

**STATE OF VERMONT, CONTRACT FOR PERSONAL SERVICES Contract #22391
AGENCY OF ADMINISTRATION
UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL**

1. **Parties.** This is a contract for services between the State of Vermont, Agency of Administration (hereafter called "State"), and the University of Massachusetts Medical School, with a principal place of business in Worcester, MA, (hereafter called "Contractor"). Contractor's form of business organization is a public not-for-profit institution of higher education. The Contractor's local address is University of Massachusetts Medical School 55 Lake Avenue North, Worcester, MA 01655. It is the contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, the contractor is required to have a Vermont Department of Taxes Business Account Number.
2. **Subject Matter.** This is a personal services contract for research and planning related to the financing plans required by Sec. 9 of Act 48 of 2011. Detailed services to be provided by the contractor are described in Attachment A.
3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$300,000.00.
4. **Contract Term.** The period of contractor's performance shall begin on July 3, 2012 and end on January 30, 2013. The State and the Contractor have the option of renewing this contract for up to one (1) one-year extension.
5. **Prior Approvals.** If approval by the Attorney General's Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.
 - Approval by the Attorney General's Office is required.
 - Approval by the Secretary of Administration is required.
 - Approval by the CIO/Commissioner DII is not required.
6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.
7. **Cancellation.** This contract may be canceled by either party by giving written notice at least 30 days in advance. Notwithstanding this provision, in the event that federal funds supporting

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this contract become unavailable or are reduced, the State may cancel this contract with no obligation to pay the Contractor from State revenues.

8. **Attachments.** This contract consists of 15 pages including the following attachments which are incorporated herein:

Attachment A - Specifications of Work to be Performed

Attachment B - Payment Provisions

Attachment C – “Standard State Provisions for Contracts and Grants” a preprinted form (revision date 01/10/2011).

Attachment D – Modifications to Customary State Contract Provisions

9. **Order of Precedence.** Any ambiguity, conflict or inconsistency in the Contract Documents shall be resolved according to the following order of precedence:

- (1) Standard Contract
- (2) Attachment D
- (3) Attachment C (Standard Contract Provisions for Contracts and Grants)
- (4) Attachment A
- (5) Attachment B

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.

By the State of Vermont:

Date: 7/9/12

Signature: Jeb Spaulding

Jeb Spaulding, Secretary
Agency of Administration

By the Contractor:

Date: 7-3-12

Signature: Gina Marzilli Shaughnessy

Gina Marzilli Shaughnessy, MHA, CRA
Assistant Director, Contracts
Office of the Vice Provost for Research
University of Massachusetts Medical School
55 Lake Avenue North
Worcester, MA 01655
508-856-2119

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ATTACHMENT A

SPECIFICATIONS OF WORK TO BE PERFORMED

Robin Lunge shall serve as the State's primary contact for this Contract. Katharine London shall serve as the Contractor's primary contact for this Contract. Such contacts may be changed by written notice to the other party. Contractor shall assist the state with completing two financing plans to be submitted to the legislature no later than January 15, 2013.

Contractor shall assign Katharine London to serve as the overall project manager to maintain the work schedule, work products, leverage expertise across the UMass team, and build efficiency across tasks. Ms. London will ensure that appropriate staff is dedicated to specific sub-tasks and will add consultant assistance if needed.

Contractor shall attend an initial kick-off meeting with Vermont state personnel within a week of the contract start date to discuss the plan for developing parameters, assumptions and specifications for the selected models, available data, and the process for obtaining data. Contractor will participate in at least two meetings in Vermont, and will attend up to three additional in-person meetings if they are needed to advance the project. Contractor and its subcontractors, as appropriate, will participate in weekly phone meetings with state personnel to further refine parameters and assumptions and to provide updates on the work.

Katharine London will serve as the primary UMass contact for Vermont agency staff and vendors. Ms. London will facilitate conversations among key personnel to develop scenarios and parameters for modeling and will work with Vermont state agency personnel and vendors to obtain the data inputs needed to develop models and estimates.

This Contract is funded in part by federal funds. All terms of this Contract are subject to any requirements necessary to obtain and maintain such funding. Contractor and the State acknowledge that some of the work performed under this Contract is interrelated with other development work occurring simultaneously. When relevant and needed, the Contractor and its subcontractors will coordinate with other State contractors to ensure that the financing plans are consistent with other research and work being completed.

Task 2.1: Base coverage estimates

Contractor will construct estimates of the costs of full health insurance coverage of Vermont's population (including Medicaid and Medicare-covered populations, to the extent allowed under federal law) based on a range of assumptions regarding:

- Covered services
- Minimum actuarial value of services

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- Cost sharing options

Contractor and its subcontractors will work with Vermont state personnel to develop parameters and assumptions for a total of three to five base coverage models. These models will be defined using no more than three sets of covered services and no more than three cost-sharing options.

Contractor will identify data elements required to develop these models and will work with Vermont state personnel to identify the best sources for this data. Contractor anticipates using the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES) data set as the primary health care claims data to develop the base coverage estimates. Should Contractor determine, after consultation and approval by State, that the data set does not pass data reasonableness checks, Contractor shall pursue other alternative data sources, potentially including the use of Vermont Medicaid data, Department of Financial Regulation data (such as the Supplemental Health Care Exhibit filed annually by health insurers), large employer or large carrier data, Medicare data or other data sets that can be used as a baseline proxy of costs. The State shall approve selection of the final data set.

Contractor will import and standardize (“clean”) data, merge datasets from different sources, and summarize specifications and will use this data to design and develop a base coverage model, based on actual utilization and a defined benefit package, and then develop a model that projects changes in cost and utilization under the selected covered services and cost sharing options.

Contractor anticipates applying adjustments to the data, such as the following:

- Consideration of the number, characteristics and assumed health care costs of individuals not captured in the data set, whether due to VHCURES not requiring their data to be reported or incomplete reporting of required data;
- Accounting for claims reporting lags, which is further complicated by the mixture of reporting lag patterns in the VHCURES data set;
- Adjustments to account for the impact of seasonality on the claims data;
- Applying cost and/or utilization trend factors to adjust varying data periods to a common data period; and
- Other adjustments to improve the credibility of the data set.

Adjustments to the data are subject to the approval of the State to ensure that the final base coverage estimates meet Vermont’s needs.

Task 2.2: Federal financial contribution estimates

Contractor will construct estimates, in cooperation with relevant state personnel, of likely federal contributions to:

- Medicaid, under a renewed section 1115 “Global Commitment” waiver
- Medicare, under a “status quo” scenario

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- Medicare, under assumptions provided by state personnel, of one or more payment reform models that include Medicare
- Federal tax credits and subsidies to Vermont individuals and employers for the purchase of health insurance, under the provisions of the federal Affordable Care Act, including a scenario where Vermont elects a Basic Health Plan

Contractor will develop, in consultation with State personnel, parameters and assumptions for developing these estimates. The final parameters and assumptions use shall be approved by the state.

Task 2.3: Health care reform costs and savings estimates

Contractor will construct estimates of the likely impact on total costs of state-level delivery model changes, payment reform efforts, changes to health care operations related to Exchanges and health care reform, and tax reform. Contractor will rely substantially on reports and analyses prepared by Vermont state personnel and other Vermont contracted vendors, including Wakely Consulting, KPMG, PHPG, Craig Stevens, the Department of Labor and other sources of data and information identified and approved by the State.

Contractor and the State will jointly determine which state-level initiatives should be included in the analyses and at what level of detail. This determination will likely be based on the status of the various planned initiatives, the availability of data and analyses produced by state agencies and other vendors, and the level of uncertainty associated with major design elements and cost estimates of each initiative. The final determination will be approved by the state. Estimates will include some or all of the following:

- The Blueprint for Health integrated health services delivery model
- Payment reform efforts of the Green Mountain Care Board and the Department of Vermont Health Access
- Changes in the cost of administration of health insurance (including costs in health care provider practices) resulting from the implementation of the Vermont Health Benefit Exchange
- Changes in the cost of administration of health insurance (including costs in health care provider practices) resulting from the implementation of a single-payer system in Vermont
- Costs of investments in health care reform, including investments in health information technology, health care workforce investments, improvements to existing health care facilities and investments in public health initiatives

Task 2.4, 2.6, and 2.7: Financing options

Contractor will construct models for two health care financing options: (a) In collaboration with other contractors currently retained by the state, a model in which the state covers all who remain uninsured after full implementation of the federal Affordable Care Act, with some combination

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of public and private funds, beginning in 2014 and (b) A model in which the state introduces public financing for all coverage that is not federally-financed, beginning in 2015.

- Both financing plans will include complete analysis of the revenue sources to be utilized, including federal funds, taxes, fees, assessments, premiums, and any cost-sharing.
- Both financing plans will include an analysis of the interaction of new provisions with Vermont's current revenue structure, including income, property and sales tax, and recommend possible complementary reforms to the overall tax code.
- Both financing plans will include complete analysis of sustainability, including long-term revenue forecast and projections of utilization and spending growth.
- Both financing plans will take into account likely impacts on overall employer or individual tax liability as a result of the new revenue sources utilized, including any new federal liabilities provided for in the Affordable Care Act.
- Both financing plans will include analysis of the distribution and incidence of the revenue impacts compared to the current state of Vermont health care. (Task 2.6)
- Both financing plans will include recommended measures to address orderly transition from the current state of Vermont health care financing. (Task 2.7)
- The financing plans may include an analysis of the feasibility of reducing or eliminating the state's provider taxes and employer assessment, and may include an evaluation of performance measured against the Act 48 principles. Contractor will discuss the feasibility of including these analyses with Vermont state personnel.

Contractor will work closely with Vermont state personnel to develop assumptions and parameters to include in these financing options. Contractor anticipates relying substantially on reports and analyses prepared by Vermont state personnel and other Vermont contracted vendors, including Wakely Consulting, KPMG, PHPG, Craig Stevens, the Department of Labor, the VHCURES dataset, and other sources of data and information identified and approved by the State.

Contractor and its subcontractors will develop financial model architecture that allows for the robust evaluation of the two health care financing options. This model will build off of the core data set prepared under Task 2.1. The financing plans will require consideration of factors related to the demographics of these populations, including the impacts of benefit design, cost-sharing differences, pent-up demand and other characteristics on health care costs and utilization.

2.5. Economic effects of financing models

Contractor will construct estimates of the effects of the potential financing models on economic growth in the state, input costs and revenues of Vermont firms relative to those in other states, worker wages, overall job supply and the distribution of jobs between health care and other sectors.

Contractor will employ econometric modeling software and expertise provided by Regional Economic Models, Inc (REMI) to analyze the effects of the potential financing models on each of these factors.

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Deliverables

Contractor will produce the following deliverables:

1. The financial modeling described in Tasks 2.1 through 2.5 above, with an explanation of assumptions and other necessary information in a format to be agreed upon between the contractor and the state.
2. Interim deliverables as negotiated between the parties.
3. At least two meetings in Vermont with weekly phone meetings to be scheduled with the state contact to provide updates on the work.
4. Assistance with drafting the financing plans due to the Vermont legislature on January 15, 2013 and summary documents, including a PowerPoint presentation, to be used by the state staff.

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**ATTACHMENT B
 PAYMENT PROVISIONS**

The maximum dollar amount payable under this agreement is not intended as any form of a guaranteed amount. The Contractor will be paid for services specified in Attachment A, for services actually performed, up to the maximum allowable amount specified in this agreement. State of Vermont payment terms are net 30 days from date of invoice; payments against this contract will comply with the State's payment terms. The payment schedule for delivery products, or rates for services performed, and any additional reimbursements, are included in this attachment. The following provisions specifying payments are:

1. Payment Schedule: Contractor shall submit monthly invoices describing the work performed and the amounts associated with such work. The total cost for each task shall not exceed the amounts listed in the table below, except that additional travel for meetings in Vermont may be billed in an amount not to exceed \$350 per visit. The Contractor agrees to a 10% retainage of the total contract amount subject to review, approval and acceptance of Contractor's final deliverable. The State shall retain 10% from each monthly bill up to 10% of the total contract amount.

Cost Schedule

Task	Total Cost Not to Exceed	Notes
RANGE		
Project Management	\$16,200	
TASKS		
2.1 Base Coverage Estimates	\$74,418	
2.2 Federal financial contribution estimates	\$29,943	
2.3 Health care reform costs and savings estimates	\$49,535	
2.4 Financing Options	\$65,742	
2.5 Economic Effects of financing models	\$35,000	includes REMI
2.6 Distribution and incidence of financing models	\$3,480	
2.7 Transition	\$3,940	
Reports, summary documents, presentations	\$18,889	
Travel - 2 meetings in Vermont	\$700	
TOTAL	\$297,847	

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2. Invoices shall be submitted on the Contractor's official letterhead, signed by an authorized representative of the Contractors organization, reference this contract's number and be submitted to:

Robin Lunge, Director of Health Care Reform
Agency of Administration
109 State Street, 5th floor
Montpelier, VT 05609

3. Total maximum payable under this contract shall not exceed \$300,000.

4. Payments by State to Contractor will be made in the name of the University of Massachusetts and will be sent to: University of Massachusetts, Office of the Bursar, 55 Lake Avenue, Worcester, MA 01655.

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ATTACHMENT C

STANDARD STATE PROVISIONS FOR CONTRACTS AND GRANTS

1. ***Entire Agreement:*** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.

2. ***Applicable Law:*** This Agreement will be governed by the laws of the State of Vermont.

3. ***Definitions:*** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.

4. ***Appropriations:*** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.

5. ***No Employee Benefits For Party:*** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

6. ***Independence, Liability:*** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

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The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. Insurance: Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage

Premises - Operations: With respect to all operations performed under the contract, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Products and Completed Operations

Personal Injury Liability

Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence

\$1,000,000 General Aggregate

\$1,000,000 Products/Completed Operations Aggregate

\$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement. : The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

8. Reliance by the State on Representations: All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.

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9. Requirement to Have a Single Audit: In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

A Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year.

The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the sub-recipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal year. These forms are also available on the Finance & Management Web page at:

<http://finance.vermont.gov/forms>

10. Records Available for Audit: The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.

11. Fair Employment Practices and Americans with Disabilities Act: Party agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.

12. Set Off: The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

13. Taxes Due to the State:

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- a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

14. **Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

15. **Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in all subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

16. **No Gifts or Gratuities:** Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.

17. **Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.

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18. *Certification Regarding Debarment:* Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

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ATTACHMENT D

MODIFICATION OF CUSTOMARY PROVISIONS OF ATTACHMENT C

1. Requirements of Attachment C, Section 6, Independence, Liability are hereby modified:

Paragraphs two through four are deleted in their entirety and replaced with the following language:

“The University of Massachusetts Medical School is solely responsible for the performance of its obligations under this agreement and for any negligence, willful misconduct, or willful, wanton or reckless failure by its agents, employees or independent contractors engaged in the performance of the obligations under this agreement. However, as a public entity, UMass cannot indemnify the State of Vermont, Agency of Administration, as it is prohibited from pledging the credit of the Commonwealth without a two-thirds vote of the Massachusetts Legislature per Article 62 of the Massachusetts constitution, as amended.”

2. Reasons for Modifications:

The Massachusetts courts have construed statutory authorizations for public entities to enter into contracts as not authorizing indemnity clauses. *Lovering v. Beaudette*, 30 Mass.App.Ct 665, 669 (1991); *Raisman v. Cummingham, Inc.*, Civil Action No. 93-5070-G (Super.Ct. 1995).

APPROVAL:



Susanne Young, Assistant Attorney General

Date: 7/10/12

