



PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)

Policy Statement Regarding Service Provider Contract Review

In order for PRISM to operate efficiently and effectively, PRISM has adopted this policy regarding service provider contracts to include the following: (1) a defined practice for legal review of service provider contracts; (2) a list of contract provisions that should be included in service provider contracts; (3) a defined practice regarding the use of competitive bidding; and (4) protocols and authority levels for entering into contracts with service providers.

1. All contracts that will result in payment by PRISM of \$10,000 or more for goods and/or services shall be reviewed by legal counsel before the agreement is finalized. The legal review shall be performed by PRISM's Chief Legal Counsel or any other attorney who is delegated this responsibility by the Chief Legal Counsel or Chief Executive Officer (CEO), if the Chief Legal Counsel is unavailable.

2. Unless one or more of the following provisions is/are not necessary for a certain type of contract or it is determined during review by Legal Counsel that the provision does not need to be included in a contract, all service provider contracts shall include the following provisions:

- Agreement terms
- Scope of Services to be provided
- Form of timing of periodic reporting by the service provider to the pool (if applicable)
- Performance measures and corresponding reporting methods
- Compensation terms
- Acknowledgement of ownership and confidentiality of pool information
- Business continuity obligations of the service provider
- Data security obligations of the service provider
- Records retention standards and accountabilities
- Compliance with applicable state and federal regulations
- Indemnification provisions
- Insurance requirements
- Assignability of the contracted relationship
- Cancellation and/or termination terms
- Breach definition and remedies
- Legal venue to resolve disputes
- Choice of law
- Data transfer obligations

3. If PRISM is considering the creation of a new service offering to members or a new service provider to provide an already existing service to members, then, for any contract that will be in excess of \$50,000, the appropriate EIA committee will decide



whether a competitive selection process should be used for the procurement of the services. If the service offering is specific to a program, then the decision will be made by the committee that oversees that program. If the offering is not program specific, then the decision will be made by the Member Services Committee or the Risk Control Committee, whichever is deemed appropriate. The committee that reviews the matter shall determine what the competitive selection process should entail. Although cost for the service should be a factor in any decision, the committee has the discretion to determine how important of a factor it should be. If a service contract already exists with a provider and it is being considered for renewal, then, regardless of cost, the committee can elect to approve renewal of the contract without a competitive selection process.

If PRISM is considering the use of a new service or new service provider for administrative functions (including but not limited to, staffing resources, IT systems or services, professional advice, or other operational relationships), authority is delegated to the CEO or that person's designee, to decide whether a competitive selection process should be used for the procurement of the services. Although cost for the service should be a factor in any decision, the CEO or that person's designee has the discretion to determine how important of a factor it should be. If the CEO's designee determines that a competitive selection process is not going to be used for a contract in excess of \$25,000, then the designee will provide the CEO with an explanation as to why a competitive selection process is not going to be used. If a service contract already exists with a provider and it is being considered for renewal, then, regardless of cost, the CEO or that person's designee can elect to approve the renewal of the contract without a competitive selection process.

4. The Executive Committee's Policy Statement Regarding Delegation of Authority, adopted on September 4, 2014, provides that committees will have the authority to enter into contracts as long as the expenditure is included in the budget approved by the Board. Accordingly, any new or renewal service contract that is being considered for a program or a committee must go to the program committee or oversight committee for approval of the vendor and the amount to be expended for the service. If the service is not program specific, then the approval decision will be made by the Member Services Committee. The committees may delegate authority to staff as they deem appropriate.

Article VIII. of the JPA Bylaws provides that "[t]he Chief Executive Officer, or his or her designee, may enter into such contracts and authorize such payments as are approved in the [PRISM's] budget, renew any existing contract or authorize any payment which does not exceed the limit set forth in [PRISM's] Bidding Procedures Policy." Accordingly, if PRISM is considering the use of a new service or new service provider for administrative functions (including but not limited to, staffing resources, IT systems or services, professional advice, or other operational relationships), authority is delegated to the CEO or that person's designee to approve such contracts if the amount of the contract falls within PRISM budget that has been approved by the Board.