

1. **PRICING.** Contractor/Vendor agrees to keep accurate cost or pricing data for goods and services which are the subject of this agreement and warrant that the price charged for such goods or services is fair and reasonable.

Contractor/Vendor represents that the merchandise covered by this order was not manufactured and is not being sold or priced in violation of any federal, state or local law.

The specific quantity ordered must be delivered in full and not be changed without Buyer's consent. Any unauthorized quantity is subject to Buyer's rejection and return at Contractor/Vendor's expense.

In instances of forms or printed matter, Contractor/Vendor agrees not to furnish or invoice more than 10% over run of the stated quantity. Invoice for any more than such coverage will not be honored for payment.

2. **PURCHASED MATERIAL.** Contractor/Vendor warrants the material purchased hereunder does not infringe any letters patent granted by the United States and covenants and agrees to save harmless and protect Buyer, its successors, assigns, customers and users of its product, against any claim or demand based upon such infringement, and after notice to appear and defend at its own expense any suits at law or in equity arising therefrom.

Contractor/Vendor expressly warrants that all the materials and articles covered by this order or other description of specification furnished by Buyer will be in exact accordance with such order, description or specifications and free from defects in material and/or workmanship, and merchantable. Such warranty shall survive delivery, and shall not be deemed waived either by reason of Buyer's acceptance of said materials or articles or by payment for them. Any deviations from this order or specifications furnished hereunder, or any other exceptions or alterations must be approved in writing by Buyer's Purchasing Department.

Contractor/Vendor agrees in cases of electrical or mechanical equipment, such items will carry Underwriters Laboratory Approval and will comply with National O.S.H.A. requirements.

3. **LIABILITY.** Contractor/Vendor agrees to indemnify Buyer against expense and legal liability for damages resulting from any injury to person or property or from death, caused by delivery of merchandise or the installation of any work called for in this order.

FEDERAL CONTRACT CLAUSES

1. **Federal Acquisition Regulations:** This purchase order incorporates the following clauses by reference with the same force and effect as if they were given in full text. The clauses are applicable to this purchase order and to lower tier subcontractors if the cost is equal to or greater than the amount in brackets located to the right of the listed clause, unless specifically exempted by applicable rules, regulations, or Executive Orders. The term "Contractor" as used therein shall mean the "Vendor".

FEDERAL ACQUISITION REGULATION

1652.203-70 Misleading, Deceptive or Unfair Advertising
1625.215-71 Investment Income
1625-222-70 Notice of Significant Events
1625.232-72 Non-Commingling of FEHBP Funds
1652.246-70 FEHBP Inspection

Notification of Employee Rights

29 CFR Part 471, Appendix A to Subpart A

Equal Opportunity Clauses

41 CFR 60-250.4 Coverage and Waivers
41 CFR 60-741.4 Coverage and Waivers
41 CFR 60-300.5a Equal Opportunity Clause
41 CFR 60-1.4a Equal Opportunity Clause
41 CFR 60-1.4d Affirmative Action Programs
41 CFR 60-741.5a Equal Employment Clause

This contractor and subcontractor shall abide by the requirements of 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability or veteran status.

(48 CFR, Chapter 1) CLAUSES

52.203-7 Anti-Kickback Procedures (July 1995) (\$100,000)
52.203-10 Price or Fee Adjustment for Illegal or Improper Activities (September 1990) (\$100,000)
51.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (April 1991) (\$100,000)
52.203-12 Limitation on Payments to Influence Certain Federal Transactions (January 1990) (\$100,000)
52.215-1 Examination of records by Controller General
52.215-2 Audit and Records-Negotiation (October 1995) (\$100,000)
52.215-22 Price Reduction for Defective Cost or Pricing Data
52.215-23 Price Reduction for Defective Cost or Pricing Data Modification
52.215-24 Subcontractor Cost and Pricing Data
52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Business Concerns (October 1995) (\$100,000)
52.219-9 Small, Small Disadvantaged and Women-Owned Subcontracting Plan (October 1995) (Subcontracts that offer subcontracting possibilities and any subcontract exceeding \$500,000, \$1,000,000 for construction of any public facility)
52.219-16 Liquidated Damages-Subcontracting Plan (October 1995) (Subcontracts that offer subcontracting possibilities and any subcontract exceeding \$500,000, \$1,000,000 for construction of any public facility)
52.222-1 Notice to Government of Labor Disputes
52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation
52.222-21 Certification of Non-segregated Facilities (April 1984) (\$10,000)
54-222-54 Employment Eligibility Verification
52.223-2 Clean Air and Water
52.223-3 Drug-Free Workplace (July 1990) (No Minimum)
52.243-1 Changes-Fixed Price
52.243-2 Changes-Labor Hour
52.246-25 Limitation of Liability Services

2. **Disclosure of Information:** This clause is applicable to this purchase order/subcontract and to any lower tier subcontract hereunder if it provides for the performance of any functions under the Federal Employee Health Benefit Plan or any functions required for the administration of Medicare.
The Vendor agrees to establish and maintain procedures and controls so that no information contained in its records or obtained from the Buyer and/or the Secretary or from others in carrying out the terms of this purchase order/subcontract shall be used by or disclosed by it, its agents, officers, or employees except as provided in section 1106 of the Social Security Act, as amended, and Regulations prescribed thereunder.

3. **Privacy Act:** The Privacy Act of 1974, Public Law 93-579, and the Regulations and General Instructions issued by the Secretary pursuant thereto, are applicable to this purchase order/subcontract, and to all subcontracts hereunder to the extent that the design, development, operation, or maintenance of a system of records as defined in the Privacy Act is involved.

4. **Cost and Pricing Data:** This clause is applicable to this purchase order/subcontract and to any modification thereof, (1) where the estimated cost of Medicare exceeds or will exceed \$500,000, and (2) the estimated cost was not based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or price set by law or regulation.

The Vendor is required to submit written cost or pricing data and certify that the data submitted was accurate, complete and current at the time this purchase order/subcontract or modification in accordance with Subpart 15.804 of the Federal Acquisition Regulation and to maintain full and complete accounting records to support cost or pricing data submitted. The Vendor must provide for full access by the Buyer, the Secretary of the Department of Health and Human Services and the Comptroller General of the United States for the purpose of examining the accuracy of cost or pricing data submitted as a fore-said, and in accordance with Subpart 15.804 of the Federal Acquisition Regulation, agrees to a reduction in price if the cost or pricing data submitted is found to be defective.

5. **Facilities Non Discrimination**

Applicable if Subcontract/Purchase Order is for the lease of Real Estate

As used in this clause, the term "Facility" means stores, shops, restaurants, cafeterias, restrooms, and any other facility of a public nature in the building in which the space covered by this lease is located.

The lessor agrees that he will not discriminate by segregation or otherwise against any person or persons because of race, color, religion, sex, or national origin in furnishing or by refusing to furnish, to such person or persons, the use of any facility, including any of all services, privileges, accommodations, and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any facility customarily furnished by the lessor solely to tenants, their employees, customers, patients, clients, guests and invitees.

It is agreed that the lessor's noncompliance with the provisions of this clause shall constitute a material breach of this lease. In the event of such noncompliance, the lessee may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law. In the event of termination, the lessor shall be liable for all excess costs of the lessee in acquiring substitute space. Substitute space shall be obtained in as close proximity to the lessor's building as is feasible and moving costs will be limited to the actual expenses thereof as incurred.

The lessor agrees to include, or to require the inclusion of the foregoing provisions of this clause (with the terms "lessor" and "lessee" appropriately modified) in every agreement or concession pursuant to which any person other than the lessor operates or has the right to operate any facility. Nothing herein contained, however, shall be deemed to require the lessor to include or require the inclusion of the foregoing provisions of this clause in any existing agreement or concession arrangement or one in which the contracting party other than the lessor has the unilateral right to renew or extend the agreement or arrangement, until the expiration of the existing agreement or arrangement and the unilateral right to renew or extend. The lessor also agrees that it will take any and all lawful actions as expeditiously as possible with respect to any such agreement as the contracting agency may direct to enforce this clause, including but not limited to termination of the agreement or concessions and institution of court action.

6. **Automatic Termination of Contract**

This clause is applicable to this purchase order/subcontract if it involves Medicare allocations and if its term exceeds the term of the Medicare Agreement between the Secretary of the Department of Health and Human Services (the "Secretary") and the Buyer, except where the Secretary agrees to its omission or if this purchase order/subcontract is solely for the purchase of supplies and equipment.

Notwithstanding the following, if the Buyer wishes to continue the purchase order/subcontract relative to its own business after the Medicare Contract between the Secretary and the Buyer has been terminated or non-renewed, it may do so provided it assures the Secretary in writing that the Secretary's obligations will terminate at the time the Medicare Contract terminates or is non-renewed subject to the termination cost provisions provided for in the contract.

The clause is as follows: In the event the Medicare Contract between the Secretary and the Buyer is terminated, the purchase order/subcontract between the Buyer and the Vendor will be terminated unless the Secretary and the Buyer agree to the contrary. Such termination shall be accomplished by delivery of written notice to the Vendor of the date upon which said termination will become effective.

7. **Liquidated Damages in Subcontracts**

The following provisions are applicable to this purchase order/subcontract if it contains liquidated damages provisions which relate solely to Medicare:

The Secretary of the Department of Health and Human Services (the "Secretary"), after consultation with the Buyer, shall have the right to determine that the specified levels of performance have not been attained by the Vendor. In such event, the Secretary may direct the Buyer to notify the Vendor of the Secretary's determination that liquidated damages apply and to set-off the liquidated damages against the Vendor.

SECTION II

In addition to the clauses in Section I, the clauses contained in Section II are also applicable to this subcontract regardless of amount if the subcontract (a) provides for the performance of any of the functions required for the administration of the Medicare agreement between the Contractor and the Secretary, or (b) involves subcontracting for automated data processing systems or facilities management services which required the Secretary's prior approval.

Clause VII - SUBCONTRACTING OF RESPONSIBILITIES

The Subcontractor agrees that it shall not enter into any lower tier subcontract with any other party to carry out the primary responsibilities of this subcontract without the prior written approval of the Secretary. In the event such approval is given, the Subcontractor further agrees that the substance of these clauses shall be inserted in each such lower tier subcontract.

Clause VIII - INSPECTION

The Secretary shall have the right, at all reasonable times and upon reasonable notice, to inspect or to otherwise evaluate the work performed or being performed under this subcontract, and the premises in which it is being performed. If an inspection or evaluation is made, the Subcontractor shall provide all reasonable facilities and assistance for the safety and convenience of the Secretary's representatives in the performance of their duties. All inspections and evaluations by the Secretary's representatives shall be performed in such a manner as will not unduly delay the work.

Clause IX - RIGHTS IN DATA

- A. The Subcontractor agrees that the Secretary shall at such time and in such manner as he may prescribe, have access to any data acquired or utilized by it in the development and processing of claims or in carrying out its other functions under this subcontract, and further, shall have use of such data (other than discrete data such as trade secrets, commercial or financial data obtained solely from private business of the Subcontractor), the Subcontractor shall also, at such times and in such manner as the Secretary may prescribe, furnish to other organizations for use in administering health care or health care financing programs under the Act, data acquired or utilized by it in the development and processing of claims or other data (other than discrete data such as trade secrets, commercial or financial data obtained solely from private business of the Subcontractor) acquired by it in carrying out its functions under this subcontract. This does not apply to the proprietary data of subcontractors which is utilized by the Contractor for program purposes.
- B. As used in this clause, the term "Subject Data" means writings, sound recordings, pictorial reproductions, drawings, designs, or other graphic representations, all systems documentation, program logic, operational manuals, forms, diagrams, workflow charts, equipment descriptions, data files, data processing or computer programs, all other operational methods and procedures involved in the performance of functions under the subcontract and works of any similar nature (whether or copyrighted or copyrightable) which are acquired or utilized by the Subcontractor in carrying out its functions under this subcontract, for which more than 50 percent of the cost of development has been paid out of Government funds. The term does not include financial reports, cost analysis, and similar information incidental to contract administration.
- C. Government rights. Subject only to provisions of (D) below, the Government may use, duplicate or disclose in any manner, and for any purpose whatsoever, and have or permit others to do so, all Subject Data.
- D. License to copyright data. In addition to the Government rights as provided in (C) above with respect to any Subject Data which may be copyrighted, the Subcontractor agrees to and does hereby grant to the Government a royalty-free, nonexclusive, and irrevocable license throughout the world to use, duplicate or dispose of such data in any manner and for any purpose whatsoever, and to have or permit others to do so; provided, however, that such licenses shall be only to the extent that the Subcontractor has not, or prior to completion or final settlement of this subcontract may require, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.
- E. Relation to patents. Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.
- F. Marking and identification. The Subcontractor shall not affix any restrictive markings upon any Subject Data, and if such markings are affixed, the Government shall have the right at any time to modify, remove, obliterate, or ignore such markings.
- G. Deferred ordering and delivery of data. The Government shall have the right to order, at any time during the performance of this subcontract, or within two years from either acceptance of all items to be delivered under this subcontract or termination of this subcontract, whichever is later, any Subject Data, or data generated in performance of the subcontract developed with Government funds, and the Subcontractor shall promptly prepare and deliver such Subject Data or data as may be required. When Subject Data is delivered pursuant to this paragraph G, payment shall be made for converting the Subject Data or data into the prescribed form, reproducing it or preparing it for delivery. The Government's right to use data delivered pursuant to this paragraph G shall be the same as the rights in Subject Data as provided in (C) above. The Subcontractor shall be relieved of the obligation to furnish Subject Data or data upon the expiration of two years from the date it accepts such items.
- H. The Subcontractor shall retain such data or Subject Data subject to the time limit imposed by the Examination of Records clause of this Addendum and the right to examine such records by the Comptroller General of the United States and the Secretary (including their duly authorized representatives).

Clause X - SUBCONTRACTOR AS COMMON SUBCONTRACTOR

In the event a systems change, as designated by the Secretary, is required as the result of an act of Congress, Regulation, or General Instruction, and it applies to more than one Medicare contractor for which the Subcontractor ("Common Subcontractor") provides similar services, each Contractor shall individually arrange for the Common Subcontractor to implement such change to its system. If an increase in cost is sought by the Common Subcontractor for the modification, the Contractor shall pay a reasonable price, based upon certified cost or pricing data submitted by the Common Subcontractor. As soon as possible thereafter, the Contractor shall submit the supporting data, along with all other pertinent documentation, to the Secretary. On a basis to be determined by the Secretary, a reasonable price shall then be established for the common systems change as implemented by all affected contractors and such price shall be divided among those contractors. The cost of any additional modifications needed to meet the specific requirements of a particular contractor shall be borne only by that contractor. Should the Secretary determine that the increase in price for the common change or other modification is not adequately supported, the Common Subcontractor agrees to refund such amount to the Contractor. In the event the Common Subcontractor refuses to refund the above amount, the Secretary may request that the Contractor take action to recover from the Common Subcontractor that portion of the price which the Secretary finds to be unsupported. The Secretary shall reimburse the Contractor for all reasonable costs relating to such action. The Secretary shall from time-to-time notify the Contractor of the identity of other Medicare contractors with common subcontracts.

Clause XI - MODIFICATION OF SUBCONTRACT

- (A) Neither this subcontract nor any lower tier subcontract under this subcontract shall be modified or amended, regardless of amount, without obtaining prior written approval of the Secretary if it provides for the performance of any of the functions contained in the Medicare agreement between the Contractor and the Secretary.
- (B) If this subcontract does not fall within the purview of paragraph (A) of this clause, the Secretary's prior approval shall be obtained for any modification or amendment thereof where the estimated cost of such change or changes would result in an increase of the costs to Medicare in excess of fifty percent of the Contractor's threshold amount as provided in its agreement.
- (C) Before this subcontract is renewed or any option herein is exercised, the Secretary's approval shall be obtained, unless the Secretary has previously stipulated otherwise in writing.

Clause XII - REGULATIONS AND GENERAL INSTRUCTIONS

The Contractor is obliged under its agreement with the Secretary to comply with all Regulations and General Instructions as the Secretary may from time to time prescribe for the administration of its agreement. To the extent that such Regulations and General Instructions affects this subcontract, the Subcontractor shall also comply with such Regulations and General Instructions.

Clause XIII - PROHIBITION AGAINST BILLING SERVICES

The provisions of this clause are applicable to this subcontract if it provides for facilities management services or any electronic data processing which contemplates performance of an integral part of the Medicare claims process. However, such provisions do not apply if this subcontract is for the lease or purchase of equipment or supplies. The Subcontractor (or a parent, subsidiary, or affiliated organization) shall not perform services for providers which involve (1) the preparation or completion of preliminary or initial cost reports, or (2) the allocation of expenses to provider cost centers and apportionment of such costs between Medicare beneficiary patients and other patients of the provider where such data may be used in the preparation of cost reports subsequently submitted to the Subcontractor for desk review and audit and which serve as the basis for determination of Medicare program payments by the Subcontractor. The Subcontractor (or a parent, subsidiary or affiliated organization) shall not perform, in any jurisdiction in which it is serving as a Subcontractor to a Medicare Contractor, billing services for a provider where billings by such providers are to be subsequently processed by the Subcontractor for Medicare payments. This does not preclude the Subcontractor from offering and operating an automated billing service (software and equipment) for a provider as long as operating such a billing service does not require the Subcontractor to describe or code the health-care services being billed.

Clause XIV - CONTRACTOR OR VENDOR STATUS

Contractor or Vendor hereby represents and warrants that neither the Contractor or Vendor or its employees or subcontractors have been: (i) charged with a criminal offense involving government business, (ii) listed by a federal government agency as debarred, (iii) proposed for disbarment or suspension, or (iv) otherwise excluded from federal program participation.

Contractor or Vendor acknowledges and agrees that it has a continuing obligation to notify HCSC in writing within seven (7) business days if any of the above-referenced representations change. Contractor or Vendor further acknowledges and agrees that any misrepresentation or subsequent change it pertains to government contracting shall be grounds for immediate termination of this Agreement, at the sole discretion of HCSC.



March 2016

Dear Vendor:

Re: HCSC Codes of Business Ethics and Conduct

Health Care Service Corporation (HCSC) strives to serve its members, communities and business partners by operating under sound ethical business practices founded on our core values of integrity, respect, commitment and caring. HCSC's Code of Business Ethics and Conduct is our guide for doing what's right. It spells out the standards of behavior we expect from employees and the policies and regulations we are expected to uphold.

We are excited to do business with others who share our values and commitment to high standards of ethical conduct and compliance with all laws and regulations. These commitments are outlined in HCSC's Vendor Code of Business Ethics and Conduct and are applicable to all our business partners who currently perform services for us or seek to do business with us. The Vendor Code outlines expectations related to:

- Legal Compliance
- Conflict of Interest
- Gifts, Gratuities & Kickbacks
- Privacy and Confidentiality
- Information Security
- Accuracy of Records
- Fair Competition
- Employment and the Workplace
- Use of HCSC Physical Assets
- Government Contracts
- Reporting Potential Misconduct
- Sustainability

We expect that these principles will be effectively communicated to your officers, employees and associates who do business with HCSC. Your compliance with the Vendor Code and support of HCSC's Code will allow us to work effectively together with the highest level of integrity. Both Codes are available on HCSC's website:

- HCSC Code: http://www.hcsc.com/pdf/hcsc_code_conduct.pdf
- Vendor Code: http://www.hcsc.com/pdf/hcsc_code_conduct_v.pdf

As it relates to work performed under our contract, if you have knowledge of actual or potential violations of our Vendor Agreement, Codes, laws or regulations, you must bring it to the attention of your HCSC business contact or HCSC's Corporate Integrity HOTLINE (800-838-2552; alertline.hcsc.com). HCSC's Fraud Hotline (now 800-543-0867) is also available for reporting suspected health care fraud, waste or abuse. All hotlines are open 24/7 and can be anonymous. We appreciate your cooperation and look forward to doing business together.

Sincerely,

Thomas C. Lubben
Chief Ethics and Compliance Officer



Dear SUBCONTRACTOR, VENDOR, OR SUPPLIER:

This communication is being sent to you as a subcontractor, vendor, or supplier of Health Care Service Corporation (HCSC). HCSC is a federal government contractor subject to the nondiscrimination and affirmative action compliance requirements of Executive Order 11246, as amended, the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended. As part of our efforts to comply with these laws and their implementing regulations, HCSC has developed and implemented equal employment opportunity and affirmative action policies and programs, which are designed to ensure that all qualified applicants and employees are treated without regard to such factors as race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status, disability, or any other reason prohibited by law. Furthermore, applicants and employees are protected from discrimination based on inquiring about, disclosing, or discussing the compensation of other applicants or employees.

The implementing regulations of these laws require federal contractors to disseminate to their subcontractors, vendors, and suppliers information about their nondiscrimination and affirmative action policies, and also to "request appropriate action" on their part to ensure full compliance throughout the subcontracting chain related to the federal contract.

Because you are a subcontractor, vendor, or supplier of HCSC, we want to take this opportunity to inform you of HCSC's commitment to compliance with these important nondiscrimination and affirmative action requirements, and to ask for your support of and commitment to your company's compliance with them as well. Thank you for your cooperation.

Should you have any questions concerning this notification, please contact:

Health Care Service Corporation
Sophia Weiner
Supervisor, Purchasing
312.653.7574
weiners@bcbsil.com