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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4745 1-800-852-3345 Ext. 4745
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Nicholas A. Toumpas
Commissioner

Mary S. Weatherill
Director

May 28, 2015

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

Sole Source

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Child Support Services, to enter into a **sole source** amendment to an existing agreement with Xerox State & Local Solutions, Inc., 8260 Willow Oaks Corporate Drive, Fairfax, VA 22031 (Vendor Code 174856) for State Disbursement Unit services, by increasing the price limitation by \$1,163,400 from \$3,350,500 to \$4,513,900, and by extending the completion date from June 30, 2015 to June 30, 2016, effective July 1, 2015, or date of Governor and Executive Council approval, whichever is later. Governor and Executive Council approved the original agreement on June 20, 2012 (Item #70). 66% Federal funds and 34% General funds.

05-95-95-957010-6133 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS,
HHS: COMMISSIONER, DIV. OF CHILD SUPPORT SERVICES, STATE DISBURSEMENT UNIT

Fiscal Year	Class / Object	Class Title	Current Amount	Increase / Decrease	Modified Amount
SFY 2013	102-500731	Contracts for Prog Svc	\$ 763,015	\$ 0	\$ 763,015
SFY 2014	102-500731	Contracts for Prog Svc	\$1,157,100	\$ 0	\$1,157,100
SFY 2015	102-500731	Contracts for Prog Svc	\$1,163,400	\$ 0	\$1,163,400
		Subtotal	\$3,083,515	\$ 0	\$3,083,515

05-95-95-957010-6128 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS,
HHS: COMMISSIONER, DIV. OF CHILD SUPPORT SERVICES, CHILD SUPPORT SERVICES

Fiscal Year	Class / Object	Class Title	Current Amount	Increase / Decrease	Modified Amount
SFY 2013	102-500731	Contracts for Prog Svc	\$ 266,985	\$ 0	\$ 266,985
		Subtotal	\$ 266,985	\$ 0	\$ 266,985

05-95-42-427010-7931 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS,
HHS: HUMAN SERVICES, CHILD SUPPORT SERVICES, STATE DISBURSEMENT UNIT

SFY 2016	102-500731	Contracts for Prog Svc	\$ 0	\$1,163,400	\$1,163,400
		Subtotal	\$ 0	\$1,163,400	\$1,163,400
		Total	\$ 3,350,500	\$1,163,400	\$ 4,513,900

Funds are anticipated to be available in State Fiscal Year 2016 in the above account, upon the availability and continued appropriation of funds in the future operating budget, with authority to adjust encumbrances between State Fiscal Years through the Budget Office, without approval from Governor and Executive Council.

EXPLANATION

This **sole source** Request is being made to ensure the Department's continued ability to operate a federally certified State Disbursement Unit that disburses child support payments within the federally mandated 48 hours of receipt deadline. The original agreement was awarded as the result of a competitive bid process that included an option for the Department to renew it for up to one additional year. The Governor and Executive Council request that approved the original agreement also included this provision, however the agreement lacked inclusion of the renewal provision due to human error. This omission was only recently discovered; the Department did not have sufficient time to complete a new competitive bidding process without risking a gap in service delivery. Due to the tremendous financial impact such a gap would have on the more than 38,000 children receiving child support through this agreement, the Department seeks approval of this Request. The Department plans to reprocur for these services beginning in early July 2015.

The Division of Child Support Services, in compliance with State and Federal requirements, assists families with children by offering services that help them to achieve financial self-sufficiency and minimize dependence on public assistance. These services include: establishing paternity orders, establishing and enforcing financial and medical support orders issued by the courts, locating non-custodial parents, and collecting and disbursing child support. During the last federal fiscal year, ending September 30, 2014, the state collected and disbursed over \$81.8 million in child support on behalf of 38,345 children. In addition to making payments to families, the Division of Child Support Services also disburses a portion of its collections to the State as reimbursement for public assistance provided to families.

The State Disbursement Unit uses Division of Child Support Services generated data to print and mail bills, identify collections received, perform banking and check-writing functions, as well as electronic funds transfer services. Federal regulations require that the State Disbursement Unit meet mandated standards for data collection, privacy and physical security. The State Disbursement Unit is responsible for the printing and mailing of billing notices to employers and payors to facilitate timely collections and quicker payments to families. The State Disbursement Unit receives, records and deposits wage assignments from employers and direct payments from child support payors. After the Division of Child Support Services distributes the collection amongst debts in accordance with Federal regulations, the State Disbursement Unit executes disbursement to the appropriate payee as directed by Division of Child Support Services. Most payees reside in New Hampshire but others are located in other states or countries.

Should Governor and Executive Council determine not to authorize this Request, the Department would be in violation of federal regulations requiring proper and prompt disbursement of child support collections, resulting in a possible loss of federal funding and/or assessment of penalties. The Department has no mechanisms in place to substitute for the loss of these services. Until such time that the Department could recreate an equivalent disbursement system, New Hampshire families would be deprived of approximately \$80 million of income which helps to feed and clothe children, and assists thousands of families in achieving or maintaining independence from public assistance programs, such as Temporary Assistance for Needy Families, Medicaid and Food Stamps. Addition-

Her Excellency, Governor Margaret Wood Hassan
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ally, reduced child support collections will decrease the amount of money the Department reimburses the State for public assistance funds provided to qualifying families.

On December 30, 2011, a Request for Proposals, 11-DCSS-SDU-02, was issued and posted to the Department's web site. Additionally, Request for Proposals Announcement Letters were mailed to sixteen (16) potential vendors. The bid summary is attached. Because the contractor has well-provided its contractual responsibilities, the Department requests approval of this amended agreement.

Area served: statewide.

Source of funds: Federal Funds 66% from the Administration for Children and Families, Department of Health and Human Services, Child Support Enforcement, Catalog of Federal Domestic Assistance #93.563, Federal Award Identification Number 1504NHCSES, and General Funds 34%.

In the event that the Federal Funds become no longer available, no additional General Funds will be requested to support this program.

Respectfully Submitted,



Mary S. Weatherill
Director

Approved by:



Nicholas A. Toumpas
Commissioner



State of New Hampshire
Department of Health and Human Services
Amendment #1 to State Disbursement Unit Contract

This 1st Amendment to the State Disbursement Unit contract (hereinafter referred to as "Amendment 1") dated this 7th day of May, 2015, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Xerox State & Local Solutions, Inc. (hereinafter referred to as "the Contractor"), a corporation with a place of business at 8260 Willow Oaks Corp Drive, Fairfax, VA 22031.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (Item #70), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

WHEREAS, pursuant to the General Provisions, Paragraph 18 of the Agreement, the State may amend the Contract by written agreement of the parties; and

WHEREAS, the State and the Contractor have agreed to extend the term of the agreement and increase the price limitation to support continued delivery of these services;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree as follows to:

- 1) Amend Form P-37, Block 1.7 to read June 30, 2016
- 2) Amend Form P-37, Block 1.8 to read \$4,513,900.00
- 3) Amend Form P-37, Block 1.9 to read Eric Borrin
- 4) Amend Form P-37, Block 1.10 to read 603-271-9558
- 5) Amend Exhibit B by deleting and replacing paragraph 1 with: "The Contractor understands and agrees that the cost structure, including all unit prices specified in the following Price Schedule, shall be guaranteed for the term of the Contract. The term of the Contract is the date of Governor and Council approval or July 1, 2012, whichever date is later, through June 30, 2016. Subject to the Contractor's compliance with the terms and conditions of this Agreement, the Price Schedule for Contract Deliverables shall be as follows:"
- 6) Amend Exhibit B by inserting into paragraph 1 the following subparagraph a.: "The total amount of all payments made to the Contractor for the performance of said services during the period of July 1, 2015 to June 30, 2016, shall not exceed: \$767,844.00 – 66% Federal Funds from the Administration for Children and Families, Department of Health and Human Services, Child Support Enforcement, CFDA #93.563, Federal Award Identification Number 1504NHCSES; and \$395,556.00 – 34% General Funds."
- 7) Amend Exhibit C by deleting and replacing paragraph 2, subparagraph a. with: "New Hampshire Standard Contract Terms and Conditions, Form P-37, and its Exhibits A through J, as amended by Amendment 1;"
- 8) Amend Exhibit C by inserting the following subparagraphs under paragraph 8:
 - a. Subcontractors
 - i. DHHS recognizes that the Contractor may choose to use subcontractors with greater expertise to perform certain services or functions for efficiency or convenience, but the Contractor shall retain the responsibility and accountability for the function(s). Prior to



subcontracting, the Contractor shall evaluate the subcontractor's ability to perform the delegated function(s). This is accomplished through a written agreement that specifies activities and reporting responsibilities of the subcontractor and provides for revoking the delegation or imposing sanctions if the subcontractor's performance is not adequate. Subcontractors are subject to the same contractual conditions as the Contractor and the Contractor is responsible to ensure subcontractor compliance with those conditions. When the Contractor delegates a function to a subcontractor, the Contractor shall do the following:

- a. Evaluate the prospective subcontractor's ability to perform the activities, before delegating the function;
 - b. Have a written agreement with the subcontractor that specifies activities and reporting responsibilities and how sanctions/revocation will be managed if the subcontractor's performance is not adequate;
 - c. Monitor the subcontractor's performance on an ongoing basis. If the Contractor identifies deficiencies or areas for improvement, the Contractor shall take corrective action; and
 - d. Provide to DHHS an annual schedule identifying all subcontractors, delegated functions and responsibilities, and when the subcontractor's performance will be reviewed.
- b. Assignment, Delegation and Subcontracts
- i. The Contractor shall not assign, delegate, subcontract, or otherwise transfer any of its interest, rights, or duties under the Contract without the prior written consent of the State. Such consent shall not be unreasonably withheld. Any attempted transfer, assignment, delegation, or other transfer made without the State's prior written consent shall be null and void, and may constitute an event of default at the sole discretion of the State.
 - ii. The Contractor shall remain wholly responsible for performance of the entire Contract even if assignees, delegates, Subcontractors, or other transferees ("Assigns") are used, unless otherwise agreed to in writing by the State, and the Assigns fully assumes in writing any and all obligations and liabilities under the Contract from the Effective Date. In the absence of a written assumption of full obligations and liabilities of the Contract, any permitted assignment, delegation, subcontract, or other transfer shall neither relieve the Contractor of any of its obligations under the Contract nor affect any remedies available to the State against the Contractor that may arise from any event of default of the provisions of the contract. The State shall consider the Contractor to be the sole point of contact with regard to all contractual matters, including payment of any and all charges resulting from the Contract.
- 9) Delete Exhibit G and replace with Exhibit G Amendment #1
- 10) Delete Exhibit I and replace with Exhibit I Amendment #1



New Hampshire Department of Health and Human Services
State Disbursement Unit

This amendment shall be effective upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

State of New Hampshire
Department of Health and Human Services

06-01-15
Date

Mary Weatherill
Mary Weatherill
Director

Xerox State & Local Solutions, Inc.

5/16/2015
Date

John D Polk
NAME TITLE
John D Polk
Vice President

Acknowledgement:
State of Ohio, County of Franklin on 5-16-15, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

[Signature]
Name and Title of Notary or Justice of the Peace



for John Polk only
TRACY LEWIS
Notary Public, State of Ohio
My Commission Expires
June 30, 2015

New Hampshire Department of Health and Human Services
State Disbursement Unit



The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

6/9/15
Date

[Signature]
Name: Miriam A. [Signature]
Title: Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:



**CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO
FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND
WHISTLEBLOWER PROTECTIONS**

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

Contractor will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;
- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;
- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);
- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;
- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;
- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;
- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;
- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;
- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

Exhibit G- Amendment #1

Contractor Initials

JOP

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

New Hampshire Department of Health and Human Services
Exhibit G – Amendment #1



In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to comply with the provisions indicated above.

5-16-2015
Date

Contractor Name:

A handwritten signature in black ink, appearing to read "John Poik".

Name: John Poik
Title: Vice President

Exhibit G- Amendment #1

Contractor Initials JP

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

Date 5-16-2015



HEALTH INSURANCE PORTABILITY ACT
BUSINESS ASSOCIATE AGREEMENT

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
- b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164 and amendments thereto.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

[Handwritten initials]



Exhibit I Amendment #1

- i. “Required by Law” shall have the same meaning as the term “required by law” in 45 CFR Section 164.103.
- m. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. “Unsecured Protected Health Information” means protected health information that is not secured by a technology standard that renders protected health information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

(2) **Business Associate Use and Disclosure of Protected Health Information.**

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, Business Associate, including but not limited to all its directors, officers, employees and agents, shall not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
 - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HIPAA Privacy, Security, and Breach Notification Rules of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business

Handwritten initials in black ink, possibly reading 'JOP'.



Exhibit I Amendment #1

Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) Obligations and Activities of Business Associate.

- a. The Business Associate shall notify the Covered Entity's Privacy Officer immediately after the Business Associate becomes aware of any use or disclosure of protected health information not provided for by the Agreement including breaches of unsecured protected health information and/or any security incident that may have an impact on the protected health information of the Covered Entity.
- b. The Business Associate shall immediately perform a risk assessment when it becomes aware of any of the above situations. The risk assessment shall include, but not be limited to:
 - o The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
 - o The unauthorized person used the protected health information or to whom the disclosure was made;
 - o Whether the protected health information was actually acquired or viewed
 - o The extent to which the risk to the protected health information has been mitigated.

The Business Associate shall complete the risk assessment within 48 hours of the breach and immediately report the findings of the risk assessment in writing to the Covered Entity.

- c. The Business Associate shall comply with all sections of the Privacy, Security, and Breach Notification Rule.
- d. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- e. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section 3 (I). The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI



Exhibit I Amendment #1

- pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard Paragraph #13 of the standard contract provisions (P-37) of this Agreement for the purpose of use and disclosure of protected health information.
- f. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
 - g. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
 - h. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.
 - i. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
 - j. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
 - k. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
 - l. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business

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Exhibit I Amendment #1

Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(5) Termination for Cause

In addition to Paragraph 10 of the standard terms and conditions (P-37) of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) Miscellaneous

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule.

5-16-2015



Exhibit I Amendment #1

- e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section (3) l, the defense and indemnification provisions of section (3) e and Paragraph 13 of the standard terms and conditions (P-37), shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

NH DCSS
The State

Mary S. Weatherill
Signature of Authorized Representative

Mary S. Weatherill
Name of Authorized Representative

Director
Title of Authorized Representative

06-03-15
Date

XEROX State & Local Solutions
Name of the Contractor

[Signature]
Signature of Authorized Representative

John D. Polk
Name of Authorized Representative

Vice President
Title of Authorized Representative

May 16, 2015
Date

State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that XEROX STATE & LOCAL SOLUTIONS, INC. a(n) New York corporation, is authorized to transact business in New Hampshire and qualified on January 28, 1991. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 17th day of April, A.D. 2015

A handwritten signature in cursive script, appearing to read "William M. Gardner".

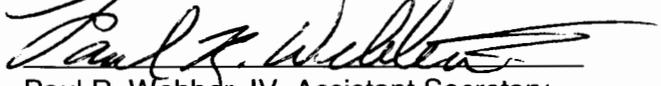
William M. Gardner
Secretary of State

CERTIFICATE OF ASSISTANT SECRETARY

I, **Paul R. Webber, IV**, in my capacity as **Assistant Secretary of Xerox State & Local Solutions, Inc.**, a New York corporation ("Corporation"), am delivering this Certificate of Assistant Secretary to the State of New Hampshire in connection with that certain contract entered into between the **New Hampshire Department of Health and Human Services, Division of Child Support Services and the Corporation** for the **State Disbursement Unit and Electronic Transfer** opportunity, which was issued as procurement number **11-DCSS-SDU-02** ("Contract"). I do hereby certify that **John Polk** is a duly appointed, qualified, and acting **Vice President** of the Corporation and in such capacity is authorized to negotiate and execute any and all contracts, amendments, change orders and other document on behalf of the Corporation in connection with the contract.

IN WITNESS WHEREOF, I have set my hand to this Certificate as of this 19th day of May 2015.

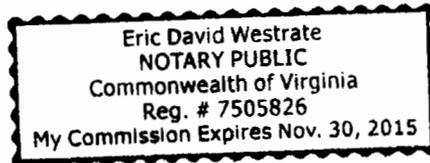
XEROX STATE & LOCAL SOLUTIONS, INC.

By: 
Paul R. Webber, IV, Assistant Secretary

Commonwealth of Virginia)
)
County of Fairfax)

This instrument was acknowledged before this 19th day of May 2015 by Paul R. Webber, IV, Assistant Secretary of Xerox State & Local Solutions, Inc., a New York corporation, on behalf of said Corporation.


Notary Public, Commonwealth of Virginia





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
04/24/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh USA, Inc. 1166 Avenue of the Americas New York, NY 10036 303099-FINPR-Crime-14-15	CONTACT NAME: PHONE (A/C, No, Ext): _____ FAX (A/C, No): _____ E-MAIL ADDRESS: _____	
	INSURER(S) AFFORDING COVERAGE	
INSURED *XEROX BUSINESS SERVICES LLC D/B/A AFFILIATED COMPUTER SERVICES LLC 2828 N. HASKELL AVENUE DALLAS, TX 75204	INSURER A : National Union Fire Ins Co Pittsburgh PA	
	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** NYC-006381441-08 **REVISION NUMBER:** 8

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$	
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / N If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$	
A	Fidelity Bond/ Blanket Crime Coverage			01-476-73-87	08/18/2014	08/18/2015	Limit	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
RE: STATE DISBURSEMENT UNIT CHILD SUPPORT SERVICES PAYMENT PROCESSING CONTRACT. XEROX BUSINESS NAME: XEROX STATE & LOCAL SOLUTIONS, INC.

CERTIFICATE HOLDER NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF CHILD SUPPORT SERVICES 129 PLEASANT STREET CONCORD, NH 03301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Robert L. Salinardo <i>Robert L. Salinardo</i>
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rw



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4745 1-800-852-3345 Ext. 4745
FAX: 603-271-4787 TDD Access: 1-800-735-2964
Automated Voice Response 1-800-371-8844

Nicholas A. Tuompas
Commissioner

Mary S. Weatherill
Director

May 21, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

6/20/12 # 70

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Child Support Services, to enter into an agreement with Xerox State & Local Solutions, Inc., 8260 Willow Oaks Corporate Drive, Fairfax, VA 22031 (Vendor Code 174856) for State Disbursement Unit services in an amount not to exceed \$3,350,500 and effective July 1, 2012, or date of Governor and Council approval, whichever is later, through June 30, 2015. Funds are available in the following accounts for State Fiscal Year 2013 and are anticipated to be available in State Fiscal Years 2014 and 2015, upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts, if needed and justified, between State Fiscal Years:

05-95-95-957010-6133 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS:
COMMISSIONER, DIV. OF CHILD SUPPORT SERVICES, STATE DISBURSEMENT UNIT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500731	Contracts for Prog Svc	95703400	\$ 763,015.00
SFY 2014	102-500731	Contracts for Prog Svc	95703400	\$ 1,157,100.00
SFY 2015	102-500731	Contracts for Prog Svc	95703400	\$ 1,163,400.00
			Sub-Total	\$ 3,083,515.00

05-95-95-957010-6128 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS:
COMMISSIONER, DIV. OF CHILD SUPPORT SERVICES, CHILD SUPPORT SERVICES

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500731	Contracts for Prog Svc	95703400	\$ 266,985.00
			Sub-Total	\$ 266,985.00
			Total	\$ 3,350,500.00

EXPLANATION

The Division of Child Support Services, in compliance with State and Federal requirements, assists families with children by offering services that help them to achieve financial self-sufficiency and minimize dependence on public assistance. These services include: establishing paternity orders, establishing and enforcing financial and medical support orders issued by the courts, locating non-custodial parents, and collecting and disbursing child support. During the last federal fiscal year, ending September 30, 2011, the state collected and disbursed over \$90.2 million in child support on behalf of approximately 43,800 children. In addition to making payments to families, Division of Child Support Services also disburses a portion of its collections to the State as reimbursement for public assistance provided to families.

This request will enable the Department of Health and Human Services, Division of Child Support Services to enter into an agreement with Xerox State & Local Solutions, Inc. to serve as Division of Child Support Services' federally certified State Disbursement Unit. The State Disbursement Unit uses the Division of Child Support Services generated data to print and mail bills, identify collections received, perform banking and check-writing functions, as well as electronic funds transfer services. Federal Regulations require that the State Disbursement Unit meet mandated standards for data collection, privacy and physical security. The State Disbursement Unit is responsible for the printing and mailing of billing notices to employers and payors to facilitate timely collections and quicker payments to families. The State Disbursement Unit receives, records and deposits wage assignments from employers and direct payments from child support payors. After Division of Child Support Services distributes the collection amongst debts in accordance with Federal Regulations, the State Disbursement Unit executes disbursement to the appropriate payee as directed by Division of Child Support Services. Most payees reside in New Hampshire but others are located in other states or countries.

The New Hampshire State Disbursement Unit receives approximately 33,500 paper based and 15,660 Electronic Funds Transfer collections monthly.

New Hampshire has been utilizing State Disbursement Unit services since 1987, contracting first for lockbox services, and then contracting for full State Disbursement Unit services. Since May 2002, ACS State & Local Solutions, Inc. has provided these services to Division of Child Support Services and the same firm won the most recent competitive bid process, but this contract appears under a different name because ACS State & Local Solutions, Inc., purchased by Xerox in February 2010, changed its name between the submission of the proposal and the execution of this contract. The current contract will end on June 30, 2012.

Should Governor and Executive Council determine not to authorize this Request for State Disbursement Services, the Division of Child Support Services would be in violation of federal regulations requiring disbursement of child support collections within forty-eight (48) hours of receipt resulting in a possible loss of federal funding and/or assessment of penalties. Further, the Division of Child Support Services has no mechanisms in place to substitute for the lost State Disbursement Unit services. This would require the Division of Child Support Services to develop the tools and processes required to process collections, issue payments and print and mail bills. Until the State could develop and deploy such resources, it would not be collecting the approximately \$84,000,000 annually processed by the State Disbursement Unit with the result that New Hampshire families would be deprived of approximately \$70,000,000 of income which helps to feed and clothe children and assists them in remaining independent. It would also result in an increase in Temporary Assistance to Needy Families, Medicaid and Food Stamps.

On December 30, 2011, a Request for Proposals, 11-DCSS-SDU-02, was issued and posted to the Department's web site. Additionally, Request for Proposals Announcement Letters were mailed to sixteen (16) potential vendors. Following publication of the Request for Proposals, Letters of Intent were received from eight (8) interested vendors of which four (4) subsequently withdrew their intent to bid. A mandatory Bidders' Conference was convened in the Department of Health and Human Services auditorium on February 6, 2012 and was attended by five (5) interested bidders.

Two (2) bids were received by the due date of March 16, 2012, one from Xerox State & Local Solutions, Inc., of Fairfax, Virginia and another from Systems and Methods, Inc., of Carrollton, Georgia. Both bids were compliant with the terms of the Request for Proposals.

Pursuant to the Request for Proposals, an Evaluation Committee consisting of three Division employees and one Department of Health and Human Services Bureau of Finance employee scored the proposals. The Committee analyzed the following three components:

1. Evaluation of experience, corporate resources and corporate qualifications,
2. Evaluation of the Scope of Services to ensure that all work specifications in the Request for Proposals were satisfactorily addressed, and
3. Evaluation of the Cost Proposal.

Applying the evaluation criteria contained in the Request for Proposals, the Committee scored the proposals as follows:

BIDDER	SCORE
Xerox State & Local Solutions, Inc.	98
Systems and Methods, Inc.	91

Following the initial proposal evaluation both bidders were offered the opportunity to submit a best and final offer. The final evaluation of the price proposals was based on the best and final offers.

The Committee determined that the solution offered by Xerox State & Local Solutions, Inc. most successfully met the core requirements of the Request for Proposals and did so at the lowest price. The Systems and Methods, Inc. proposal also offered a viable solution but at a higher cost. The Bid Summary is attached.

As such, the Committee recommended awarding the contract to Xerox State and Local Solutions, Inc.

This is a three year contract which includes an option for a one-year renewal by agreement of the parties and the approval of Governor and Executive Council.

Area served: statewide.

Source of funds: Federal Funds 66% and General Funds 34%.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 21, 2012
Page 4 of 4

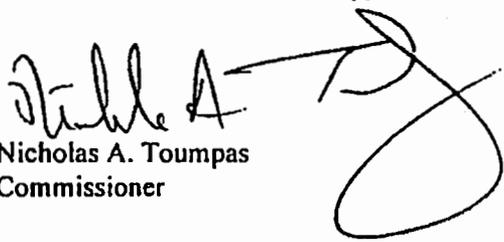
In the event that the Federal Funds become no longer available, no additional General Funds will be requested to support this program.

Respectfully Submitted,

Mary S. Weatherill

Mary S. Weatherill
Director, Division of Child Support Services

Approved by:


Nicholas A. Toumpas
Commissioner

**Child Support Systems Maintenance & Enhancement Project
Vendor Selection Report
May 4, 2012**

Two (2) bids were received by the due date of March 16, 2012, one from Xerox State & Local Solutions, Inc. (Xerox), of Fairfax, Virginia and another from Systems and Methods, Inc. (SMI), of Carrollton, Georgia. Both bids were compliant with the terms of the RFP.

Pursuant to the RFP, an Evaluation Committee was formed to examine two (2) proposals. The Committee was comprised of the following DCSS personnel:

Proposal Evaluation Committee		
Evaluator Committee Member	Title	Committee Role
Lori Anderson	Contract Manager	Facilitator
Jean Marston-Dockstader	Regional Manager	Evaluator
David Maggioncalda	IT Manager	Evaluator
Michael Lovely	Bureau of Finance Administrator	Evaluator

The Committee analyzed the following three components:

1. Evaluation of experience, corporate resources and corporate qualifications,
2. Evaluation of the Scope of Services to ensure that all work specifications in the RFP were satisfactorially addressed, and
3. Evaluation of the Cost Proposal.

Applying the evaluation criteria contained in the RFP, the Committee scored the proposals as follows:

BIDDER	SCORE
Xerox State & Local Solutions, Inc.	98
Systems and Methods, Inc.	91

Following the initial proposal evaluation both bidders were offered the opportunity to submit a best and final offer. The final evaluation of the price proposals was based on the best and final offers.

The Committee determined that the solution offered by Xerox most successfully met the core requirements of the RFP and did so at the lowest price. The SMI proposal also offered a viable solution but at a higher cost.

Subject: State Disbursement Unit FORM NUMBER P-37 (version 1/09)

AGREEMENT
The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

Form with fields for State Agency Name (DHHS - Division of Child Support Services), Contractor Name (Xerox State & Local Solutions, Inc.), Completion Date (June 30, 2015), Price Limitation (\$ 3,350,500), and various signatures including Notary Public Jeffrey A. Leach and State Agency Signatory Mary Weatherill.

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. **TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. **ASSIGNMENT/DELEGATION/SUBCONTRACTS.** The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. **INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

EXHIBIT A

Scope of Work

This Contract is between the State of New Hampshire, Department of Health and Human Services, Division of Child Support Services (hereinafter called "DCSS") and Xerox State & Local Solutions, Inc., (hereinafter called the "Contractor") for the provision of State Disbursement Unit services (hereinafter called "SDU") for the management and administration of child support billing to payors, the management and administration of child support billing to employers, the posting of child support collections, the imaging and transmission of all payment information to DCSS, disbursement of child support payments, debit card services, banking services and check writing, and all related services. In consideration of the mutual agreements herein contained, the Contractor and DCSS hereby agree as follows:

I. Overview

- A. DCSS is responsible for the establishment and enforcement of approximately 37,700 child support cases statewide. An average of 33,500 child support financial instruments are received for deposit each month. An average of 49,600 child support transactions are processed at the SDU monthly, including an average of 15,660 EFT transactions.
- B. The major categories of payments that require imaging and processing (both automated and manual) are: direct payments; wage withholding payments; payments received from out-of-state agencies; and liens. Currently, approximately 75% of payments are wage withholding, 14% direct and 11% out-of-state and others. The majority of payments are remitted directly to the SDU. Occasionally, payments are received by a DCSS District Office and then forwarded to the SDU. District Offices also receive wage withholding payments, which may or may not have an accompanying transmittal. District Offices forward all payments and corresponding documentation to the State Disbursement Unit (SDU) using Record of Daily Receipts, Form A15 that summarizes the payments and documentation.
- C. In direct payment cases, DCSS produces and provides to the Contractor, in the middle of every month, an electronic file sent by File Transfer Protocol (FTP), from which the Contractor prepares a monthly billing. The Contractor shall produce and mail a bill containing a statement of each payor's account and payment coupons for a one-month period, to the payors at least one week prior to the start of the next month. The Contractor shall provide address labels for this billing. The payor receives the entire month's document(s) and then uses a payment coupon to document payments consistent with the ordered frequency. Court orders create obligations that may require weekly, bi-weekly, semi-monthly, or monthly payments. Individual bills and coupons are not mailed to payors who are subject to wage withholding. Items received by the Contractor with direct payment transactions include payments and/or correspondence.
- D. In wage withholding cases, every week the Contractor shall produce and mail Income Withholding Coupons (Form 693) to the employers of payors who are subject to wage withholding. The employer, based on the employer's payroll frequency, returns the Form 693 with the payments to the SDU. The date the payment is received at the SDU is the date that shall be recorded as the receipt date by the Contractor. The Form 693 lists the names of all the employees from whose compensation the employer is obligated to withhold child support. The Contractor shall use the Form 693 as an input document. Items received by the Contractor with wage withholding transactions include payments and/or correspondence.
- E. Out-of-State (OST) cases are where there are payments received from agencies and other entities in other states. The Contractor shall process child support payments received from these agencies. There is no standardized format for these OST payments; each jurisdiction determines their own format. The

Contractor shall be able to process unbalanced EFT transactions, cost recovery transactions, post actual dollar amounts and notify DCSS of variances. A code designates these payments. Items received by the Contractor from out-of-state agencies include payment and/or correspondence.

- F. Lien cases are those cases where there are payments received from banks, insurance companies and other sources that represent payment of liens placed on the payors' assets. The Contractor shall forward any lien payments received to the Bureau of Finance daily.
- G. For all categories of payment, the Contractor shall complete imaging, conduct an analysis, and determine whether a payment can be processed, either by an automated process or manually, and act according to the appropriate DCSS directions and requirements. The Contractor shall transmit daily all processable payment information and provide a written report of such information to DCSS. The Contractor shall also make, at a minimum, daily deposits to the DCSS account. The Contractor shall, on a daily basis forward all payments that cannot be deposited because the payment is non-negotiable, to Bureau of Finance with accompanying documentation. Termination of employment information received from employers shall also be forwarded to DCSS daily at a minimum. An image of all deposited financial instruments and all supporting documentation shall be forwarded to DCSS. The Contractor shall deposit all financial instruments daily except those that are non-negotiable.
- ~~H. The Contractor shall have the ability to provide Electronic Funds Transfer and Electronic Data Interchange (EFT/EDI) transactions for the collection of child support payments. The Contractor shall accept cost recovery payments and shall include both CTX/820 and CCD+ formats and convert to an acceptable DCSS format.~~

II. Specifications

- A. The Contractor shall locate its SDU operations in Manchester, New Hampshire, or other location within New Hampshire that shall be approved in writing by DCSS and shall meet OCSE security requirements.
- B. During the life of the Contract, the Contractor shall continue to use the following Post Office boxes located at 955 Goffs Falls Road, Manchester, New Hampshire: PO Box 9501, 9502, 9503 and 9504. These Post Office boxes shall be used to accept the following mail classifications:
 - 1. Employer Payments (PO Box 9501)
 - 2. Payor Payments/District Office Receipts (PO Box 9502)
 - 3. Out-of-State/International Payments (PO Box 9503)
 - 4. Child Support Payment Enrollment Forms (PO Box 9504)

In the event of a change in mail volume, or unexpected circumstances, and with the written consent of DCSS, the Contractor shall obtain additional Post Offices boxes as necessary. Upon termination and/or expiration of this Contract, all Post-Offices boxes that receive SDU mail shall become the property of DCSS.

- C. The Contractor shall use a bonded and insured courier to pick up the contents of the postal boxes not less than two (2) times per day between the hours of 6:00 a.m. and 1:00 p.m and deliver it to the SDU Monday through Saturday with the exception of holidays.
- D. The Contractor shall execute subcontracts with RBS Citizens, Comerica Bank, Contact Solutions, LLC and Source One Direct. The subcontracts shall contain scopes of work describing the role of each subcontractor, including all security requirements as defined in the Request for Proposals 11-DCSS-SDU-02 dated December 30, 2011 and Exhibit C. A copy of the scope of work of each subcontract shall be

submitted to DCSS for review and acceptance no later than 60 days from the date of Governor and Executive Council approval of this Contract.

- E. All file transmissions between the Contractor and DCSS shall be secure. VPN or SecurePro are considered by DCSS to be secure. All file transmissions shall be encrypted.
- F. All notices, forms, brochures and all other methods of communication required by this Contract shall be pre-approved by DCSS.

III. Form Requirements

- A. The Contractor shall develop, design, print, produce, fold, stuff, and mail monthly bills, Form 684, containing payment coupons for direct child support payments from payors. Payment coupons, bills and all other required documents shall be printed by laser printer or meet an equivalent standard. Bills and payment coupons shall meet DCSS' design specifications and shall receive DCSS' acceptance and approval prior to printing. Coupons must be imprinted with a MICR line to permit automated processing by an OCR device. All information appearing on the bills and coupons shall be individualized. DCSS shall transmit an FTP file to the Contractor each month. Attachment A displays the billing file format and lists all the required data elements and associated character spaces for the monthly bill and coupons. An electronic copy of this image shall be provided by DCSS to the Contractor. A space for the payor to indicate that the enclosed payment is other than his/her regular payment shall also be included. Size of the bill and coupons may be changed and multiple part coupons are acceptable.

- 1. The following information provided to the Contractor by DCSS will be printed on the monthly bill/coupon:

- a. New Hampshire State Seal
- b. Case Identification Number
- c. Payor Social Security Number
- d. Payor Name
- e. Payor Address
- f. DCSS District Office
- g. DCSS District Office Address
- h. Child Support Worker Name and Telephone Number
- i. Amount Due for Current Support
- j. Amount Due for Arrears
- k. Total Amount Due for Month
- l. Payee Name
- m. Last Payment Processed
- n. Current Payment
- o. Past Due Payment/Arrearage as of Billing Date
- p. Billing Date
- q. Blank spaces to enter extra payment, check number, reason for payment, form number and its date
- r. Policy Release (PR) Number (to be provided by DCSS) - thirteen (13) digits
- s. Policy Release Date (to be provided by DCSS) - up to five (5) digits
- t. Information relative to returned checks including minimum payment due, amount of payment enclosed, payment due date and check number
- u. OCR Line for Payor ID Number - eight (8) digits
- v. OCR Line for Amount Due - up to twelve (12) digits, including cents

2. The Contractor shall mail the bill and the coupons to the payor each month no later than one week prior to the first day of the next month. The Contractor shall mail the bill in a double window envelope provided by the Contractor. The return address on the bill shall be the appropriate DCSS District Office and shall appear in the return address window of the envelope. The Contractor shall include self-adhesive pre-addressed labels with the monthly bill/coupon to be used by the payor for remittance.
- B. The Contractor shall develop, design, print, produce, and stuff, Income Withholding Coupon (Form 693) that shall be sent to employers to accompany the employer withholding of child support payments from payors who are in their employ. The Form 693 shall be mailed to employers weekly. The Form 693 shall meet DCSS' design specifications and shall receive DCSS' written approval and acceptance prior to printing and distribution. An FTP file shall be transmitted electronically by DCSS to the Contractor containing information for Form 693. All information appearing on the Form 693 shall be individualized.
1. The following information provided to the Contractor by DCSS shall be printed on the front side of the Income Withholding Coupon (Form 693):
 - a. New Hampshire State Seal
 - b. Title of Form (Income Withholding Coupon - Form 693)
 - c. Policy Release (PR) Number (to be provided to the Contractor by DCSS) - thirteen (13) digits
 - d. Policy Release Date (to be provided to the Contractor by DCSS) - up to five (5) digits
 - e. DCSS Form Designation Number (to be provided by DCSS) - up to ten (10) digits
 - f. Payor Social Security Number
 - g. Payor Name
 - h. Payor ID Number - eight (8) digits
 - i. DO Code - two (2) digits
 - j. Employer Name
 - k. Employer NECSES ID (NEN)
 - l. Employer Address
 - m. Employer Federal EIN
 - n. Amount Due Weekly
 - o. SDU Address
 - p. OCR Line for Payor ID Number - eight (8) digits
 - q. OCR Line for Amount Due - up to twelve (12) digits, including cents
 - r. Spaces provided for Employers to enter:
 - i. Actual Amount Withheld
 - ii. Check number
 2. The following check-off boxes (in separate tear-off section) shall be provided to capture wage termination data:
 - a. Layoff Date (with spaces for Employers to enter effective date)
 - b. Termination Date (with spaces for Employer to enter effective date)
 - c. Resigned/Quit/Retired Date (with spaces for Employer to enter effective date)
 - d. New Employer Date (with spaces for Employer to enter effective date)
 - e. Address Change/Comments
 3. DCSS shall provide the following information to the Contractor to be pre-printed on the tear-off section referenced in paragraph 3 above:
 - a. DO code (pre-printed)

- b. Employer Name (pre-printed)
 - c. Employer NEN (pre-printed)
 - d. Employee Name (pre-printed)
 - e. Member ID (pre-printed)
4. DCSS shall provide the following information to the Contractor to be printed on the reverse side of the Form 693:
- a. Statutory Authority for Completing Form (New Hampshire RSA 458:B-6)
 - b. Instructions for Completing Form
 - c. All District Office Names
 - d. All District Office Telephone Numbers
 - e. All District Office Fax Numbers
 - f. All District Office Code Numbers

IV. Processing Payments

- A. All mail shall be opened, imaged and processed by the Contractor on the day received. Mail shall be sorted into the four (4) categories: "Regular" (direct payment), "Wage" (wage withholding payments), "Out-of-State" (OST) and "Lien" (Lien payments).
- 1. The Contractor shall process all negotiable checks on the date of receipt. The Contractor shall forward to DCSS the originals of all non-negotiable checks and corresponding documents accompanied by a transmittal documenting the number of items being forwarded, keeping a copy for the Contractor's records. The checks and documents forwarded to DCSS shall be received no later than the following day during business hours. DCSS shall approve the method of delivery to be used. The Contractor shall return to the U. S. Postal Service all mail that has been incorrectly delivered to the SDU.
 - 2. When the processing rules require immediate communication to DCSS, appropriate communication shall be made to the Bureau of Finance.
 - 3. The Contractor shall image all financial instruments. All negotiable financial instruments shall be deposited with the regular daily deposit on the date of receipt.
 - 4. The Contractor shall notify the Bureau of Finance when cash is received at the SDU. The Contractor shall complete a separate deposit slip for cash receipts, deposit the cash on the date of receipt and shall forward an image of the deposit slip to DCSS along with the other deposit images.
 - 5. The Contractor shall retain all images for a period of seven (7) years from the date of the image. The Contractor shall provide DCSS with access to any retained image upon request. This provision shall survive the life of the Contract.
- B. The Contractor shall batch all financial instruments, documents and receipts.
- 1. All financial instruments, documents and receipts shall be batched separately in accordance with the type of payment: Regular (R), Wage (W), Out-of-State (S), and Out of State Tax Intercept (X). No batch shall exceed a maximum of one hundred (100) transactions unless otherwise agreed by DCSS. The Contractor shall separate any lien payments received at the SDU from other payments and forward them to the Bureau of Finance for processing.

2. Data elements required in the processing of collections for all direct pay payments from payors, Wage Assignment payments, District Office payments, Out-of-State payments, and State Tax Intercept are as follows:

a. Direct pay from payors:	Case ID number Amount Enclosed Check number Date of receipt at SDU
b. Wage assignment: (Income Withholding)	Payor ID number or Payor Social Security Number Amount Paid Check number Date of receipt at SDU
c. District Office:	Case ID number Amount paid Check number Date of receipt at DO Form 681 or Form 697
d. Out-of-State/Out-of-State State Tax intercepts:	Case ID number Payment amount Check number Date of receipt or check date as provided by other State

C. The Contractor shall provide reports to DCSS.

1. The Contractor shall provide to DCSS Bureau of Finance a daily report of all payments that were processed with all required data elements. All original documents related to the processing of payments shall be imaged and the images shall be forwarded to the DCSS Bureau of Finance, together with the daily report, after the payments have been reconciled. All originals are to be retained for 60 days and then destroyed by shredding or incineration. The documents and daily report are to be forwarded no later than the day following processing of a payment. DCSS shall approve the method of delivery.
2. The Contractor shall provide a separate monthly report with daily and weekly itemizations for Regular (direct payments), Wage (wage withholding payments), and Out-of-State (including Out-of-State State Tax Intercept payments), which identify the total number of processing services performed each day within those categories in that month.

D. The Contractor shall provide a front-end imaging system.

1. The Contractor shall provide DCSS with a core processing system known as *SDU360*, or functional equivalent with approval by DCSS, with the ability to provide the following functionality:
 - a. Integrated opening, data capture, and document imaging;
 - b. Automated payment processing, which captures data accurately;
 - c. Application of the following features: *Dynamic Templates and Advanced Character Recognition Engines, Automated Posting Logic and Intelligent Systems* or functional equivalent with approval by DCSS;
 - d. Unidentified payment research using Web-based Image Access, research notes functionality, and information sharing. This functionality shall extract pre-identified data from checks,

financial instruments and search documents including, but not limited to, courtesy line, legal line, check amount, MICR account data and date;

- e. Detailed procedures and quality assurance processes.
2. The Contractor shall process payments using images in the place of physical financial instruments, checks or remittance documentation. This application shall integrate a full-page scanner and a check scanner with intelligent software to ensure that all items are properly scanned and identified by the system. Images of financial instruments, checks, source documents, envelopes and any other information present shall be captured. All images shall be endorsed with information documenting the batch, envelope ID, date and any related information. Immediately following opening and image capture, batches of payments shall be imported into the *SDU360-IPP (Image Payment Processing)* for data capture, payment identification, and posting consisting of the following workflow components:
- a. A *Workflow Director* that shall manage work in queues based on configurable business rules. It shall manage the individual pieces including, but not limited to, envelopes and contents through all the required applications, and manage the applications themselves. *Workflow Director* shall direct items to robotic engines and processing queues as determined by the contents of the envelope.
 - b. *Dynamic Templates and Advanced Character Recognition Engines* that allow operators to key from images and validate payment data only for the first occurrence of the payment, thereby increasing accuracy, reducing errors, and improving cost efficiency. Thereafter, the system uses the templates to recognize the document and capture data on the next remittance and applies templates based on the financial instrument's MICR data, which is captured by the mail scanning solution.
 - c. *Automated Posting Logic* that facilitates the reconstruction of incomplete data elements by querying the entire State-supplied validation file in search of possible matches to captured remittance data. This functionality greatly enhances the identification process by providing operators with more possible matches based on even partial information provided by the remitter.
 - d. *Intelligent Systems* which can determine various payment histories and payment types for payments that cannot be processed automatically and for payments the system has not previously encountered; allow items within a batch to be routed to the appropriate destination in real time, without disrupting or delaying the workflow of the remaining items within the batch.

E. The Contractor shall provide a mail opening, imaging and scanning process.

1. The Contractor shall integrate the imaging process into the mail opening processes using imaging equipment and related applications. The Contractor shall process payments using images in the place of physical financial instruments, checks or remittance documentation.
2. The Contractor shall open, scan and image every document received at the SDU. During scanning, each document shall be assigned a unique identifier, which shall also be endorsed on the item. This unique identifier shall include the batch number, sequence number and the date of deposit.
3. The image, scan line, and unique identifier for each item shall be stored directly in the *SDU360*, or functional equivalent with approval by DCSS, database during capture.
4. Each payment shall be endorsed with a stamp stating the following:

**"FOR DEPOSIT ONLY
DEPARTMENT OF HEALTH
AND HUMAN SERVICES
DCSS"**

(With the bank account number)

or as otherwise designated by DCSS. In addition, the Contractor shall record on each payment the batch number, sequence number, and the date of deposit. Also included shall be a MICR line for the check amount.

5. After scanning, financial instruments shall be securely stored in the scan room until they are required for deposit preparation. Financial instruments shall not leave the scanning area from the time they are initially scanned until the time they leave the SDU en route to the bank for deposit in the custody of a bonded and insured courier, or until they are securely destroyed after truncation.
6. The Contractor shall scan all envelopes containing payments, and keep an image of the envelope with the payment image. The Contractor shall use database server software to store information regarding each item, envelope, and batch. This database shall be built on an industry standard database platform that will permit creation of reports regarding the types of mail scanned, the individual who scanned the mail, and the number of pages, batches and envelopes. The images captured shall be imported into a Web-based Image Access database to permit the processing of all paper payments using images in the place of physical documents.
7. Images shall be linked to their associated payment transactions in the Web-based Image Access database for use in conducting research required by DCSS.
8. The Contractor shall use standard financial instrument, check and document scanning equipment to generate electronic images of the contents in each envelope. The Contractor shall include, at a minimum, the following hardware: check scanner, page scanner, computer, and monitor. The Contractor shall use full-page scanners that have, at a minimum, the following functionalities:
 - Scan 80 checks per minute in both grayscale and bitonal format
 - Read MICR code lines and barcode
 - Scan both sides of a document capturing up to 10 images in a single pass
 - Document stamping (front & back roller stamp) and variable endorsing by ink-jet printer
 - Duplex desktop scanner
 - Scan B/W 42 ipm Duplex (Letter, Portrait, 200 dpi)
 - Capable of scanning paper sizes ranging from 2.0" x 3.5" to 8.5" x 14"
9. The Contractor shall ensure that images of payments are sorted into the categories required by DCSS and that payment data is transmitted to NECSES with the correct payment category identified. The required payment categories are:
 - a. R—Regular/Direct Payment
 - b. W—Wage Withholding Payment
 - c. S—Out-of-State
 - d. X—Out-of-State Tax Intercept

F. The Contractor shall examine financial instruments.

1. The Contractor shall examine each financial instrument to ensure that it has been made payable to "New Hampshire Department of Health and Human Services," or other payee acceptable to DCSS. The Contractor shall accept and deposit payments denominated in foreign currency. The Contractor shall not process non-negotiable financial instruments including, but not limited to, checks that are: made out to the wrong payee, postdated, unsigned, unreadable, damaged, stale dated (older than six (6) months) and checks that have a legal line that does not match the courtesy line, except as otherwise directed by DCSS. EFT payments must also be processed on the day received.
 - a. The Contractor shall employ *A2iA CheckReader* functionality to permit automated check recognition to read the courtesy line, legal line, payee line, name and address of payor, check date and to determine the presence of a signature. Any check, or other financial instrument, found to be non-negotiable shall be forwarded to DCSS with a Return Item Transmittal. Non-negotiable payment instruments, and all accompanying documents, shall be sent to DCSS at the close of each business day via UPS overnight delivery.
 - b. Upon receiving a payment denominated in foreign currency, the Contractor shall initiate conversion to United States dollars on the day it is received. The date of receipt shall be recorded as the same date the converted payment was received at the SDU.
2. The Contractor shall process all negotiable checks and remittance documents on the date of receipt.
 - a. *Hand-written information* shall be read and assessed on all payments. All payments shall be validated two separate times. Damaged or misread MICR lines shall be corrected. Illegible check images shall be read manually.
 - b. Scan line information from direct payments (Form 684) and wage withholding (Form 693) coupons shall be automatically captured.
 - c. Information on remittance documents shall be automatically captured and interpreted. Posting data shall be automatically captured.
 - d. MICR data for the first check received from a bank that the payment processing system has not previously encountered shall be validated. The MICR shall be validated with appropriate separation between the following data elements: account, routing and transit, and check numbers. All captured routing and transit numbers shall be validated for accuracy.
 - e. Payor address information shall be verified.
 - f. Using a file supplied by DCSS, the Contractor shall verify that information to be posted to the DCSS database is correct. Not less than two identifiers captured from payment documents shall be used to validate Case ID number, Payor ID number and/or Social Security number. This validation process shall prevent misapplied payments due to incorrect incoming data.
3. When payment batches have been identified and posted and prior to deposit preparation, the physical financial instruments shall be encoded. Data shall include, but is not limited to: MICR, dollar amount, reference numbers to identify the batch, items to be out-sorted, and an individual check reference value. No batch shall be exported until the following conditions have been met: debits equal credits, and, all efforts to obtain posting information for an unidentified payment have been exhausted and the financial instrument has been associated with the Unidentified Case Number provided by DCSS. *The encoding process shall include, but not limited to:*
 - a. Reading the MICR line on the batch header and each of the payment instruments.
 - b. Applying an additional printed audit trail endorsement on the back of each financial instrument, or other document, according to document identification parameters.
 - c. Encoding the dollar amount on each financial instrument in the lower right-hand corner of the check.
 - d. Sorting items according to item list instructions

- e. Outsourcing exception items including, but not limited to, NSF checks and free items.
 - f. Updating the status of encoded items in the master control table
 - g. Displaying items missing or free from the batch run
 - h. Generating a report of all exception items contained in the encode run.
 - i. Preparing financial instruments in accordance with ABA standards for delivery to the bank.
 - j. Ensuring that following actions are completed in the encoding process:
 1. Encode a deposit ticket equal to the dollar value of the checks,
 2. Produce reports which detail any missing or extra items,
 3. Generate a report for each batch that shall detail financial instrument items that:
 - a) are missing from a particular batch, or
 - b) are extra items, belonging to another batch, and
 4. No batch contains a missing or extra item.
 - k. Merging individual batches into deposit bundles. A batch header ticket shall be printed that shall be encoded with the total for all checks in that bundle. Reports shall be printed to permit balancing and check tracking, and deposit slips shall be printed.
 - l. The Contractor shall ascertain that the physical deposit and the transmission file are in balance, then prepare the physical deposit for electronic deposit using an encrypted internet connection offered by the contracted bank and scanning capabilities. Each financial instrument shall be scanned, any read problems corrected, and the deposit shall be balanced then approved. This process shall be available for all financial instruments including foreign checks. Cash shall continue to be deposited separately at the local contracted bank office. The physical checks shall be securely stored in the onsite safe and after a mutually agreed upon timeframes; they shall be destroyed by a secure shredding service.
 - m. The Contractor shall, after processing and balancing are completed each day, create an electronic transmission file consisting of all payments received at the SDU, both paper and electronic, whether identified or unidentified, and transmit the file to NECSES for overnight distribution and creation of the disbursement file. Payment information shall be transmitted to the DCSS automated system utilizing the Standard Record Layout format. Detailed records and supporting documents shall be made available upon DCSS request.
 - n. The Contractor shall transmit the transmission file each day by 7:00 p.m. with the exception of Sundays and State holidays.
- G. The Contractor shall conform to the *Standard Record Layout Format* required by DCSS to permit daily input into the NECSES system of wage withholding payments and payments received from out-of-state agencies. The Contractor shall implement a method for handling exception transactions for direct payments, wage withholding payments and payments received from out-of-state agencies. This method shall be approved by DCSS in advance. All NACHA approved transactions shall be accepted and processed by the Contractor.
- H. The Contractor shall capture wage termination data. Wage termination data to be captured shall include but not be limited to: NECSES ID Number (NEN), Payor Member ID Number, termination date (when available), and the date information was received. A termination file shall be transmitted daily with the following information:
- Employer Name
 - Employer NECSES ID Number (NEN)
 - Employee Name
 - Payor Member ID Number

- Termination date and reason for termination
- Social Security Number (SSN)
- Date information received at the processing center

1. The Contractor shall process electronic funds transfers.

1. The Contractor shall process EFT payments in a manner that ensures safety, security, timeliness and accuracy. Payments shall be received in CCD+ or CTX/820 format and shall be fully Regulatory and Industry Compliant. The Contractor shall utilize a web-based payment remittance solution subject to DCSS approval to provide payors, including but not limited to, employers, direct pay non-custodial parents, and out-of-state agencies, with the ability to make payments through the ACH process by providing for a direct debit of the remitter's bank account. EFT payments shall be made through a secure, password-protected Web site. The Web site shall be available 24 hours a day, seven days a week. This service shall be provided at no cost to DCSS, employers, and direct pay non-custodial parents when payments are being made for a New Hampshire child support case, and the DCSS validation file is used to validate case identifier information.
2. The Contractor shall import payment files, determine whether the file is properly formatted in accordance with NACHA standards and DCSS requirements and/or contains fatal errors, automatically correct file format errors, validate the payment information against a cross-reference file, and transmit the file to DCSS. Any payment that cannot be processed because of incomplete information, or an out-of-balance condition, shall be flagged and researched. Upon receipt of an electronic submission from an employer, the Contractor shall verify data, balance, and post. Due diligence shall be performed to correct errors before the daily transmission deadline.
3. The Contractor shall notify DCSS within 24 hours of any error condition that may impact either payment transactions or funds in the depository bank account. Errors requiring notice to DCSS include, but are not limited to, the following:
 - a. A reversal;
 - b. Receipt forwarded to DCSS without a proper credit made to the DCSS account;
 - c. Failure of an initiated prenotification.
4. The Contractor shall provide DCSS with a formatted report of all pertinent information, as defined by DCSS, received by the Contractor. This report shall be dated, itemized by batches, and shall include the total number of transactions per batch and the total number of dollars per batch and such other information as DCSS shall require. All fields in the report shall be clearly labeled to the satisfaction of DCSS. This report shall be transmitted at a time and using a method determined by DCSS. A naming convention shall be used that incorporates the date of file transfer to DCSS and links the report to the receipt transmission.
5. The contractor shall contact New Hampshire employers to encourage and facilitate conversion to electronic payment methods. There shall be an electronic certification process for employers that validates employee data and ensures that the SDU can receive a readable EFT file from the employer's bank. Employers shall be provided with access to a Web-based application and instructions that enables employers to format their most up-to-date withholding lists into either the CCD+ or CTX/820 format.
6. The Contractor shall provide electronic exchange of business information (EDI) services with instructions for employers on how to store employer and employee information in a format that can

Contractor Initials: YJH
Date: 4-22-12

be uploaded and processed at the SDU. The electronic submissions shall contain the following information:

- Employer name,
 - Employer FEIN/ID number,
 - Payor's name,
 - Payor's ID number or Social Security Number,
 - Amount of payment, and
 - Date of Withholding.
7. The Contractor shall create brochures and instructions to provide to employers upon request via mail or email. Upon receipt of an electronic submission from an employer, the Contractor shall verify data, balance, and post. Files shall be validated to determine if characters and formats are correct. Upon finding an error, the Contractor shall perform due diligence to correct the error before the daily transmission deadline.
 8. The Contractor shall conduct outreach efforts to promote the adoption of electronic remittance methods. Outreach shall include, but not be limited to, public announcements, telephone and mail solicitations, posting information on Web sites, presentations to industry groups and trade associations. All printed material prepared by the Contractor shall be submitted in advance to DCSS for acceptance and written approval.
 9. The Contractor shall conduct outreach through national outreach group that works across state lines to promote the use of EFT payment options among out-of-state employers and payors.
- J. The Contractor shall perform research processing on all child support payments received at the SDU that have incomplete or invalid payment information. Research processing shall be an "in-stream" activity occurring on the day the payment is received and processed at the SDU. The research function shall consist of examining the data sources to determine the appropriate identifying information for the payment to ensure that it is posted to the correct account. The Contractor's child support payment processing system shall have the capacity to support all of the features necessary to conduct research.
1. Validation data shall be loaded into the Contractor's cross-reference database, permitting the SDU staff to conduct research. The Contractor's research efforts shall result in two outcomes; either successful identification of a payment in which case the correct payor/case ID shall be established, recorded, and the payment information shall be included in that evening's transmission to DCSS and the corresponding financial instrument shall be deposited in the bank; or, no identification of a payment in which case a generic ID (AAA00000) shall be assigned to the payment, recorded, the payment information shall be included in that evening's transmission to DCSS and the corresponding financial instrument shall be deposited in the bank. Data must be provided to DCSS in batches. In addition, the supporting documentation specific to each unidentified payment, to include an image of the financial instrument, shall be remitted to DCSS on the following business day.
 2. Validation data provided to the Contractor by DCSS shall include at a minimum:
 - a. Payor name,
 - b. Payor Case Identification Number,
 - c. Payor Member ID Number,
 - d. Payor SSN,
 - e. Payee name,

- f. Current employer name and telephone number (if any),
- g. Wage assignment in effect,
- h. Current weekly support amount, if any wage assignment in effect, and
- i. Current employer town, if any wage assignment in effect.

K. The Contractor shall provide NSF check tracking.

- 1. DCSS shall provide electronic notice to the Contractor of all payors from whom personal checks may no longer be accepted. This notice shall specify the payor's name, address, Case Identification Number and/or Payor Member ID Number. Upon notice from DCSS, the Contractor shall indemnify and hold harmless DCSS for the amount, and any associated fees and costs, of any subsequent personal checks accepted and processed by the Contractor, that is not honored by a bank. After DCSS notice, the Contractor shall immediately notify the payor with a letter, approved by DCSS, explaining why the payment was rejected and the proper procedure for making future payments. DCSS retains the right to allow identified payors to resume making payments by personal check upon proper written notice to the Contractor. The Contractor shall not have authority to collect NSF checks nor any and all associated fees and costs from the payor.
- 2. After notice from DCSS, the Contractor shall indemnify and hold harmless DCSS for the amount of the check and any and all associated fees and costs should the Contractor accept any personal checks from any of the identified payors which are not honored by a bank.

L. The Contractor shall be responsible for posting errors.

- 1. The Contractor shall be responsible for correctly analyzing, classifying, recording and posting all payments. The Contractor shall be held liable for errors resulting from incorrectly recorded or posted payments that result in incorrect distribution of payments. The Contractor shall reimburse DCSS for errors made by the Contractor in recording or posting payments that result in incorrect distributions. DCSS shall provide written notice of the Contractor's errors. This notice shall specify the amount, date, Social Security Number and Case Identification Number and/or Payor Member ID Number.
- 2. The cost of the Contractor's posting errors shall be deducted from the Contractor's monthly invoice.
- 3. The Contractor shall not have authority to recover from the receipt of a misposted payment.

M. The Contractor shall provide credit card and debit card services.

- 1. The Contractor shall accept payments from individual obligors who elect to make payments by credit card and/or debit card. This service shall be available through a secure Web-based payment remittance solution or pay-by-phone option. The Contractor shall ensure that credit card and debit card transactions are governed by privacy protection rules and security rules. The data contained in transactions shall be encrypted. Payors shall be required to enter a verification number (CVV) printed on the reverse of their credit or debit card. All transactions shall be validated and authenticated.
- 2. The Contractor shall be responsible for resolving all disputes regarding credit card and debit card transactions. DCSS is not a party to the credit card and debit card transactions and shall be indemnified and held harmless by the Contractor in any dispute related to these transactions.
- 3. DCSS shall bear no responsibility for costs, fees or any other expenses related to credit card and debit card transactions. Any and all such fees shall be incurred by the payors who choose to use this

service. The Contractor shall provide explicit notice to all potential payors of any and all costs and fees associated with this service so as to allow them to make an informed decision regarding the use of these services. This notice shall explain that the fees paid for the transactions are for the cost of the service, are to be paid to the Contractor, and will not be credited against their child support obligation. This notice shall also explain that none of the fees and costs of the service are being charged by DCSS nor will they be passed on to either DCSS or the payee. Any and all notices in any form prepared by the Contractor shall be submitted in advance to DCSS for acceptance and written approval.

4. The Contractor shall process credit card and debit card payments according to the EFT process above.

IV. Banking Services

- A. The Contractor shall enter into a subcontract with RBS Citizens for banking services for DCSS. The services are banking account structure, information reporting, depository services and disbursement services.
- B. Citizens Bank will provide a SDU Main Concentration Account as the repository of all funds flowing through the SDU and two (2) Zero Balance Accounts (ZBA), one a depository account and the other a disbursement account, each will segregate activity by transaction type. Each ZBA will automatically net all debits and credit transactions at the end of each day. The net amount will be transferred to or from the main concentration account as the final transaction in the account structure each day.
- C. Citizens Bank will provide DCSS with transaction identification and reconciliation via an on-line information reporting system.
- D. All processable payments received each day by the SDU will be deposited into the depository account. Checks will be restrictively endorsed, audit trailed, encoded and batched prior to presentation to the bank. The batches of checks will be secured and accompanied by a deposit slip and an itemizing report for deposit into the depository account. At the end of each day, a copy of the deposit slip will be faxed to DCSS and a copy retained by the Contractor. Electronic payments in the form of EFTs that are credited directly to the depository ZBA each day will be reconciled using Citizens Bank's on-line reporting capabilities and the addenda records will be transmitted to the Contractor for subsequent payment posting. The Contractor will reconcile depository activity on a daily basis and will also reconcile the entire account monthly by comparing the bank's account statement to the Contractor's books at the end of the period. Any reconciling items will be submitted to the bank and then tracked through to resolution.
- E. Citizens Bank's Positive Pay Service will support the reconciliation of the disbursements account. The Contractor will provide Citizens Bank with a file containing all newly issued checks and any subsequently voided items. This will represent a complete inventory of all outstanding checks and will be used by the bank to validate each check presented against the disbursement account. Citizens Bank will only pay checks if the check number and amount validate against the Positive Pay file. All others are referred to as Positive Pay exceptions that are reported each day through an on-line interface accessed by authorized staff for research and resolution. The Contractor will reconcile the disbursement account monthly. All issued checks will be reconciled against those that cleared during the month and any adjustments for transactions that may have initially been posted erroneously will be identified. Citizens Bank shall provide reports that include:
- Daily Paid Register – List of all checks by serial number order
 - Stop Payment Listing – Report of all current stop payments on file and their status

- Consolidated Listing – Presents all items for the current pay period, arranged in serial number order, used to report the status of every item for that period
- Activity Summary – Provides a summary of issue input and check activity and is used to reconcile against the Contractor's books

V. Check Writing Services

- A. The Contractor shall provide DCSS with check-writing services. Check-writing services shall include printing, stuffing, mailing, inventory management and postal account reconciliation. Check-writing services shall be performed in a secure facility. Entry to the facility shall be limited to authorized personnel of the Contractor. Camera surveillance shall be employed. Personal items shall not be permitted inside the check-writing facility.
- B. The Contractor shall produce a file to be used for positive pay protection with the bank to provide protection against any unauthorized disbursements. A listing of checks with additional check information shall be transmitted via FTP to the bank. The Contractor shall ensure that the file shall be loaded at the bank. The Contractor shall ensure that the bank shall only pay checks included in this file.
- C. The check-writing operation shall accommodate check pulls through electronic data interchange, web-based applications or e-mail communications between DCSS staff and the Contractor's on-site manager. Detailed check records shall contain a specialized code alerting the Contractor's print manager when individual checks must be pulled and forwarded to an address determined by DCSS. The Contractor shall develop and maintain the capacity to comply with all DCSS requests to pull checks on demand and/or perform special handling of checks.
- D. The Contractor shall process the disbursement file. The disbursement file shall be transmitted from Necesses to the Contractor's check printing facility via FTP before 9:00 a.m. The Contractor shall ensure that:
1. The transmission is verified,
 2. Check numbers and stock numbers are merged,
 3. Check numbers are compared to a historical record of checks printed to ensure no check number is skipped or duplicated,
 4. The file is sorted by category or special handling as appropriate,
 5. The file is sorted to maximize postal discounts,
 6. POSTNET delivery codes reapplied, and
 7. Out-of-balance or incomplete transmissions are resolved.
- E. The Contractor shall print checks.
1. Checks shall be loaded into a printer and Log Stock Numbers verified,
 2. Check printing shall commence,
 3. Checks shall be sealed and/or stuffed as required,
 4. Out-sorts, special handling and check pulls shall be completed as required by DCSS,
 5. Checks shall be sorted by zip code and bundled into trays, and
 6. Log Stock Numbers shall be verified.
- F. The Contractor shall initiate delivery of checks to the U. S. Postal Service.
1. A bonded courier shall be notified when a delivery is required,
 2. Checks shall be moved to a secure loading dock,

3. The bonded courier shall sign a receipt,
 4. The bonded courier shall deliver checks to the U. S. Postal Service on or before 5:00 p.m., and
 5. All postal regulations shall be observed to ensure proper mailing procedures and to maximize postal discounts.
- G. When DCSS requests special handling, the Contractor shall contact an overnight courier service, require the courier to sign a receipt and ensure that DCSS receives delivery the following day.
- H. The Contractor shall use check stock, approved by DCSS in writing that incorporates security features to deter and prevent fraud and counterfeiting. These security features shall include, but not be limited to: void pantograph, warning band, microprint line, artificial watermark, and toner grip. Check stock shall be stored in a separate, secure location.
- I. The Contractor shall provide DCSS with end-of-day summary reports that include: daily production logs; summary production logs; and, daily pull reports.
- J. DCSS shall specify the information to be included on the checks and will work with the Contractor regarding the final check product. Final form and included data shall be determined by DCSS.

VI. Electronic Disbursements

- A. The Contractor shall provide a debit card program. The debit card program shall be an industry standard application, primarily using existing commercial networks and retailer's Point of Service devices.
- B. The debit card shall be a branded VISA or MasterCard card and shall operate via the VISA or MasterCard network and be accepted by any participating merchant.
- C. The debit card shall require a Personal Account Number and/or signature for activation and purchases.
- D. The Contractor shall provide a magnetic debit card that is fully compliant with all federal laws and regulations, meet industry standards for quality and contain security features to activate the card and to prevent counterfeiting.
- E. The Contractor shall provide twenty-four (24) hours per day, seven (7) days per week Customer Service assistance for cardholders. The Contractor shall provide a website for cardholder access. The Contractor shall provide the services offered in its Proposal including providing a Customer Service website to assist cardholders seeking information and assistance.
- F. The Contractor shall be responsible for production and issuance of the initial and replacement debit cards. The Contractor shall provide the initial card to the cardholder at no cost to DCSS or the cardholder.
- G. DCSS shall have final approval of the design, content, and process of distribution of the card mailer and any and all instructional materials associated with the usage of the debit card.
- H. The Contractor shall detail the conditions and terms of replacing debit cards.
- I. The Contractor shall be responsible for replacing cards that have been lost, stolen, damaged, misplaced or are otherwise not functioning.

2. The Contractor shall provide instructions describing the procedure for requesting a replacement card. Such instructions shall be sent to each cardholder and posted on the website. In addition, the website shall present:
 - The relevant timeframes for card replacement,
 - The procedure and conditions of expediting a replacement card,
 - Any fees associated with debit cards,
 - Procedures for activating/deactivating cards and PINs, and
 - The Contractor shall take the steps necessary to ensure replacement cards are in cardholder hands three weeks prior to planned expiration.
- I. The Contractor shall:
 1. Process returned cards in accordance with stringent MasterCard standards.
 2. Provide DCSS with an online daily report as an electronic file listing the cards returned by the US Postal Service as undeliverable.
 3. Destroy the undeliverable cards according to MasterCard and debit card industry guidelines.
 4. Notify DCSS of any address changes received.
- J. The Contractor shall replace all cards within three years of issuance.
- K. The Contractor shall:
 1. Return to DCSS any funds applied to a card that was never successfully delivered to its intended cardholder, upon request of DCSS.
 2. Provide an Unpinned Card Report weekly to DCSS of cards with funds deposited and not pinned/activated by the cardholder. The report shall include the name, address, telephone number, date of card issuance and first date of funds deposited to the card. Cards appear on this report if they have not been activated by the time a deposit is made to it.
 3. Attempt to make telephone contact with cardholders when their card first appears on the Unpinned Card Report.
 4. Encourage cardholders to PIN/activate their cards in order to access their funds.
 5. Generate replacement cards for cardholders who have either misplaced or lost their initial debit cards.
 6. Track outreach efforts and report these to DCSS for review.
 7. The contractor shall work with DCSS to conform the timeframe in which DCSS is notified that a card is inactive and funds are eligible for return to the State.
 - i. When a cardholder fails to activate an account by selecting a PIN, funds deposited in the account remain unavailable and do not become the property of the cardholder.
 - ii. The Contractor shall report the existence of such funds and, upon request by DCSS, initiate the return of the funds to DCSS.

- a. After receiving a request for funds return along with a letter of indemnification from DCSS, the Contractor shall submit a request to its operations staff to complete the return of funds.
 - b. The Contractor shall adjust the balance of the eligible account to zero and notify Comerica Bank to initiate the return of the funds to DCSS. Funds will be returned to DCSS by Comerica Bank in a NACHA- approved payment file.
8. The Contractor and DCSS shall periodically review the current processes for identification of unpinned accounts, the notification to DCSS of these accounts, the method of returning funds to DCSS and all related timeframes for the return of funds in unpinned accounts to determine if changes in the current process and procedures are required.
- L. The Contractor shall maintain any and all cardholder information and cardholder account information confidential. It shall not be sold or otherwise shared with any other entity not associated with this contract or for any purpose other than the execution of the contract unless required by federal or state law. The Contractor shall not use cardholder information or cardholder account information to solicit business and must provide assurances that the cardholder information and cardholder account information is protected and kept confidential.
- M. The Contractor shall provide cardholders with a secure web site that will include but not be limited to the following services:
1. On-line statements of detailed financial transactions posted to their account;
 2. Detailed deposit information by the program shall be free of charge;
 3. Additional cardholder notification materials, Frequently Asked Questions (FAQs), Cardholder Help Desk contract information, and links to the New Hampshire Division of Child Support website; and
 4. DCSS shall have final approval of the design and content of the website.
- N. The Contractor shall meet the following requirements:
1. The Contractor shall notify DCSS in writing, at least 90 calendar days in advance of a proposed system or program change that could affect the New Hampshire Debit Card Services program or cardholders;
 2. The Contractor shall work in coordination with DCSS to determine the best way to notify cardholders of the pending change.
 - a. If the changes are minor or invisible to cardholders, then notification is not needed.
 - b. If the changes are significant, the cardholders shall receive notification, in accordance with card association notification guidelines, at least 45 days in advance of the change issuing revised informational materials including the Cardholder Terms of Use via the mail. The Contractor shall also provide information through their customer service help desk ARU for cardholders calling for assistance or information, local agency office postings and posting on the ACS Debit Card Services program website.
 3. The Contractor shall provide the following functions via help desk for receiving complaints and disputes:
 - a. Cardholders may dispute any MasterCard transaction within 60 days from date of transaction.

- b. The Contractor shall mail a request for investigation form to the cardholder to request their signature in order to initiate investigation within 48 hours from the time the dispute is received and recorded.
 - c. Cardholder must sign and return the request for investigation form within 10 days of the dispute being reported, or the ticket is closed.
 - d. The Contractor has 10 days from receipt of the signed investigation form to provisionally credit the cardholder's account. If the merchant does not agree with this determination, the merchant has 45 days to re-present the data supporting their claim.
 - e. The Contractor shall notify the cardholder at least five days prior to making a debit adjustment to their account for merchant re-presentation.
 - f. The Contractor shall notify the cardholder in written correspondence of resolutions and debit adjustments.
 - g. The Contractor shall close and file the cardholder's ticket once the adjustment is made. The Contractor shall forward the completed tickets to the reconciliation supervisor for logging. Disputes that become adjustments are filed with the daily settlement packet.
4. The Contractor shall provide the cardholder a website that meets security requirements by using secure hypertext transfer protocol (HTTPS) and SSL encryption. The website shall require cardholders to enter certain demographic information or passwords to enter the site securely and access their own program information.
 5. The Contractor shall not place any daily withdrawal limitations on a New Hampshire Debit Card Services program cardholder for the number or amount of purchase or withdrawal transactions daily, provided funds are available in the cardholder's account. Limitations may be placed on cardholders by financial institutions, ATM owners or operators, or by merchant and service locations. The NH Debit Card Services program allows a cardholder to use his/her card at any MasterCard member bank or credit union branch location to request a withdrawal of funds. There is no minimum withdrawal amount at a teller window.
- O. The Contractor shall provide debit card access to cardholders.
1. The Contractor shall provide debit card access through an operating Mastercard Cirrus network, or functional equivalent with approval by DCSS, allowing for national and international ATM access with withdrawal of cash through a normal ATM transaction.
 2. The Contractor shall provide cardholders with two free ATM withdrawals per month at their in-network Citizens Bank ATM locations. An ATM withdrawal transaction is defined as an approved ATM withdrawal transaction initiated by the cardholder at a Citizens Bank ATM location where they successfully obtain the funds they requested. Under the Contractor's program, Citizens Bank ATMs shall be surcharge-free for the cardholder.
 3. The Contractor shall provide Proactive Deposit Notification to State cardholders, where the Contractor places calls, sends emails or sends text messages to cardholders to inform them of deposits made to their accounts. There shall be no cost to the cardholder for this service.
 4. The Contractor shall provide Low Balance Alert Notification to State cardholders which will allow them to use the ARU or the Contractor's dedicated program website to enroll in the low balance alert notification service that automatically alerts them when their account reaches an elected balance level. Alerts will be sent by email, telephone, or text message. There shall be no cost to the State or the cardholder for this service.

5. The MasterCard Marketplace Savings program shall be available to all New Hampshire Debit Card Services program cardholders by MasterCard. The program is optional and available to all debit MasterCard cardholders, including New Hampshire Debit Card Services program cardholders. There shall be no cost to the State or the cardholder for this service.
 6. The Contractor shall provide MasterCard-branded pre-paid debit card and access to more than 2,000 MasterCard-branded ATMs in the State of New Hampshire where a cardholder may perform an ATM withdrawal and balance inquiry and more than 560,000 ATMs nationwide. The Contractor shall provide access to the Citizens Bank ATMs both state and nationwide.
 7. The Contractor shall provide cardholders two free ATM withdrawals a month at any Citizens Bank ATM. If a cardholder elects to use an out-of-network ATM, then they may incur a surcharge fee from the ATM owner or operator. Additional in-network ATM withdrawals above the two free per month, out of network ATM withdrawals and international ATM withdrawals incur a fee of \$1.75 per transaction.
 8. The Contractor shall not charge any fees for the following services:
 - Monthly account fee
 - Deposit notification
 - POS signature transactions
 - Renewal card issuance
 - Mailed transaction history
 - Account overdraft
 - Account information at the program website
 - 90-day funds returned to the State if card not delivered or activated
 - Proactive deposit notification via text message
 - Low balance alert notification
 - MasterCard Marketplace Savings Program
 9. The Contractor shall provide NH Debit Card Services program cardholders with access to MasterCard branded ATMs throughout the world. NH cardholders can use their debit cards for ATM withdrawals and balance inquiries, teller withdrawal transactions and retailer and service purchases throughout NH, the United States and internationally.
- P. The Contractor shall provide Point of Service (POS) access to cardholders.
1. The Contractor shall ensure that NH cardholders can make both PIN- and signature-based transactions using the MasterCard Cirrus network throughout the world. Cardholders shall not be charged a fee for signature based purchases and will be charged a \$.30 fee for each PIN-based purchase. There will be no additional fee for cash back with purchase PIN-based transactions.
 2. The Contractor shall ensure the operating network shall query the cardholder's available balance at the time of any PIN-based POS transaction and disallow those that would exceed the cardholder's balance.
 3. The Contractor shall ensure that the cardholder will be able to receive cash back with a POS transaction based on either the store limit or the negotiated cash back withdrawal limit.

4. Cardholders shall activate their cards through the PIN selection process. Once a cardholder has selected their PIN and activated their card, they shall be able to make a point of service purchase transactions either through the internet, by mail, by telephone, or in-person, wherever MasterCard is accepted.
 5. For PIN-based purchase transactions, a cardholder shall swipe their card and choose 'debit' on the point of service device. When prompted, the cardholder will enter their PIN to complete the transaction.
 6. For a signature-based transactions, cardholders will generally choose 'credit' on the point of service device and be prompted (based on the retailer and the amount) to sign for the transaction. All internet, mail and telephone purchases will be considered signature-based transactions.
 7. The Contractor shall enable NH cardholders to make purchases at any participating MasterCard merchant or service location using a POS device, provided the cardholder has the available funds to cover the transaction amount and any fees.
- Q. The Contractor shall provide Bank Teller access to cardholders.
1. The Contractor shall allow NH cardholders to withdraw cash at any MasterCard-member bank or credit union branch location using a teller (in the State of NH, the United States and internationally). There is a \$2.00 fee for each bank teller withdrawal transaction.
 2. The NH Debit Card Services Program card shall be accepted by any participating MasterCard member bank or credit union for a bank teller/cash advance transaction. Cardholders will be able to present their card at a teller window and request a withdrawal of funds. The cardholder will be asked to sign a cash advance form for the funds. The current cash limit set by MasterCard is \$5,000.
- R. The Contractor shall ensure that, prior to processing a transaction, the recipient card number is validated, the PIN is correctly entered, verify that the number of consecutive failed PIN tries has not been exceeded, verify sufficient recipient balance to complete the transaction and ensure each deposit is properly posted based upon availability of funds. The Contractor shall ensure that the transaction shall be denied if any of the conditions listed are not met.
- S. The Contractor shall provide Customer Service access to cardholders.
1. The Contractor shall provide Cardholder Help Desk twenty-four (24) hours per day, seven (7) days per week to cardholders. The Contractor shall provide current debit card account, deposit and transaction history information via a toll-free, "1-800" number and shall provide a toll-free international number.
 2. The Contractor shall have the capability to provide cardholder customer services in English and Spanish. The individuals providing customer service shall be proficient in written and spoken English and have a clear comprehension of the English language.
 3. The Contractor shall provide Teletypewriter (TTY) services to cardholders with hearing disabilities. If a TTY call comes into the customer service help desk ARU, it will be immediately routed to specially trained CSRs for caller assistance.

4. The Contractor shall provide sufficient customer service capacity to ensure the contractual service standards for cardholder calls referred to customer services are met. The Contractor shall provide English and Spanish speaking customer services.

i. After card issuance, the cardholder must activate the card though PIN selection accomplished through the Contractor's ARU using a toll-free number. The Contractor shall verify the cardholder's identity through the use of personal identifiers approved by DCSS including Social Security Numbers, date of birth and the card number. For access to the ARU, the PIN shall be used as authentication of identity for all activities. If assistance from a CSR is needed, cardholder identity will be confirmed by providing data identifiers, such as name, date of birth, address, or other demographic information.

ii. For access to the secure website, cardholder identify is verified by providing the card number, three-digit security code on the back of the card (CVV), Social Security Number, and date of birth. After confirmation of identity, the cardholder will establish a unique user ID with an associated password. The cardholder will also enter a security question and answer. This security question will be displayed on certain Web screens to validate the cardholder's identity. Cardholders entering their personal debit card account information through the dedicated program website shall be required to follow a two-factor authentication process.

iii. The Contractor shall have its supervisors regularly monitor calls to ensure that CSRs meet performance standards. ARU usage and CSR calls shall be recorded stored and tracked in order to forecast call volumes, schedule CSRs, properly size infrastructure, and optimize performance to meet industry standard response times and State performance requirements. Cardholder related service complaints shall be given utmost priority. Each complaint shall be logged, investigated and followed through to resolution. Resolution details and appropriate findings associated with complaints shall be provided to DCSS.

T. The Contractor shall provide an Automated Response Unit (ARU) for cardholders to access.

1. The Contractor shall provide DCSS with monthly reports of the activity through the ARU including but not limited to the number of calls, the number of calls dropped, and the number of calls opted to Customer Service.

2. DCSS reserves the right to review and approve the content of ARU messages, prompts, and customer service scripts prior to their implementation.

3. The Contractor shall notify DCSS thirty (30) days prior to any change in the ARU messages. DCSS reserves the right to review and approve any such changes.

4. The ARU shall contain the functionality for cardholders to opt out to a customer service representative at any time.

U. The ARU and Cardholder Help Desk shall support the following functions:

I. Card Activation

a. Cardholders shall select their PIN by using a PIN select ARU;

b. The Contractor shall provide a secure ARU PIN select procedure;

c. The Contractor shall clearly describe the card activation process to the cardholder;

- d. The Contractor shall provide a secure process to report a lost or stolen or damaged debit card and shall provide detailed response for the process;
- e. The Contractor shall provide real-time account balance and state what is defined as real-time account balance;
- f. The Contractor shall provide the cardholder with a transaction history and clearly state the maximum number of transactions included in the history;
- g. The Contractor shall clearly detail additional transaction information available to the cardholder and the method of obtaining that information;
- h. The Contractor shall provide a detailed instruction to cardholders for changing their PIN;
- i. The Contractor shall provide NH Cardholders with instructions on contacting the customer service help desk to report instances of suspected cases of unauthorized transfer of funds, cards or PINS that are compromised, lost or stolen, or other activities in which it appears that either the cardholder or another person has committed fraud. Upon receipt of a report by the cardholder, ACS begins a formal investigation and resolution process in accordance with Regulation E and card association guidelines. Processes in handling of suspected incidents of fraud and notification timelines shall be reviewed with and approved by DCSS.
- j. The Contractor shall provide a fraud analyst to contact a cardholder immediately if the Contractor's various fraud monitoring tools leads to suspicion of fraudulent card usage. Usage shall be confirmed by asking specific account and transaction questions. The fraud analyst will close the card and issue a new one if fraudulent activity has occurred or will clear the fraud alert if the cardholder conforms the transaction. ACS shall follow industry/association recommended metrics for tracking fraud and will work with DCSS to recover funds lost due to fraud in accordance with banking regulations and industry guidelines.
- k. The Contractor shall provide DCSS with reporting to the extent permissible under 12 CFR 205 Regulation E and industry guidelines.

V. The Contractor shall provide instructional materials to the cardholders written in English and Spanish at a reading level no higher than sixth (6th) grade. DCSS shall have final approval of instructional materials provided with the debit card. The Contractor shall include training materials in the card issuance packet to ensure the cardholder understands how to activate the account, their rights and responsibilities, how to use the card, identification of any and all associated fees, and where to call in case of questions for reporting issues.

VII. File Transmission

- A. DCSS shall receive the transmission of the keyed information and EFT receipt file on the date of the processing. The deadline for the exchange is critical. Currently, the deadline for keyed information is 7:00 p.m. The deadline for the EFT receipt file is 7:00 p.m. An earlier transmission is permissible, but transmissions shall be received no later than 7:00 p.m.
- B. The Contractor shall transmit a copy of the file layout plus a copy of the file for regular, wage, UC, liens and Out-of-State receipts as shown in the example included in the Request for Proposals for this Contract.
- C. The file transmissions between the Contractor and DCSS shall be secure and encrypted. Transmission files shall be sent to DCSS using VPN technology at the end of each processing day.

VIII. Contract Personnel

All services required by the Contract will be performed by employees of the Contractor, or by State approved subcontractors. The Contractor shall guarantee that all personnel providing the services required by the Contract are qualified to perform their assigned tasks. DCSS shall be advised of, and approved in writing,

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any permanent or temporary changes to or deletions from the Contractor's management, supervisory, and/or key professional personnel, who directly impact the SDU services, at least ten (10) days in advance of such change.

IX. Training

At the request of DCSS, the Contractor shall plan, organize, schedule and conduct training sessions for DCSS staff to familiarize them with the services and products to be provided by the Contractor. The Contractor shall collaborate with DCSS staff to develop training content, training methods, presentations and materials. During the period of performance of the Contract, the Contractor shall provide DCSS with new employee training, refresher training, information updates regarding any processes, procedures, or technologies or modifications that have been implemented. DCSS shall, with advance notice to the Contractor, schedule visits by DCSS staff to the SDU to learn more about operations. The Contractor shall update its current SDU operating procedures to reflect all new procedures to be implemented under the terms of this Contract. The Contractor shall provide the name, telephone number, fax number and e-mail address of a contact person to coordinate all training requests.

X. Notification of Changes

DCSS shall notifying the Contractor of any policy and/or procedural changes affecting the SDU services at least thirty (30) days prior to the implementation of such policy and/or procedure. The Contractor shall implement the changes on the date specified by DCSS.

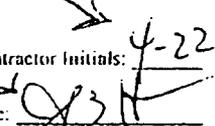
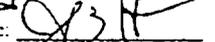
XI. Definitions:

- A. A2iA CheckReader – The Contractor's intelligent character recognition software engine that reads handwritten information from checks integrated into the SDU360-IPP module.
- B. ACH (Automated Clearing House) – A central clearing facility, operated by a private sector organization in conjunction with the Federal Reserve on behalf of depository financial institutions, in which participating depository financial institutions transmit or receive ACH debit or credit entries.
- C. AICPA – American Institute of Certified Public Accountants.
- D. BIN – Bank Identification Number
- E. Bureau of Finance – The Department of Health and Human Service, Office of Finance.
- F. Case Identification Number – A unique identification number assigned by NECSES to a child support case. Case Identification Numbers are nine (9) digits in length (Alphanumeric).
- G. CCD+ (Cash Concentration and Disbursement "Plus") – A credit or debit entry initiated by an organization to consolidate funds from other organizations, or to fund the accounts of another organization. The CCD+ carries one addenda record with 80 characters of additional payment information.
- H. Check Number – the number of the check used in processing. Currently the length is up to ten (10) digits. If the check number is greater than ten (10) digits, then the last ten (10) digits are required for processing.

- I. Client Member ID Number - A unique identification number assigned by NECSES to a Payee in a child support case. Client Member ID numbers are eight (8) digits in length (Numeric).
- J. CTX/820 (Corporate Trade Exchange) – A credit or debit entry initiated by an organization to effect transfers of funds to or from the account of another organization and accompanied by remittance information (EDI).
- K. Custodial Parent (CP) – the parent with custody of the child(ren) in a child support case.
- L. Daily Receipt Transmittal – Document that accompanies the payments received at the District Office when sent to the SDU.
- M. DCSS – The Division of Child Support Services, the State of New Hampshire agency that locates responsible parents, collects and distributes child support money, and operates in accordance with relevant state and federal authorities.
- N. Debit Card – a plastic card that resembles a credit card but functions like a check and through which payments for purchases or services are made electronically to the bank accounts of participating retailing establishments directly from those of card holders.
- O. DHHS – The New Hampshire Department of Health and Human Services.
- P. DO – District Office; there are 11 DHHS/DCSS District Offices throughout the State of New Hampshire.
- Q. e-childspay – The Contractor’s credit card payment remittance solution available to individual payors.
- R. EDI (Electronic Data Interchange) – The electronic exchange of data in a standardized ACH format that accompanies electronic child support enforcement payments.
- S. EFT (Electronic Funds Transfer) – The electronic exchange of funds in a standardized ACH format used to transmit electronic child support enforcement payments.
- T. Electronic Payment Processing and Information Control (EPPIC) – The Contractor’s in-house debit card transaction processing solution
- U. Employer Identification Number (EIN) – Federal Employer Identification Number also known as the employer’s federal tax identification number used to identify a business entity (Numeric).
- V. Exception Transactions – Out of balance EFT transactions.
- W. ExpertPay – The Contractor’s web-based electronic payment remittance solution available to employers and individual payors
- X. E-Z Deposit – Software used by the Contractor to deposit check images electronically.
- Y. FIPS (Federal Information Processing Standard Code) – A unique seven-digit code that identifies the child support jurisdiction, (i.e. State, County, central state registry) (Numeric).

- Z. Form 693 – Document sent to payors’ employers to be returned to the SDU with payments withheld from payors’ wages. Also know as an “Income Withholding Coupon”.
- AA. FTP (File Transfer Protocol) – A standard Internet protocol to exchange files between computers via the Internet.
- BB. Income Withholding Coupon – Document sent to payors’ employers to be returned to the SDU with payments withheld from payors’ wages. Also known as “Form 693”.
- CC. IV-D – Title IV-D of the Social Security Act the federal law that provides the mandate and authority for DCSS to provide child support services.
- DD. IV-D case – The collection of documents used to compose a child support case file. Also used to describe whether a family composition is IV-D (receives IV-D establishment and enforcement services) or non IV-D (receives only Income Assignment services)
- EE. Lien Payments (L) – Payments received as a result of a judicial or administrative lien placed upon the real or personal property of the payor.
- ~~FF. KidStar – The Contractor’s state disbursement unit processing system now integrated into SDU360.~~
- GG. Mail – Financial instruments, accompanying documents and envelops.
- HH. MICR (Magnetic Ink Character Recognition) – Machine reading of a special print in magnetic ink, using a magnetic head including the numbers and characters on the bottom of checks that indicate routing and transit numbers, or other information determined by DCSS.
- II. NACHA – The national association that establishes the standards, rules and procedures that enable depository financial institutions to exchange payments on a national basis using the Automated Clearing House network.
- JJ. NACHA Codes – Standard codes used to identify transactions submitted to the Federal Reserve for processing to communicate exactly how the customer gave authorization to debit/credit their bank account.
- KK. Non IV-D case – A case file or family composition type in which the party receives only Income Assignment services.
- LL. NECSES – New England Child Support Enforcement System.
- MM. NEN (Employer NECSES ID) – A unique identification number assigned by NECSES to the employer of a payor in a child support case. NEN numbers are nine (9) digits in length (Numeric).
- NN. Non-Negotiable Payments – Payments that cannot be accepted for deposit by financial institutions.
- OO. NSF (Non-sufficient Funds) – A child support enforcement payment by check whereby the funds are not available in the payor’s bank account to make the payment.
- PP. OCR – Machine reading of print in a readable format using an optical read head. The OCR line on the payment coupon shall contain the Case Identification Number and the minimum payment due. OCR is used to accommodate an automated payment process.

- QQ. OCSE (Office of Child Support Enforcement) – Office of Child Support Enforcement, Administration for Families and Children, part of the U. S. Department of Health and Human Services.
- RR. OPEN SCAN – The Contractor’s image payment processing solution now integrated into SDU360.
- SS. Out-of-State Payments (OST) – Payments received from any entity located outside of the State of New Hampshire.
- TT. Payee – Parent/guardian/entity to receive child support.
- UU. Payor – Parent to pay child support.
- VV. Payor Member ID Number – A unique identification number assigned by NECSES to a payor in a child support case. Payor Member ID Numbers are eight (8) digits in length (Numeric).
- WW. Payment Receipt – Receipt filled out when a payor makes a payment at a District Office.
- XX. Payment Coupon – Document for direct paying NCPs to return with their payments to the SDU.
- YY. Regular Payments (R) – Direct payments received from payors.
- ZZ. RFP – Request for Proposals 11-DCSS-SDU-02 issued by the Division of Child Support Services.
- AAA. SDU (State Disbursement Unit) – The single point of entry in New Hampshire for receiving, recording and depositing child support payments.
- BBB. SSN – Social Security Number, nine (9) digits in length (Numeric).
- CCC. Unidentified Payments – Financial instruments that are negotiable but cannot be identified by the Contractor as belonging to any specific child support case.
- DDD. Wage Withholding Payments (W) – Payments received from NCPs’ employers.

Contractor Initials:  4-22-12
Date: 

**ATTACHMENT A
Billing Coupon File Description**

AN = alphanumeric, N = numeric

Field No.	Field Name	Length	Pos.	Format	Description
1	Case ID	9	1 - 9	AN	A unique identification number assigned by NECSES to a child support case.
2	Client Name Last	20	10 - 29	AN	The last name of the NECSES client, to whom the coupon payment is due.
3	Client Name First	15	30 - 44	AN	The first name of the NECSES client.
4	Client Name MI	1	45 - 45	AN	The middle initial of the NECSES client.
5	Client Member ID	8	46 - 53	N	A unique identification number assigned by NECSES to the client in a child support case.
6	Order Amount	S9(06)V99	54 - 61	N	The current child support payment due the client by the non-custodial parent (payor).
7	Order Frequency	1	62 - 62	AN	The frequency of the order amount. May be "B", "M", "S", "W" or space.
8	Arrearage Amount	S9(07)V99	63 - 71	N	The portion of the child support attributable to payment towards support arrears.
9	Arrearage Frequency	1	72 - 72	AN	The frequency of the arrearage amount. May be "B", "M", "S", "W" or space.
10	Order Amount per Month	S9(07)V99	73 - 81	N	The total of current and arrearage amounts converted to a monthly basis.
11	Member SSN	9	82 - 90	AN	The social security number of the payor.
12	Date Last Payment	8	91 - 98	N	The date the payor last made payment in CCYYMMDD format.
13	Coupon Amount Received	S9(08)V99	99 - 108	N	The amount received from the payor in the last payment.
14	Arrearage Total	S9(07)V99	109 - 117	AN	The total amount of child support the payor owes for his case(s).
15	Date Bill was Generated	8	118 - 125	N	The billing date in CCYYMMDD format.
16	DO Code	2	126 - 127	AN	Two letter code for the District Office supervising the child support case.
17	Payor Member ID	8	128 - 135	N	A unique identification number assigned by NECSES to the payor in a child support case.
18	Payor Name Last	20	136 - 155	AN	The last name of the payor.

Field No.	Field Name	Length	Pos.	Format	X.	Description
19	Payor Name First	15	156 - 170	AN		The first name of the payor.
20	Payor Name MI	1	171 - 171	AN		The middle initial of the payor.
21	Amount Due (1)	S9(06)V9 9	172 - 179	N		The payor's amount due for the first week of the month if the support obligation is weekly.
22	Date Amount Due (1)	8	180 - 187	N		The date the first week's amount is due in CCYYMMDD format.
23	Amount Due (2)	S9(06)V9 9	188 - 195	N		The payor's amount due for the second week of the month.
24	Date Amount Due (2)	8	196 - 203	N		The date the second week's amount is due in CCYYMMDD format.
25	Amount Due (3)	S9(06)V9 9	204 - 211	N		The payor's amount due for the third week of the month.
26	Date Amount Due (3)	8	212 - 219	N		The date the third week's amount is due in CCYYMMDD format.
27	Amount Due (4)	S9(06)V9 9	220 - 227	N		The payor's amount due for the fourth week of the month.
28	Date Amount Due (4)	8	228 - 235	N		The payor's amount due for the fourth week of the month.
29	Amount Due (5)	S9(06)V9 9	236 - 243	N		The payor's amount due for the fifth week of the month when the month contains five weeks.
30	Date Amount Due (5)	8	244 - 251	N		The payor's amount due for the fifth week of the month.
31	Payor Address Line 1	25	252 - 276	AN		The payor's first address line.
32	Payor Address Line 2	25	277 - 301	AN		The payor's second address line. Blank if not present.
33	Payor Address Line 3	25	301 - 326	AN		The payor's third address line. Blank if not present.
34	Payor City Address	20	327 - 346	AN		The city in which the payor resides.
35	Payor State Address	2	347 - 348	AN		The state in which the payor resides.
36	Payor Zip Code-1 Address	5	349 - 353	AN		The first five digits of the payor's zip code address.
37	Payor Zip Code -2 Address	4	354 - 357	AN		The last four digits of the payor's zip code address. Blank if not present.
38	Payor Country Address	2	358 - 359	AN		The country in which the payor resides. Blank if not present.
39	Worker Name	30	360 - 389	AN		The name of the worker supervising the child support case.

Field No.	Field Name	Length	Pos.	Format	Description
40	DO Telephone Number	10	390 - 399	N	The telephone number of the District Office supervising the child support case.
41	DO Address Line 1	25	400 - 424	AN	The District Office first address line.
42	DO Address Line 2	25	425 - 449	AN	The District Office second address line. Blank if not present.
43	DO Address Line 3	25	450 - 474	AN	The District Office third address line. Blank if not present.
44	DO City Address	20	475 - 494	AN	The city in which the District Office is located.
45	DO State Address	2	495 - 496	AN	The state in which the District Office is located.
46	DO Zip Code-1 Address	5	497 - 501	AN	The first five digits of the District Office zip code address
47	DO Zip Code -2 Address	4	502 - 505	AN	The last four digits of the District Office zip code address. Blank if not present.
48	DO Country Address	2	506 - 507	AN	The country in which the District Office is located. Blank if not present.

Contractor Initials: JSH
Date: 4-22-12

Receipt File Layout and File for Regular, Wage, Out-of-State, Lien
and Unemployment Compensation Receipts
State Disbursement Unit
SDU/EFT File

```
*****
*      TABLE: COL-SDU-RECEIPT-FILE      *
*      CODE: LCBX                          *
*      RECORD LENGTH: 100                  *
*                                          *
*      PLCBX SHALL BE USED FOR SDU & E.F.T *
*      PROCESSING                          *
*                                          *
*****
```

```
*
01 COL-SDU-RECEIPT-RECORD.
  05 LBBX-DUMMY-REC          PIC X(100).
*
  05 LBBTCH-HEADER REDEFINES LBBX-DUMMY-REC.
    10 LBBTCH-RECORD-TYPE    PIC X(01).
    10 LBBTCH-NUMBER         PIC X(03).
    10 LBBTCH-ZEROS          PIC X(03).
    10 LBBTCH-DATE.
      15 LBBTCH-DATE-CC      PIC X(02).
      15 LBBTCH-DATE-YY      PIC X(02).
      15 LBBTCH-DATE-MM      PIC X(02).
      15 LBBTCH-DATE-DD      PIC X(02).
    10 LBBTCH-CNTL-COUNT     PIC 9(03).
    10 LBBTCH-CNTL-AMT-ALPHA.
      15 LBBTCH-CNTL-AMT     PIC 9(07)V99.
    10 LBBTCH-FILLER1        PIC X(01).
    10 LBBTCH-BTCH-TYPE      PIC X(01).
    10 LBBTCH-FILLER2        PIC X(71).
*
  05 LBRCT-RECEIPT REDEFINES LBBX-DUMMY-REC.
    10 LBRCT-RECORD-TYPE     PIC X(01).
    10 LBRCT-BTCH-NUMBER     PIC X(03).
    10 LBRCT-BTCH-SEQ        PIC X(03).
    10 LBRCT-CASE-ID         PIC X(09).
    10 LBRCT-PAYOR-ID        PIC X(08).
    10 LBRCT-SSN             PIC X(09).
    10 LBRCT-AMOUNT-ALPHA.
      15 LBRCT-AMOUNT        PIC 9(06)V99.
    10 LBRCT-DATE.
      15 LBRCT-DATE-CC       PIC X(02).
      15 LBRCT-DATE-YY       PIC X(02).
      15 LBRCT-DATE-MM       PIC X(02).
      15 LBRCT-DATE-DD       PIC X(02).
    10 LBRCT-DATA-ITEMS.
      15 LBRCT-CHECK-NO      PIC X(10).
      15 LBRCT-FILLER        PIC X(03).
```

Contractor Initials:
Date: 4-22-12

15 LBRCT-FEE-AMOUNT PIC 9(08)V99.
 15 FILLER PIC X(28).
 10 EFT-RCT-DATA-ITEMS REDEFINES LBRCT-DATA-ITEMS.
 15 EFT-PAYMENT-SOURCE PIC X(10).
 15 EFT-MED-SUPPORT-IND PIC X(01).
 15 EFT-EMPLOYMENT-TERM-IND PIC X(01).
 15 EFT-PRE-NOTE-IND PIC X(01).
 15 EFT-FEE-AMOUNT PIC 9(08)V99.
 15 EFT-FILLER PIC X(28).

05 LBSHIPHEADER REDEFINES LBBX-DUMMY-REC.
 10 LBSHIPHEADER-RECORD-TYPE PIC X(01).
 10 LBSHIPHEADER-DATE.
 15 LBSHIPHEADER-DATE-MM PIC X(02).
 15 LBSHIPHEADER-DATE-DD PIC X(02).
 15 LBSHIPHEADER-DATE-CC PIC X(02).
 15 LBSHIPHEADER-DATE-YY PIC X(02).
 10 LBSHIPHEADER-BANK-NAME PIC X(17).
 10 LBSHIPHEADER-FILLER PIC X(74).

05 LBSHIPTRAILER REDEFINES LBBX-DUMMY-REC.
 10 LBSHIPTRAILER-RECORD-TYPE PIC X(01).
 10 LBSHIPTRAILER-DATE.
 15 LBSHIPTRAILER-DATE-MM PIC X(02).
 15 LBSHIPTRAILER-DATE-DD PIC X(02).
 15 LBSHIPTRAILER-DATE-CC PIC X(02).
 15 LBSHIPTRAILER-DATE-YY PIC X(02).
 10 LBSHIPTRAILER-RECORD-COUNT PIC 9(06).
 10 LBSHIPTRAILER-BATCH-COUNT PIC 9(06).
 10 LBSHIPTRAILER-DOLLAR-AMT PIC 9(7)V99.
 10 LBSHIPTRAILER-FILLER PIC X(30).
 10 FILLER PIC X(40).

EXHIBIT B

Methods and Conditions Precedent to Payment

1. The Contractor understands and agrees that the cost structure, including all unit prices specified in the following Price Schedule, shall be guaranteed for the term of the Contract. The term of the Contract is the date of Governor and Council approval or July 1, 2012, whichever date is later, through June 30, 2015. Subject to the Contractor's compliance with the terms and conditions of this Agreement, the Price Schedule for Contract Deliverables shall be as follows:

Price Schedule

Deliverable	Price/Item			
	SFY 7/1/12 - 6/30/13	SFY 7/1/13 - 6/30/14	SFY 7/1/14 - 6/30/15	SFY 7/1/15 - 6/30/16
1. Remittance Processing Services				
a. EFT payments				
i. Regular	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.49
ii. Research	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
iii. Suspense	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
b. Coupon Payments				
i. All	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.49
c. Data-Entered Payments				
i. Other than research and suspense	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83
ii. Research	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
iii. Suspense	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
2. Disbursement Processing Services				
a. Check Writing	\$ 0.51	\$ 0.52	\$ 0.53	\$ 0.54
b. Provision for Deliveries (Check Pulls)	\$ 21.60	\$ 21.60	\$ 21.60	\$ 21.60
3. Banking Service				
a. Monthly Cost	\$ 6,650.00	\$ 6,650.00	\$ 6,650.00	\$ 6,650.00
b. NSF Tracking	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
c. NSF Check Handling	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
4. Printing and Mailing Services				
a. Monthly Obligor Coupons	\$ 0.74	\$ 0.75	\$ 0.76	\$ 0.77
b. Labels	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
c. Weekly Employer Coupons	\$ 0.74	\$ 0.75	\$ 0.76	\$ 0.77

5. Other Costs and Services				
a. Provision for Daily Reporting	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
b. Provision for Post Office Box Rental	\$ 132.00	\$ 132.00	\$ 132.00	\$ 132.00
c. Employer Terminations	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
d. Imaging	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07
e. Imaging (EFT)	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07
f. Provision for Deliveries (non-processable)	\$ 21.60	\$ 21.60	\$ 21.60	\$ 21.60
6. Debit Card - Costs to DCSS				
a. Deposit Notification	\$ -	\$ -	\$ -	\$ -
b. ATM Withdrawal Fee	\$ -	\$ -	\$ -	\$ -
c. Cash Withdrawal @Teller	\$ -	\$ -	\$ -	\$ -
d. Cash-back with Purchase	\$ -	\$ -	\$ -	\$ -
e. ATM Cash Withdrawal				
International	\$ -	\$ -	\$ -	\$ -
f. ATM Balance Inquiry	\$ -	\$ -	\$ -	\$ -
g. ATM Denial	\$ -	\$ -	\$ -	\$ -
h. Teller Withdrawal	\$ -	\$ -	\$ -	\$ -
i. POS Signature Transaction	\$ -	\$ -	\$ -	\$ -
j. POS PIN Based Transaction	\$ -	\$ -	\$ -	\$ -
k. Card Replacement	\$ -	\$ -	\$ -	\$ -
l. Expedited Card Replacement	\$ -	\$ -	\$ -	\$ -
m. Interactive Voice Response	\$ -	\$ -	\$ -	\$ -
n. Renewal Card Issuance	\$ -	\$ -	\$ -	\$ -
o. Monthly Statement	\$ -	\$ -	\$ -	\$ -
p. Overdraft Fee	\$ -	\$ -	\$ -	\$ -
q. Web Account	\$ -	\$ -	\$ -	\$ -
r. 90 Days Funds Returned to State if card not delivered or card is not activated	\$ -	\$ -	\$ -	\$ -
7. Debit Card - Costs to Cardholder				
a. Deposit Notification	\$ -	\$ -	\$ -	\$ -
b. ATM Withdrawal Fee	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
c. Cash Withdrawal @Teller	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
d. Cash-back with Purchase	\$ -	\$ -	\$ -	\$ -
e. ATM Cash Withdrawal				
International	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
f. ATM Balance Inquiry	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
g. ATM Denial	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75

h. Teller Withdrawal	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
i. POS Signature Transaction	\$ -	\$ -	\$ -	\$ -
j. POS PIN Based Transaction	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
k. Card Replacement	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
l. Expedited Card Replacement	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
m. Interactive Voice Response	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
n. Renewal Card Issuance	\$ -	\$ -	\$ -	\$ -
o. Monthly Statement	\$ -	\$ -	\$ -	\$ -
p. Overdraft Fee	\$ -	\$ -	\$ -	\$ -
q. Web Account	\$ -	\$ -	\$ -	\$ -
r. 90 Days Funds Returned to State if card not delivered or card is not activated	\$ -	\$ -	\$ -	\$ -
8. SSAE No. 16	\$ 46,190.00	\$ 47,114.00	\$ 47,114.00	\$ 48,056.00

2. Prices contained in the *Best and Final Offer* submitted by the Contractor dated March 28, 2012, shall be guaranteed for the term of the Contract except that a price change may be negotiated if one or both of the following occurs:
 - a. Any unanticipated changes in U.S. Postal Service rates, or
 - b. DCSS requests a change in the *Scope of Services* to be performed.
3. The Contractor shall invoice DCSS monthly for services performed under the terms of this contract. Invoices shall be submitted on the Contractor's letterhead stationary and signed by an authorized representative of the Contractor.
4. Invoices shall be submitted to DCSS not later than thirty (30) days from the end of the month in which the services are performed. Failure to submit monthly invoices to DCSS within thirty (30) days of the end of the month, in which services were performed, without the prior written approval of DCSS, shall cause such invoice or invoices to be disallowed and DCSS shall not be responsible for the payment thereof.
5. The invoice shall include the following:
 - a. Itemization of all units of service and prices charged to DCSS,
 - b. Total price,
 - c. Any earnings credit,
 - d. Net balance for charges (Total price less earnings credit),
 - e. Itemization of all units of services and prices, including any and all specified prices pertaining to the processing of EFT/EDI,
 - f. Total price for all EFT/EDI services, and
 - g. Receiving Monthly Fees portion of the invoice shall be itemized to include:
 - i. Data Output Fee,
 - ii. Transaction Fee with the number of transactions, and
 - iii. ACH Items Returned with the number of returned items.

6. Compensation paid by DCSS shall be accepted by the Contractor as payment in full for the services provided under this Agreement.
7. Invoices shall be sent to Michael Lovely, Supervisor, Bureau of Finance, 129 Pleasant Street, Concord, NH 03301.
8. The Contractor has designated Nell Jean-Jacques, Project Manager, as the Contractor's contact person to resolve questions regarding invoices. He can be reached at (603) 644-1183 or (603) 682-2684.
9. DCSS has designated Michael Lovely, Supervisor, Bureau of Finance, as the DCSS contact person to resolve questions regarding invoices. He can be reached at (603) 271-9298.
10. DCSS shall notify the Contractor within ten (10) days of any change in the designated person and/or their telephone number. The Contractor shall notify DCSS within ten (10) days of any change in the designated person and/or their telephone number.
11. The cost of Banking Services shall be offset by the use of compensating balances that shall be determined by applying the bank's monthly Earnings Credit Rate to the average available funds. The Earnings Credit Rate shall be calculated according to the following formula:

a.
$$\text{Earnings Credit} = (\text{Current Balances} \times \{1 - \text{Reserve Requirement}\}) \times \text{Earnings Credit Rate} \times (\text{Days in Month}) / 365$$

12. The total amount to be obligated hereunder shall not exceed a total of \$3,350,500.

EXHIBIT C

Additional Provisions

1. Documents Included – The following documents are incorporated as part of this Agreement:
 - a. Request for Proposals 11-DCSS-SDU-02 dated December 30, 2011,
 - b. SDU Clarification Letter dated January 27, 2012,
 - c. SDU Questions with Official Answers dated February 16, 2012,
 - d. SDU Questions with Official Answers Addendum dated March 6, 2012,
 - e. Contractor Proposal dated March 16, 2012 submitted in response to the Request for Proposals 11-DCSS-SDU-02, and
 - f. The Best and Final Offer submitted by the Contractor dated March 28, 2012.

2. In the event of any dispute over the terms, conditions or performance of obligations under this agreement, or any conflicting language between the documents noted above, the order of precedence of documents shall be:
 - a. New Hampshire Standard Contract Terms and Conditions, Form P-37, and its Exhibits A through J;
 - b. Request for Proposals 11-DCSS-SDU-02 dated December 30, 2011;
 - c. SDU Questions with Official Answers Addendum dated March 6, 2012;
 - d. SDU Questions with Official Answers dated February 16, 2012;
 - e. The Best and Final Offer submitted by the Contractor dated March 28, 2012;
 - f. Contractor Proposal dated March 16, 2012 submitted in response to the Request for Proposals 11-DCSS-SDU-02.

3. The Contractor acknowledges and accepts that DCSS may withhold ten percent (10%) of a monthly payment for services performed under the Contract if, in the sole judgment of DCSS, the Contractor is non-compliant with the terms and conditions of the Contract and/or the Scope of Work, including but not limited to: quality of SDU services, quantity of SDU services, accuracy of service delivery and processing, timeliness of service delivery and processing, and security requirements. DCSS shall provide the Contractor with a list of specific conditions, services or transactions requiring correction or remediation. All payments withheld by DCSS shall be released upon determination by DCSS that the conditions causing non-compliance have been corrected and remedied to the satisfaction of DCSS.

4. When, at the sole discretion of the Director of DCSS, or any of his/her designees, there is a disaster, the Contractor shall immediately communicate with the Business Recovery Services contractor selected by DCSS. Currently the Business Recovery Services contractor to DCSS is IBM. The Contractor shall perform all its duties pursuant to this Contract, in cooperation with IBM, or a subsequent Business Recovery Services contractor, and at the direction of the Office of Information Technology until such time as the State's mainframe is fully operational. To Declare a disaster or outage emergency, call 1 877 IBM RECI (426 7321) and provide the following information:

Company Name
Name of person calling
Call back name and number
Nature and location of disaster
Contract Number(s): CFT6PSF, CFTRXSC, CFTPV6C

5. During the period of performance of the Contract, the Contractor shall comply with all physical security requirements that are or may be mandated by federal and/or state laws, rules, or regulations. The Contractor

shall permit access to the SDU by agents of the State or federal government for the purpose of ascertaining compliance with all applicable laws, rules, regulations and the conditions of the Contract.

- a. The Contractor shall make every effort to protect the SDU from damage by accident, theft, malicious intent, fire, loss of utilities, environmental hazards such as flood and hurricanes, vandalism, and unauthorized access.
- b. Access to the SDU area shall be restricted and located in a self-contained area that only performs SDU functions.
- c. The SDU processing center shall have security doors, and a locking system for all doors such as card key locks, or push button code type locks.
- d. All employees shall enter and exit the SDU through one access point and visitors' entry shall be controlled at the main entrance reception station. All visitors to the facility shall be required to register at the reception area and shall be escorted by SDU personnel while on-site.
- e. The SDU processing center shall have floor to ceiling walls, or walls that are at least eight feet high and joined to a ceiling made of impenetrable steel, expanded steel mesh or similar material.
- f. The Contractor shall limit access to the SDU processing center to the following: SDU processing center staff, appropriate and authorized accounting and management staff employed by the Contractor, authorized subcontractors, auditors designated by the Contractor, federal or state auditors, DCSS staff and others authorized by the Director of DCSS.
- g. All SDU employees who have access to or control over funds collected under the child support enforcement program shall be covered by a bond against loss resulting from employee dishonesty as required by 45 CFR 302.19.
- h. All payment processing activities that involve financial instruments and all other payment processing activities including but not limited to the opening and processing of the mail, shall take place within the SDU processing center.
- i. At all times when work in accordance with this Contract is being performed, there shall be no fewer than two (2) people in the SDU, one of whom shall be a supervisor. A security camera shall monitor all business operations within the SDU.
- j. The SDU processing center shall have a fireproof, immovable safe for safeguarding processed financial instruments until transported to the bank for deposit.
- k. Prior to a prospective employee's first day of work, the Contractor shall conduct and receive a comprehensive drug screening and background check, including a criminal records check, on any employee who shall perform duties under this Contract. A copy of said background check shall be provided to DCSS upon request. This background check process applies to temporary employees each time they start or re-start work with the Contractor. The background check shall include at a minimum, identity verification, including Social Security Number trace, and felony and misdemeanor records from county of current residence.
- l. SDU employees shall work at desks without drawers and all personal belongings shall be kept outside the SDU.

- m. All SDU employees, permanent and temporary, shall sign and disclose any relationship of their own or of a member of their immediate family to the process of receiving or paying child support. These disclosures forms shall immediately be shared with DCSS. SDU employees shall be strictly prohibited from accessing the system to check the status of cases to which they have a personal relationship. No employee shall process payments or documents related to cases to which they have a personal relationship.
6. No later than forty (40) working days after the end of the State Fiscal Year on June 30, the Contractor shall provide the Department of Health and Human Services a "SCO 1" Type 2 report in accordance with American Institute of Certified Public Accountants, Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization. The report shall assess the design of internal controls and their operating effectiveness. The reporting period shall cover the previous twelve (12) months or the entire period since the previous reporting period. The Department will share the entire report with internal and external auditors of the State of New Hampshire and federal oversight agencies.
- a. The Contractor shall provide assurances to the State that the service auditor shall be selected through a competitive procurement process to perform audit services for the Contractor on contractual engagements where SSAE No.16, Statement on Standards for Attestation Engagements, type audits are either required or appropriate.
 - b. The Contractor shall retain the services of a certified public accounting firm, to perform annual SSAE No. 16, Statement on Standards for Attestation Engagements, audits of the New Hampshire State Disbursement Unit. On-site portions of the annual service audit shall be scheduled, performed and completed prior to the end of a State Fiscal Year ending June 30. A draft service audit report for the State Fiscal Year shall be delivered to DCSS no later than fifteen (15) working days after the end of the State Fiscal Year on June 30. The written proposal shall specify a delivery date for the draft service audit report. A final Service Auditor's Report shall be delivered to DCSS no later than forty (40) working days after the end of the State Fiscal Year on June 30. The written proposal shall specify a delivery date for the final Service Auditor's Report.
 - c. The Contractor shall require the service auditor to perform an audit that conforms to SSAE-No.16, (Statement on Standards for Attestation Engagements) in strict compliance to the methods and standards for a Type II review based on criteria established by the American Institute of Certified Public Accountants.
 - d. DCSS shall make available to the service auditor data and information pertaining to State Disbursement Unit operations and/or controls that is necessary for the completion of the Service Auditor's Report.
 - e. The Contractor shall supervise, coordinate, and facilitate the service auditor's conduct of the SSAE-No.16 audit.
 - f. The services auditor shall bear final responsibility for the content and findings of the Service Auditor's Report.
7. Service Auditor's Report
- a. The SSAE No.16 type 2 Service Auditor's Report shall include:
 - i. Description by the service organization's management of its system of policies and procedures for providing services to user entities, including control objectives and related controls as they relate to the services provided, throughout the specified period of time;

- ii. Written assertion by the service organization's management about whether:
 - a. The aforementioned description fairly presents the system in all material respects,
 - b. The controls were suitably designed to achieve the control objectives stated in that description, and
 - c. The controls operated effectively throughout the specified period to achieve those control objectives; and
 - iii. Report of the service organization's auditor, which:
 - a. Expresses an opinion on the matters covered in management's written assertion, and
 - b. Includes a description of the auditor's tests of operating effectiveness of controls and the results of those tests.
- b. The service auditor's procedure shall include, but not be limited to, the following:
- i. Information on the description of controls for the report through discussions with appropriate Contractor personnel, through reference to various forms of documentation, such as system flow charts and narratives, and through the performance of tests of controls.
 - ii. Determination of whether the description provides sufficient information for user auditors to obtain an understanding of those aspects of the Contractor's controls that may be relevant to DHHS' and DCSS' internal controls.
 - a. The control environment, such as hiring practices, and key areas of authority.
 - b. Risk assessment, such as those associated with processing specific transactions.
 - c. Control activities, such as procedures on modifications to software.
 - d. Communications, such as the way user transactions are initiated.
 - e. Control monitoring, such as involvement of internal auditors.
 - iii. Examining evidence of whether controls have been placed in operation by:
 - a. Inquiry of appropriate Contractor management and staff, and
 - b. Inspection of Contractor documents and records, and
 - c. Observation of Contractor activities and operations.
 - iv. Performing appropriate tests of control to determine that they were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved during the State Fiscal Year audited.
 - v. Determining that significant changes, in the Contractor's controls, which were implemented before the start of the service auditor's fieldwork, are included in the Contractor's description of the controls.
 - vi. The price of an annual SSAE No. 16 Audit and the total price of the audits during the term of the Contract shall be identified as a separate line item in the Cost Proposal.
8. All services required by this Contract shall be performed by employees of the Contractor, or by State approved subcontractors. The Contractor shall guarantee that all personnel providing the services required by the Contract are qualified to perform their assigned tasks. DCSS shall be advised of, and approve in writing, any permanent or temporary changes to or deletions from the Contractor's management, supervisory, and key

professional personnel, who directly impact the state disbursement unit services, at least ten (10) days in advance of such change.

9. The contract, consisting of this document and all of the documents noted in Exhibit C, shall be construed according to the laws of the State of New Hampshire. Any legal proceeding regarding this contract shall be brought in State of New Hampshire administrative or judicial forums. Venue will be in Merrimack County, State of New Hampshire.
10. Gratuities or Kickbacks: The Contractor agrees that it is a breach of this Contract to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.
11. The Contractor acknowledges and accepts that DCSS reserves the right to conduct quarterly evaluations of the performance of the Contractor during the term of this Contract by methods and procedures DCSS deems appropriate. The Contractor further acknowledges that any and all deficiencies cited in writing by DCSS shall be corrected by the Contractor to the satisfaction of DCSS within thirty (30) calendar days of notification of said deficiencies.
12. DCSS reserves the right to discontinue all or any part of this contract at any time. DCSS shall give ninety (90) days written notice to the Contractor of such termination. The Contractor shall work with DCSS to provide a smooth wind down period for any and all functions terminated.

[Handwritten Signature]

4-22-12

NH Department of Health and Human Services

STANDARD EXHIBIT G

CERTIFICATION REGARDING
THE AMERICANS WITH DISABILITIES ACT COMPLIANCE

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.

Sheri Z. Heller Sheri Z. Heller, Ed. D.
(Contractor Representative Signature) Senior Vice President and Managing Director
(Authorized Contractor Representative Name & Title)

Xerox State & Local Solutions, Inc. 4-25-12
(Contractor Name) (Date)

Contractor Initials: *SH*
Date: 4-25-12

NH Department of Health and Human Services

STANDARD EXHIBIT I
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
BUSINESS ASSOCIATE AGREEMENT

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D, Sec. 13400.
- b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- m. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. "Unsecured Protected Health Information" means *protected health information that is not secured by a technology standard that renders protected health information unusable, unreasonable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.*
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

(2) Use and Disclosure of Protected Health Information.

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
 - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) Obligations and Activities of Business Associate.

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part I, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in the HITECH Act, Subtitle D, Part I, Sec. 13401 and Sec. 13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.

Contractor Initials: WJH
Date: 4-25-12

- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

JV3K

4-25-12

(5) Termination for Cause

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) Miscellaneous

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

Department of Health and Human Services,

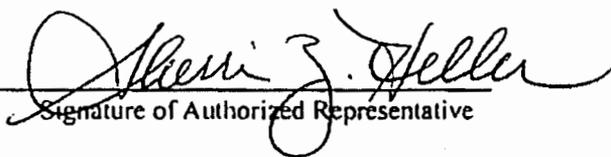
Division of Child Support Services

Xerox State & Local Solutions, Inc.

The State Agency Name

Name of the Contractor

Mary S. Weatherill



Signature of Authorized Representative

Signature of Authorized Representative

Mary S. Weatherill

Sherri Z. Heller, Ed.D.

Name of Authorized Representative

Name of Authorized Representative

Director of DCSS

Senior Vice President and Managing Director

Title of Authorized Representative

Title of Authorized Representative

05-30-12

4-25-12

Date

Date

Contractor Initials: *JZH*
Date: *4-25-12*



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STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
Fax: 603-271-1516 TDD Access: 1-800-735-2964
www.nh.gov/doit

Denis Goulet
Commissioner

June 23, 2015

Nicholas Toumpas, Commissioner
State of New Hampshire
Department of Health and Human Services
129 Pleasant Street
Concord, NH 03301-3857

Dear Commissioner Toumpas:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into a contract amendment with Xerox State and Local Solutions of Fairfax, VA, as described below and referenced as DoIT No. 2012-171A.

This contract amendment with Xerox includes technology and operational services to process the distribution of child support payments for the State Disbursement Unit, in compliance with the federally mandated 48 hours of receipt deadline. The amendment increases the price limitation by \$1,163,400, from \$3,350,500 to \$4,513,900 and extends the completion date from June 30, 2015 to June 30, 2016. The amendment shall become effective upon approval by the Governor and Executive Council.

A copy of this letter should accompany the Department of Health and Human Services' submission to Governor and Executive Council.

Sincerely,

A handwritten signature in black ink, appearing to read "Denis Goulet", with a long horizontal flourish extending to the right.

Denis Goulet

DG/ltm
Contract 2012-171

cc: Leslie Mason, DoIT