

**Meeting Date:** 6/23/2015

**Report Type:** Consent

**Report ID:** 2015-00526

**Title: Agreement: Subscription and Support Services of Physio-Control HealthEMS system (Two-Thirds Vote Required)**

**Location:** Citywide

**Recommendation:** Pass a Resolution 1) suspending competitive bidding in the best interests of the City for the Subscription and Support Services of the HealthEMS system with Physio-Control; 2) awarding a HealthEMS Subscription Agreement, attached hereto as Exhibit A and incorporated by reference, to Physio-Control, Inc. for the use of the HealthEMS ePCR system through June 30, 2020 for a total expenditure not-to-exceed amount of \$254,628; and 3) authorizing the City Manager, or his designee, to execute the HealthEMS Subscription Agreement with Physio-Control, Inc. for the use of the HealthEMS ePCR system through June 30, 2020 for a total expenditure not-to-exceed amount of \$254,628.

**Contact:** Ronald P. Potter, Assistant Chief, (916) 808-2250, Fire Department

**Presenter:** None

**Department:** Fire

**Division:** Emergency Medical Response2510

**Dept ID:** 12001441

**Attachments:**

1-Description/Analysis

2-Resolution

3-Exhibit A (HealthEMS Subscription Agreement with Physio-Control, Inc.)

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**City Attorney Review**

Approved as to Form

Lan Wang

6/11/2015 11:28:52 AM

**Approvals/Acknowledgements**

Department Director or Designee: Walt White - 6/4/2015 9:23:25 AM

## Description/Analysis

**Issue Detail:** The current subscription and support agreement for the use of an electronic Pre-Hospital Care Report (ePCR) storage and billing system through the HealthEMS system will expire on June 30, 2015. Sacramento Fire Department (SFD) has a continual need for the use of this system. This system meets the unique needs and operations of the SFD Emergency Medical Services (EMS). In addition, it meets the need to stay compliant with the requirements set by the County, State, and Federal EMS regulations. Physio-Control, Inc. is the sole-provider of the subscription and support of the HealthEMS system.

After six years of usage of the HealthEMS ePCR system, staff is recommending the City Council to suspend competitive bidding in the best interest of the City and to authorize the City Manager, or his designee, to approve the HealthEMS Subscription Agreement, attached hereto as Exhibit A, with Physio-Control, Inc. for the use of this system through June 30, 2020 for a total expenditure not-to-exceed amount of \$254,628.

**Policy Considerations:** The recommendations in this report are in accordance with provisions of the City Code Section 3.56.240, which explains a two-thirds vote by Council is required to suspend competitive bidding for any purchase or contract, and City Code Section 3.56.090, which requires Council approval for any contracts over \$100,000.

**Economic Impacts:** None.

**Environmental Considerations:** This report concerns administrative activities that do not constitute a “project” as defined by section 15378 of the California Environmental Quality Act (CEQA) Guidelines and is otherwise exempt pursuant to sections 15061(b)(3); 15378(b)(2).

**Sustainability:** There are no sustainability considerations applicable to approving the HealthEMS Subscription Agreement with Physio-Control, Inc.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** In providing Advanced Life Support (ALS) services, SFD Paramedics and Emergency Medical Technicians (EMTs) are required to document patient care to comply with local EMS protocols, California EMS Information System (CEMSIS) and National EMS Information System (NEMSIS) data-collection requirements. This documentation is also required for billing purposes and can be performed through the HealthEMS system.

The current subscription and support agreement for the use of an ePCR storage and billing system through the HealthEMS system will expire on June 30, 2015. SFD has been using the HealthEMS system since 2008 and finds that this system with Physio-Control is a tested and proven system that has been used with great success.

This system offers wireless data exchange between Computerized Aided Dispatch (CAD) and Electro-cardiogram (ECG) which eliminates manual entry, thus reducing user error rate on data collected. Also, the HealthEMS system with Physio-Control provides Quality Assurance (QA) solutions, which supports Continuous Quality Improvement (CQI) and regulatory reporting.

The HealthEMS system with Physio-Control has an electronic billing interface with automated ICD-9 coding, medical necessity, and service level determination that allows SFD to bill insurance and patients more accurately and efficiently. This system is already integrated with the local hospitals, Sacramento County Coroner's Office, and SFD's biller and provides two-way communication of ePCR data. In addition, Physio-Control's solutions include HealthEMS(r), a remote-hosted, web-based field data collection, management, and reporting system, which eliminates the need for costly servers and IT staff support.

As well, Physio-Control upgrades the HealthEMS system regularly based on the changing requirements of the healthcare system, County, State, and Federal regulations.

**Financial Considerations:** The annual cost of the agreement is approximately \$51,000. Sufficient funding will be available in the Fire Department's operating budget for FY15/16. Funding for the following years is subject to sufficient funding available in the approved budget for the applicable fiscal years.

**Local Business Enterprise (LBE):** A waiver of the LBE participation requirement has been submitted and approved, as this is a sole-source procurement and the vendor is not a LBE.

## RESOLUTION NO.

Adopted by the Sacramento City Council

### **AGREEMENT: SUBSCRIPTION AND SUPPORT SERVICES OF PHYSIO-CONTROL HealthEMS ePCR SYSTEM**

#### **BACKGROUND**

- A. The Sacramento Fire Department (SFD) requires a customized electronic Pre-Hospital Care Report (ePCR) storage and billing system based on the unique needs and operations of the SFD Emergency Medical Services (EMS), as well as, to stay compliant with the requirements set by the County, State, and Federal EMS regulations.
- B. The current subscription and support agreement for the use of an ePCR storage and billing system through the HealthEMS system will expire on June 30, 2015. SFD has a continual need for the use of this system.
- C. SFD has been using the HealthEMS system since 2008 and finds that this system with Physio-Control is a tested and proven system that has been used with great success.
- D. The HealthEMS system with Physio-Control offers wireless data exchange between Computerized Aided Dispatch (CAD) and Electro-cardiogram (ECG) which eliminates manual entry thus reducing user error rate on data collected. Also, this system provides Quality Assurance (QA) solutions which supports Continuous Quality Improvement (CQI) and regulatory reporting.
- E. The HealthEMS system with Physio-Control has an electronic billing interface with automated ICD-9 coding, medical necessity, and service level determination that allows SFD to bill insurance and patients more accurately and efficiently. This system is already integrated with the local hospitals, Sacramento County Coroner's Office, and SFD's biller and provides two-way communication of ePCR data. In addition, Physio-Control's solutions include HealthEMS(r), a remote-hosted, web-based field data collection, management, and reporting system which eliminate the need for costly servers and IT staff support.
- F. Physio-Control, Inc. is the sole-provider of the subscription and support of the HealthEMS system.
- G. Based on the above, it is in the City's best interest to suspend competitive bidding and to authorize the City Manager, or his designee, to execute the HealthEMS Subscription Agreement with Physio-Control, Inc. for the use of the HealthEMS ePCR system through June 30, 2020 for a total expenditure not-to-exceed amount of \$254,628, subject to sufficient funding in the approved budget for the applicable fiscal years.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. In the best interest of the City, competitive bidding is hereby suspended for the procurement of subscription and support services to the HealthEMS system with Physio-Control.

Section 2. Physio-Control, Inc. is awarded a HealthEMS Subscription Agreement, attached hereto as Exhibit A and incorporated by reference in this Resolution, for the use of the HealthEMS ePCR system through June 30, 2020 for a total expenditure not-to-exceed amount of \$254,628.

Section 3. The City Manager, or his designee, is authorized to execute the HealthEMS Subscription Agreement with Physio-Control, Inc. for the use of the HealthEMS ePCR system through June 30, 2020 for a total expenditure not-to-exceed amount of \$254,628.

**Table of Contents:**

Exhibit A – HealthEMS Subscription Agreement with Physio-Control, Inc.

## SUBSCRIPTION AGREEMENT

This HealthEMS® Subscription Agreement (the “**Agreement**”), is between Physio-Control, Inc., formerly dba Sansio of ScanHealth, Inc., a Minnesota corporation, (“**Physio-Control**”), and the undersigned customer (“**Customer**”).

### 1. HealthEMS® SYSTEM. (“**System**”)

- 1.1 **Licensed Software.** The Licensed Software is the HealthEMS® software, a remote-hosted, web-based organization management solution (“**Licensed Software**”) for the Fire/Emergency Medical Services industry. Physio-Control owns all rights to this Licensed Software, including the software comprising Data Collection Services as described in Section 1.4, and Extensions as described in Section 1.5.
- 1.2 **Professional Services.** Physio-Control makes available numerous Professional Services (“**Professional Services**”) as set forth in Section 3 to help maximize the Customer’s investment in the System.
- 1.3 **Data Center Services.** Data Center Services (“**Data Center Services**”) are comprised of infrastructure and services that host, manage, and support the Licensed Software. Physio-Control is responsible for Data Center Services as defined in Section 2.3 up to the point of external Internet access. It is the responsibility of Customer to procure applicable hardware, software, and Internet connectivity with sufficient bandwidth to meet user demands.
- 1.4 **Data Collection Services.** Physio-Control provides flexible point-of-service (POS) data collection solutions and a secure file transfer program that uploads data via the Internet (“**Data Collection Services**”). Certain Data Collection Services require Customer to procure and support hardware that meets the specifications set forth by Physio-Control. The Agreement includes the right to order and use Physio-Control’s proprietary scannable forms. Should the Customer be in breach of the terms of this Agreement, its license to order and use Physio-Control’s proprietary scannable forms shall be suspended until such breach is remedied.
- 1.5 **Extensions.** Physio-Control may make available optional Extensions (“**Extensions**”) designed to extend the functionality of Licensed Software. Extensions may include, but not be limited to, myPatientEncounters, RevNet, XchangeER, SanFax, Data Xport and Physio-Control Connectx for integration with third parties. Third parties may include, but not be limited to, billing vendors, payers, clearinghouses, CAD (Computer-Aided Dispatch) vendors, medical devices (such as EKG), HIE’s, state reporting systems, and hospitals. Customer is responsible for acquiring licenses and paying fees to applicable third parties as required. Extension descriptions, terms, and applicable fees for setup and use, are as set forth in Extension Addendums and/or Schedule A, all of which form part of this Agreement.
- 1.6 **Documentation.** The term Documentation (“**Documentation**”) means any users’ manual(s), specifications, any documents attached to or referenced in this Agreement, any RFP response, proposal or similar document provided by Physio-Control and other materials accompanying the System, and any modified version thereof relating or referencing the System or any of its components.

### 2. SYSTEM SERVICES.

- 2.1 **Account Management Services.** Physio-Control will assign a primary account manager to assist Customer in their commercial relationship with Physio-Control (“**Account Management Services**”). Account Management Services include, but may not be limited to, informing Customer of new Extensions or System features, identifying needs for supplemental assistance from Professional Services, advocating for Customer needs across various Physio-Control groups, and contract management.
- 2.2 **Solution Center Services.** Physio-Control’s Solution Center Specialists provide telephone and web-based Solution Center Services (“**Application Support**”) at no additional cost to Customers who are active Users. Application Support is defined as help with application navigation or troubleshooting arising from the use of the System, as designed. Application Support excludes supporting Customer procured hardware, OS, and Internet connectivity.
  - 2.2.1 Self Help Application Support is provided through Physio-Control’s Solution Center, which is an integrated delivery of web-based, self-help Educational Resources and an online ticket management system available within the System 24/7/365. Physio-Control provides numerous Educational Resources which should be used before contacting the Solution Center for Application Support. These include user guide(s), training videos, Frequently Asked Questions (FAQs) and important industry links to other websites.

**2.2.2** Live Assistance Application Support provided by Solution Center Specialists is available to supplement Self Help Application Support. Physio-Control's Solution Center is staffed during prime Customer business hours, Monday – Friday, 7AM – 6PM CT, excluding major holidays. During “non-prime” hours, 6PM - 7AM CT Monday – Thursday, and 6PM CT on Friday through 7AM CT the following Monday, and on major holidays, inquiries regarding system availability are supported live by Physio-Control technical staff. Support tickets started outside of prime Solution Center hours will be addressed the next business day.

**2.3 Data Center Services.**

**2.3.1 System Maintenance.** Physio-Control will provide software updates, upgrades, and enhancements at the same time as generally available to other licensees. Physio-Control is responsible for deploying upgrades and enhancements for Customer’s use at no additional charge to Customer. Customer may not have access to the System during times of scheduled maintenance. Prior to providing any update, upgrade, or enhancement, Physio-Control shall have used commercially reasonable efforts to test such item to ensure that it functions properly and in conformance with all specifications and warranties.

**2.3.2 Backups.** Backups of hosted applications and data are performed on a nightly (incremental) and weekly (full) basis. Backups will be scheduled at times so as to provide minimal impact to Customer’s business activity. Physio-Control will maintain at least one full backup copy until after the next backup is performed. Backup will be maintained on a rolling basis and Physio-Control will not be responsible for archiving more than the most recent full backup. Physio-Control will take commercially reasonable steps to maintain data integrity in any backup, but Physio-Control is not responsible for loss of data or data integrity so long as Physio-Control has performed the backup in a commercially reasonable manner.

**2.3.3 System Access Level.** Physio-Control is not responsible for loss of access to the Data Center for reasons that are beyond Physio-Control’s reasonable control. With the exception for loss of access that is beyond Physio-Control’s reasonable control, Physio-Control shall maintain a level of access to the Data Center (excluding periods of emergency maintenance) of 99.9% Access Availability (“**Access Availability**”), 24 hours a day, 7 days a week, including holidays. System Access Unavailable (“**System Access Unavailable**”) is defined as the reported unscheduled inability of all subscribed users of Customer to access the Data Center and verification that the problem is within the Data Center. Total System Access Unavailable minutes are calculated by adding the period of time beginning when the Customer reports System Access Unavailable to Physio-Control’s Solution Center and ending when Physio-Control’s Solution Center corrects the unavailable status and closes the incident with the Customer. If the Customer does not initiate a Solution Center call, Physio-Control will not be obligated to issue a System Access Unavailable Credit (“**System Access Unavailable Credit**”) for the System Access Unavailability. Physio-Control will compute any System Access Unavailability on a quarterly average basis and apply a System Access Unavailable Credit to the next Customer invoice in the event that the stated Access Availability commitment was not met. This occurs on a pro-rated basis limited to the maximum of the total invoice charges based on the total billing period. System Access Unavailable Credits will not be given for events occurring during any period in which the Customer’s account has an undisputed past due balance or the Customer is otherwise in breach of Agreement. The System Access Unavailable Credit will be calculated according to the following schedule:

|                |                         |
|----------------|-------------------------|
| 99.9% - 100%   | Covered under Agreement |
| 99.5% - 99.89% | (1) day credit          |
| 98.5% - 99.49% | (2) days credit         |
| 97.5% - 98.49% | (1) week credit         |
| 96.5% - 97.49% | (2) weeks credit        |
| 0% - 96.49%    | (1) month credit        |

**3. PROFESSIONAL SERVICES.** Physio-Control shall provide Professional Services on a fee-for-service basis (“**Professional Services**”) to assist the Customer with successful implementation and effective utilization of the System. Any Professional Services performed by Physio-Control, including without limitation to, consulting, mapping, migration, configuration, and implementation services, shall be performed under a statement of work defined in an applicable Professional Services Engagement.

**3.1 Business Analyst Services.** Physio-Control Business Analysts provide Professional Services on a fee-for-service basis, assisting Customers to operationalize the solution to meet specific organizational objectives (“**Business Analyst Services**”). Business Analyst Services include, but may not be limited to, Training, Implementation, and Consulting that requires specific knowledge of the Customer’s data set, research goals, and operational objectives. Business Analyst Services may be provided web-based, at Physio-Control offices, or onsite at Customer location.

#### 4. CUSTOMER REQUIREMENTS.

- 4.1 Internet Connectivity.** Customer must provide Internet connectivity to the System web site with sufficient bandwidth to meet Customer's utilization demands. System performance is a function of bandwidth and latency time from client desktop to the System web site. Customer must connect with Physio-Control supported browsers and client software.
- 4.2 Named User Identification and Authentication.** The System requires a unique user name and password for each authorized individual Customer representative ("**Named User**") to access the System via Physio-Control's Data Center(s). Customer is responsible for administration and management of Named User accounts, including the appropriate technical and administrative safeguards to prevent unauthorized access. Physio-Control shall have no responsibility for unauthorized access to Customer's Data or Confidential Information that results from Customer's failure to prevent unauthorized access.

#### 5. LICENSE AND FEES.

- 5.1 License.** Subject to the terms and conditions of this Agreement, Physio-Control hereby grants to Customer a non-exclusive, non-transferable (except as provided in this Agreement) license to access and use the System.
- 5.2 Fees.**
- 5.2.1 Activation Fee.** Upon acceptance of this Agreement, Customer agrees to pay the non-refundable Activation Fee as set forth in Schedule A.
- 5.2.2 Activation Date.** Customer's Activation Date is 90 days from latest signature date below, or, in the case of renewal, the first day after expiration of previous Term. The Activation Date represents the first day of the Subscription Term. Physio-Control will invoice Customer for Monthly Subscription Fees as set forth in Schedule A during the Subscription Term.
- 5.2.3 Subscription Fees.** Customer agrees to pay Subscription Fees as set forth in this Section and Schedule A.
- 5.2.3.1 ePCR Fees.** Customer's pricing is identified in Schedule A based on Customer projections of run volume ("**Estimated Annual Run Volume**"). In the event the Customer's actual annual run volume varies from Estimated Annual Run Volume, as identified in Schedule A, by more than +/- 10%, Physio-Control reserves the right to make adjustments to the Subscription Fees, applicable to actual run volume, provided the Customer is given 60 days prior written notice of such adjustment. Subscription Fees include: Data Center Services, Data Collection Services, Application Licensing, System Maintenance, and Upgrades, Application Support, Integration Fees, and optional Extension usage. Should Customer not agree to adjustment, Customer may choose to terminate the Agreement as set forth in Section 6.3.
- 5.2.3.2 Subscription Fee Invoicing.** Following Activation Date, Physio-Control will invoice the Customer as set forth in Schedule A. Customer will be invoiced monthly Subscription Fees 30 days in advance, due and payable by the first of the month during the Term identified in Section 6 and in Schedule A. Shipping costs for any scannable ePCR sheets or accessory items used by Customer remain the responsibility of the Customer and will be included in the monthly Subscription Fee invoice.
- 5.2.4 Optional Extension Fees.** Customer agrees to pay Optional Extension Fees as set forth in Extension Addendum(s) and/or Schedule A. Optional Extension Fees are based on the actual transaction usage for the optional Extensions.
- 5.2.4.1 Optional Extension Fee Invoicing.** Optional Extension Fees will be invoiced monthly for the previous month's actual use at the Unit Price listed in Schedule A or applicable Extension Addendum.
- 5.2.5 Professional Services Fees.** Customer agrees to pay Professional Services Fees as set forth in applicable Professional Services Engagements. Payment terms and conditions are as follows:
- 5.2.5.1 Professional Services Invoicing.** Professional Services will be invoiced monthly for the previous month's actual use at the Unit Price listed in applicable Professional Services Engagements. Professional Services time will be logged and made electronically available to Customer with a minimum activity time of fifteen (15) minutes, rounded up to the nearest fifteen (15) minute increment, for hourly-based Professional Services.

**5.2.5.2 Discounts.** Customer may receive a discount on Professional Services Fees during implementation and for pre-authorizing activity.

**5.2.5.2.1 Implementation Discount.** Customer will receive an Implementation Discount for Web-based Professional Services during the first six (6) months of Term. Physio-Control will provide Customer an estimate for Professional Services implementation hours in a Professional Services Engagement and will notify Customer if remaining implementation hours are less than twenty percent (20%) of initially estimated amount.

**5.2.5.2.2 Pre-Authorized Discount.** After the first six (6) months of Term, Customer may choose to authorize Physio-Control to provide a certain amount of Web-based Professional Services in an engagement ("**Authorized Professional Services**") and will receive a discount by authorizing those services in advance ("**Pre-Authorized Discount**"). Physio-Control will notify Customer if Authorized Professional Services balance is less than twenty percent (20%) of Authorized Professional Services amount. There shall be a minimum of twenty (20) hours of Authorized Web-based Professional Services in a period to qualify for Pre-Authorized Discount.

**5.2.5.3 Cancellations.** Cancellation within 24 hours of scheduled Professional Services appointments will result in a minimum charge of one (1) hour for Web-based Professional Services or two (2) days for Onsite Professional Services plus any non-cancellable expenses.

**5.2.5.4 Travel and Expenses.** Physio-Control shall invoice Customer for such reimbursable expenses, as authorized with receipt of signed Professional Services Engagements. Actual charges will be based upon hours consumed and expenses incurred in engagement. Travel Fees, as set forth on the Professional Services Engagements, include but may not be limited to airfare, lodging, ground transportation, staff per diem, and other related travel expenses.

**5.2.6 Taxes:** Physio-Control is required to collect sales tax from products and services provided to customers in certain states. Physio-Control reserves the right to invoice the Customer those taxes now or at any time in the future, including interest and penalties imposed by any governmental authority which are imposed upon the sale or delivery of items purchased or licensed. Customer is required to complete Exhibit T in order for Physio-Control to correctly identify tax status.

If a certificate of exemption or similar document or proceeding is to be made in order to exempt the sale from sales or use tax liability, Customer will obtain and purchase such certificate, document or proceeding.

**5.2.7 Interests and Costs.** Undisputed amounts not paid when due will bear interest at the rate of 1.5% per annum on the unpaid balance each month, or such lesser rate of interest as shall be the maximum amount chargeable with respect to this account under the law in effect in the state of Customer's location. In the event of non-payment or default by Customer, Customer agrees that all costs of enforcement and collection, including reasonable attorneys' fees, will be paid by Customer.

## 6. TERM AND TERMINATION.

**6.1 Term Initiation.** This Agreement takes effect on the latest signature date below and continues through the conclusion of the Subscription Term or any subsequent Renewal Subscription Term. The Subscription Term (the "**Term**") begins on the System Activation Date and ends at the conclusion of the period set forth in Schedule A or any subsequent Renewal Schedule A's. Subscription Fees commence on the System Activation Date and continue throughout the Term of this Agreement. Upon acceptance of this Agreement, Physio-Control will provide Customer with an access code to use the Licensed Software via Physio-Control's Data Center and the Internet.

**6.2 Term Renewal.** This Agreement shall automatically renew upon expiration of the then current Term, at the current System price list for the same Term, unless Customer notifies Physio-Control of its intention of nonrenewal by written notification at least 45 days prior to the end of the then current Term, or unless Physio-Control requires a new Agreement to be executed by the parties. If Physio-Control requires a new Agreement, it will be provided to Customer at least 45 days prior to the end of the then current Term. Customer may decline to enter into a new Agreement in its sole and absolute discretion, and if Customer so declines, then Customer shall not be responsible for Early Termination Fees as set forth in Section 6.4.

**6.3 Termination.** Either party may terminate the Agreement upon the other party's material breach of this Agreement, if within 30 days of receipt of written notification of breach (10 days in the case of non-payment), the breaching party has failed to cure its breach. Physio-Control may terminate Customer's access to the System immediately upon Termination of the Agreement. In the event of early Termination due to material breach by Customer, Customer shall be responsible for Early Termination Fee per Section

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Revised 03/10/2015

6.4 of this Agreement. In the event of early Termination due to material breach by Physio-Control, Customer shall not be responsible for Early Termination Fee as set forth in Section 6.4.

Notwithstanding anything in this Section 6 or in this Agreement to the contrary, Customer may terminate this Agreement and Customer obligations hereunder during the initial Term or any subsequent renewal Term, without cause, for any reason, or for no reason, and in Customer's sole and absolute discretion by payment to Physio-Control of the Early Termination Fee as set forth in Section 6.4. Physio-Control acknowledges and agrees that payment of such Early Termination Fee shall be Physio-Control's sole remedy therefor. Customer must notify Physio-Control of its intention for early Termination by written notification at least 90 days before the desired Termination date. Early Termination must occur on a monthly anniversary of the then current Term.

Notwithstanding any term or provision in this Agreement to the contrary, except non-payment, Physio-Control will perform, as requested by Customer, one export of Customer's raw data in agreed upon media format and provide that export to Customer within 90 days of Termination or expiration of this Agreement, at no additional charge.

**6.4 Early Termination Fee.** Upon early Termination for breach by Customer or for such other early Termination as described in Section 6.3 of this Agreement, Physio-Control reserves the right to charge Customer a pro-rated Early Termination Fee based on the percentage of the current Term utilized. The percentage will be applied to the remaining Subscription Fees for the current Term as selected by Customer on Schedule A. Physio-Control acknowledges and agrees the Early Termination Fee will be Physio-Control's sole remedy therefor.

|                 |   |                               |
|-----------------|---|-------------------------------|
| <b>Example:</b> | Current Term Length:                          | 36 month                      |
|                 | Desired Early Termination Date:               | end of month 30               |
|                 | Percentage of Term Utilized:                  | 83%                           |
|                 | Pro-Rated Termination Percentage:             | 17%                           |
|                 | Monthly Subscription Fee:                     | \$ 2,000 (Per Schedule A)     |
|                 | Remaining Subscription Fees per current Term: | \$12,000 (6 months @ \$2,000) |
|                 | Early Termination Fee:                        | \$ 2,040 (17% of \$12,000)    |

## 7. PROPRIETARY RIGHTS OF PHYSIO-CONTROL IN THE LICENSED SOFTWARE AND DOCUMENTATION.

**7.1 Nature of Rights and Title.** Customer acknowledges that the System and Documentation supplied by Physio-Control to Customer are proprietary and shall remain the property of Physio-Control and nothing in this Agreement shall be construed as transferring any aspect of such rights to Customer or any third party. Any changes, additions, and enhancements in the form of new or partial programs or Documentation as may be provided under this Agreement shall remain the proprietary property of Physio-Control. Customer agrees with Physio-Control that the System, Documentation and all other proprietary information or data supplied by Physio-Control are trade secrets of Physio-Control, are protected by civil and criminal law, and by the law of copyright, are very valuable to Physio-Control, and that their use and disclosure must be carefully and continuously controlled. Customer further understands that operator manuals, training aids, and other written materials regarding the System are subject to the Copyright Act of the United States. Customer shall keep each and every item to which Physio-Control retains title free and clear of all claims, liens and encumbrances except those of Physio-Control and any act of Customer, voluntary or involuntary, purporting to create a claim, lien or encumbrance on such an item shall be void.

**7.2 Unauthorized Acts.** Customer agrees to notify Physio-Control promptly of the unauthorized possession, use, or knowledge of any item supplied under this license and of other proprietary information made available to Customer under this Agreement, by any person or organization not authorized by this Agreement to have such possession, use or knowledge. Customer will promptly furnish full details of such possession, use or knowledge to Physio-Control, will assist in preventing the continuation or recurrence of such possession, use or knowledge, and will cooperate with Physio-Control in any litigation against third parties deemed necessary by Physio-Control to protect its proprietary rights. Customer's compliance with this subparagraph shall not be construed in any way as a waiver of Physio-Control's right, if any, to recover damages or obtain other relief against Customer for its negligent or intentional harm to Physio-Control's proprietary rights, or for breach of contractual rights.

**7.3 Remedies.** If Customer attempts to use, copy, license, sub-license, or otherwise transfer the Licensed Software or access to the System supplied by Physio-Control under this Agreement, in a manner contrary to the terms of this Agreement or in competition with Physio-Control or in derogation of Physio-Control's proprietary rights, whether these rights are explicitly stated, determined by law, or otherwise, Physio-Control shall have the right to injunctive relief enjoining such action, in addition to any other remedies available. Customer acknowledges that other remedies are inadequate.

**7.4 Infringement Indemnification.** Physio-Control shall indemnify, defend and hold harmless Customer from and against any and all loss, cost, damage or liability, including reasonable attorneys' fees and

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Revised 03/10/2015

expenses, arising out of or relating to any claim or cause of action for patent, copyright, and/or other intellectual property infringement ("**Infringement Claim**") asserted against Customer by virtue of the System, Software or Documentation or Customer's use or possession of the System, Software or Documentation pursuant to this Agreement. Physio-Control shall defend and settle at its sole expense all suits and proceedings arising out of the foregoing, provided that Customer gives Physio-Control reasonably prompt notice of any such Infringement Claim of which it learns. In all events, Customer shall have the right to participate at its own expense in the defense of any such suit or proceeding through counsel of its own choosing. In the event any Infringement Claim is asserted by a third party with respect to the System or Customer's use thereof, then and in that event, Customer may terminate its use of the System and/or this Agreement without payment of any Early Termination Fee.

## 8. CONFIDENTIALITY AND DATA USE.

- 8.1 Confidential Information.** The parties agree that any Confidential Information provided under this Agreement shall be held and maintained in strict confidence. Each party agrees to protect the Confidential Information of the other party in a manner consistent with the protections used to protect its own Confidential Information, including, without limitation, informing its employees of its obligations under this Agreement and taking such steps as are reasonable in the circumstances, or as reasonably requested by the other party, to prevent any unauthorized disclosure, copying or use of Confidential Information. Confidential Information means any proprietary material that the disclosing party designates as confidential ("**Confidential Information**"). Confidential Information shall also include, without limitation, all information in any form which relates to the business, expertise and/or operations of the disclosing party, including without limitation, information in any form generally understood to be trade secret, proprietary or confidential and/or that is related to products and services, commercial and financial information, system functionality charts and descriptions, program code logic, trade secret information, and information about health care providers, customers and/or business partners. Confidential Information shall also include Protected Health Information as defined in HIPAA and its rules and regulations promulgated here under. Physio-Control will not use Confidential Information except as expressly provided in this Agreement. Confidential Information does not include information that (i) is already known to the receiving party at the time it is disclosed and has not been obtained wrongfully, (ii) becomes publicly known without the fault of the receiving party, (iii) is independently developed by the receiving party, (iv) is approved for release in writing by the disclosing party, (v) is disclosed without restriction by the disclosing party to a third party, or (vi) is disclosed pursuant to applicable statutory or other legal or accreditation obligation beyond the control of the receiving party.
- 8.2 Unauthorized Disclosure.** The recipient of any Confidential Information shall, upon discovery of any unauthorized use or disclosure of such Confidential Information, or any other breach of these confidentiality obligations by the recipient, fully cooperate with the disclosing party to assist the disclosing party to regain possession of the Confidential Information and prevent the further unauthorized use or disclosure of the Confidential Information.
- 8.3 Remedies.** The parties acknowledge and agree that in the event of a breach of this Section 8 the non-breaching party will suffer irreparable injuries not compensable by money damages alone and therefore the non-breaching party will not have an adequate remedy at law. The non-breaching party shall be entitled to seek injunctive relief without the necessity of posting any bond or undertaking to prevent any further breach. Such remedy shall be in addition to any other remedy the non-breaching party may have.
- 8.4 Data Use.** Physio-Control recognizes the importance in identifying issues and improvements surrounding the functionality, integration, performance, and reliability of the System. Customer agrees that Physio-Control may collect, maintain, and use technical information related to the System, including but not limited to, its usage, functionality, integration, performance, and reliability. Physio-Control may use this information to improve its products or to provide customized services or technologies.

Customer retains all ownership rights to System data it generates through use of the System during the Term, except that Customer grants Physio-Control a perpetual, royalty-free license to compile, sell, analyze, use, and distribute de-identified aggregated data to the extent necessary to fulfill Physio-Control's obligations under any agreement or for any other lawful purpose. Physio-Control represents and warrants that it will only employ methods to de-identify the data that do not involve actual disclosure of Protected Health Information to Physio-Control.

## 9. LIMITED WARRANTY.

For the duration of this Agreement (the "**Warranty Period**"), Physio-Control will checkout, document, and deliver any amendments or alterations to the Licensed Software or other System components that may be required to correct errors which significantly affect performance. This warranty is contingent upon Customer advising Physio-Control in writing of such errors. Physio-Control shall not be responsible for maintaining Customer-modified portions of the Licensed Software or other System components. Corrections for difficulties or defects traceable to Customer errors or System changes made by Customer will be billed at standard Physio-Control's time and materials rates.

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Revised 03/10/2015

THE LIMITED WARRANTY SET FORTH IN THIS AGREEMENT IS THE ONLY WARRANTY MADE BY PHYSIO-CONTROL. PHYSIO-CONTROL EXPRESSLY DISCLAIMS, AND CUSTOMER HEREBY EXPRESSLY WAIVES, ALL OTHER WARRANTIES EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE. PHYSIO-CONTROL DOES NOT WARRANT THAT THE LICENSED SOFTWARE OR SYSTEM WILL MEET CUSTOMER'S REQUIREMENTS OR THAT THE OPERATION OF THE LICENSED SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT, EXCEPT AS REQUIRED HEREIN TO ADDRESS ERRORS THAT SIGNIFICANTLY AFFECT PERFORMANCE, ERRORS IN THE LICENSED SOFTWARE OR SYSTEM WILL BE CORRECTED. PHYSIO-CONTROL'S LIMITED WARRANTY IS IN LIEU OF ALL LIABILITIES OR OBLIGATIONS OF PHYSIO-CONTROL FOR THE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE INSTALLATION, USE OR PERFORMANCE OF THE LICENSES SOFTWARE OR SYSTEM.

#### 10. LIMITATION OF LIABILITY.

A PARTY'S LIABILITY FOR ANY ACTIONS, CLAIMS OR DAMAGES ARISING OUT OF OR RESULTING FROM THIS AGREEMENT OR THE SYSTEM IS LIMITED TO THE AMOUNTS PAID BY CUSTOMER IN THE 12-MONTH PERIOD PRECEDING THE DAMAGES. IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY SPECIAL OR CONSEQUENTIAL DAMAGES. NOTWITHSTANDING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, NO LIMITATION OF LIABILITY OR LIMITATION OF WARRANTY OR DISCLAIMER SHALL BE APPLICABLE TO PHYSIO-CONTROL'S BREACH OF ITS OBLIGATIONS UNDER SECTION 7.4 INFRINGEMENT INDEMNIFICATION, OR TO A PARTY'S BREACH OF ITS OBLIGATIONS UNDER SECTION 8 AND/OR SECTION 11, IT BEING THE INTENT OF THE RESPECTIVE PARTIES THAT THE BREACHING PARTY REMAIN FULLY LIABLE THEREFORE.

#### 11. HIPAA.

The parties understand, acknowledge, and agree that the System provides access to Protected Health Information ("**PHI**") pursuant to and in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("**HIPAA**"), and the regulations promulgated there under, the HIPAA Privacy Regulations, including, but not limited to, 45 C.F.R. Parts 160 and 164, Subpart A and Subpart E (hereinafter the "**Privacy Rule**"), and HIPAA Security Regulations, including but not limited to, 45 C.F.R. Parts 160 and 164, Subpart A and Subpart C (hereinafter the "**Security Rule**"), the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 (the "**HITECH Act**"), and its implementing regulations and guidance issued by the Secretary of the Department of Health and Human Services (the "**Secretary**"), and all other applicable state and federal laws, as all amended from time to time, including as amended by the Final Rule of 2013, titled "Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules under the HITECH and the Genetic Information Non-Discrimination Act ("**GINA**") ("**Omnibus Rule**").

At the time of execution of this Agreement the parties shall execute a Business Associate Agreement ("**BAA**") and shall take reasonable and necessary steps to maintain the BAA in effect throughout the Agreement. By this Agreement, Customer authorizes Physio-Control, as Customer's Business Associate and limited agent, to send, accept, and receive Protected Health Information on its behalf for the business purposes as outlined in this Agreement.

The parties shall not use or disclose such PHI except as permitted by this Agreement and the mutually executed BAA.

#### 12. GENERAL.

- 12.1 Assignment.** This Agreement is not assignable without the prior written consent of Physio-Control which shall not be unreasonably withheld. Any attempt by Customer to assign any of the rights, duties or obligations of this Agreement without such consent is void. After and upon approved assignment, this Agreement shall bind and inure to the benefit of the parties and their respective successors, assignees, transferees, and legal representatives.
- 12.2 Amendment.** This Agreement can only be modified by a written agreement duly signed by persons authorized to sign agreements on behalf of Customer and of Physio-Control, and variance from the terms and conditions of this Agreement in any order or other written notification from the Customer will be of no effect.
- 12.3 Severability.** If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- 12.4 Governing Law and Venue.** This Agreement will be governed by the laws of the State of Minnesota and any action must be brought in the United States District Court for the District of Minnesota, Fifth Division, or the State of Minnesota District Court in St. Louis County, Minnesota.

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Revised 03/10/2015

**12.5 Schedules.** All schedules are attached hereto and incorporated by reference herein.

**12.6 Entire Agreement.** Customer acknowledges that its undersigned representative has read this Agreement, understands it, and agrees on behalf of Customer to be bound by its terms and conditions. Further, Customer agrees that this Agreement constitutes the complete and exclusive statement of the agreement between the parties, which supersedes all proposals or prior agreements, oral or written, and all other communications between the parties relating to the subject matter of this Agreement.

**12.7 Conflicting Terms.** Unless otherwise mutually agreed in writing, in the event that any terms and/or conditions in this Agreement conflict or are inconsistent with any terms and/or conditions in any attached and incorporated agreement, including but not limited to amendments, addendums, exhibits and SOW's, then the terms and conditions of this Agreement shall control.

**12.8 Notices.** All notices, demands, requests, and other communications made or required pursuant to the terms of this Agreement shall be in writing and shall be (1) personally delivered, sent by nationally recognized courier service, or sent by certified mail, return receipt requested, and shall be deemed to have been received upon the earlier of actual receipt or five (5) business days after deposit with the nationally recognized courier service or deposit in the mail; (2) sent by facsimile and deemed to have been received on the date of the facsimile confirmation; (3) sent by electronic means and shall be deemed to have been received upon return of a read receipt.

Unless another address for a party has been specified by providing notice as set forth herein, such notices, demands, requests and other communications permitted or allowed under this Agreement must be sent to Customer at the address set forth on Schedule A of this Agreement and to Physio-Control at:

Physio-Control Data Solutions  
11 E. Superior Street, Suite 310  
Duluth, MN 55802  
Attn: Legal

**This Agreement is executed by:**

City of Sacramento-Fire  
**CUSTOMER**

**Physio-Control**

BY:

BY:

\_\_\_\_\_  
Name (Print)

Tim Hakanoki  
\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

[Signature] 5/21/05  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Address 1

**11 East Superior Street  
Suite 310  
Duluth, MN 55802**

\_\_\_\_\_  
Address 2

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

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Revised 03/10/2015



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No Workers' Compensation insurance shall be required if Physio-Control completes the following certification:

"I certify that my business has no employees, and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation insurance."  
\_\_\_\_\_ (Physio-Control initials)

- (4) Professional Liability Insurance providing coverage on a claims made basis for errors, omissions or malpractice with limits of not less than one million (\$1,000,000) dollars if required by Customer under Exhibit A, Section 2.

## **B. Additional Insured Coverage**

- (1) Commercial General Liability Insurance: Customer, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insured as respects general liability arising out of activities performed by or on behalf of Physio-Control, products and completed operations of Physio-Control, and premises owned, leased or used by Physio-Control. The general liability additional insured endorsement must be signed by an authorized representative of the insurance carrier for contracts involving construction or maintenance, or if required by Customer by selecting the option below:

\_\_\_\_\_ Additional insured endorsement must be signed by an authorized representative of the insurance carrier.

If the policy includes a blanket additional insured endorsement or contractual additional insured coverage, the above signature requirement may be fulfilled by submitting that document with a signed declaration page referencing the blanket endorsement or policy form.

- (2) Automobile Liability Insurance: The Customer, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insured as respects auto liability.

## **C. Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

- (1) Except for professional liability, Physio-Control's insurance coverage shall be primary insurance as respects Customer, its officials, employees and volunteers. Any insurance or self-insurance maintained by Customer, its officials, employees or volunteers shall be in excess of Physio-Control's insurance and shall not contribute with it.
- (2) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Customer, its officials, employees or volunteers.
- (3) Coverage shall state that Physio-Control's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (4) Customer will be provided with thirty (30) days written notice of cancellation or material change in the policy language or terms.

## **D. Acceptability of Insurance**

Insurance shall be placed with insurers with a Bests' rating of not less than A:V. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section 13.7 must be declared to and approved by Customer's Risk Management Division in writing prior to execution of this Agreement.

## **E. Verification of Coverage**

- (1) Physio-Control shall furnish Customer with certificates and required endorsements evidencing the insurance required. The certificates and endorsements shall be forwarded to Customer. Copies of policies shall be delivered to Customer on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.

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- (2) Customer may withdraw its offer of contract or cancel this Agreement if the certificates of insurance and endorsements required have not been provided prior to execution of this Agreement. Customer may withhold payments to Physio-Control and/or cancel the Agreement if the insurance is canceled or Physio-Control otherwise ceases to be insured as required herein.

## F. Subcontractors

Physio-Control shall require and verify that all sub-consultants and subcontractors maintain insurance coverage that meets the minimum scope and limits of insurance coverage specified in subsection A, above.

This Addendum 1 is executed by:

|                 |       |       |                                |  |       |
|-----------------|-------|-------|--------------------------------|--|-------|
| <hr/>           |       |       | <hr/>                          |  |       |
| <b>CUSTOMER</b> |       |       | <b>Physio-Control</b>          |  |       |
| BY:             |       |       | BY:                            |  |       |
| <hr/>           |       |       | <hr/>                          |  |       |
| Name (Print)    |       |       | Name (Print)                   |  |       |
| <hr/>           |       |       | <hr/>                          |  |       |
| Signature       |       | Date  | Signature                      |  | Date  |
| <hr/>           |       | <hr/> | <hr/>                          |  | <hr/> |
| Title           |       |       | Title                          |  |       |
| <hr/>           |       |       | <hr/>                          |  |       |
| Address 1       |       |       | <b>11 East Superior Street</b> |  |       |
| <hr/>           |       |       | <b>Suite 310</b>               |  |       |
| Address 2       |       |       | <b>Duluth, MN 55802</b>        |  |       |
| <hr/>           |       |       | <hr/>                          |  |       |
| City            | State | Zip   |                                |  |       |



**Renewal Schedule A**

Prepared By: Donald Pearson

Prepared For: City of Sacramento Fire Department  
Pricing Valid Through: 06/21/15

Term: July 1, 2015 - June 30, 2020

| HealthEMS Subscription Fees      |                       |                              |            |                   |       |               | <sup>1)</sup> Minimum monthly fee is \$500 |
|----------------------------------|-----------------------|------------------------------|------------|-------------------|-------|---------------|--|
| Description                      | Projected Annual Runs | Monthly Subscription Pricing |            |                   | UM    | Qty           | Total Fee                                  |
|                                  |                       | Base                         | Discount   | Net <sup>1)</sup> |       |               |  |
| Year 1                           | 44,000                | \$ 8,250                     | \$ (4,253) | \$ 3,997          | Month | 12            | \$ 47,964                                  |
| Year 2                           | 45,300                | \$ 8,494                     | \$ (4,379) | \$ 4,115          | Month | 12            | \$ 49,380                                  |
| Year 3                           | 46,700                | \$ 8,756                     | \$ (4,514) | \$ 4,242          | Month | 12            | \$ 50,904                                  |
| Year 4                           | 48,100                | \$ 9,019                     | \$ (4,650) | \$ 4,369          | Month | 12            | \$ 52,428                                  |
| Year 5                           | 49,500                | \$ 9,281                     | \$ (4,785) | \$ 4,496          | Month | 12            | \$ 53,952                                  |
| Total Subscription Fees          |                       |                              |            |                   |       |               | \$ 254,628                                 |
| <b>60 Month Ave \$\$ Per Run</b> |                       |                              |            |                   |       | <b>\$1.09</b> |  |

**Interface Services Included:**

|                   |                     |
|-------------------|---------------------|
| Billing Interface | myPatientEncounters |
| CAD Interface     | State Reporting     |
| EKG Data          | XchangER            |

**Data Xports Included:**

|               |             |
|---------------|-------------|
| Billing Xport | State Xport |
|---------------|-------------|

| Optional Extensions               |                                  |         |      |
|-----------------------------------|----------------------------------|---------|------|
| Description                       | Price/Unit                       | UM      |      |
| HealthEMS SanFax Transaction Fees | <i>Minimum Fee is \$50/month</i> | \$ 0.05 | Page |

| One-Time Activation Fee |      |
|-------------------------|------|
| None                    | \$ - |

The undersigned agrees to pricing terms identified above. This Schedule A forms part of the Subscription Agreement.

**City of Sacramento Fire Department**

\_\_\_\_\_  
Authorized Customer Signature / Date

\_\_\_\_\_  
Printed Name / Title

**Physio-Control, Inc.**

*[Handwritten Signature]*  
5/20/15  
*Tom Hakamoki*

Physio-Control Authorized Signature

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## EXHIBIT T

Contact Name: Sacramento Fire Department

Company Name:

Street Address:

City, State Zip:

We are required to collect sales tax in certain states. In order to meet tax reporting requirements and to ensure billings are correct, please identify your tax status below:

We are exempt from Sales Tax (**Exemption Certificate Attached**)

We are **not** exempt from Sales Tax

Taxing Jurisdictions:

State: \_\_\_\_\_

Local/County/City: \_\_\_\_\_

---

Signature

Title

Date

All customers exempt from sales tax will be required to provide a copy of their Sales Tax Exemption Certificate from their taxing authority. Customers that are not exempt from sales tax will be invoiced for sales tax on future billings.

Please return a signed copy of this memo and copy of Sales Tax Exemption Certificate (if applicable) within ten (10) days. You may return your reply by either of the following methods:

**Fax:**

Attention – Accounts Receivable  
PCDS 218-625-7225

**Mail:**

Attention – Accounts Receivable  
Physio-Control Data Solutions  
PO Box 3470  
Duluth, MN 55803-3470

I thank you in advance for promptly returning a completed form. Please direct any questions to the PCDS Solution Center at (218) 625-7000.

Sincerely,

Physio-Control Data Solutions  
Accounts Payable



## **Business Associate Agreement**

Pursuant to and in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), and the regulations promulgated there under, the HIPAA Privacy Regulations, including, but not limited to, 45 C.F.R. Parts 160 and 164, Subpart A and Subpart E (hereinafter the "Privacy Rule"), and HIPAA Security Regulations, including but not limited to, 45 C.F.R. Parts 160 and 164, Subpart A and Subpart C (hereinafter the "Security Rule"), the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 (the "HITECH Act"), and its implementing regulations and guidance issued by the Secretary of the Department of Health and Human Services (the "Secretary"), and all other applicable state and federal laws, as all amended from time to time, including as amended by the Final Rule of 2013, titled "Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules under the HITECH and the Genetic Information Non-Discrimination Act ("GINA") ("Omnibus Rule"), all business associates of entities such as Customer must agree in writing to certain mandatory provisions regarding the use and disclosure of certain Individually Identifiable Health Information.

Physio-Control and Customer agree that this Agreement replaces in its entirety any previous Business Associate Agreement between the parties and/or Section 12 of any Subscription Agreement executed on or before September 23, 2013. In order to satisfy the above applicable requirements, the Parties agree as follows effective as of the Compliance Date(s):

- A. Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule, Security Rule, the HITECH Act, and the Omnibus Rule:
  - a. Administrative Safeguards. "Administrative Safeguards" shall mean administrative actions, policies, and procedures to manage the selection, development, implementation, and maintenance of security measures to protect Electronic PHI and to manage the conduct of the workforce in relation to the protection of that information.
  - b. Breach. "Breach" shall mean the unauthorized acquisition, access, use, or disclosure of unsecured PHI which compromises the security or privacy of such information, except where an unauthorized person to whom such information is disclosed would not reasonably have been able to obtain such information.
  - c. Business Associate. "Business Associate" shall mean Physio-Control.
  - d. Covered Entity. "Covered Entity" shall mean the Customer.
  - e. Designated Record Set. "Designated Record Set" shall mean a group of records maintained by or for Physio-Control or Customer that is: (i) the medical records and billing records about individuals maintained by Physio-Control or Customer; (ii) the enrollment, payment, claims adjudication, and case or medical

management record systems maintained by or for a health plan; or (iii) used, in whole or in part, by or for Customer to make decisions about individuals. As used herein, the term "Record" means any item, collection, or grouping of information that includes PHI and is created, received, maintained, or transmitted by or for Physio-Control or Customer.

- f. Electronic Health Record. "Electronic Health Record" shall mean an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.
- g. Electronic Protected Health Information. "Electronic Protected Health Information" shall have the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103, limited to the information that Business Associate creates, receives, maintains, or transmits on behalf of Covered Entity.
- h. HIPAA. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, and any amendments thereto.
- i. HITECH. "HITECH" shall mean the Health Information Technology for Economic and Clinical Health Act, which is Title XIII of the American Recovery and Reinvestment Act of 2009, and any amendments, regulations, rules, and guidance issued thereto and the relevant dates for compliance, including amendments to HIPAA as applicable.
- j. Individual. "Individual" shall have the same meaning as the term "individual" in 45 CFR § 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).
- k. Individually Identifiable Health Information. "Individually Identifiable Health Information" shall mean information that is a subset of health information, including demographic information collected from an individual, and
  - (i) is created or received by a healthcare provider, health plan, employer, or healthcare clearinghouse; and
  - (ii) relates to the past, present, or future physical or mental health or condition of an individual; the provision of healthcare to an individual; and (i) identifies the individual, or (ii) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- l. Omnibus Rule. "Omnibus Rule" shall mean the Final Rule of 2013, titled "Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules under HITECH and the Genetic Information Non-discrimination Act ("GINA").
- m. "Physical Safeguards" shall mean physical measures, policies, and procedures to protect electronic information systems and related facilities and equipment from natural and environmental hazards and unauthorized intrusion.

- n. Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
  - o. Protected Health Information. "Protected Health Information" or "PHI" shall mean Individually Identifiable Health Information that is (i) transmitted by electronic media; (ii) maintained in any medium constituting electronic media; or (iii) transmitted or maintained in any other form or medium. "PHI" shall not include education records covered by the Family Educational Right and Privacy Act, as amended, 20 U.S.C. § 1232g, or records described in 20 U.S.C. § 1232g(a)(4)(B)(iv). "PHI" shall have the same meaning as the term "protected health information" in 45 CFR § 164.501, limited to the information created or received by Physio-Control from or on behalf of Customer.
  - p. Required By Law. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.501.
  - q. Secretary. "Secretary" shall mean the Secretary of the United States Department of Health and Human Services or his/her designee.
  - r. Security Incident. "Security Incident" shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
  - s. Security Rule. "Security Rule" shall mean the Standards for Security of Individually Identifiable Health Information at 45 CFR parts 160 and 164, subparts A and C.
  - t. Technical Safeguards. "Technical Safeguards" shall mean the technology, and the policy and procedures for its use that protects Electronic PHI and controls access to it.
  - u. Transaction Standards. "Transaction Standards" shall mean the Standards for Electronic Transactions, 45 C.F.R. 160 and 162.
  - v. Unsecured PHI. "Unsecured PHI" shall mean PHI not secured through the use of a technology or methodology specified in guidance by the Secretary that renders PHI unusable, unreadable, or indecipherable to unauthorized individuals.
- B. Compliance with Applicable Law. Physio-Control acknowledges and agrees that in the course of performance of Physio-Control's obligations under this Agreement, Physio-Control might be given or obtain access to information which contains Protected Health Information. Beginning with the relevant effective dates, Physio-Control shall comply with its obligations under this Agreement and with all obligations of a business associate under HIPAA, HITECH, the Omnibus Rule, and other related laws and any implementing regulations, as they exist at the time this Agreement is executed and as they are amended, for so long as this Agreement is in place.
- C. Uses and Disclosures of PHI. Physio-Control will not, and shall ensure that its directors, officers, employees, and agents do not, use or further disclose PHI received from Customer other than as permitted or required by this Agreement or as required by law. All uses and disclosures of and requests by Physio-Control for PHI are subject to

the minimum necessary rule of the Privacy Standards and shall be limited to the information contained in a limited data set, to the extent practical, unless additional information is needed to accomplish the intended purpose, or as otherwise permitted in accordance with Section 13405(b) of HITECH and any implementing regulations.

Customer will provide Physio-Control with any changes in, or revocation of, permission by an Individual to use or disclose PHI, if such changes affect Physio-Control's permitted or required uses or disclosures.

Customer will notify Physio-Control of any restrictions to the use or disclosure of PHI that Customer has agreed to in accordance with 45 C.F.R. § 164.522, to the extent such restrictions affect Physio-Control permitted or required uses or disclosures.

- D. Required Safeguards To Protect PHI. Physio-Control will use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement. Physio-Control agrees to use appropriate administrative, physical, and technical safeguards to protect the confidentiality, integrity, and availability of any electronic PHI in accordance with the Privacy Rule, the Security Rule, and in accordance with Section 13401(a) of HITECH and any implementing Regulations.

Physio-Control will maintain liability coverage indemnifying Physio-Control against losses or damages arising out of its treatment of PHI in performing this Agreement, with per occurrence limits not less than \$2,000,000.

- E. Ownership of PHI. Under no circumstances shall Physio-Control be deemed in any respect to be the owner of any PHI used or disclosed by or to Physio-Control pursuant to the terms of the Agreement. Physio-Control acknowledges that all rights, title, and interest in and to any PHI furnished to Physio-Control rests solely and exclusively with the Customer or the Individual to whom such PHI relates.
- F. Reporting of Improper Use and Disclosures of PHI. Physio-Control will report to Customer, as soon as reasonably practical, any use or disclosure of PHI not provided for by this Agreement of which Physio-Control becomes aware.
- G. Reporting of Breaches of Unsecured PHI. Physio-Control shall report to Customer, as soon as reasonably practical, a breach of Unsecured PHI, of which it reasonably becomes aware, in accordance with Section 13402(b) of HITECH.
- H. Agreements by Third Parties. Physio-Control will ensure that any agent, including a subcontractor, to whom Physio-Control provides electronic PHI created by, received from, maintained for or transmitted by Physio-Control on behalf of Customer agrees to the same business associate restrictions, terms, conditions, and requirements that apply to Physio-Control with respect to such information, including without limitation compliance with Section D hereof.

- I. Access to Protected Health Information. Physio-Control will, at the request of Customer, make available PHI maintained by Physio-Control in a Designated Record Set to Customer in order for Customer to meet the requirements under 45 C.F.R. § 164.524. In the event any Individual delivers directly to Physio-Control a request for access to PHI, Physio-Control will forward such request to Customer in order for Customer to respond to such Individual.
- J. Availability of PHI for Amendment. Physio-Control will, at the request of Customer, make available for amendment, and allow Customer to incorporate any amendment(s) in, any Protected Health Information in a Designated Record Set maintained by Physio-Control, which the Customer directs or agrees to pursuant to 45 C.F.R. § 164.526. In the event any Individual delivers directly to Physio-Control a request to amend PHI, Physio-Control will forward such request to Customer, in order for Customer to respond to such Individual.
- K. Documentation of Disclosures. Physio-Control agrees to document disclosures of PHI and information related to such disclosures as would be required for Customer to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528. At a minimum, Physio-Control shall provide Customer with the following information: (i) the date of the disclosure; (ii) the name of the entity or person who received the PHI, and if known, the address of such entity or person; (iii) a brief description of the PHI disclosed; and (iv) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure.
- L. Accounting of Disclosures. Within ten (10) days of notice by Customer to Physio-Control that it has received a request for an accounting of disclosures of PHI regarding an Individual during the six (6) years prior to the date on which the accounting was requested, Physio-Control shall make available to Customer information collected in accordance with Section K of this Agreement, to permit Customer to respond to the request for an accounting of disclosures of PHI, as required by 45 C.F.R. § 164.528. In the case of an Electronic Health Record maintained or hosted by Physio-Control on behalf of Customer, the accounting period shall be three (3) years and the accounting shall include disclosures for treatment, payment, and healthcare operations, in accordance with the applicable effective date of Section 13402(a) of HITECH. In the event an Individual directly requests an accounting of disclosures, Physio-Control shall forward such request to Customer in order for Customer to respond to such Individual. Physio-Control hereby agrees to implement an appropriate record keeping process to enable it to comply with the requirements of this Section.
- M. Compliance with HIPAA Transaction Standards. Physio-Control agrees to comply with all applicable HIPAA standards and requirements, including without limitation, those specified in C.F.R. § 162) with respect to the transmission of health information in electronic form in connection with any transaction for which the Secretary has adopted a standard under HIPAA ("Covered Transactions").

- N. Availability of Books and Records. Physio-Control agrees to make Physio-Control's internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Physio-Control on behalf of, Customer available to the Secretary for purposes of determining Customer's compliance with the Privacy Rule, Security Rule and the HITECH Act.
- O. Effect of Termination of Agreement. Upon termination of this Agreement for any reason, if feasible, Physio-Control will return or destroy all Protected Health Information created by, received from or maintained by Physio-Control on behalf of Customer. In the event that Physio-Control determines that returning or destroying the Protected Health Information is infeasible, Physio-Control will extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Physio-Control maintains such Protected Health Information.
- P. Red Flag Rules. So long as Physio-Control retains any confidential or non-public Individually Identifiable Information, Physio-Control will develop, maintain, and implement policies and procedures designed to ensure the privacy, confidentiality, and security of such information, and to prevent, detect, and mitigate against the reasonably foreseeable risks of personal and medical identity theft in compliance with the requirements of law, including, without limitation, the Identity Theft, Red Flags and Address Discrepancies under the Fair and Accurate Credit Transaction Act of 2003 ("Red Flag Rules"). Physio-Control will cooperate with Customer in evaluating, investigating, and responding to Red Flags or any possible data breach or Identity Theft activity. Notwithstanding anything to the contrary in this Agreement or any other document, this provision shall survive the expiration or sooner termination of this Agreement, and shall inure to the benefit of Customer and its affiliates and agents.
- Q. Changes in the Law. Physio-Control may amend this Agreement as appropriate, to conform to any new or revised legislation, rules and regulations to which Physio-Control is subject now or in the future including, without limitation, HIPAA, HITECH, the Privacy Standards, Security Standards, or Transaction Standards.

Customer: \_\_\_\_\_

**Customer Authorized Representative**

**Physio-Control**



Tim Hakamabi 5/21/15

**Physio-Control Authorized Representative**



AGENCY CUSTOMER ID: 184424

LOC #: Seattle



### ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

|                           |           |  |  |
|---------------------------|-----------|--|--|
| AGENCY<br>Marsh USA, Inc. |           | NAMED INSURED<br>Scanhealth Inc DBA Sansio<br>Physio-Control Inc<br>11811 Willows Road NE<br>Redmond, WA 98052 |  |
| POLICY NUMBER             |           | EFFECTIVE DATE:  |  |
| CARRIER                   | NAIC CODE |  |  |

#### ADDITIONAL REMARKS

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,**  
**FORM NUMBER: 25      FORM TITLE: Certificate of Liability Insurance**

**ERRORS & OMISSIONS**

Carrier: Lloyd's of London  
Policy Number: W179CE150101  
Policy Effective Date: 01/01/2015  
Policy Expiration Date: 01/01/2016  
Limit Each Claim: \$2,000,000  
Aggregate: \$2,000,000  
Deductible: \$25,000