

Health Information Security and Privacy Collaboration (HISPC)

Part I—Overview Information

Executive Summary

This project arises from a contract awarded in October 2005 by the U.S. Department of Health and Human Services (DHHS) to a team led by the research firm RTI International that includes the National Governors Association Center for Best Practices (NGA). The contract calls for the funding of up to 40 individual state projects that will assess how privacy and security laws and business practices affect exchange of interoperable electronic health information.

This RFP provides detailed information on the requirements for each state project, guidelines for submitting a proposal, and support to be provided by RTI and NGA. States and territories that receive an award will be required to complete their work within a year and undertake certain activities, including examine privacy and security policies and business practices regarding electronic health information exchange, convene and work closely with a wide range of stakeholders in the state, and develop an implementation plan to address organization-level business practices and state laws that affect privacy and security practices in order to permit interoperable health information exchange.

Eligibility

The proposal must be submitted by a designee of the governor's office (for example, a state Department of Health or designated nongovernmental entity acting at the direction of the governor's office). The proposal must include a letter from the governor's office designating the offeror and it must describe the extent and nature of the governor's office's involvement with, and oversight over, the offeror for the term of the subcontract. For convenience, the governor's office and any designee are referred to herein as the "subcontractor" or "offeror."

Key Dates

Date Issued: January 4, 2006

Date Questions are Due: February 1, 2006

Date Proposals are Due: March 1, 2006, 12 noon EST

Validity of Offer

This solicitation in no way obligates RTI to make an award, nor does it commit RTI to pay any cost incurred to the offeror in the preparation and submission of a proposal.

Offerors must submit an Offer Letter, signed by a duly authorized officer of the institution providing the offer, stating that quoted prices shall remain valid for a minimum period of **90** days.

Type of Subcontract/Terms and Conditions

RTI contemplates award of a **Cost Reimbursement (No Fee)/Cost Share Subcontract**. Any subcontract issued as a result of this RFP shall be subject to all applicable provisions of the Federal Acquisition Regulations (FAR), the U.S. Department of Health and Human Services Acquisition Regulation (HHSAR), Agency for Healthcare Research and Quality (AHRQ) regulations, and RTI's Client¹ Supplementary Regulations. This RFP includes a link to the applicable clauses/terms, provided in the client RFP (see [Section 6](#)). Please note that these clauses/terms may be updated at any time prior to award and signature to include (1) any additional terms and conditions presented to RTI from the RTI-Client contract and (2) any revisions/deletions to the terms and conditions presented in this RFP. By submitting a proposal to RTI under the terms of this RFP, the offeror agrees to fully comply with all applicable FAR and supplementary clauses and Subcontract Terms and Conditions as set forth herein.

Period of Performance

The subcontract will be for the anticipated period April 24, 2006, to March 30, 2007.

¹Client refers to the U.S. Department of Health and Human Services

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Part II—Full Text of Announcement

Section 1. Funding Opportunity Description

RTI International (RTI) has been awarded Contract Number 290-05-0015 from the Agency for Healthcare Research and Quality (AHRQ) for providing Privacy and Security Solutions for Interoperable Health Information Exchange. The purpose of the RTI Contract is to (1) assess variations in organization-level business policies and state laws that affect health information exchange; (2) identify and propose practical solutions, while preserving the privacy and security requirements in applicable federal and state laws; and (3) develop detailed plans to implement solutions. RTI will coordinate this effort with state and territorial governments through the issuance of subcontracts to the Governor's Offices or their agents, as directly teaming with state or territorial governments is a critical element to the successful completion of this contract.

The contract calls for the funding of up to 40 individual state projects that will assess business practices that affect the exchange of interoperable electronic health information and any related privacy and security laws. With assistance from RTI and the National Governors Association Center for Best Practices (NGA), awardees will conduct the assessments, identify best practices, participate in solution development, and develop implementation plans for addressing privacy and security concerns. Awardees will also participate in regional and national meetings with their colleagues and other experts.

States and territories that receive an award will be required to complete their work within a year and undertake certain activities, including

- Examine privacy and security policies and business practices regarding electronic health information exchange and the current legal requirements in the state that may be driving those policies.
- Identify challenges that privacy and security policies might pose to interoperable health information exchange.
- Identify best practices and solutions for maintaining privacy and security protections while enabling operation of a health information network.
- Develop an implementation plan to address organization-level business practices and state laws that affect privacy and security practices in order to permit interoperable health information exchange.
- Convene and work closely with a wide range of stakeholders in the state, including clinicians, physician groups, health facilities and hospitals, payers, public health agencies, government health agencies, pharmacies, long-term care facilities and nursing homes, and consumer organizations.
- Identify and organize a steering committee to lead the effort within each state.
- Participate in regional and national meetings with other states to share knowledge and collaborate on health information exchange privacy and security issues and related issues.

The information learned from this work, particularly the state-led projects, will be groundbreaking and critical to developing an interoperable nationwide health information network. We believe such a network has the potential to dramatically improve the cost-effectiveness and quality of health care, including giving consumers secure access to their own health care information so they can make informed choices. Through participation in this project, states and territories can become more aware of the issues and more active in developing solutions for themselves, and position themselves for continued involvement in developing a nationwide health information network.

The specific duties of the state or duly recognized entity are more clearly defined in [Section 3](#), Statement of Work.

Section 2. Instructions to Offerors

2.1 Submission Instructions

Based on the foregoing, RTI is seeking proposals from state organizations/entities interested in providing the services described herein. The proposal submission shall conform to the requirements of this RFP and must be prepared in accordance with the sections listed below and contained in this RFP.

<u>Section Number</u>	<u>Title</u>
2	Instructions to Offerors
3	Statement of Work
4	Pricing Information and Instructions
5	Subcontractor Cost Accounting Standards Notices and Certifications
6	Model Subcontract

The offeror shall submit an original and two (2) hard copies of the complete proposal by 12 noon EST, on March 1, 2006, to

Michael E. Samuhel, Ph.D.
RTI International
3040 Cornwallis Rd
PO Box 12194
Research Triangle Park, NC 27709-2194

Proposals that are not submitted in accordance with the RFP instructions will be considered nonresponsive and will be rejected by RTI. It is your responsibility to monitor the Web site where the RFP will be posted (<http://www.rti.org/HISPC/>) to learn about any amendments to the solicitation.

To assist in the preparation of proposals, RTI will hold two conference calls, on January 11, 2006, and February 8, 2006, from 1:00 pm to 4:00 pm EST. For more information on how to participate in the conference call, please see the RTI Web site (<http://www.rti.org/HISPC/>).

Questions regarding this solicitation shall be received no later than February 1, 2005. Questions should be submitted to the attention of Dr. Samuhel at the above address or by e-mail (SAMUHEL@RTI.ORG). The envelope (or subject line) should be marked "Proposal Questions: Health Information Security and Privacy Consortium."

The offeror may submit hard copies of the proposal via mail or express courier. RTI will not make exceptions for any delay. Electronic submissions are not allowed.

The offeror must submit an Offer Letter, signed by a duly authorized officer of the offeror's organization, stating that quoted prices shall remain valid for a minimum period of 90 days.

We seek to maximize the number of subcontracts and expect to make awards in the range of \$150,000 to \$350,000.

We encourage states to provide matching funds, if possible. Matching funds can be cash or in-kind contributions from state, federal, and private sources.

Please provide the following information about your organization. If an item is not applicable to your organization, please put "N/A" on the blank(s) provided. Do not leave items unanswered.

Organization Name:	<u>Contract Negotiator (Pre-Award)</u>
Address 1:	Name: Title/Position: Phone: Fax:
Address 2:	E-mail:
City, State:	<u>Contract Administrator (Post-Award)</u>
Zip Code:	Name: Title/Position: Phone: Fax: E-mail:
Country:	<u>Technical Manager</u>
Web Page URL:	Name: Title/Position: Phone: Fax: E-mail:

FEDERAL REQUIREMENTS (Applicable to Federally Funded Projects) – U.S. Firms Only

Do you have a federally approved Cost Accounting System?

(If Yes, date of last federal audit:)

Do you have a federally approved Contractor Purchasing System (FAR Part 44)?

(If Yes, date of last federal audit:)

Do you have a federally approved Government Property System (FAR Part 45)?

(If Yes, date of last federal audit:)

What federal agency has administrative cognizance over your federal work?

Agency Name:

Address:

ACO Name:

Phone:

If this effort is cost reimbursement (federal), please provide a copy of your most recent federally approved indirect rate agreement with your cost proposal.

Please complete and sign the Subcontractor Cost Accounting Standards Notices and Certifications Form in [Section 5](#).

Representations and Certifications of Compliance

1. **Federal Excluded Parties List**—The offeror certifies that it is not presently debarred, suspended, or determined ineligible for an award of a contract by any federal agency.
2. **Prohibition of Segregated Facilities**—The offeror is compliant with FAR 52.222-21, Prohibition of Segregated Facilities.
3. **Drug-Free Workplace**—The offeror certifies that it complies with the Drug-Free Workplace Act of 1988 (45 CFR Part 76, Subpart F) and, further, understands that any violation of the prohibitions of this Act is a breach of contract and can result in default action.
4. **Federal Civil Rights Act**—The offeror certifies that it conforms to the provisions of the Federal Civil Rights Act of 1964, as amended, and does not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or disabilities.
5. **Americans with Disabilities Act**—The offeror certifies that it complies with the Americans with Disabilities Act.
6. **Equal Opportunity**—The offeror certifies that it does not discriminate against any employee or applicant for employment because of age, sex, religion, handicap, race, creed, color, or national origin.
7. **Labor Laws**—The offeror certifies that it is in compliance with all labor laws, including but not limited to the Walsh-Healy Act and the Contract Work Hours and Safety Standards Act regarding overtime compensation.
8. **Federal Acquisition Regulations (FAR)**—The offeror certifies that it is familiar with the Federal Acquisition Regulations (FAR) and is not in violation of any certifications required in the applicable clauses of the FAR, including but not limited to certifications regarding lobbying, kickbacks, equal employment opportunity, affirmative action, and payments to influence federal transactions.
9. **Employee Compliance**—The offeror warrants that it will require all employees, entities, and individuals providing services in connection with the performance of an RTI Subcontract to comply with the provisions of the resulting Subcontract and with all federal, state, and local laws and regulations in connection with the work associated therein.

The information contained in this offer is current, accurate, and complete to the best of my knowledge and belief. Offeror further agrees to fully comply with the terms and conditions set forth in the Model Subcontract ([Section 6](#)) and all applicable FAR and supplementary federal clauses included herein.

Name of Authorized Official	Title
Signature	Date

2.2 Required Proposal Content and Selection Criteria

The governors of the 55 states and territories² are invited to submit a proposal for the RTI-led Health Information Security and Privacy Collaboration (HISPC) that addresses the requirements detailed in [Section 3](#) of this solicitation. All proposals should clearly reflect the primary focus of this contract, which is to identify and resolve privacy and security barriers to interoperable health information exchange that result from variation in organization-level business policies or state laws. The Technical Proposal may be no longer than twenty five (25) pages, excluding attachments and the budget. Proposals should be written in 11-point Arial or Times New Roman font and single-spaced. All proposals will be evaluated against the selection criteria described in this document.

The proposal must be submitted by a designee of the governor's office (for example, a state Department of Health or designated nongovernmental entity acting at the direction of the governor's office). The proposal must include a letter from the governor's office designating the offeror and it must describe the extent and nature of the governor's office's involvement with, and oversight over, the offeror for the term of the subcontract. For convenience, the governor's office and any designee are referred to herein as the "subcontractor" or offeror.

Selection for a subcontract award will be based on an evaluation of proposals against technical and cost criteria. The proposal should be organized and submitted according to [Section 2.3](#), "Required Elements and Evaluation Criteria." Each part shall be separate and complete in itself so that evaluation of one may be accomplished independently of, and concurrently with, evaluation of the other. Proposals will be ranked by score from high to low, and contracts will be awarded until available funds are exhausted. Cost sharing³ is encouraged.

All proposals will be reviewed in accordance with the governing federal regulations and AHRQ policies and procedures. The Technical Proposal will be evaluated in terms of the responses to each of the evaluation criteria. Each proposal will be evaluated on the likelihood of meeting the requirements as detailed in the Solicitation, including [Section 3](#), Statement of Work, according to the weightings outlined in [Section 2.3](#). The offeror should show that the objectives stated in the proposal are understood and offer a logical program for their achievement.

2.3 Required Elements and Evaluation Criteria

All proposals must be accompanied by a cover letter from the governor's office of the applying state designating the offeror and the proposal as the formal submission of that state and describing the extent and nature of the governor's office's involvement with, and oversight over, the offeror for the term of the subcontract. The letter shall include a point of contact in the governor's office for questions concerning the submission.

The required proposal sections (A through E) and evaluation criteria are described below. Each section will be evaluated by a technical peer review committee and scored against the number of points assigned to that section. The point score for a perfect proposal is 100.

A. Understanding of the Problem: 10 points

Specific Instructions:

The state shall provide a brief statement and environmental scan of the issues/challenges that underscore the concept of and need for this contract. The environmental scan should address health information technology (IT) initiatives within the state, scope of stakeholder involvement with health IT, and maturity of state health IT initiatives.

Evaluation Criteria:

² Hereafter, the term "state" shall refer to both states and territories.

³ Cost sharing includes direct financial investment by the state, authorized entity, partners, or subcontractors to the project and/or donations of in-kind resources, not including equipment.

The Technical Proposal shall be evaluated against the requirements set forth above.

B. Technical Approach: 30 points

Specific Instructions:

The Technical Proposal shall clearly describe the approach, process, scope, and possible outcomes for the different types of requirements called for under this contract. The Technical Proposal must clearly describe how the state will complete a number of critical tasks, representing statewide interests. For example, the Technical Proposal must describe how the state will

- Organize the steering committee and working groups to examine statewide privacy and security policies and business practices regarding electronic health information exchange and the current legal requirements in the state that may be driving those policies.
- Convene and work closely with a wide range of stakeholders throughout the state, representing statewide interests, which have a stake in advancing interoperable health information technology. The entities shall include, but not be limited to, clinicians, physician groups (primary and specialty care) and other providers, federal health facilities (i.e., Department of Defense, Indian Health Service, Department of Veterans Affairs), hospitals, payers (including employers that sponsor group health plans), public health agencies, community clinics and health centers, laboratories, pharmacies, long-term care facilities and nursing homes, homecare and hospice, correctional facilities, professional associations and societies, medical and public health schools that conduct research, quality improvement organizations, state government entities (Medicaid, public health departments, etc.), and both individual consumers and consumer organizations.
- Identify any challenges that existing privacy and security policies and laws pose to interoperable health information exchange.
- Identify best practices and solutions for maintaining privacy and security protections while enabling operation of a health information network.
- Develop an implementation plan to address organization-level business practices and state laws that affect privacy and security practices in order to permit interoperable health information exchange.
- Identify the intersection with, and build upon, existing state and regional interoperability efforts (if any).
- Participate in regional and national meetings with other states to share knowledge and collaborate on health information exchange privacy and security issues and related issues.

Evaluation Criteria:

The Technical Proposal shall be evaluated against the requirements set forth above. The Technical Proposal shall also be evaluated on the completeness, reasonableness, clarity, and feasibility of the approach to satisfy the requirements of each individual task of the Statement of Work.

C. Management/Work Plan: 30 points

Specific Instructions:

The Technical Proposal must describe the financial entity responsible for administering the award and the management plan for executing the project. The management plan must also describe responsibilities of the management team and how the management team will oversee and assist the various working groups, including the Steering Committee, described in the Statement of Work to ensure delivery of key task products. The Technical Proposal shall also describe the strategies, tools, and techniques proposed to ensure objective, credible, timely, and high quality work. Include milestones, risk-mitigating strategies, level and commitment of the governor's office to the project, level of coinvestment of the state and any partners/subcontractors, and an estimated timeline showing interim and final milestones.

The Technical Proposal shall also describe plans for identifying, using, and monitoring consultants and subcontractors; generating clear, concise reports on project findings; and conducting quality assurance activities. The Technical Proposal shall also describe the number of person hours for each task and for service delivery.

The Technical Proposal shall be accompanied by a budget prepared according to the guidelines described in [Section 4](#). The offeror also must describe how it will manage the budget and schedule necessary to meet the requirements of this contract.

Evaluation Criteria:

The Technical Proposal shall be evaluated against the requirements set forth above. The Technical Proposal will also be evaluated for ability of the management structure to lead workflow and accomplish results; ability to complete tasks through the proposed organizational plan and use of personnel resources; demonstrated ability to complete the project schedule and milestones using a cost-effective approach; and on how clearly the preliminary work plan demonstrates understanding of the Statement of Work.

D. Key Personnel: 20 points

Specific Instructions:

The Technical Proposal shall specify the project team, including subcontractors and consultants, and include the education, experience, and demonstrated skills to conduct a statewide health information exchange program. The Technical Proposal shall provide evidence of availability, commitment, qualifications, and demonstrated experience of medical and business personnel with health IT expertise. The Technical Proposal shall include a description of their experience in one or more of the following disciplines: facilitating multistakeholder groups; analyzing large quantities of information; leading health information technology projects or implementations; extensive experience with organization-level business policy or state law directly relating to health IT privacy and/or security issues; and coordinating and managing the work of others in the production of extensive, complex reports.

Evaluation Criteria:

The background, skills, experience, and education of key personnel in the coordination of health IT efforts within the state or territories shall be evaluated, with particular emphasis on experience with organization-level business policy or state law affecting privacy and/or security issues.

E. Organizational Description: 10 points

Specific Instructions:

The Technical Proposal shall include a description of the organizational structure proposed for performance of this contract, including, but not limited to, the form of the entity (teaming, subcontracting, etc.) that will be contracting with RTI; the qualifications the entity has to perform this work; the size, mission, and

primary business activity of each team member/subcontractor, their role in the project, and the rationale for including them; and relevant work and accomplishments. The Technical Proposal must demonstrate clear understanding of, and intent to implement, the organizational structures described in [Section 3.3](#) (i.e., the Steering Committee, State Legal Working Group, State Solutions Working Group, and other state and stakeholder working groups described in the Statement of Work). The offeror also must demonstrate how it will ensure complete geographical involvement of stakeholders and coverage of privacy and security practices and policies throughout the state.

Evaluation Criteria:

The Technical Proposal shall be evaluated against the requirements set forth above.

Section 3. Statement of Work

3.1 Background Information

On April 27, 2004, the President issued an executive order announcing his commitment to the use of health information technology (health IT) to reduce medical errors, lower costs, and provide better information for consumers and physicians. In particular, the President called for the widespread adoption of electronic health records (EHRs) and for health information to follow patients throughout their care in a seamless and secure manner. Widespread use of EHRs offers a unique means of improving quality, lowering health care costs, and preventing medical errors, which may contribute to the death of between 50,000 and 100,000 Americans per year.

The executive order directed the Secretary of Health and Human Services (HHS) to establish within the Office of the Secretary the Office of National Coordinator for Health Information Technology (ONC). On July 21, 2004, ONC released the Framework for Strategic Action, outlining the goals and strategies to realize the President's goal. Over the succeeding months, HHS has widely discussed these ideas in public meetings, through a Request for Information (RFI) published in the Federal Register, and in reviews of current state and local efforts in the health care industry.

To take the next critical step toward realizing the President's goal of widespread interoperable EHR adoption, the Secretary of HHS initiated the next phase of the HHS health IT strategy. This phase will unfold over 500 days and includes convening leaders to coordinate public and private health IT efforts, developing strategies, contracting for studies, and funding prototypes and demonstrations to enable health IT.

The HHS health IT strategy calls for the following critical actions:

- Support an American Health Information Community (AHIC), a federally chartered commission that will develop advice and seek consensus-based recommendations for coordinating efforts in the public and private sectors toward interoperable health IT adoption.
- Develop, create prototypes for, and evaluate a process to harmonize industry-wide health IT standards development, maintenance, and refinements over time.
- Develop, create prototypes for, and evaluate a compliance certification process for EHRs and the infrastructure or network components through which EHRs interoperate.
- Assess and develop plans to address variations in organization-level business policies and state laws that affect privacy and security practices—including those related to HIPAA—and may pose challenges to interoperable health information exchange.

- Develop, create prototypes for, and evaluate a nationwide health information network (NHIN) architecture for widespread health information exchange that can be used to test specialized network functions, security protections, and monitoring and demonstrate feasibility of scalable models.
- Assess EHR adoption through surveys, assessments, and studies that can identify key enablers of EHR adoption and monitor the diffusion of EHRs throughout the health care community at large.
- Coordinate the sharing of health information through federal health programs via the Federal Health Architecture (FHA) program.

RTI and the NGA were awarded a contract for a key part of the HHS health IT plan (referred to as Privacy and Security Solutions for Interoperable Health Information Exchange, AHRQ Contract No. 290-05-0015). They have been directed to assess and develop solutions to address variations in organization-level business policies and state laws that affect privacy and security practices, including those related to HIPAA, and may pose challenges to interoperable health information exchange. Workable privacy and security approaches and business practices are imperative for comprehensive information exchange solutions to facilitate quality improvement, medical error reduction, timely surveillance, rigorous research, and improved efficiency and affordability of health care.

A fundamental component of the Privacy and Security Solutions contract calls for RTI-NGA to establish the Health Information Security and Privacy Collaboration (HISPC), engaging up to 40 states or territorial governments to work collaboratively toward identifying and overcoming the barriers to interoperable health information exchange. To this end, RTI-NGA will issue up to 40 subcontracts to successful states and territorial governments (or to multistakeholder entities duly recognized by their respective state or territorial governments). Once the subcontracts are awarded, RTI, NGA, and the state subcontractors will work together to seek practical solutions to privacy and security needs in interoperable health IT.

3.2 Purpose

The purpose of this state subcontract is for each state subcontractor to (1) assess variations in organization-level business policies and state laws that affect health information exchange in its state or territory; (2) work closely with RTI, NGA, and other states and territories to exchange information and experiences regarding interoperable health information exchange (HIE) barriers and best practices; (3) identify and propose practical solutions that protect privacy and security of health information and permit interoperable health information exchange; and (4) develop plans to implement solutions in its state, and, if applicable, at the federal level.

3.3 Specific Tasks

RTI will provide tools necessary to continue the process of increasing awareness among the stakeholders of the benefits of interoperable HIE and discovering how the business practices and policies in place within each state affect progress toward interoperable HIE. RTI will establish and support a listserv and Web portal for stakeholder community members who can use these tools to facilitate communication and distribution and review of deliverables.

The subcontractor shall work closely with RTI and NGA to assess organization-level business policies and state laws that pose challenges to interoperability and shall develop solutions to address these challenges within its state or territory. The state or duly recognized entity shall engage public and private sector health care entities statewide that are involved in interoperable health information technology adoption and HIE. The entities or stakeholders shall include, but not be limited to, clinicians, physician groups (primary and specialty care) and other providers, federal health facilities (i.e., Department of Defense, Indian Health Service, Department of Veterans Affairs), hospitals, payers (including employers that sponsor group health plans), public health agencies, community clinics and health centers, laboratories, pharmacies, long-term care facilities and nursing homes, homecare and hospice, correctional facilities, professional associations and societies, medical and public health schools that undertake

research, quality improvement organizations, state government entities (Medicaid, public health departments, etc.), and both individual consumers and consumer organizations.

With respect to its own state or territory, the subcontractor will be expected to

- Task 1: Assess variation in organization-level business policies and state laws.
- Task 2: Formulate interim solutions and implementation plan.
- Task 3: Formulate final solutions and implementation plan.
- Task 4: Manage the project.

The overall deliverable schedule over the period of performance is outlined in [Exhibit 1](#).

Exhibit 1. State Subcontractor Overall Milestones and Deliverables Schedule

Date	Milestone
1/4/06	Release RFP to Governor's Offices
1/11/06	Bidders' Conference Call
2/8/06	Bidders' Conference Call
3/1/06	Proposals Due
4/28/06	Subcontracts Signed by Selected States
4/28-06 to 5/15/06	Kick Off Meetings
5/26/06	Deliverable No. 1: Work Plan Due (Task 4 Deliverable)
6/2/06 to 6/22/06	Training Sessions
8/25/06	Deliverable No. 2: Interim Assessment of Variation Report Due (Task 1 Deliverable)
10/16/06	Deliverable No. 3: Interim Analysis of Solutions Report Due (Task 2 Deliverable)
11/16/06	Deliverable No. 4: Interim Implementation Plan Report Due (Task 2 Deliverable)
10/20/06 to 11/22/06	State and Regional Workshops
Feb 2007 TBD	National Meeting
3/30/07	Deliverable No. 5: Final Assessment and Analysis Report Due (Task 3 Deliverable)
3/30/07	Deliverable No. 6: Final State Implementation Plan Report Due (Task 3 Deliverable)

The organizational structure or "platform" that will be used in each state—to ensure that there is consistency in the process across states and to facilitate interaction between states—is described below and presented graphically in [Exhibit 6](#). This platform will create the environment necessary for states to actively engage stakeholders in the process of increasing awareness of the benefits of interoperable HIE, issues related to consumer privacy, and the barriers to interoperability. It will also bring together stakeholders to begin discussions within each state and between states regarding how to overcome the barriers to interoperability while at the same time protecting the privacy of health care consumers and patients.

The subcontractor shall describe the composition of the Steering Committee and working groups, and to the extent practicable, include letters of commitment from committee members. The composition of these groups will necessarily include a broad range of stakeholders, including consumers. The goals and objectives of each group are described below. The number of members for each committee can be set by the state subcontractor. We suggest

on average about fifteen (15) members on each committee, except for the Steering Committee, which will likely be smaller.

- **Stakeholder Community**—The stakeholder community is comprised of all stakeholders within the state that join the “community” by registering for the state listserv. The listserv will be an efficient way to disseminate information to the Stakeholder Community. The information stakeholders provide during the registration process will be used to target specific stakeholder groups for specific tasks or leadership roles throughout the process. The listserv will be organized by state, although RTI-NGA will have the ability to disseminate information to all participating states and territories.
- **Stakeholder Groups**—These are groups of stakeholders defined by their relationship to health information, (public and private payers, consumers, physicians, hospitals, long-term care facilities, dentists, mental health care providers, etc.). The stakeholder groups together comprise the stakeholder community.
- **Steering Committee (SC)**—The Steering Committee will serve an important leadership role within the state. The Steering Committee is a multistakeholder group that includes representatives from each stakeholder group, 1 or 2 members of the legal working group, 1 or 2 representatives from the state government (including an individual directly representing the governor), and the state subcontractor. All appointments to the Steering Committee will be approved by the Governor or his or her appointed authority. The RTI and NGA liaisons will provide guidance and support to the state Steering Committee. The Steering Committee is a decision-making body tasked with overseeing the work of all state working groups and finalizing deliverable reports that will serve as the basis for the next steps in the process. The Steering Committee will review and comment on all deliverable reports and will submit the final deliverables to RTI.
- **State Variations Working Group (VWG)**—The VWG will be tasked with assessing variations in organization-level business policies and practices and categorizing them as barriers, best practices, or neutral with respect to interoperability. The VWG will work closely with the state Legal Working Group to identify any legal drivers behind the policies and to produce the interim assessment of variation report (Deliverable No. 2).
- **State Legal Working Group (LWG)**—The LWG will assess applicable privacy and security policies underlying regulations, court cases, etc. and identify legal sources of barriers to interoperable EHRs. The LWG will be tasked with reviewing the barriers uncovered in the business policy assessment (see VWG) and mapping those barriers to applicable state privacy and security laws. The LWG will also develop a set of recommended policies that are consistent with the laws of their state. Members of the LWG will also work with the Solutions Working Group and the Implementation Planning Working Group to ensure that laws are accurately and consistently interpreted throughout the process of formulating solutions and planning implementation of those solutions.
- **State Solutions Working Group (SWG)**—The SWG will be tasked with reviewing the assessment of variation of state laws and business policies identified as barriers by the VWG and formulating preliminary solutions to the barriers. The SWG will draft the preliminary deliverable report of the analysis of solutions report (Deliverable No. 3).
- **State Implementation Plan Working Group (IPWG)**—The IPWG will review the interim analysis of solutions (Deliverable No. 3) and propose preliminary implementation plans, which they will document in the interim implementation plan report (Deliverable No. 4).
- **Ad hoc Working Groups (AWG)**—The AWGs are subgroups of specific stakeholder groups or multistakeholder groups that will be formed to conduct the work needed to support the VWG, SWG, LWG, and IPWG.

Organizing the stakeholders within each state using this basic structure will ensure that a consistent process is followed in all participating states. It will also facilitate working across states by bringing together groups that share tasks and goals. This process preserves the unique features and characteristics of each state in a way that maximizes the value to the state of the contracting activities. The process is standardized to create efficiency and facilitate communication between states, not because of any desire to develop “national” standards that fail to recognize the unique needs of states. States should retain their uniqueness where possible.

RTI will provide Web-based support to subcontractors to help guide discussions, organize information, and develop reports. It is expected that the working group reports will be provided to the broader stakeholder community for commentary. Verbatim comments will need to be summarized by the state subcontractors and submitted as part of the deliverable reports.

Attention should be paid to the needs of stakeholders for whom electronic data gathering, review, and reporting may be a barrier to participation, such as consumers or others without regular Internet access and necessary technology literacy.

Open meetings are required.

Task No. 1. Assess Variation in Organization-Level Business Policies and State Laws

Goal: Stakeholders within each state or territory will evaluate current organization-level business policies and practices to determine whether or not they pose a challenge or are a barrier to interoperability. If a policy is deemed not to be a privacy or security barrier, it will be evaluated for possible classification as a “best practice.” Best practices are those that are consistent with state law, permit or promote interoperability, and are relatively “easy” to put into practice (e.g., they can be implemented by changing business policy rather than state law). The output of this subtask, the interim assessment of variation report (Deliverable No. 2), will serve as the input into the next phase in the process—analysis of solutions.

The assessment of variation of business policies and law within each state will be the driving force behind the discussions of the solutions and planning implementation of those solutions. Because the initial assessment is critical to future steps in the process, it is important that the approach is a “big tent” approach that is designed to be as inclusive as possible of the views of the stakeholders within each state or territory, without bogging down the process. In particular, the interim assessment of variation will explore the organization-level business policies and practices currently in place in the following nine privacy and security domains:

1. User and entity authentication to verify that a person or entity seeking access to electronic personal health information is who they claim to be.
2. Information authorization and access controls to allow access to only people or software programs that have been granted access rights to electronic personal health information.
3. Patient and provider identification to match identities across multiple information systems and locate electronic personal health information across enterprises.
4. Information transmission security or exchange protocols (encryption, etc.) for information that is being exchanged over an electronic communications network.
5. Information protections so that electronic personal health information cannot be improperly modified.
6. Information audits that record and monitor the activity of health information systems.

7. Administrative or physical security safeguards required to implement a comprehensive security platform for health IT.
8. State law restrictions about information types and classes, and the solutions by which electronic personal health information can be viewed and exchanged.
9. Information use and disclosure policies that arise as health care entities share clinical health information electronically.

The interim assessment of variation report shall address at a minimum the nine domains specified, but we will leave open the potential for additional domains to be added to the report by the state subcontractors.

The state subcontractor shall form the State Variations Working Group (VWG) and task it with addressing the above nine domains. The VWG will assess organization-level business practices and categorize them as best practices, barriers, or neutral. The VWG will work with stakeholders and review its report with them to establish that it is exhaustive.

The state subcontractor will also organize the state Legal Working Group (LWG), which will map policy barriers to state law. The state subcontractor will draft the assessment of variation report, which integrates the work of the VWG and LWG into a single document and will review it with the state Steering Committee.

All state subcontractors must use similar processes and procedures and strictly adhere to the schedule so that the work can be carried out in tandem across the states. For all activities related to Task 1, please follow the high-level overview of the business policy and state law assessment process shown in [Exhibit 7](#). The basic process for performing the interim assessment of variation within each state will be as follows:

- RTI will compile a priority set of business policies and practices within each state and identify potential barriers.
- The VWG will select a subset of each stakeholder group to validate that the initial set of business policies and practices represents their current policies and practices within the nine domains.
- The subset of stakeholders will complete the validation process by reviewing the business policies and practices requested and entering comments into the report shell via the Web portal.
- The subcontractor will upload the report shells to the Web portal and compile a concise report of business policies and practices and related privacy and security laws, by stakeholder group.
- The subcontractor will post the report on the Web portal and send an e-mail invitation to all members of each state's stakeholder community to review and comment on the policies and practices specified by the sample of stakeholders. This will give the broader Stakeholder Community the opportunity to fill in gaps by adding into the report shells any practices that are missing.
- The policies and practices will be culled out and classified by the VWG as "barriers," "best practices," or neither.
- The barriers will go to the LWG, which will map the barriers back to the relevant state law, where applicable.
- The combined analysis of organization-level business policy and law will form the basis for the assessment of variation, which includes a classification of barriers and challenges and an assessment of whether those barriers are being driven by the law or are the result of misinterpretation of the law or a deliberate decision to incorporate policy and business needs that is more restrictive than law requires.

- The state Steering Committee will review the work of the SWG before submitting the assessment of variation report to RTI.

RTI will provide tools necessary to continue the process of increasing awareness among the stakeholders of the benefits of interoperable HIE and discovering how the business practices and policies in place within each state affect progress toward interoperable HIE. RTI will establish and support a listserv and Web portal for stakeholder community members who can use these tools to review each state's initial assessment of business practices, validate that the list is exhaustive, and select reports and plans, as needed.

The state subcontractor must comply with the milestones and deliverables schedule shown in [Exhibit 2](#).

Exhibit 2. Task 1 Milestones and Deliverables Schedule

Description	Performance Period	
	Start	End
Task No. 1—Assess Variation in Organization-Level Business Policies and State Laws	5/16/06	10/5/06
VWG selects a subset of each stakeholder group to validate that the initial set of business policies and practices is exhaustive	5/16/06	7/12/06
Policies identified as barriers go to the LWG for legal analysis	7/7/06	8/3/06
VWG and LWG submit revised report draft for review by Steering Committee	8/14/06	8/18/06
State Steering Committee meets to finalize interim assessment of variation report	8/21/06	8/23/06
Submit Deliverable No. 2—Interim assessment of variation report	8/25/06	8/25/06

Task No. 2. Formulate Interim Solutions and Implementation Plan

Goal: Formulate interim solutions and plans to implement the solutions to variations in business practices and state laws that impede the development of interoperable health information exchange.

The state subcontractor shall identify solutions to address organization-level business policies and state laws that affect privacy and security practices, to permit interoperable health information exchange while preserving the privacy and security requirements in applicable federal and state laws. Solutions are needed so that patient information can be shared among many authorized entities in an automated and cost-effective manner while complying with federal and state privacy and security laws. The solutions that shall be considered include, but are not limited to, collaborative governance mechanisms, business arrangements that serve as a trusted broker of health information exchange, and technical brokering solutions to harmonize business policies to allow for interoperable health IT. These solutions should reflect the goal of interfacing with the NHIN to permit widespread interoperability.

The state subcontractor shall organize a Solutions Working Group (SWG) and charge it with the task of reviewing the barriers identified in Task 1 (interim assessment of variation in business practices and state laws) and forming preliminary solutions to the barriers. This work will require an iterative process incorporating a review by the stakeholder groups. The stakeholder review will focus on the feasibility of implementing the solutions. Once a set of feasible solutions is identified, the state Steering Committee will produce the final deliverable and submit it to RTI.

The Web portal will be used to support the electronic interchange of information between the state subcontractor SWGs, RTI and its technical advisors, and the stakeholder groups. Although RTI will provide for electronic meeting

capabilities throughout the process, to ensure that all stakeholders who are interested can participate in the process at some level, it will be important to hold in-person meetings to deliberate the more difficult issues.

All state subcontractors must use similar processes and procedures and strictly adhere to the schedule so that the work can be carried out in tandem across states. For all activities related to development of the interim analysis of solutions report, the subcontractor must follow the high-level overview shown in [Exhibit 8](#). The basic process for developing the analysis of solutions report will be as follows:

1. RTI provides to the state contractor a report of existing best practices and lessons learned compiled from existing resources.
2. The state SWG reviews the interim assessment of variation in law and business practices report and develops a list of potential solutions to identified barriers.
3. The state subcontractor compiles and uploads a draft interim report of possible solutions to the Web portal.
4. The state subcontractor notifies stakeholders of the review period to assess the potential solutions for completeness and feasibility and provides them with information on accessing the Web portal.
5. The state liaisons work with state subcontractors to arrange e-work groups.
6. Solutions considered feasible after stakeholder review go into the interim analysis of solutions report; solutions identified as infeasible go back to the SWG for reconsideration. These may be resubmitted to the Steering Committee at this point or they may be dropped from consideration for implementation planning. However, the infeasible solutions will be included in the final report.
7. The interim analysis of solutions report goes to the Steering Committee for review.
8. The Steering Committee finalizes the report and submits it to RTI.

The state subcontractor shall translate the solutions described in the interim analysis of solutions report into an actionable implementation plan. The state subcontractor shall form an Implementation Planning Working Group (IPWG) that will be responsible for preparing the plan, which will be discussed at statewide or regional meetings. Whether the meeting will be statewide or regional will be based on a number of factors including the number of states involved in the process and the kinds of issues that arise during the assessment of variation.

The regional meetings and workshops will provide an opportunity for state-level stakeholders to hear from national experts and representatives from the federal government. Each state subcontractor should budget for no more than 20 representatives to attend the single 1-day forum to take place locally, including travel to the site, and per diem, as necessary. Lunch will be provided. Bidders should not budget for meeting space, materials, or supplies. However, bidders should budget time for the project manager to assist in planning for the meeting, a maximum of 8 hours.

The meetings will be well-publicized, open meetings where all interested parties can attend and participate as observers. States must demonstrate a concerted effort to involve individual consumers as well as consumer advocacy groups in the process, to ensure that all voices are heard. It is critical that all groups be provided the opportunity to be heard on issues that are contentious so that the process is recognized as fair and open and at the same time allows for realistic solutions to be brought forward and vetted by the stakeholders.

The state subcontractor will make the preliminary implementation plan available to the stakeholder groups, which will provide feedback and identify areas of debate at the statewide and regional meetings. Subsequent to the statewide or regional meeting, the state Steering Committee will incorporate notes and decisions from the meetings and produce the interim implementation plan report.

All state subcontractors must use similar processes and procedures and strictly adhere to the schedule so that the work can be carried out in tandem across all states. For all activities related to development of the interim implementation plan, the state subcontractor must adhere to the flow of activity shown in [Exhibit 9](#). The basic process for developing the interim implementation plan will be as follows:

1. The state subcontractor provides the finalized interim solutions report to the IPWG.
2. The IPWG shall draft an interim implementation plan to be reviewed by stakeholders.
3. The state subcontractor uploads to the Web portal and disseminates the draft plan for review and comment by the stakeholders.
4. The stakeholder community provides feedback to the IPWG via the Web portal.
5. The IPWG revises the plan and submits it to the state Steering Committee.
6. The state Steering Committee reviews the plan and the feedback from the stakeholder and identifies areas of disagreement and defines topics for the statewide/regional meeting to finalize the implementation plan for each state/region.
7. The state Steering Committee incorporates meeting notes and decisions into the interim implementation plan report, and the state subcontractor submits the report to RTI.

The state subcontractor must comply with the milestones and deliverables schedule in [Exhibit 3](#).

Exhibit 3. Task 2 Milestones and Deliverables Schedule

Description	Performance Period	
	Start	End
Task No. 2—Formulate Interim Solutions and Implementation Plan	7/5/06	11/30/06
RTI prepares preliminary report for the state subcontractor to share with the SWG	7/31/06	7/31/06
SWG meets with stakeholders to discuss potential solutions and prepares interim analysis of solutions report for Steering Committee review	7/31/06	10/2/06
SWG prepares and Steering Committee reviews the interim analysis of solutions report	10/2/06	10/15/06
Deliverable No. 3 Interim analysis of solutions report due	10/16/06	10/16/06
Participate in statewide and regional meetings	10/20/06	11/22/06
Subcontractor IPWG reviews recommendations and drafts implementation plan for discussion at state and regional workshops	9/27/06	10/18/06
Stakeholders review and comment on draft plan	10/16/06	11/2/06
IPWG prepares and Steering Committee reviews the interim implementation plan	11/1/06	11/15/06
Deliverable No. 4 Interim implementation plan report due	11/16/06	11/16/06

Task No. 3. Formulate Final Solutions and Implementation Plans

Goal: The state subcontractor shall develop final solutions and plans to implement the solutions to variations in state laws and businesses practices that impede the development of interoperable electronic health information exchange.

The state subcontractor shall develop a final report for its state to include an assessment of state-level legal and business policies and practices and to propose a range of workable solutions to remove barriers to interoperable health information exchange. The report shall focus on identifying variations within the state with respect to state law and business practices and the interaction of the two. In addition, it will note conditions that are favorable to interoperability and those that are not. The former will be documented as best practices; the later as problems that will need solutions.

RTI advisors will review the output from statewide meetings with subcontractors. The state subcontractors will release draft reports to the stakeholders and conduct e-meetings to discuss outstanding issues with the state-level Steering Committee.

The state subcontractor will also prepare a final implementation plan for each state or territory based on the state's or territory's assessment, analysis, and recommendations for methods to advance interoperability in its region and, ultimately, on a national level. The implementation plan will include a complete assessment of the impact of proposed solutions on the full range of stakeholders within the state, including the impact on small and rural providers. The final plans will also make recommendations for ongoing governance of interoperability, for example, through the establishment and funding of public-private partnerships for the purpose of promoting and maintaining harmonized federal and state laws and business practices for privacy and security. Each plan will also include a detailed timeline and cost estimate for the performance of this task and will discuss the feasibility and requirements to carry out the plan.

Each state subcontractor will be responsible for producing the draft final report for its state. The state subcontractors will release draft reports to the stakeholders and conduct e-meetings to discuss outstanding issues with the state-level Steering Committee.

RTI will convene a national meeting to discuss the potential solutions and plans to implement the solutions to variations in state laws and business practices that impede the development of a nationwide health information network. The core list of topics for the meeting will include the topics put forward at the statewide workshops and any remaining challenges to interoperability.

Each state subcontractor should budget to send four representatives to this national meeting to be held in Washington, DC. This will be a 1.5-day working meeting that will include breakout sessions to finalize the nationwide report of work to date and to discuss the next steps toward achieving nationwide interoperable HIE. The meeting notes will be incorporated into the National Summary Report. Bidders should budget travel to the meeting and per diem for 2 nights. In addition, bidders should budget time and materials to prepare for the meeting. RTI will provide for meeting space, breakfast, and lunch for both days and all materials required for the meeting.

The state subcontractor must comply with the milestones and deliverables schedule in [Exhibit 4](#).

Exhibit 4. Task 3 Milestones and Deliverables Schedule

Task Description	Performance Period	
	Start	End
Task No. 3—Formulate Final Solutions and Implementation Plans	12/1/06	3/30/07
Review the output from statewide meetings and revise interim reports and release draft final reports to stakeholders	12/1/06	12/15/06
Review draft final reports with stakeholders and Steering Committee	12/18/06	2/15/07
Submit draft final report	2/19/06	2/19/07
Participate in national meeting	Feb 2007 TBD	Feb 2007 TBD
Deliverable No. 5 Final assessment and analysis report	3/30/07	3/30/07
Deliverable No. 6 Final state implementation plan report	3/30/07	3/30/07

Task No. 4. Project Management

Offerors must provide a detailed work plan describing how they will meet the delivery and schedule requirements of the RFP. The work plan should build on the plan included in the original proposal submission. The work plan shall include a written description of the proposed process/strategy to execute all tasks. The work plan shall also provide information about project activities; task prioritization; resource requirements, including person hours by task; interim milestones to achieve deliverables; and interdependencies and intersections with other activities and risk-mitigation strategies.

RTI will assign a liaison to each state that will provide overall subcontract management and support for local management activities. NGA staff will also facilitate the relationship with state subcontractors. The RTI liaison will maintain frequent communication with the state subcontractor through regularly scheduled conference calls and e-mail exchanges to create a sense of “team” and will facilitate the early identification and resolution of problems.

Upon award, the RTI liaison will contact states selected for subcontracts to arrange a teleconference within 2 weeks of subcontract award. The purpose of the meeting will be to establish a working relationship that includes covering the ground rules governing communications and reporting protocols and to establish performance standards, set expectations, and discuss the project schedule. The RTI state liaison will also review each state’s work plan.

The liaison will work with the state subcontractor and set a date for in-person training to address the steps needed to complete the work required by the subcontract. The training will include an overview of the project goals and the role played by the state subcontractor. The RTI liaison will provide instruction on how to use the Web portal and other project management tools. General topics to be covered include those listed in [Exhibit 10](#).

The state subcontractor is required to provide project status and financial reports on a monthly basis. The project status reports must include information on progress against milestones, potential risks and mitigation strategies, and planned activities for the coming month. The monthly financial reports must include information on actual costs for the reporting period, cumulative costs for the contract to date, budgeted costs for the reporting period, contract to date costs based on the work performed, and estimated costs by month for the remainder of the performance period of the contract.

The state subcontractor is required to meet the milestones and deliverables schedule shown in [Exhibit 5](#).

Exhibit 5. Task 4 Milestones and Deliverables Schedule

Task Description	Performance Period	
	Start	End
Task No. 4—Project Management	4/28/06	3/30/07
Kick Off Meeting	4/28/06	5/15/06
Deliverable No. 1 Work Plan	5/26/06	5/26/06
Training Session	6/2/06	6/22/06

Exhibit 6. Organization of the Stakeholders within Each State

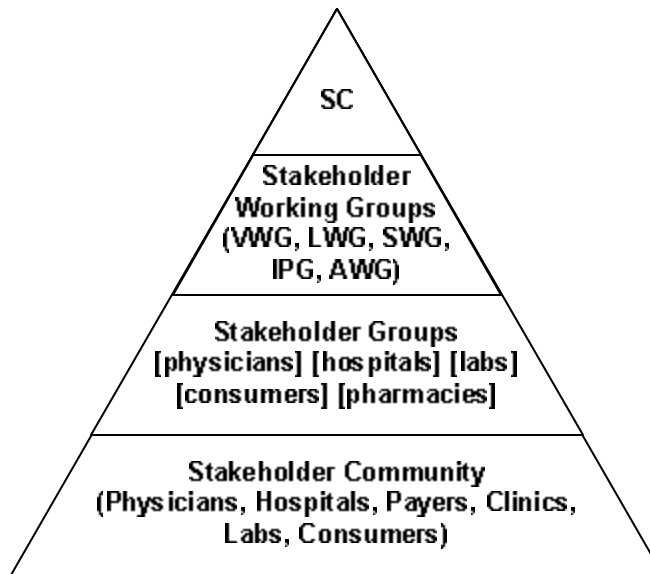


Exhibit 7. Overview of the Assessment of Variation in Business Policy, Practices, and State Law Process (Task 1)

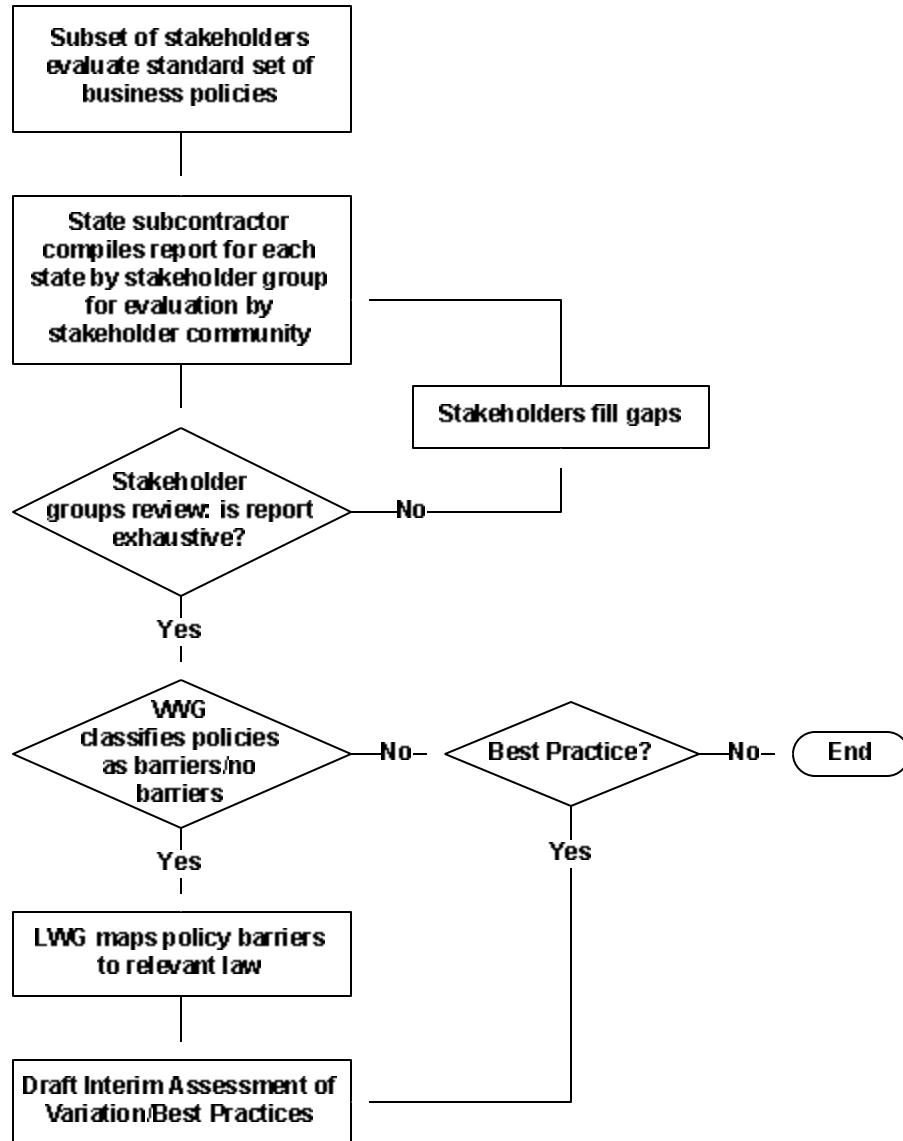


Exhibit 8. Overview of the Analysis of Solutions Process (Task 2)

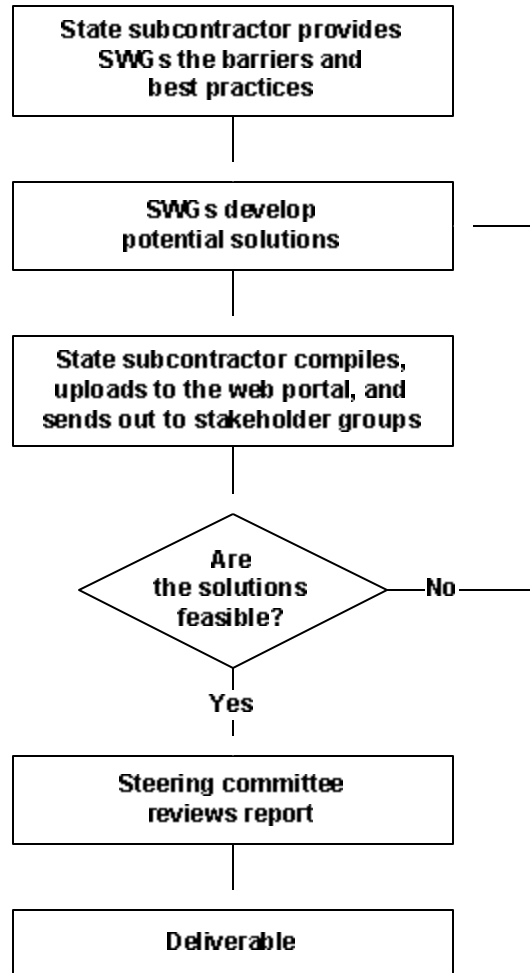


Exhibit 9. Overview of the Implementation Plan Development Process (Task 2)

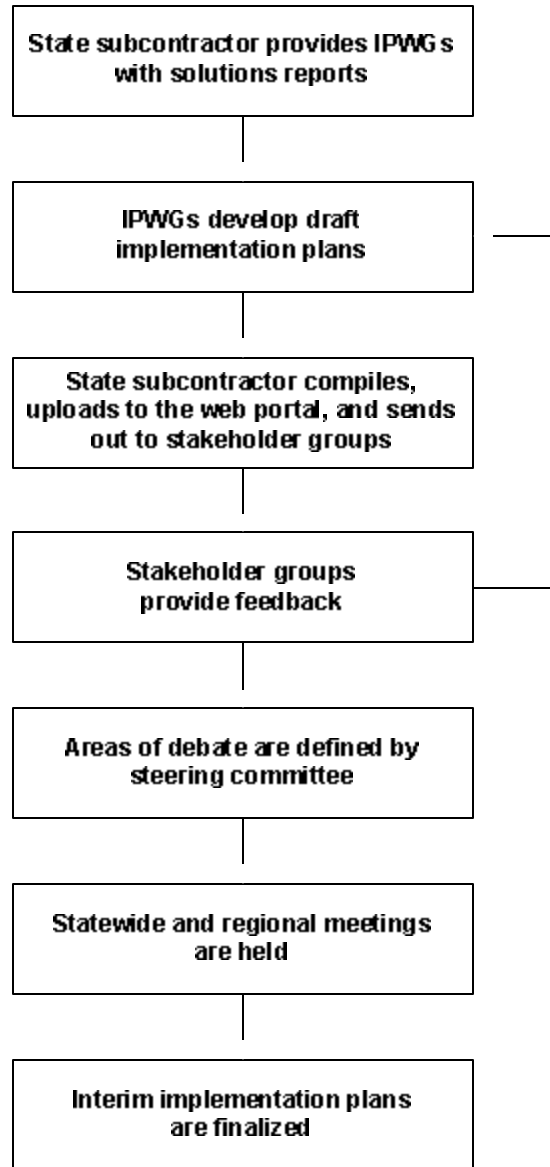


Exhibit 10. Draft State Subcontractor Training Agenda**Draft Training Agenda****Day 1**

- Introductions and Overview of Session
- Background and Purpose of the Project
- Overview of the HISPC
- Communication Protocols
- Roles and Responsibilities
 - HHS AHRQ/ONC
 - RTI and partners
 - State subcontractors
 - Stakeholder groups
 - Working groups
- Project Management Requirements
 - Monthly status reports
 - progress against milestones, potential risks and mitigation strategies, and planned activities for the coming month
 - Monthly financial reports
 - actual costs for the reporting period
 - cumulative costs for the contract to date
 - budgeted costs for the reporting period
 - contract to date costs based on the work performed
 - estimated costs by month for the remainder of the performance period of the contract
- Design of the Project
 - Process for working through the phases of the project
 - Resources available
 - Guidelines for the working groups
- Schedule and Project Timeline
- Confidentiality
- Frequently Asked Questions
- Demonstration of Web Portal and Project Management Tools

Day 2

- Training on Use of Web Portal and Reporting Tools
- Demonstration of Information Collection Tools
- Training on Use of Information Collection Tools

Section 4. Pricing Information and Instructions

Cost Proposal (No page limit. The cost proposal must be submitted separate from the Technical Proposal).

1. **Type of Subcontract.** RTI intends to issue a Cost Reimbursement (no fee)/Cost Share Subcontract.
2. **Cost Proposal Detail**

Summary Page. Each proposal shall include one summary page for all costs proposed for the solicitation. The summary page shall include

- Direct labor costs—include all persons, listing the person's name, title, number of hours or days, the total cost per person and a total amount of this category
- Fringe costs—show rate, base, and total amount
- Overhead or indirect costs—show rate, base, and total amount
- Consultants—include the name, number of days or hours, a total amount per consultant, and a total amount for this category
- Travel—include estimates for trips planned, including destination, transportation costs, per diem, etc.
- Subcontractors—include for each subcontractor the same data as prescribed herein
- Equipment costs—itemize and identify separately
- Data processing costs—include all nonlabor costs, i.e., computer time; equipment purchase, lease or rental; data tapes; etc. Provide a total amount for this category.
- General and administrative (G&A) costs—show rate, base, and total
- Cost share contributions—clearly define by direct labor hours, materials, other direct costs, etc.
- Total cost, which includes cost share contributions

Direct Labor. Offerors shall propose direct labor costs for each person providing direct support to the work requirements set forth in the Statement of Work. Offerors shall include the name of the person, position, direct salary rate, and the number of direct labor hours that each person will perform in support of the solicitation requirements. Dollars and labor hours shall be summed for each year of the program. In the event offeror is providing cost share labor, the offeror shall so indicate the number of hours and costs contributed.

Other Direct Costs. All travel estimates, material/equipment purchases, subcontracts, consultants, and any other direct costs shall be separately identified and detailed for each year of the program. In the event offeror is contributing materials as cost share, the offeror shall so state in its cost proposal.

Indirect Costs/Rates (for Cost-Plus-Fixed Fee or Cost Reimbursement Offers). Offeror shall provide a copy of its federally approved indirect cost rate agreement with its proposal. All indirect burdens, overhead, material support expense, and general and administrative costs should be identified separately

for each year of the program. If offeror chooses not to provide this information for proprietary reasons, a sealed package with this information must be provided to RTI at the time stated for proposal delivery.

3. States are invited to make an in-kind match. Funds provided for a match must be used to support the project and must be in addition to, and therefore supplement, funds that would otherwise be made available for the stated program purpose. The matching funds can be cash or in-kind contributions (personnel costs) from state or private sources.

Matching contributions need not be applied at the exact time or in direct proportion to the expenditure of contract funds. However, the full matching share must be expended by the end of the contract period.

Awardees must maintain records that clearly show the source, amount, and timing of all matching contributions.

Contributions (cash and in-kind) shall be accepted for cost sharing or matching purposes when such contributions meet the following criteria:

- are verifiable from the grantee's records,
- are necessary and reasonable for proper and efficient accomplishment of project objectives, and
- are allowable under the applicable federal cost principles as detailed in OMB Circular A-87.

4. ***Proposals that do not include sufficient pricing information may be rejected by RTI as nonresponsive.***

Section 5. Subcontractor Cost Accounting Standards Notices And Certifications

This notice is provided in four parts; Part I, Disclosure Statement– Cost Accounting Practices and Certification; Part II, Cost Accounting Standards – Eligibility for Modified Contract Coverage; Part III, Additional Cost Accounting Standards Applicable to Existing Contracts, and; Part IV, Representation of Subcontract Exemption. Offerors shall review each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant Subcontract.

I. Disclosure Statement – Cost Accounting Practices and Certification

- A. Any subcontract in excess of \$500,000 resulting from this request for proposal will be subject to the requirements of the Cost Accounting Standards Board (48 CFR Chapter 99), except for those subcontracts which are exempt as specified in 48 CFR Subpart 9903.201-1. If RTI’s request for proposal indicates that the CAS threshold is \$100,000, the \$500,000 threshold above shall be deemed to be \$100,000.
- B. Any offeror submitting a proposal which, if accepted, will result in a subcontract subject to the requirements of 48 CFR Chapter 99 must, as a condition of contracting, submit a Disclosure Statement as required by 48 CFR 9903.202. When required, the Disclosure Statement must be submitted as a part of the offeror’s proposal under this RFP unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of the proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in Paragraph C of Part I, below.

UNDERSTANDING. In the absence of specific regulations or agreement, a practice disclosed in a Disclosure Statement shall not, by virtue of such disclosure, be deemed to be a proper, approved, or agreed-to practice for pricing proposals or accumulating and reporting contract performance cost data.

- C. Check the appropriate box below:

- 1. Certificate of Concurrent Submission of Disclosure Statement

The Offeror hereby certifies that, as a part of the proposal, copies of the Disclosure Statement have been submitted as follows: (i) original and one copy to the cognizant Administrative Contracting Officer (ACO) or cognizant Federal agency official authorized to act in that capacity (Federal Official), as applicable, and (ii) one copy to the cognizant Federal auditor. (Disclosure must be on Form Number CASB-DS-1 or CASB-DS-2, as applicable. Forms may be obtained from the cognizant Federal official and/or the FAR.

Date of Disclosure Statement: _____

Name and Address of Cognizant ACO or Federal Official where Disclosure Statement is filed:

The offeror further certifies that practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

- 2. Certificate of Previously Submitted Disclosure Statement

The offeror hereby certifies that the required Disclosure Statement was filed as follows:

Date of Disclosure Statement: _____

Name and Address of Cognizant ACO or Federal Official where filed:

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

- 3. Certificate of Monetary Exemption from Requirement to file a Disclosure Statement

The offeror hereby certifies that the bidder, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards of negotiated prime contracts and subcontracts subject to CAS totaling more than \$50 million in the cost accounting period immediately preceding the period in which this proposal was submitted. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the RTI Contract Negotiator or Subcontract Administrator immediately.

Request for Proposal (RFP)

4. Certificate of Interim Exemption from Requirement to file a Disclosure Statement

The offeror hereby certifies that (i) the offeror first exceeded the monetary exemption for disclosure, as defined in 3 above, in the cost accounting period immediately preceding the period in which the proposal was submitted and (ii) in accordance with 48 CFR, Subpart 9903.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the RTI Contract Negotiator or Subcontract Administrator, in the form specified under 1 or 2 above, as appropriate, to verify submission of a completed Disclosure Statement.

UNDERSTANDING: Offerors currently required to disclose because they were awarded a CAS-covered prime contract or subcontract of \$50 million or more in the current cost accounting period may not claim this exemption 4. Further, the exemption applies only in connection with proposals submitted before the expiration of the 90-day period following the cost accounting period in which the monetary exemption was exceeded.

II. Cost Accounting Standards – Eligibility for Modified Contract Coverage

If the offeror is eligible to use the modified provisions of 48 CFR, Subpart 9903.201-2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant subcontract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

- The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 48 CFR, Subpart 9903.201-2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than \$50 million in awards of CAS-covered prime contracts and subcontracts. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the RTI Contract Negotiator and/or Subcontract Administrator immediately.

UNDERSTANDING. An offeror may not claim the above eligibility for modified contract coverage if this proposal is expected to result in the award of a CAS-covered contract of \$50 million or more or if, during its current cost accounting period, the offeror has been awarded a single CAS-covered prime contract or subcontract of \$50 million or more.

III. Additional Cost Accounting Standards Applicable to Existing Contracts

The offeror shall indicate below whether award of the contemplated subcontract would, in accordance with Paragraph (a)(3) of the Cost Accounting Standards clause, require a change in establishing cost accounting practices affecting existing contracts and subcontracts.

- Yes No

IV. Representation of Contract Exemption

If offeror's proposal exceeds \$500,000 but offeror claims an exemption from the requirements of CAS as set forth in 48 CFR Subparagraph 9903.201-1(b), the offeror shall mark the appropriate box below. The offeror represents that

- (1) It is a small business concern as set forth in FAR Part 19.
- (2) The proposed pricing is set by law or regulation.
- (3) The proposed pricing is for a firm fixed-priced or fixed price with economic price adjustment contract for commercial items.
- (4) It is a foreign concern (however, offeror's compliance with CAS 9904.401 and 9904.402 is required pursuant to 48 CFR Subparagraph 9903.201-1(b).
- (5) The subcontract will be awarded to a United Kingdom contractor for performance substantially in the United Kingdom, provided that the offeror has filed with the United Kingdom Ministry of Defense, for retention by the Ministry, a completed Disclosure Statement (Form No. CASB-DS-1) which shall adequately describe its cost accounting practices. Wherever the offeror is already required to follow U.K. Government Accounting Conventions, the disclosed practices shall be in accord with the requirements of those conventions. The offeror shall comply with FAR 52.230-4, Consistency in Cost Accounting Practices.
- (6) Other exemption allowed pursuant to 48 CFR Subparagraph 9903.201-1(b). Please explain exemption in sufficient detail:

Company Name and Address: _____

Signature of Authorized Representative: _____

Date Signed: _____

Printed Name: _____

Title: _____

Section 6. Model Subcontract

The terms and conditions for subcontractors can be found in the original AHRQ request for proposals (RFP), which can be downloaded from the AHRQ Web site (<http://www.ahrq.gov/fund/contarchive/rfp050015.htm#h1>).

The following page and [Appendixes A](#) through [E](#) show the components of a model subcontract.

Model Subcontract

RTI International
 Office of Research Contracts
 PO Box 12194, 3040 Cornwallis Road
 Research Triangle Park, NC 27709-2194



Subcontract Number -----

<p><u>Subcontractor Information</u></p> <p><i>Offeror Address</i></p> <p><u>Business Size:</u> <input type="checkbox"/> Small <input type="checkbox"/> Large</p> <p><u>Business Classification:</u> <input type="checkbox"/> Nonprofit <input type="checkbox"/> Educational Institution <input type="checkbox"/> Foreign Entity <input type="checkbox"/> Woman-Owned <input type="checkbox"/> Small-Disadvantaged* <input type="checkbox"/> Veteran Owned <input type="checkbox"/> Service-Disabled Veteran Owned* <input type="checkbox"/> HUB Zone</p> <p>*Copy of certification must be submitted.</p>	<p><u>Subcontract Information</u></p> <p>Subcontract Amount <input style="width: 100%;" type="text"/></p> <p>Funded Amount <input style="width: 100%;" type="text"/></p> <p>Period of Performance <input style="width: 100%;" type="text"/></p> <p>Subcontract Type <input style="width: 100%;" type="text"/></p> <p>CFDA Number <input style="width: 100%;" type="text"/></p> <p>NAIC Number <input style="width: 100%;" type="text"/></p> <p>SIC Number <input style="width: 100%;" type="text"/></p> <p><u>Prime Contract Info:</u></p>
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This Subcontract is between RTI International (hereinafter referred to as RTI), a nonprofit organization, and *Offeror*, acting as an independent contractor and not as an agent of RTI International, (referred to throughout as “Subcontractor”). Subcontractor agrees to deliver all items and perform all services in accordance with the following Subcontract Appendices:

- [Appendix A: Special Contract Requirements](#)
- [Appendix B: Standard Terms and Conditions](#)
- [Appendix C: Federal Acquisition Regulation Clauses](#)
- [Appendix D: Statement of Work/Budget](#)
- [Appendix E: Invoice/Payment Instructions](#)

This Subcontract embodies the entire agreement between RTI and Subcontractor and supersedes all other agreements either written or oral. Officials signing this Subcontract certify that they have legal authority to enter into binding agreements on behalf of their organizations.

<p><u>Subcontractor Contractual Personnel:</u></p> <p>Facsimile: <u>Project Manager:</u></p>	<p><u>RTI Contractual Personnel:</u></p> <p>Facsimile: <u>Project Manager:</u></p>
Signature:	Signature:
Typed Name:	Typed Name:
Title:	Title:
Date:	Date: December 28, 2005

REV7/04

Appendix A : Special Contract Requirements

SCR 1. Type of Subcontract/Funding

- A. This is a Cost Reimbursement/Cost Share Subcontract for the completion of all the work requirements found in [Appendix D](#), Statement of Work/Budget. Subcontractor shall perform and complete the work set forth in [Appendix D](#), Statement of Work/Budget, for a “Total Program Cost***” of **\$0.00**. The Total Program Cost is detailed below:

Description	RTI’s Share*	Subcontractor’s Cost Share Commitment**	Total Program Cost***

***RTI’s Share:** The amounts listed in this column represents RTI’s “maximum” financial obligation to Subcontractor and is subject to the Limitation of Funds/Cost Clause stipulated herein.

****Subcontractor’s Cost Share Commitment:** The column designated as “Subcontractor’s Cost Share Commitment” represents the “maximum” amount of allowable and allocable contributions that Subcontractor agrees to provide to RTI in support of Subcontract requirements and objectives.

*****Total Program Costs:** The column designated as “Total Program Costs” represents the sum of “RTI’s Share” and “Subcontractor’s Cost Share Commitment.”

- B. Upon completion and RTI acceptance of the work specified herein, the Subcontractor will submit invoice(s) in accordance with the payment provisions established elsewhere herein. In addition to any other available remedies, if, in the opinion of RTI, Subcontractor fails to perform in accordance with the terms of this Subcontract, the RTI Subcontract Administrator may refuse or limit approval of any invoices for payment, and may cause payments to Subcontractor to be reduced or withheld until such time as RTI determines that Subcontractor has met the performance terms as established by the Subcontract.

C. Funding Allocations

1. The Subcontract will be incrementally funded in accordance with the Limitation of Funds/Costs provision set forth herein. The Subcontract funding and Subcontractor’s pro-rata Cost Share (based on available funding) is:

Subcontract Funding and Subcontractor Pro-Rata Cost Share Liability Based on Funding				
Item Description/Number	RTI’s Share	Funding Available for RTI Share +	Subcontractor Cost Share Commitment	Subcontractor Pro-Rata Cost Share Liability Based on Available Funding ++
Total Funding and Cost Share Requirements:				

+ The column designated “Funding Available for RTI’s Share” depicts the amount of funding that RTI has presently committed to the Subcontract. Since funding for this Subcontract is provided by RTI’s Client on an incremental basis, RTI will allocate funding to support the work requirements being performed by Subcontractor as this funding is made available to RTI. As set forth in the Limitation of Funds Article below, Subcontractor understands and agrees that RTI is not obligated to reimburse Subcontractor for actual costs incurred in excess of the funds committed to the Subcontract. Refer to the Limitation of Funds Article for further responsibilities of the parties.

++ The column designated “Subcontractor Pro-Rata Cost Share Liability Based on Available Funding” represents the maximum amount of Subcontractor Cost Share that Subcontractor is obligated to provide RTI in the event RTI terminates/cancels the Subcontract for reasons other than for default or delay of Subcontractor. As set forth in the Termination Article of the Subcontract, Subcontractor’s cost share requirement will be pro-rated in accordance with the percentages specified in SCR 1

and based on Subcontractor's actual and allowable costs under each item. In the event RTI terminates the Subcontract for default or delay, Subcontractor's Cost Share will be determined in accordance with the Termination Article.

SCR 2. Period of Performance

The period of performance for this Subcontract shall begin on _____ and continue to _____ in accordance with the [Appendix B](#), Standard Terms and Conditions and [Appendix D](#), Statement of Work.

SCR 3. Designation of Contractual Representatives

A. Tim Weinzapfel is hereby designated as the RTI Subcontract Administrator and is the only one with the authority to direct changes under this Subcontract. All notices shall be in writing and addressed as follows:

<u>For RTI</u>	<u>For Subcontractor</u>
Office of Research Contracts RTI International P.O. Box 12194 Research Triangle Park, NC 27709-2194 Phone: Facsimile: E-mail:	Phone: Facsimile: E-mail:

B. The RTI Technical Monitor/Project Manager assigned to this Subcontract is _____.

SCR 4. Key Personnel

A. _____ is/are considered essential to the work being performed under this Subcontract. By mutual agreement, the list of key personnel may be amended from time to time during the course of this Subcontract to either add or delete key personnel as appropriate.

B. During the first ninety (90) calendar days of performance, Subcontractor shall make no substitutions of key personnel unless the substitution is necessitated by illness, death, or termination of employment. Subcontractor shall notify the RTI Subcontract Administrator within ten (10) calendar days after the occurrence of any of these events and provide the information required by Paragraph C below. After the initial ninety (90) calendar day period, Subcontractor shall submit the information required by Paragraph C to the RTI Subcontract Administrator at least ten (10) calendar days prior to making any permanent substitutions.

C. Prior to diverting the above-named personnel to other programs, Subcontractor shall submit a justification (including the reason for the requested substitution and resumes of the proposed replacement key personnel) in sufficient detail to permit evaluation of the impact of the requested substitution on the program. Proposed substitutes should have comparable qualifications to those of the persons being replaced. The RTI Subcontract Administrator will notify Subcontractor of RTI's decision about the substitutions within twenty (20) calendar days after receipt of all required information.

Appendix B: Standard Terms and Conditions

ARTICLE 1. Privity

This Subcontract is funded in whole or in part with funds from the United States Government. Neither the Government nor any of its departments, agencies, or employees is or will be a party to this Subcontract or any lower-tier subcontract. No privity between the Government Client and Subcontractor is established by this Subcontract. All communications regarding this Subcontract must be directed to RTI and not to RTI's Government Client.

ARTICLE 2. Independent Contractor

The relationship of Subcontractor to RTI is that of an independent contractor, and nothing in this Subcontract shall be construed as creating any other relationship. Accordingly, Subcontractor shall comply with all laws and assume all risks incident to its status as an independent contractor. This includes, but is not limited to, responsibility for all applicable federal and state income taxes, associated payroll and business taxes, licenses and fees, and such insurance as is necessary for Subcontractor's protection in connection with work performed under this Agreement. Neither Subcontractor nor anyone employed by it shall be, represent, act, purport to act, or be deemed to be an agent, representative, employee, or servant of RTI.

ARTICLE 3. Statement of Work/Budget

Subcontractor shall furnish the necessary personnel, materials, services, equipment and facilities, and all other items necessary to accomplish all tasks specified in [Appendix D](#), *Statement of Work/Budget*, which is hereby incorporated and made a part of this Subcontract.

ARTICLE 4. Period of Performance

Subcontractor shall strictly adhere to the period of performance set forth in the [Appendix A](#), Special Contract Requirements. Any changes to the period of performance shall only be authorized by RTI through the issuance of a written and properly executed Subcontract modification. In the event of any anticipated or actual delay in performance, Subcontractor shall: (i) promptly notify RTI in writing (within 5 days) of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide RTI with a written recovery schedule; and (iii) if requested by RTI, expedite performance or delivery to avoid or minimize delay to the maximum extent possible, unless Subcontractor is excused from prompt performance as provided in the "Excusable Delays" article of this Subcontract.

ARTICLE 5. Limitation of Funds/Costs

- A. In accordance with the Limitation of Funds Clause, (FAR 52.232-22) incremental funding will be allotted by modification to this Subcontract to cover the ceiling price for the work being performed under this Subcontract. No costs will be incurred under this Subcontract except those costs specifically proposed by the Subcontractor to RTI. RTI is not obligated to reimburse the Subcontractor for costs incurred in excess of the total amount allotted by RTI to this Subcontract, and; the Subcontractor is not obligated to continue performance under this Subcontract or otherwise incur costs in excess of the amount presently allotted to this Subcontract.
- B. Subcontractor shall notify the RTI Subcontract Administrator and Project Manager in writing when 75% of the authorized funding has been expended under the Subcontract. The notice shall state the estimated amount of hours and funding required, if any, to continue performance under this Subcontract, along with an explanation of why the additional time and/or effort are needed. The Subcontractor shall not perform beyond the authorized funded amount without the advance written approval of the RTI Subcontract Administrator.
- C. When the Subcontract is fully funded, then the Limitation of Cost Clause (FAR 52.232-20) shall become applicable.

ARTICLE 6. Consultants/Lower-Tier Subcontracts

- A. PRIOR WRITTEN approval of the RTI Subcontract Administrator is required for obtaining services of consultants and lower-tier subcontractors. Costs for consultants and lower-tier subcontracts who have not received PRIOR WRITTEN approval in accordance with this Article will not be reimbursed. Inclusion in the Subcontractor's budget or proposal does not constitute request or approval of consultants or lower-tier Subcontractors.

- B. When requesting the use of consultants or a lower-tier subcontractor, the Subcontractor shall furnish information concerning the need for such services, the reasonableness of the fees or costs, a copy of the proposed consulting agreement/subcontract, and any additional information required to make a determination of acceptability. Cost-plus-a-percentage-of-cost subcontracts or purchase orders are prohibited.

ARTICLE 7. Assignment, Delegation and Subcontracting

Subcontractor shall not assign any of its rights or interests in this Subcontract without RTI's prior written consent. Subcontractor shall not delegate any of its duties or obligations under this Subcontract. Subcontractor may not assign its right to monies due or to become due. No assignment, delegation or subcontracting by Subcontractor, with or without RTI's consent, shall relieve Subcontractor of any of its obligations under this Subcontract or prejudice any of RTI's rights against Subcontractor whether arising before or after the date of any assignment. This Article does not limit Subcontractor's ability to purchase standard commercial supplies or raw materials.

ARTICLE 8. Technical Direction

- A. The RTI Technical Monitor/Project Manager identified in [Appendix A](#), Special Contract Requirements, does not have the authority to direct the Subcontractor to make changes in scope, period(s) of performance, place(s) of performance, cost, funding, or any other express Provisions of this Subcontract. All matters affecting the terms of this Subcontract and the administration thereof shall be referred to the RTI Subcontract Administrator. Any changes to the provisions of this Subcontract must be made by written modification in accordance with the Subcontract Changes and Modifications Provision of this Subcontract.
- B. When, in the opinion of Subcontractor, technical direction calls for effort outside the scope of the Statement of Work, Subcontractor shall so notify the RTI Subcontract Administrator and the originator of the technical direction in writing in accordance with the Changes and Modifications Article of this Subcontract.

ARTICLE 9. Inspection and Acceptance

Acceptance of the work set forth in this Subcontract will be made by RTI's Technical Representative or his or hers authorized representative. RTI and the Government have the right to inspect and evaluate the work performed or being performed under this Subcontract, and the premises where the work is being performed, at all reasonable times and in a manner that will not unduly delay the work. If either RTI or the Government performs inspection or evaluation on the premises of Subcontractor or its lower tier subcontractors, the Subcontractor shall furnish and requires its subcontractors to furnish all reasonable facilities and assistance for the safe and convenient operation of these duties.

ARTICLE 10. Changes and Modifications

- A. The RTI Subcontract Administrator may, without notice to sureties and in writing, direct changes within the general scope of this Subcontract in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) amount of RTI-furnished property; and, if this Subcontract includes services; (vi) description of services to be performed; (vii) time of performance (i.e., hours of the day, days of the week, etc.); and (viii) place of performance. Subcontractor shall comply immediately with such direction.
- B. If such change increases or decreases the cost or time required to perform this Subcontract, the parties shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. RTI will modify this Subcontract in writing accordingly. Unless authorized agreed in writing, Subcontractor must assert any claim for adjustment to the RTI Subcontract Administrator in writing within 25 days and deliver a fully supported proposal to the RTI Subcontract Administrator within 30 days after Subcontractor's receipt of such direction. RTI may, at its sole discretion, consider any claim regardless of when asserted. If Subcontractor's proposal includes the cost of property made obsolete or excess by the change, RTI may direct the disposition of the property. RTI may examine Subcontractor's pertinent books and records to verify the amount of Subcontractor's claim. Failure of the parties to agree upon any adjustment shall not excuse Subcontractor from performing in accordance with RTI's direction.
- C. If Subcontractor considers that RTI's conduct constitutes a change, Subcontractor shall notify the RTI Subcontract Administrator immediately (within 5 work days) in writing as to the nature of such conduct and its effect upon Subcontractor's performance. Pending direction from RTI's Subcontract Administrator, Subcontractor shall take no action to implement any such change.

- D. Notwithstanding the foregoing provisions of this article, the cost of this Subcontract and, if this contract is incrementally funded, the funds allotted for the performance thereof shall not be increased or deemed to be increased except by specific written modification of this Subcontract indicating the new Subcontract cost and the new amount of funding allotted to this Subcontract. Until such modification is made, Subcontractor shall not be obligated to continue performance or incur costs beyond the point established in the "Limitation of Cost" and "Limitation of Funds" articles of this Subcontract.

ARTICLE 11. Deliverables and Technical Reports

- A. Deliverable requirements are stipulated in Appendix D, *Statement of Work/Budget*. All required deliverables shall be addressed to the RTI Project Manager.
- B. Notwithstanding any other payment provision of this Subcontract, failure of Subcontractor to submit required reports when due, or failure to perform or deliver required work, supplies, or services to the reasonable satisfaction of RTI's Project Manager, will result in the withholding of payment under the Subcontract unless such failure arises out of causes beyond the control and without the fault or negligence of Subcontractor.

ARTICLE 12. Submission and Payment of Invoices

- A. Subcontractor will submit invoices monthly for reasonable, allowable, allocable and necessary costs incurred in the performance of work under this Subcontract. A properly prepared invoice will be paid within 30 days of receipt.
- B. Invoices and payment instructions are set forth in [Appendix E](#) of the Subcontract.
- C. Except as provided in this Article, payment will be made in accordance with the following clauses of the Federal Acquisition Regulation (FAR), which are incorporated by reference. In each of the following clauses, "Contractor" means Subcontractor, "Contracting Officer" means the RTI Subcontract Administrator, and "Government" means RTI and "Disputes Clause" means the "Disputes Clause" of this Subcontract.

FAR 52.216-7 Allowable Cost and Payment

FAR 52.216-8 Fixed Fee, if this is a cost plus fixed fee Subcontract

FAR 52.216-10 Incentive Fee, if this is a cost-plus-incentive fee Subcontract. Paragraph (e) of FAR 52.216-10 is set forth elsewhere in this Subcontract.

- D. Reimbursement will be limited to the rates and time periods covered by the negotiated indirect rate agreements.

ARTICLE 13. Salary Cap Guide Notice

Pursuant to P.L. 108-447, no Fiscal Year 2005 (October 1, 2004 – September 30, 2005) funds may be used to pay the direct salary of an individual through this Subcontract at a rate in excess of the direct salary rate for Executive Level I of the Federal Executive Pay Scale. That rate is \$180,100 per year for the period of January 1, 2005 through December 31, 2005. Direct salary is exclusive of overhead, fringe benefits, and general and administrative expenses. The salary limit also applies to individuals proposed under subcontracts. If this is a multiyear subcontract, it may be subject to unilateral modifications by RTI if any salary rate ceilings are established in future DHHS appropriation acts. P.L. 108-447 states in pertinent part:

None of the funds appropriated in this Act for the National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level 1.

The Subcontractor shall absorb that portion of an employee's salary (plus the dollar amount for fringe benefits and indirect costs associated with the excess) that exceeds a rate of \$180,100 a year.

ARTICLE 14. Final Payment and Closeout

Subcontractor's final invoice and release and assignment shall be submitted to RTI within 90 days following completion of the period of performance of this Subcontract. In the event that quick closeout is requested by RTI, Subcontractor shall comply with FAR Part 42.708 to complete Subcontract closeout. Payment of the **final invoice** will be withheld pending:

- Completion and acceptance by RTI of all work performed under Statement of Work
- Completion of Subcontractor's Release and Assignment Form, including patent/invention report, and property report; and
- Submission of all required Administrative and Technical Reports

ARTICLE 15. Travel

To the extent travel is not restricted by the Subcontract, costs incurred for lodging, meals and incidental expenses shall be considered to be reasonable, allowable, and allocable under this Subcontract only to the extent that they do not exceed on a daily basis the maximum per diem rates in effect on the day of travel as set forth in the current version of the Federal Travel Regulations (FTR).

ARTICLE 16. Taxes

Unless the Subcontract specifies otherwise, Subcontractor is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this Subcontract except for applicable sales and use taxes that are separately stated on Subcontractor's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Subcontractor has furnished a valid exemption certificate or other evidence of exemption.

ARTICLE 17. Record Retention and Access

Subcontractor shall maintain books, records, documents, program and individual service records and other evidence of its accounting and billing procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature incurred in the performance of this contract. These records shall be subject at all reasonable times to monitoring, inspection, review or audit by authorized employees or agents of RTI or the Government. Subcontractor shall retain all such records concerning this contract for a period of three (3) years after the completion of the Subcontract. If any litigation, claim or audit is started before the expiration date of this three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

ARTICLE 18. Confidential Information

- A. During the term of this Subcontract, Subcontractor and its employees may receive or have access to data and information that is confidential and proprietary to RTI or its Client. All such data and information ("Confidential Information") made available to, disclosed to, or otherwise made known to Subcontractor as a result of services under this Subcontract shall be considered confidential and shall be considered the sole property of RTI and/or RTI's Client. Confidential Information may be used by Subcontractor or its employees only for purposes of performing the obligations hereunder. Subcontractor shall not reveal, publish or otherwise disclose Confidential Information to any third party without the prior written consent of the disclosing party.
- B. The foregoing obligations shall not apply to Confidential Information which:
- is or becomes generally available to the public other than as a result of a disclosure by Subcontractor;
 - becomes available to Subcontractor on a non-confidential basis from a third party source which is not prohibited from disclosing such information by a legal, contractual or fiduciary agreement to a third party;
 - Subcontractor develops independently without use of the disclosing party's Confidential Information, as demonstrated by written records and evidence;
 - was in Subcontractor's possession or known to it prior to its receipt from the disclosing party; or
 - is required by law to be disclosed, provided Subcontractor notifies the disclosing party promptly and gives the disclosing party an opportunity to seek an appropriate protective order.
- C. These obligations of confidentiality and non-disclosure shall remain in effect for a period of five (5) years after the termination of this Subcontract.

ARTICLE 19. Privacy Act

The Privacy Act clauses cited in [Appendix C](#) (FAR Clauses 52.224-1 and 52.224-2) are applicable to the consultant records kept by the Subcontractor for the Agency for Healthcare Research and Quality.

You are hereby notified that the Subcontractor and its employees are subject to criminal penalties for violations of the Act (5 U.S.C. 552a(i)) to the same extent as employees of the Government. The Subcontractor shall assure that each Subcontractor employee is aware that he/she can be subjected to criminal penalties for violations of the Act. Disposition instructions: Records are to be destroyed after Subcontract closeout is completed and final payment is made and in accordance with IRS regulations.

ARTICLE 20. Organizational Conflicts of Interest

- A. Subcontractor warrants that, to the best of the Subcontractor's knowledge and belief, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest or that the Subcontractor has disclosed all such relevant information.
- B. Subcontractor agrees that if an actual or potential organizational conflict of interest is discovered after award, the Subcontractor will make a full disclosure in writing to the RTI Subcontract Administrator. This disclosure shall include a description of activities that the Subcontractor has taken or proposes to take, after consultation with the RTI Subcontract Administrator, to avoid, mitigate, or neutralize the actual or potential conflict.
- C. The RTI Subcontract Administrator may terminate this Subcontract for convenience, in whole or in part, if it deems such termination necessary to avoid an organizational conflict of interest. If the Subcontractor was aware of a potential organizational conflict of interest prior to award, or discovered an actual or potential conflict after award and did not disclose or misrepresented relevant information to the RTI Subcontract Administrator, RTI may terminate the contract for default, and/or forward the relevant information to the Government Contracting Officer, who may debar the Subcontractor from Government contracting, and/or pursue such other remedies as may be permitted by law or this Subcontract.
- D. Subcontractor further agrees to insert provisions which shall conform substantially to the language of this Section, including this paragraph (d), in any lower-tier subcontract or consultant agreement hereunder.

ARTICLE 21. Right to Publish/Release of Information

- A. Subcontractor agrees that it will not publish, have published or otherwise disseminate any information of whatever nature resulting from the work being performed under this Agreement except as may be approved by the Subcontract Administrator; provided, however, that Subcontractor may for internal use only and without the approval of RTI disseminate such information within its own organization on a "need-to-know" basis.
- B. Subcontractor and RTI mutually agree not to use the other party's name or make reference to the other party or any of its employees in publications, news releases, advertising, speeches, technical papers, photographs, sales promotions, or publicity purposes of any form related to this work or data developed hereunder, unless such materials have received prior written approval of the other party. Approvals shall not be unreasonably withheld. Unless specifically restricted in the Subcontract, use of either party's name may be made in internal documents, annual reports, and data bases which are available to the public and which identify the existence of the research project by title, principal investigator, sponsor, period of funding, amount of award and abstract of the project.
- C. Subcontractor shall not use or duplicate any proprietary information including trade secrets belonging to or supplied by RTI, except as authorized by RTI in the performance of services or work under this Agreement.
- D. Any program, document, data or information supplied by Subcontractor to Client through RTI may be used, copied or disclosed by Client as necessary in the normal course of its business, notwithstanding any copyright of Subcontractor in such materials and notwithstanding any notices or legends appearing thereon.

ARTICLE 22. Restrictions on Publication and Dissemination of Material Derived From Work Performed Under this Subcontract

Section 934(c) of the Public Health Service Act (PHS Act), 42 U.S.C. 299c-3(c), states in part that "No information, if the establishment or person supplying the information or described in it is identifiable, obtained in the course of activities undertaken or supported under this title, may be used for any purpose other than the purpose for which it was supplied unless such establishment or person has consented...to its use for such other purpose. Such information may not be published or released in other form if the person who supplied the information or who is described in it is identifiable unless such person has consented...to its publication or release in other form."

To ensure compliance with these requirements and to fulfill the mandate of 933(b)(1) of the PHS Act, 42 U.S.C. 299c-2(b)(1), to assure that statistics developed with the Agency for Healthcare Research and Quality (AHRQ) support are of high quality, comprehensive, timely, and adequately analyzed, except as otherwise provided in this Subcontract, AHRQ must, prior to dissemination by the Subcontractor, review all reports, presentations, or other disclosures that contain statistics and analytical material based on or derived from work performed under this Subcontract. Accordingly:

- (a) AHRQ will, within three months of the receipt of any proposed publication, presentation, or any other disclosure of materials derived from information collected or produced for a particular task order, use best efforts to review the proposed report, presentation, or other text to assure that (1) identifiable information is being used for the purpose for which it was supplied; (2) the privacy of individuals and confidentiality of establishments supplying identifiable information or described in it is not violated; and (3) the quality of statistical work meets the statutory standards cited above.
- (b) Except as provided in subparagraphs (c), (d) and (e) of this Article, the Subcontractor will not publish, have published, or otherwise disseminate any material resulting or derived from the work performed for AHRQ-funded research, except in accordance with the terms or conditions required by the AHRQ Project officer or until AHRQ has published the results of the research.
- (c) Except as provided in subparagraph (e) of this Article, in the event no written conditions or approval are received from the AHRQ Project Officer by the end of the three month period following submission of a request (that is accompanied by the proposed text) to publish a report or to make a presentation or other disclosure of material derived from work performed for AHRQ-funded research, the Subcontractor may publish, present, or otherwise disclose this material subject to the restrictions of Section 903(c). However, the Subcontractor must print prominently on the report or any portion of it which is released, or state prior to any oral or other disclosure of material derived from work performed under this Subcontract, the following disclaimer:

“THIS REPORT (or othe appropriate description of publication) HAS NOT BEEN APPROVED BY THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY.”

- (d) Whether or not written approval of the AHRQ Project Officer is received, the Subcontractor must:
- Print the following statement prominently on written reports or other forms of recorded data derived from work performed under this Subcontract which is to be released; or
 - Preceding any presentation or other oral disclosure of such material make the following statement:
- “IDENTIFIABLE INFORMATION IN THIS REPORT OR PRESENTATION IS PROTECTED BY FEDERAL LAW, SECTION 924(C) OF THE PUBLIC HEALTH SERVICE ACT, 42 U.S.C. 299C-3(C). ANY CONFIDENTIAL IDENTIFIABLE INFORMATION IN THIS REPORT OR PRESENTATION THAT IS KNOWINGLY DISCLOSED IS DISCLOSED SOLELY FOR THE PURPOSE FOR WHICH IT WAS PROVIDED.”
- (e) In cases where the Government Contracting Officer has given written notice that the Government intends to require assignment of rights in any particular data produced under this Subcontract, the Subcontractor shall be granted a license to publish such data or analyses based on those data, that meet the statutory confidentiality and quality requirements referenced in the second paragraph of this section.
- (f) Whenever data or analyses are to be developed by a subcontractor under this Subcontract, the Subcontractor must include the terms of subparagraphs (a), (b), (c), (d) and (e) in the subcontract, without substantive alteration, and with a prohibition on the subcontractor engaging in further assignment of its obligations to the Subcontractor. No clause may be included to diminish the Government’s restriction on publication and dissemination of work or material derived from work performed under this Subcontract.

ARTICLE 23. Debarment

Violation of the special provisions of the Subcontract Article entitled, “Restrictions on Publication and Dissemination of Material Derived from Work Performed Under this Subcontract, and FAR Clause Rights in Data – Special Works will be viewed by RTI’s Client as a serious violation of the terms of this Subcontract as the requirements in these provisions reflect AHRQ statutory obligations and responsibilities. Such violations, as well as other violations, of the Subcontract terms which are deemed serious, could result in the initiation of debarment proceedings in accordance with the Federal Acquisition Regulations and the Department of Health and Human Services implementing regulations.

ARTICLE 24. Subcontracts

The Subcontractor must include in any subcontracts executed or used to provide the support specified in this Subcontract the terms of requirements Articles 20, 21 and 22. These requirements are to be included without substantive alteration, and no clause may be included to diminish these requirements.

Award of any subcontract is subject to the written approval of the RTI Subcontract Administrator and the Government Contracting Officer upon review of the supporting documentation as required by FAR Clause 52.215-12, Subcontractor Cost or Pricing Data, of the General Clauses incorporated into this Subcontract. A copy of the signed subcontract shall be provided to the RTI Subcontract Administrator.

ARTICLE 25. Indemnification

- A. Subcontractor shall indemnify and hold RTI harmless from any loss, damage, liability, claims, demands, suits, or judgments including any reasonable attorney's fees, and costs, as a result of any damage of injury to RTI or its employees, or agents, or properties, or for any injury to third persons or their property which is directly or indirectly caused by the negligence willful misconduct, or violation of statutory duties of Subcontractor, or its employees or agents, in the course of performance of any work specified in this Subcontract.
- B. RTI shall promptly notify Subcontractor of any claim which is covered by this provision and shall authorize representatives to settle or defend such claim or suit and to represent the other party in such litigation.

ARTICLE 26. Infringement Indemnity

In addition to any other warranty by Subcontractor against infringement, statutory or otherwise, Subcontractor shall defend at its expense, any suit against RTI or RTI's Client based on a claim that any item furnished by Subcontractor under this Subcontract or the normal use or sale thereof infringes any U.S. Letters patent or copyright, and shall pay costs and damages finally awarded in any such suit, provided that Subcontractor is notified in writing of the suit and given authority, information, and assistance at Subcontractor's expense for the defense of same. If the use or sale of said item is enjoined as a result of such suit, Subcontractor, at no expense to RTI, shall obtain for RTI and RTI's Client the right to use and sell said item or shall substitute an equivalent item reasonably acceptable to RTI and extend this patent indemnity thereto.

ARTICLE 27. Applicable Law

A. This Subcontract shall be governed by and construed in accordance with the laws of the State of North Carolina, excluding its choice of law rules, except that any provision in this Subcontract that is (i) incorporated in full text or reference from the Federal Acquisition Regulation (FAR); or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR; or (iii) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of Government contracts as enunciated and applied by federal judicial bodies, boards of contracts appeals, and quasi-judicial agencies of the federal Government.

B. (1) Subcontractor agrees to comply with all applicable laws, orders, rules, regulations, and ordinances of the United States and the country where Subcontractor will be performing the Subcontract. Subcontractor shall procure all licenses/permits, and pay all fees, and other required charges. Subcontractor shall comply with all applicable guidelines and directives of any local, state, and/or federal governmental authority. The provisions of the "United Nations Convention on Contracts for International Sales of Goods" shall not apply to this Subcontract.

(2) If: (i) RTI's contract cost or fee is reduced; (ii) RTI's costs are determined to be unallowable; (iii) any fines, penalties, or interest are assessed on RTI; or (iv) RTI incurs any other costs or damages; as a result of any violation of applicable laws, orders, rules, regulations, or ordinances by Subcontractor, its officers, employees, agents, suppliers, or subcontractors at any tier, RTI may proceed as provided for in (4) below.

(3) Where submission of cost or pricing data is required or requested at any time prior to or during performance of this Subcontract, if Subcontractor or its lower-tier subcontractors: (i) submit and/or certify cost or pricing data that are defective; (ii) with notice of applicable cutoff dates and upon RTI's request to provide cost or pricing data, submit cost or pricing data, whether certified or not certified at the time of submission, as a prospective subcontractor, and any such data are defective as of the applicable cutoff date on RTI's Certificate of Current Cost or Pricing Data; (iii) claim an exception to the requirement to submit cost or pricing data and such exception is invalid; (iv) furnish data of any description that is inaccurate; or if (v) the U.S. Government alleges any of the foregoing; and, as a result, (1) RTI's contract price or fee is reduced; (2) RTI's costs are determined to be unallowable; (3) any fines, penalties, or interest are assessed on RTI; or (4) RTI incurs any other costs or damages: RTI may proceed as provided in (4) below.

(4) Upon the occurrence of any of the circumstances identified in (2) and (3) above, RTI may make a reduction of corresponding amounts (in whole or in part) in the costs and fee of this Subcontract or any other Subcontract with Subcontractor, and/or may demand payment (in whole or in part) of the corresponding amounts. Subcontractor shall promptly pay amounts so demanded. Such sums shall not be considered allowable costs under any provision of the Subcontract.

ARTICLE 28. Compliance with Laws

Subcontractor shall comply with all applicable statutes and government rules, regulations and orders, including those pertaining to United States Export Controls.

ARTICLE 29. Excusable Delays

FAR 52.249-14, "Excusable Delays," is incorporated by reference. "Contractor" means Subcontractor and "Contracting Officer" means RTI.

ARTICLE 30. Stop Work Order

In the event that RTI must initiate a "Stop Work" order under this Subcontract, the notification will be made in accordance with the Federal Acquisition Regulation (FAR) clause entitled, "Stop Work Order".

ARTICLE 31. Labor Disputes

Whenever Subcontractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Subcontract, Subcontractor shall immediately (within 5 calendar days) give notice thereof, including all relevant information, to RTI.

ARTICLE 32. Disputes

All disputes and differences that may arise out of or in connection with this Subcontract will be settled by negotiations. If negotiations cannot be concluded to the satisfaction of both parties within ninety (90) days, the dispute will be settled by arbitration according to the international arbitration rules of the International Chamber of Commerce. A panel of three (3) arbitrators will be selected, with each party designating a single arbitrator. The location of the arbitration will be Washington, DC. The laws controlling the arbitration will be the laws of the State of North Carolina, United States. The provisions of the United Nations Convention for the International Sale of Goods are specifically excluded. Pending final determination of any dispute hereunder, Subcontractor shall proceed diligently with the performance of this Subcontract.

ARTICLE 33. Force Majeure

Delay in or failure to carry out the duties imposed upon either party under this Subcontract shall not be deemed a breach thereof if such delay or failure results from causes beyond the reasonable control of the party claiming relief hereunder, including, without limitation, fire, explosion, labor disputes, casualty or accident, lack or failure of transportation facilities, epidemic, cyclone, flood, drought, declared or undeclared war, revolution, civil commotion, acts of public enemies, blockage or embargo, or by reason of law, proclamation, ordinance, demand, or requirement of any governmental or ruling authority. A party claiming relief under this provision shall notify the other party in writing of the circumstances causing such delay or failure and provide an estimate of the impact on performance.

ARTICLE 34. Litigation

- A. Subcontractor shall provide written notice to RTI of any litigation that relates to the services directly or indirectly financed under this contract or that has the potential to impair the ability of the Subcontractor to fulfill the terms and conditions of this Subcontract, including but not limited to financial, legal or any other situation which may prevent the Subcontractor from meeting its obligations on the Subcontract.
- B. Subcontractor shall provide written notice to RTI of any final decision by any tribunal, state or federal agency, or court which is adverse to the Subcontractor which results in a settlement, compromise, claim, or agreement of any kind for any action or proceeding brought against the contractor or its employee or agent under the Americans with Disabilities Act of 1990, and any other provisions of federal or state law concerning equal employment opportunities or nondiscriminatory practices.

ARTICLE 35. Termination/Cancellation

- A. If Subcontractor shall be adjudged bankrupt, or becomes insolvent or file for voluntary bankruptcy or be subjected to involuntary bankruptcy proceedings, or enter receivership proceedings, or make an assignment for the benefit of creditors, or if Subcontractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to supply enough properly skilled workmen or proper materials, or if Subcontractor should fail to make prompt payment to subcontractors for material or labor, or otherwise is guilty of a violation on any provision of this Subcontract, including delivery delays beyond fifteen (15) days after specified delivery date, or as otherwise specified in the Subcontract, then RTI, without prejudice to any of the other rights or remedies expressly provided by law, may cancel this Subcontract, or any part hereof, by written notice to Subcontractor and shall have the right thereafter to take possession of all materials, equipment and the like, the cost of which has been reimbursed by RTI to Subcontractor, in such cases of termination, RTI shall be relieved of all further obligations hereunder. In the event that RTI incurs any additional costs as a result of the default by Subcontractor, RTI shall have the right to hold Subcontractor accountable for any such additional costs or damages incurred by RTI.
- B. If RTI, shall be adjudged bankrupt, or become insolvent or file for voluntary bankruptcy or be subjected to involuntary bankruptcy proceedings, or enter receivership proceedings, or make an assignment for the benefit of creditors, then Subcontractor, without prejudice to any of the other rights or remedies expressly provided by law, may cancel this Subcontract, or any part hereof, by written notice to RTI and shall have the right there to retain possession of all materials, equipment and the like, the cost of which has not been reimbursed by RTI to Subcontractor, in such cases of termination, Subcontractor shall be relieved of all further obligations hereunder. In the event that Subcontractor incurs any additional costs as a result of the default by RTI, Subcontractor will have the right to hold RTI accountable for any such additional costs or damages incurred by Subcontractor.
- C. RTI at its own option may, upon written notice to Subcontractor, cancel this Subcontract in whole or in part, at any time, whether or not Subcontractor is in default of any of its obligations hereunder. Upon such cancellation, Subcontractor agrees to waive any claim for damages, including loss of anticipated profits on account hereof. However, RTI agrees that Subcontractor shall be paid an amount which when added to all installments previously paid will equal the sum of all costs properly incurred up to the date of cancellation, plus earned profit on such incurred costs, and any reasonable cost incurred as a result of such cancellation as agreed to between RTI and Subcontractor. In no event shall such payments be greater than the original Subcontract price. All earned profit shall bear the same relationship to such incurred costs as the profit increment of the purchase price bears to the cost increment of such purchase price.
- D. RTI reserves the right to verify the amounts of any cost and profit increments claimed by Subcontractor, through an audit of Subcontractor's records.

ARTICLE 36. Insurance

- A. Upon execution of the Subcontract, Subcontractor certifies that it maintains and also that it shall require any lower-tier Subcontractor to maintain throughout this Subcontract the following insurance at, or in excess of, the limits detailed below.
- Worker's compensation and employer's liability insurance as required by the state or province where the work is performed.
 - Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.
 - Commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any negligent act or omission of the Subcontractor or of any of its employees, agents, or lower-tier subcontractors, with \$1,000,000 combined single limits.
- B. Subcontractor's insurance policy shall name as an additional insured:
- "RTI International and its subsidiaries, affiliates, officers, directors, and employees"*
- C. Subcontractor shall provide to RTI, upon Subcontract execution, a certificate of insurance depicting the insurance requirements set forth in this Article.

ARTICLE 37. Assumption of Liability; Waiver and Release

In consideration of the mutual covenants, terms and conditions contained in this Subcontract, it is understood and agreed that Subcontractor hereby assumes full responsibility for any and all claims, causes of action, demands, liabilities, fines, penalties, losses, damages, costs and expenses of whatsoever nature, including attorneys' fees, resulting from but not limited to, death, bodily injury, and damage to property and the environment, arising out of or connected with any act or omission of the Subcontractor and/or performance of services pursuant to this Subcontract by Subcontractor, its agents, subcontractors, employees or assigns, and hereby releases and discharges RTI from any responsibility whatsoever for any such claims, demands, losses or expense, unless caused by or resulting from a material breach of this Subcontract by RTI which is not cured within a reasonable period of time following actual receipt by RTI of written notice describing the nature of such breach.

ARTICLE 38. Standards of Ethics and Business Conduct

RTI has established very high ethical standards for our employees. RTI considers adherence to our company standards of business conduct as well as strict observance of all U.S. and non U.S. laws and regulations to be not only a legal requirements but more than that, an ethical obligation for all. While performing as an RTI Subcontractor, you are expected to adopt and comply with these same standards. As a result, this Subcontract incorporates by reference, with the same force and effect as if it was given in full text, RTI's "Standards of Ethics and Business Conduct for RTI Associates." The applicable standards can be accessed on the RTI Web site at <http://www.rti.org>. Upon request, the Subcontract Administrator can provide paper copies of these standards.

ARTICLE 39. Executive Order on Terrorism Financing

Subcontractor is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of Subcontractor to ensure compliance with these Executive Orders and laws. This provision must be included in all subcontracts/subawards issued under this Subcontract.

ARTICLE 40. Export Controls

- A. Subcontractor agrees to comply with all U.S. export control laws and regulations, specifically including but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. app. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Subcontractor agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Subcontractor or Subcontractor's lower-tier subcontractors, without the authority of an export license, agreement, or applicable exemption or exception.
- B. Subcontractor agrees to notify RTI if any deliverable under this Subcontract is restricted by export control laws or regulations.
- C. Subcontractor shall immediately notify the RTI Subcontract Administrator if Subcontractor is, or becomes listed in any Denied Parties List or if Subcontractor's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.
- D. If Subcontractor is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Subcontractor represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.
- E. Where Subcontractor is a signatory under a RTI export license or export agreement, Subcontractor shall provide prompt notification to the RTI Subcontract Administrator in the event of changed circumstances including but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U.S. Government investigation, that could affect Subcontractor's performance under the Subcontract.
- F. Subcontractor shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorney's fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Subcontractor, its officers, employees, agents, or subcontractors at any tier, in the performance of any of its obligations under this Article.
- G. If the technical data required to perform this Subcontract is subject to ITAR, Subcontractor shall comply with the following:
 - (i) The technical data shall be used only to manufacture the work required by this Subcontract; and

- (ii) The data shall not be disclosed to any other person except lower-tier subcontractors within the same country; and;
- (iii) Any rights in the data may not be acquired by any foreign person; and
- (i) Subcontractor, including lower-tier subcontractors, shall return, or at RTI's direction, destroy all of the technical data exported to Subcontractor pursuant to this Subcontract upon fulfillment of its terms; and
- (ii) Unless otherwise directed by RTI, Subcontractor shall deliver the work only to RTI or to an agency of the U.S. Government
- (iii) Subcontractor shall include the terms of this paragraph (g) in all lower-tier subcontracts issued when technical data is provided to the lower-tier subcontractor.

ARTICLE 41. Foreign Corrupt Practices Act

Subcontractor acknowledges and understands that it must comply fully with the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act, as amended ("FCPA"). Specifically, Subcontractor understands and agrees that it shall be unlawful for the Subcontractor and/or any officer, director, employee or agent of the Subcontractor to make any kind of offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to either:

(a) any foreign official (or foreign political party) for purposes of either influencing any act or decision of such foreign official in his official capacity, or inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or securing any improper advantage, or inducing such foreign official to use his influence with a foreign government, or instrumentality thereof, to affect or influence any act or decision of such government or instrumentality in order to assist such person in obtaining or retaining business for or with, or directing business to any person; or

(b) to any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official (or foreign political party), or to any candidate for foreign political office, for any of the prohibited purposes described above. Further, Subcontractor acknowledges that "foreign official" means any officer or employee of a foreign government or any department, agency or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization, including employees of government-owned companies in South Africa.

ARTICLE 42. Debarment and Suspension

In accepting this Subcontract, the Subcontractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any Federal department or agency. Any change in the debarred or suspended status of the Subcontractor during the life of this Subcontract must be reported immediately to RTI. The Subcontractor agrees to incorporate the Debarment and Suspension certification into any lower-tier subcontract that they may enter into as a part of this Subcontract.

ARTICLE 43. Validity and Waiver

The invalidity in whole or in part of any provision of this Agreement shall not affect the validity of other provisions. A waiver of a breach of any provision of this Agreement shall not constitute a waiver of any subsequent breach of that provision or a breach of any other provision of this Agreement. The failure of RTI to enforce at any time or from time to time any provision of this Agreement shall not be construed as a waiver thereof.

ARTICLE 44. Government Federal Acquisition Regulation Clauses and Supplements

Subcontractor shall perform the Services in accordance with the attached Federal Acquisition Regulations ("FAR")(48 CFR Chapter I) and FAR Supplementary Regulations. Subcontractor's attention is specifically directed to the list of applicable FAR clauses set forth in [Appendix C](#). These clauses are attached hereto and incorporated herein by reference.

ARTICLE 45. Certifications

A. The Representations and Certifications submitted by the Subcontractor are hereby incorporated herein by reference and made a part of this Subcontract. By signature of this Subcontract, the Subcontractor does certify and confirm each and every one of the following statements in this Clause.

1. **Gratuities/Kickbacks** – No gratuities (in the form of entertainment, gifts or otherwise) or kickbacks shall be offered or given by Subcontractor, to any employee of RTI for the purpose of obtaining or rewarding favorable treatment as a supplier. By accepting this Subcontract, Subcontractor certifies and represents that it has not made or solicited kickbacks in violation of FAR 52.203-7 or the Anti-kickback Act of 1986 (41 USC 51-58), both of which are incorporated herein by this specific reference, except that paragraph (c)(1) of FAR 52.203-7 shall not apply.
2. **FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions** (Applicable to Subcontracts exceeding \$100,000).

(i) Subcontractor certifies to the best of its knowledge and belief that on and after December 23, 1989; (a) No U.S. Federal appropriated funds have been paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of a Member of Congress on his or her behalf in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement; and (b) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with a solicitation or order, the Offeror shall complete and submit, with its offer, OMB standard LLL, Disclosure of Lobbying Activities, in accordance with its instructions; and (c) Subcontractor shall include the language of this certification in all subcontracts at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.

(ii) Submission of this certification and disclosure is a prerequisite for making or entering into a contract as imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision shall be subject to civil penalty of not less than \$10,000, and not more than \$100,000, for each failure.

3. **FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters.** Subcontractor certifies that, to the best of its knowledge and belief, that Subcontractor and/or any of its Principals, (as defined by FAR 52.209-5), are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency. Subcontractor shall provide immediate written notice to RTI if, any time prior to award of any contract, it learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

The following FAR clauses apply to this Subcontract, if the work under this Subcontract will be performed in the United States or Contractor is recruiting employees in the United States to work on this Subcontract.

1. **FAR 52.222-22 Previous Contracts and Compliance Reports.** Subcontractor represents that if Subcontractor has participated in a previous contract or subcontract subject to Equal Opportunity clause (FAR 52.222-26)(i) Subcontractor has filed all required compliance reports and (ii) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.
2. **FAR 52.222-25 Affirmative Action Compliance.** Subcontractor represents (1) that Subcontractor has developed and has on file at each establishment, affirmative action programs required by the rules and regulations of the Secretary of labor (41 CFR 60-1 and 60-2), (2) that in the event such a program does not presently exist, Subcontractor will develop and place in operation such a written Affirmative Action Compliance Program within 120 days from the award of this Subcontract.

ARTICLE 46. Electronic Contracting

The parties agree that if this Subcontract is transmitted electronically neither party shall contest the validity of this Subcontract, or any Acknowledgement thereof, on the basis that this Subcontract or Acknowledgement contains an electronic signature.

ARTICLE 47. Order of Precedence

Any inconsistency in this Subcontract shall be resolved by giving precedence in the following order:

1. Terms and Conditions of this Subcontract, including the appendices hereto

2. Incorporated FAR and Agency clauses, [Appendix C](#)
3. Subcontractor's proposal, if incorporated herein.

ARTICLE 48. Entire Agreement

Both parties acknowledge that they have read this Subcontract, understand it, and agree to be bound by its terms and further agree that it is the entire agreement between the parties hereto which supercedes all prior agreements, written or oral, relating to the subject matter hereof. No modification or waiver of any provision shall be binding unless in writing signed by the party against whom such modification or waiver is sought to be enforced.

Appendix C: Federal Acquisition Regulation (FAR) Clauses

The applicable Federal Acquisition Regulation (FAR) clauses, including those listed below, are hereby incorporated into this Subcontract by reference. These clauses have the same force and effect as if they were given in their full text .

Unless one of the exceptions provided in (b) below shall apply: the term “Contract” shall mean “Subcontract”; the term “Contractor” shall mean “Subcontractor”; the term “Government” shall mean “RTI”; and the term “Contracting Officer” shall mean the “RTI Subcontract Administrator or other authorized individual.”

The following instances are exceptions to the general rules as provided in (a) above:

Where it is clear, by the context of the provision itself or the conditions under which it is being applied, that the reference is intended to refer to the Government, its officers or agents, or the prime contractor specifically;

Where an explicit provision of this Agreement states a contrary intent;

Where access to proprietary financial information or other proprietary data is required; or

Where interpretation in accordance with the rules stated above would place the prime contractor in a position of violating the equivalent or related provisions of the Prime Contract whereas construction of the terms without modification would not.

References in any provision incorporated by reference herein to the “Disputes” clause shall be construed as references to the “Disputes” provision contained elsewhere herein. No provision herein shall be taken to imply any direct access on the part of the Subcontractor to the Disputes process as defined in the terms of the Prime Contract.

Reg	Clause	Date	Clause Title
FAR	52.202-1	Dec 2001	Definitions
FAR	52.203-3	Apr 1984	Gratuities (Over \$100,000)
FAR	52.203-5	Apr 1984	Covenant Against Contingent Fees (Over \$100,000)
FAR	52.203-6	Jul 1995	Restrictions on Subcontractor Sales to the Government (Over \$100,000)
FAR	52.203-7	Jul 1995	Anti-Kickback Procedures(Over \$100,000)
FAR	52.203-8	Jan 1997	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Over \$100,000)
FAR	52.203-10	Jan 1997	Price or Fee Adjustment for Illegal or Improper Activity (Over \$100,000)
FAR	52.203-12	Jun 1997	Limitation on Payments to Influence Certain Federal Transactions (Over \$100,000)
FAR	52.204-4	Aug 2000	Printed or Copied Double-Sided on Recycled Paper (Over \$100,000)
FAR	52.209-6	Jul 1995	Protecting the Government's Interests When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (Over \$25,000)
FAR	52.211-05	Aug 2000	Material Requirements
FAR	52.215-2	Jun 1999	Audit and Records - Negotiation (Over \$100,000)
FAR	52.215-8	Oct 1997	Order of Precedence - Uniform Contract Format
FAR	52.215-10	Oct 1997	Price Reduction for Defective Cost or Pricing Data
FAR	52.215-12	Oct 1997	Subcontractor Cost or Pricing Data (Over \$500,000)
FAR	52.215-14	Oct 1997	Integrity of Unit Prices (Over \$100,000)
FAR	52.215-15	Oct 2004	Pension Adjustments and Asset Reversions
FAR	52.215-18	Jul 2005	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) other than Pensions
FAR	52.215-19	Oct 1997	Notification of Ownership Changes
FAR	52.215-21	Oct 1997	Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data - Modifications
FAR	52.216-7	Feb 2002	Allowable Cost and Payment
FAR	52.219-8	May 2004	Utilization of Small Business Concerns (Over \$100,000) (<i>Applicable if work under this Subcontract will be performed in the United States or Subcontractor is recruiting employees in the United States to work on the Subcontract</i>)
FAR	52.219-9	Jan 2002	Small Business Subcontracting Plan (Over \$500,000) (<i>Applicable if work under this Subcontract will be performed in the United States or Subcontractor is recruiting employees in the United States to work on the Subcontract</i>)

Reg	Clause	Date	Clause Title
FAR	52.219-16	Jan 1999	Liquidated Damages - Subcontracting Plan (Over \$500,000) (<i>Applicable if work under this Subcontract will be performed in the United States or Subcontractor is recruiting employees in the United States to work on the Subcontract</i>)
FAR	52.222-2	Jul 1990	Payment for Overtime Premium (Over \$100,000) (Note: The dollar amount in paragraph (a) of this clause is \$0 unless otherwise specified in the contract.)
FAR	52.222-3	Jun 2003	Convict Labor
FAR	52.222-19	Dec 2001	Child Labor--Cooperation with Authorities and Remedies
FAR	52.222-20	Dec 1996	Walsh-Healey Public Contracts Act
FAR	52.222-26	Apr 2002	Equal Opportunity (<i>Applicable if work under this Subcontract will be performed in the United States or Subcontractor is recruiting employees in the United States to work on the Subcontract</i>)
FAR	52.222-35	Dec 2001	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (<i>Applicable if work under this Subcontract will be performed in the United States or Subcontractor is recruiting employees in the United States to work on the Subcontract</i>)
FAR	52.222-36	Jun 1998	Affirmative Action for Workers with Disabilities (<i>Applicable if work under this Subcontract will be performed in the United States or Subcontractor is recruiting employees in the United States to work on the Subcontract</i>)
FAR	52.222-37	Dec 2001	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
FAR	52.222-39	Dec 2004	Notification of Employee Rights Concerning Payment of Union Dues or Fees
FAR	52.222-41	Jul 2005	Service Contract Act of 1965
FAR	52.222-42	May 1989	Statement of Equivalent Rates for Federal Hires
FAR	52.223-6	May 2001	Drug-Free Workplace
FAR	52.223-14	Aug 2003	Toxic Chemical Release Reporting
FAR	52.224-1	Apr 1984	Privacy Act Notification
FAR	52.224-2	Apr 1984	Privacy Act
FAR	52.225-1	Jun 2003	Buy American Act - Supplies
FAR	52.225-13	Dec 2003	Restrictions on Certain Foreign Purchases
FAR	52.227-1	Jul 1995	Authorization and Consent
FAR	52.227-2	Aug 1996	Notice and Assistance Regarding Patent and Copyright Infringement (Over \$100,000)
FAR	52.227-3	Apr 1984	Patent Indemnity
FAR	52.227-14	Jun 1987	Rights in Data - General
FAR	52.228-7	Mar 1996	Insurance-Liability to Third Persons
FAR	52.232-9	Apr 1984	Limitation on Withholding of Payments
FAR	52.232-17	Jun 1996	Interest (Over \$100,000)
FAR	52.232-20	Apr 1984	Limitation of Cost
FAR	52.232-23	Jan 1986	Assignment of Claims
FAR	52.232-25	Feb 2002	Prompt Payment
FAR	52.232-34	May 1999	Payment by Electronic Funds Transfer--Other Than Central Contractor Registration
FAR	52.233-1	Jul 2002	Disputes
FAR	52.233-3	Aug 1996	Protest After Award, Alternate I (Jun 1985)
FAR	52.233-4	Oct 2004	Applicable Law for Breach of Contract Claim
FAR	52.237-10	Oct 1997	Identification of Uncompensated Overtime
FAR	52.242-1	Apr 1984	Notice of Intent to Disallow Costs
FAR	52.242-3	May 2001	Penalties for Unallowable Costs (Over \$500,000)
FAR	52.242-4	Jan 1997	Certification of Final Indirect Costs
FAR	52.242-13	Jul 1995	Bankruptcy (Over \$100,000)
FAR	52.243-2	Aug 1987	Changes - Cost Reimbursement
FAR	52.244-2	Aug 1998	Subcontracts, Alternate II (Aug 1998) *If written consent to subcontract is required, the identified subcontracts are listed in ARTICLE B, Advance Understandings.
FAR	52.244-5	Dec 1996	Competition in Subcontracting (Over \$100,000)
FAR	52.245-5	May 2004	Government Property (Cost-Reimbursement, Time and Material, or Labor-Hour Contract)
FAR	52.246-5	May 2004	Inspection of Services – cost Reimbursement
FAR	52.246-23	Feb 1997	Limitation of Liability

Reg	Clause	Date	Clause Title
FAR	52.248-1	Feb 2000	Value Engineering
FAR	52.249-6	May 2004	Termination (Cost-Reimbursement)
FAR	52.249-14	Apr 1984	Excusable Delays
FAR	52.251-1	Apr 1984	Government Supply Sources
FAR	52.253-1	Jan 1991	Computer Generated Forms
HHSAR No.	Date	Title	
352.202-1	Jan 2001	Definitions	
352.223-70	Jan 2001	Safety and Health	
352.224-70	Apr 1984	Confidentiality of Information	
352.228-7	Dec 1991	Insurance – Liability to Third Persons	
352.232-9	Apr 1984	Withholding of Contract Payments	
352.233-70	Apr 1984	Litigation and Claims	
352.242-71	Apr 1984	Final Decisions on Audit Findings	
352.270-1	Jan 2001	Accessibility of Meetings, Conferences, and Seminars to Persons with Disabilities	
352.270-2	Apr 1984	Indian Preference	
352.270-3	Apr 1984	Indian Preference Program	
352.270-5	Apr 1984	Key Personnel	
352.270-6	Jul 1991	Publication and Publicity	
352.270-7	Jan 2001	Paperwork Reduction Act	
352.270-8	Jan 2001	Protection of Human Subjects	
352.270-9	Jan 2001	Care of Laboratory Animals	

Appendix D: Statement of Work/Budget

Appendix E: Invoice/Payment Instructions

Invoice Instructions

A. Invoices are to be submitted to RTI's Accounts Payable Department at the following address:

RTI International
PO Box 12106
Research Triangle Park, NC 27709
ATTENTION: Accounts Payable

Questions regarding invoices should be directed to the A/P department at 919/541-5877 (accounting@rti.org).

B. To be considered properly prepared, invoices must include:

- Subcontract Number
- Prime Contract Number
- Invoice Number
- Invoice Date and Billing Period
- Direct Labor Costs, include all persons, listing the person's name, title, number of hours or days, the total cost per person and a total amount of this category
- Fringe Costs – show rate, base and total amount
- Overhead or Indirect Costs – show rate, base and total amount
- Consultants – include the name, number of days or hours, a total amount per consultant and a total amount for this category
- Travel – include estimates for trips planned including, destination, transportation costs, per diem, etc.
- Subcontractors – include for each subcontractor, the same data as prescribed herein
- Equipment costs – itemize and identify separately
- Data processing costs – include all non-labor costs, i.e., computer time, equipment purchase, lease or rental, data tapes, etc. A total amount for this category shall be provided
- G&A – show rate, base and total
- Cost Share Contributions clearly defined by direct labor hours, materials, other direct costs, etc.
- Total Cost which includes cost share contributions
- Total Amount Due on this Invoice
- Current and Cumulative Amount for Each Line Item
- Certification in this Article Signed by an Authorized Official
- Name and Telephone and Fax Numbers of the Person to Contact in case of questions about the invoice

F. Invoices shall include sufficient detail for all indirect rates to be verified by RTI.

G. Certification as to Accuracy of Invoice: All invoices must include the following certification, signed by a responsible official of the Subcontractor's organization:

"I hereby certify that, to the best of my knowledge and belief, all charges presented are correct, accurate, and complete, that payment therefore has not been received, and that all amounts requested are for the appropriate purposes and in accordance with the Subcontract."

H. Payment Terms: A properly prepared invoice will be paid within 30 days of receipt. RTI shall promptly notify Subcontractor of an intention to withhold any portion of a submitted invoice.

I. Payments under this Subcontract shall be by Electronic Funds Transfer (EFT). Within 10 days of the execution of this Subcontract, Subcontractor will submit a completed EFT form provided by RTI. All EFT information and any changes to EFT information shall be sent to the RTI's Accounts Payable Department at the address above.

J. Other Requirements: