confidentiality of Alcohol and Drug Abuse Patient Records, 42 CFR Part 2; and/or Criminal Justice Information Services, 28 CFR Part 20.
  - e. “Cloud” means data storage on servers hosted by an entity other than the Contractor and on a network outside the control of the Contractor. Physical storage of data in the cloud typically spans multiple servers and often multiple locations. Cloud storage can be divided between consumer grade storage for personal files and enterprise grade for companies and governmental entities. Examples of consumer grade storage would include iTunes, Dropbox, Box.com, and many other entities. Enterprise cloud vendors include Microsoft Azure, Amazon Web Services, and Rackspace.
  - f. “Encrypt” means to encode Confidential Information into a format that can only be read by those possessing a “key”; a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 256 bits for symmetric keys, or 2048 bits for asymmetric keys. When a symmetric key is used, the Advanced Encryption Standard (AES) must be used if available.
  - g. “FedRAMP” means the Federal Risk and Authorization Management Program (see [www.fedramp.gov](http://www.fedramp.gov)), which is an assessment and authorization process that federal government agencies have been directed to use to ensure security is in place when accessing Cloud computing products and services.
  - h. “Hardened Password” means a string of at least eight characters containing at least three of the following four character classes: Uppercase alphabetic, lowercase alphabetic, numeral, and special characters such as an asterisk, ampersand, or exclamation point.

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- i. "Mobile Device" means a computing device, typically smaller than a notebook, which runs a mobile operating system, such as iOS, Android, or Windows Phone. Mobile Devices include smart phones, most tablets, and other form factors.
  - j. "Multi-factor Authentication" means controlling access to computers and other IT resources by requiring two or more pieces of evidence that the user is who they claim to be. These pieces of evidence consist of something the user knows, such as a password or PIN; something the user has such as a key card, smart card, or physical token; and something the user is, a biometric identifier such as a fingerprint, facial scan, or retinal scan. "PIN" means a personal identification number, a series of numbers which act as a password for a device. Since PINs are typically only four to six characters, PINs are usually used in conjunction with another factor of authentication, such as a fingerprint.
  - k. "Portable Device" means any computing device with a small form factor, designed to be transported from place to place. Portable devices are primarily battery powered devices with base computing resources in the form of a processor, memory, storage, and network access. Examples include, but are not limited to, mobile phones, tablets, and laptops. Mobile Device is a subset of Portable Device.
  - l. "Portable Media" means any machine readable media that may routinely be stored or moved independently of computing devices. Examples include magnetic tapes, optical discs (CDs or DVDs), flash memory (thumb drive) devices, external hard drives, and internal hard drives that have been removed from a computing device.
  - m. "Secure Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access, and access is controlled through use of a key, card key, combination lock, or comparable mechanism. Secure Areas may include buildings, rooms or locked storage containers (such as a filing cabinet or desk drawer) within a room, as long as access to the Confidential Information is not available to unauthorized personnel. In otherwise Secure Areas, such as an office with restricted access, the Data must be secured in such a way as to prevent access by non-authorized staff such as janitorial or facility security staff, when authorized Contractor staff are not present to ensure that non-authorized staff cannot access it.
  - n. "Trusted Network" means a network operated and maintained by the Contractor, which includes security controls sufficient to protect DSHS Data on that network. Controls would include a firewall between any other networks, access control lists on networking devices such as routers and switches, and other such mechanisms which protect the confidentiality, integrity, and availability of the Data.
  - o. "Unique User ID" means a string of characters that identifies a specific user and which, in conjunction with a password, passphrase or other mechanism, authenticates a user to an information system.
2. **Authority.** The security requirements described in this document reflect the applicable requirements of Standard 141.10 (<https://ocio.wa.gov/policies>) of the Office of the Chief Information Officer for the state of Washington, and of the DSHS Information Security Policy and Standards Manual. Reference material related to these requirements can be found here: <https://www.dshs.wa.gov/ffa/keeping-dshs-client-information-private-and-secure>, which is a site developed by the DSHS Information Security Office and hosted by DSHS Central Contracts and Legal Services.
3. **Administrative Controls.** The Contractor must have the following controls in place:
- a. A documented security policy governing the secure use of its computer network and systems, and

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which defines sanctions that may be applied to Contractor staff for violating that policy.

- b. If the Data shared under this agreement is classified as Category 4, the Contractor must be aware of and compliant with the applicable legal or regulatory requirements for that Category 4 Data.
- c. If Confidential Information shared under this agreement is classified as Category 4, the Contractor must have a documented risk assessment for the system(s) housing the Category 4 Data.

**4. Authorization, Authentication, and Access.** In order to ensure that access to the Data is limited to authorized staff, the Contractor must:

- a. Have documented policies and procedures governing access to systems with the shared Data.
- b. Restrict access through administrative, physical, and technical controls to authorized staff.
- c. Ensure that user accounts are unique and that any given user account logon ID and password combination is known only to the one employee to whom that account is assigned. For purposes of non-repudiation, it must always be possible to determine which employee performed a given action on a system housing the Data based solely on the logon ID used to perform the action.
- d. Ensure that only authorized users are capable of accessing the Data.
- e. Ensure that an employee's access to the Data is removed immediately:
  - (1) Upon suspected compromise of the user credentials.
  - (2) When their employment, or the contract under which the Data is made available to them, is terminated.
  - (3) When they no longer need access to the Data to fulfill the requirements of the contract.
- f. Have a process to periodically review and verify that only authorized users have access to systems containing DSHS Confidential Information.
- g. When accessing the Data from within the Contractor's network (the Data stays within the Contractor's network at all times), enforce password and logon requirements for users within the Contractor's network, including:
  - (1) A minimum length of 8 characters, and containing at least three of the following character classes: uppercase letters, lowercase letters, numerals, and special characters such as an asterisk, ampersand, or exclamation point.
  - (2) That a password does not contain a user's name, logon ID, or any form of their full name.
  - (3) That a password does not consist of a single dictionary word. A password may be formed as a passphrase which consists of multiple dictionary words.
  - (4) That passwords are significantly different from the previous four passwords. Passwords that increment by simply adding a number are not considered significantly different.
- h. When accessing Confidential Information from an external location (the Data will traverse the Internet or otherwise travel outside the Contractor's network), mitigate risk and enforce password and logon requirements for users by employing measures including:

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- (1) Ensuring mitigations applied to the system don't allow end-user modification.
  - (2) Not allowing the use of dial-up connections.
  - (3) Using industry standard protocols and solutions for remote access. Examples would include RADIUS and Citrix.
  - (4) Encrypting all remote access traffic from the external workstation to Trusted Network or to a component within the Trusted Network. The traffic must be encrypted at all times while traversing any network, including the Internet, which is not a Trusted Network.
  - (5) Ensuring that the remote access system prompts for re-authentication or performs automated session termination after no more than 30 minutes of inactivity.
  - (6) Ensuring use of Multi-factor Authentication to connect from the external end point to the internal end point.
- i. Passwords or PIN codes may meet a lesser standard if used in conjunction with another authentication mechanism, such as a biometric (fingerprint, face recognition, iris scan) or token (software, hardware, smart card, etc.) in that case:
- (1) The PIN or password must be at least 5 letters or numbers when used in conjunction with at least one other authentication factor
  - (2) Must not be comprised of all the same letter or number (11111, 22222, aaaaa, would not be acceptable)
  - (3) Must not contain a "run" of three or more consecutive numbers (12398, 98743 would not be acceptable)
- j. If the contract specifically allows for the storage of Confidential Information on a Mobile Device, passcodes used on the device must:
- (1) Be a minimum of six alphanumeric characters.
  - (2) Contain at least three unique character classes (upper case, lower case, letter, number).
  - (3) Not contain more than a three consecutive character run. Passcodes consisting of 12345, or abcd12 would not be acceptable.
- k. Render the device unusable after a maximum of 10 failed logon attempts.

**5. Protection of Data.** The Contractor agrees to store Data on one or more of the following media and protect the Data as described:

- a. **Hard disk drives.** For Data stored on local workstation hard disks, access to the Data will be restricted to Authorized User(s) by requiring logon to the local workstation using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards.
- b. **Network server disks.** For Data stored on hard disks mounted on network servers and made available through shared folders, access to the Data will be restricted to Authorized Users through the use of access control lists which will grant access only after the Authorized User has

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authenticated to the network using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards. Data on disks mounted to such servers must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.

For DSHS Confidential Information stored on these disks, deleting unneeded Data is sufficient as long as the disks remain in a Secure Area and otherwise meet the requirements listed in the above paragraph. Destruction of the Data, as outlined below in Section 8 Data Disposition, may be deferred until the disks are retired, replaced, or otherwise taken out of the Secure Area.

- c. **Optical discs (CDs or DVDs) in local workstation optical disc drives.** Data provided by DSHS on optical discs which will be used in local workstation optical disc drives and which will not be transported out of a Secure Area. When not in use for the contracted purpose, such discs must be Stored in a Secure Area. Workstations which access DSHS Data on optical discs must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.
- d. **Optical discs (CDs or DVDs) in drives or jukeboxes attached to servers.** Data provided by DSHS on optical discs which will be attached to network servers and which will not be transported out of a Secure Area. Access to Data on these discs will be restricted to Authorized Users through the use of access control lists which will grant access only after the Authorized User has authenticated to the network using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards. Data on discs attached to such servers must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.
- e. **Paper documents.** Any paper records must be protected by storing the records in a Secure Area which is only accessible to authorized personnel. When not in use, such records must be stored in a Secure Area.
- f. **Remote Access.** Access to and use of the Data over the State Governmental Network (SGN) or Secure Access Washington (SAW) will be controlled by DSHS staff who will issue authentication credentials (e.g. a Unique User ID and Hardened Password) to Authorized Users on Contractor's staff. Contractor will notify DSHS staff immediately whenever an Authorized User in possession of such credentials is terminated or otherwise leaves the employ of the Contractor, and whenever an Authorized User's duties change such that the Authorized User no longer requires access to perform work for this Contract.
- g. **Data storage on portable devices or media.**
  - (1) Except where otherwise specified herein, DSHS Data shall not be stored by the Contractor on portable devices or media unless specifically authorized within the terms and conditions of the Contract. If so authorized, the Data shall be given the following protections:
    - (a) Encrypt the Data.
    - (b) Control access to devices with a Unique User ID and Hardened Password or stronger authentication method such as a physical token or biometrics.

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- (c) Manually lock devices whenever they are left unattended and set devices to lock automatically after a period of inactivity, if this feature is available. Maximum period of inactivity is 20 minutes.
  - (d) Apply administrative and physical security controls to Portable Devices and Portable Media by:
    - i. Keeping them in a Secure Area when not in use,
    - ii. Using check-in/check-out procedures when they are shared, and
    - iii. Taking frequent inventories.
  - (2) When being transported outside of a Secure Area, Portable Devices and Portable Media with DSHS Confidential Information must be under the physical control of Contractor staff with authorization to access the Data, even if the Data is encrypted.
- h. Data stored for backup purposes.**
- (1) DSHS Confidential Information may be stored on Portable Media as part of a Contractor's existing, documented backup process for business continuity or disaster recovery purposes. Such storage is authorized until such time as that media would be reused during the course of normal backup operations. If backup media is retired while DSHS Confidential Information still exists upon it, such media will be destroyed at that time in accordance with the disposition requirements below in Section 8 *Data Disposition*.
  - (2) Data may be stored on non-portable media (e.g. Storage Area Network drives, virtual media, etc.) as part of a Contractor's existing, documented backup process for business continuity or disaster recovery purposes. If so, such media will be protected as otherwise described in this exhibit. If this media is retired while DSHS Confidential Information still exists upon it, the data will be destroyed at that time in accordance with the disposition requirements below in Section 8 *Data Disposition*.
- i. Cloud storage.** DSHS Confidential Information requires protections equal to or greater than those specified elsewhere within this exhibit. Cloud storage of Data is problematic as neither DSHS nor the Contractor has control of the environment in which the Data is stored. For this reason:
- (1) DSHS Data will not be stored in any consumer grade Cloud solution, unless all of the following conditions are met:
    - (a) Contractor has written procedures in place governing use of the Cloud storage and Contractor attests in writing that all such procedures will be uniformly followed.
    - (b) The Data will be Encrypted while within the Contractor network.
    - (c) The Data will remain Encrypted during transmission to the Cloud.
    - (d) The Data will remain Encrypted at all times while residing within the Cloud storage solution.
    - (e) The Contractor will possess a decryption key for the Data, and the decryption key will be possessed only by the Contractor and/or DSHS.



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- (f) The Data will not be downloaded to non-authorized systems, meaning systems that are not on either the DSHS or Contractor networks.
- (g) The Data will not be decrypted until downloaded onto a computer within the control of an Authorized User and within either the DSHS or Contractor's network.

(2) Data will not be stored on an Enterprise Cloud storage solution unless either:

- (a) The Cloud storage provider is treated as any other Sub-Contractor, and agrees in writing to all of the requirements within this exhibit; or,
- (b) The Cloud storage solution used is FedRAMP certified.

(3) If the Data includes protected health information covered by the Health Insurance Portability and Accountability Act (HIPAA), the Cloud provider must sign a Business Associate Agreement prior to Data being stored in their Cloud solution.

**6. System Protection.** To prevent compromise of systems which contain DSHS Data or through which that Data passes:

- a. Systems containing DSHS Data must have all security patches or hotfixes applied within 3 months of being made available.
- b. The Contractor will have a method of ensuring that the requisite patches and hotfixes have been applied within the required timeframes.
- c. Systems containing DSHS Data shall have an Anti-Malware application, if available, installed.
- d. Anti-Malware software shall be kept up to date. The product, its anti-virus engine, and any malware database the system uses, will be no more than one update behind current.

**7. Data Segregation.**

- a. DSHS Data must be segregated or otherwise distinguishable from non-DSHS data. This is to ensure that when no longer needed by the Contractor, all DSHS Data can be identified for return or destruction. It also aids in determining whether DSHS Data has or may have been compromised in the event of a security breach. As such, one or more of the following methods will be used for data segregation.
  - (1) DSHS Data will be kept on media (e.g. hard disk, optical disc, tape, etc.) which will contain no non-DSHS Data. And/or,
  - (2) DSHS Data will be stored in a logical container on electronic media, such as a partition or folder dedicated to DSHS Data. And/or,
  - (3) DSHS Data will be stored in a database which will contain no non-DSHS data. And/or,
  - (4) DSHS Data will be stored within a database and will be distinguishable from non-DSHS data by the value of a specific field or fields within database records.
  - (5) When stored as physical paper documents, DSHS Data will be physically segregated from non-DSHS data in a drawer, folder, or other container.

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b. When it is not feasible or practical to segregate DSHS Data from non-DSHS data, then both the DSHS Data and the non-DSHS data with which it is commingled must be protected as described in this exhibit.

8. **Data Disposition.** When the contracted work has been completed or when the Data is no longer needed, except as noted above in Section 5.b, Data shall be returned to DSHS or destroyed. Media on which Data may be stored and associated acceptable methods of destruction are as follows:

| <b>Data stored on:</b>   | <b>Will be destroyed by:</b>  |
|--|---|
| Server or workstation hard disks, or<br><br>Removable media (e.g. floppies, USB flash drives, portable hard disks) excluding optical discs | Using a “wipe” utility which will overwrite the Data at least three (3) times using either random or single character data, or<br><br>Degaussing sufficiently to ensure that the Data cannot be reconstructed, or<br><br>Physically destroying the disk |
| Paper documents with sensitive or Confidential Information   | Recycling through a contracted firm, provided the contract with the recycler assures that the confidentiality of Data will be protected.  |
| Paper documents containing Confidential Information requiring special handling (e.g. protected health information)                         | On-site shredding, pulping, or incineration   |
| Optical discs (e.g. CDs or DVDs)   | Incineration, shredding, or completely defacing the readable surface with a coarse abrasive   |
| Magnetic tape  | Degaussing, incinerating or crosscut shredding  |

9. **Notification of Compromise or Potential Compromise.** The compromise or potential compromise of DSHS shared Data must be reported to the DSHS Contact designated in the Contract within one (1) business day of discovery. If no DSHS Contact is designated in the Contract, then the notification must be reported to the DSHS Privacy Officer at [dshsprivacyofficer@dshs.wa.gov](mailto:dshsprivacyofficer@dshs.wa.gov). Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.

10. **Data shared with Subcontractors.** If DSHS Data provided under this Contract is to be shared with a subcontractor, the Contract with the subcontractor must include all of the data security provisions within this Contract and within any amendments, attachments, or exhibits within this Contract. If the Contractor cannot protect the Data as articulated within this Contract, then the contract with the subcontractor must be submitted to the DSHS Contact specified for this contract for review and approval.