

AGREEMENT

THIS AGREEMENT is entered into on _____, between the **COUNTY OF TULARE**, referred to as COUNTY and **GLOBAL DRUG TESTING SERVICES (GDTS)**, referred to as CONTRACTOR with reference to the following:

- A. COUNTY and CONTRACTOR entered into Tulare County Agreement No. 21891 on March 9, 2004, for the purpose of providing drug testing services on an interim basis; and,
- B. CONTRACTOR has the experience and qualifications to provide the services COUNTY requires pertaining to COUNTY'S drug testing needs; and
- C. CONTRACTOR is willing to perform the required services upon the terms and conditions set forth in this Agreement.
- D. COUNTY and CONTRACTOR wish to terminate Tulare County Agreement No. 21891 and enter into this new agreement.

ACCORDINGLY, IT IS AGREED:

1. TERM: This Agreement shall be effective upon the signing of this agreement and shall expire on June 30, 2007, unless terminated as provided under this Agreement. Tulare County Agreement No. 21891 is terminated.

2. SERVICES: CONTRACTOR shall provide the services as set forth in the attached Exhibit "A", which Exhibit is made a part of this Agreement by reference. In performing such duties, CONTRACTOR will report to the Assistant Agency Director, Community Services Branch, Prevention Services Division, Tulare County Health & Human Services Agency (hereinafter referred to as the "Assistant Agency Director"). The term "Assistant Agency Director," as used in this Agreement shall include designees of the Assistant Agency Director.

3. PAYMENT FOR SERVICES: For services rendered, CONTRACTOR shall be paid according to the fee schedule set forth in Exhibit "B", which Exhibit is made a part of this Agreement by reference.

4. COMPLIANCE WITH LAW: CONTRACTOR shall provide services in accordance with applicable Federal, State, and local laws, regulations and directives. With respect to CONTRACTOR'S employees, CONTRACTOR shall comply with all laws and regulations pertaining to wages and hours, state and federal income tax, unemployment insurance, Social Security, disability insurance, workers' compensation insurance, and discrimination in employment.

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Tulare County Agreement No. _____



5. RECORDS AND AUDIT: CONTRACTOR shall maintain complete and accurate records with respect to the services rendered and the costs incurred under this Agreement. In addition, CONTRACTOR shall maintain complete and accurate records with respect to any payments to employees or subcontractors. All such records shall be prepared in accordance with generally accepted accounting procedures, shall be clearly identified, and shall be kept readily accessible. Upon request, CONTRACTOR shall make such records available within Tulare County to the Auditor of Tulare County and to his agents and representatives, for the purpose of auditing and/or copying such records for a period of five (5) years from the date of final payment under this Agreement.

6. INSURANCE: Prior to approval of this Agreement by COUNTY, CONTRACTOR shall file with the Clerk of the Board of Supervisors evidence of the required insurance as set forth in Exhibit "C", which Exhibit is made a part of this Agreement by reference.

7. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is entered into by both parties with the express understanding that CONTRACTOR will perform all services required under this Agreement as an independent contractor. Nothing in this Agreement shall be construed to constitute the CONTRACTOR or any of its agents, employees or officers as an agent, employee or officer of COUNTY.

B. CONTRACTOR agrees to advise everyone it assigns or hires to perform any duty under this Agreement that they are not employees of COUNTY. Subject to any performance criteria contained in this Agreement, CONTRACTOR shall be solely responsible for determining the means and methods of performing the specified services and COUNTY shall have no right to control or exercise any supervision over CONTRACTOR as to how the services will be performed. As CONTRACTOR is not COUNTY'S employee, CONTRACTOR is responsible for paying all required state and federal taxes. In particular, COUNTY will not:

- i. Withhold FICA (Social Security) from CONTRACTOR'S payments.
- ii. Make state or federal unemployment insurance contributions on CONTRACTOR'S behalf.
- iii. Withhold state or federal income tax from payments to CONTRACTOR.
- iv. Make disability insurance contributions on behalf of CONTRACTOR.
- v. Obtain unemployment compensation insurance on behalf of CONTRACTOR.

C. Notwithstanding this independent contractor relationship, COUNTY shall have the right to monitor and evaluate the performance of CONTRACTOR to assure compliance with this Agreement.

8. INDEMNIFICATION: CONTRACTOR shall hold harmless, defend and indemnify COUNTY, its agents, officers and employees from and against any liability, claims, actions, costs, damages or losses of any kind, including death or injury to any person and/or damage to property, including COUNTY property, arising from, or in connection with, the performance by CONTRACTOR or its agents, officers and employees under this Agreement. This indemnification specifically includes any claims that may be made against COUNTY by any taxing authority asserting that an employer-employee relationship exists by reason of this Agreement, and any claims made against COUNTY alleging civil rights violations by CONTRACTOR under Government Code sections 12920 et seq. (California Fair Employment and Housing Act), and any fines or penalties imposed on COUNTY for



CONTRACTORS failure to provide form DE-542, when applicable. This indemnification obligation shall continue beyond the term of this Agreement as to any acts or omissions occurring under this Agreement or any extension of this Agreement.

9. CONFLICT OF INTEREST:

A. CONTRACTOR agrees at all times in performance of this Agreement to comply with the law of the State of California regarding conflicts of interests or appearance of conflicts of interests, including, but not limited to Government Code section 1090 et seq., and the Political Reform Act, Government Code section 81000 et seq. and regulations promulgated pursuant thereto by the California Fair Political Practices Commission. The statutes, regulations and laws previously referenced include, but are not limited to, prohibitions against any public officer or employee, including CONTRACTOR for this purpose, from the making of any decision on behalf of COUNTY in which such officer, employee or consultant has a direct or indirect financial interest. A violation can occur if the public officer, employee or consultant participates in or influences any COUNTY decision which has the potential to confer any pecuniary benefit on CONTRACTOR or any business firm in which CONTRACTOR has an interest, with certain narrow exceptions.

B. CONTRACTOR agrees that if any facts come to its attention which raise any questions as to the applicability of conflicts of interests laws, it will immediately inform the COUNTY designated representative and provide all information needed for resolution of this question.

10. TERMINATION:

A. Grounds for Termination:

- i. Without Cause: This Agreement may be canceled or terminated by COUNTY *without cause* by giving thirty (30) calendar days advance written notice to CONTRACTOR. Such notification shall state the effective date of termination or cancellation. Upon receipt of a notice of termination or cancellation from COUNTY, CONTRACTOR shall take immediate steps to stop performance and to cancel or reduce subsequent contract costs.
- ii. With Cause: Either party shall have a right to terminate this Agreement *for cause* by giving the other party written notice of its intentions to terminate pursuant to this provision specifying the date of termination. Cause for termination of this Agreement *for cause* shall include the following without limitation:
 - a. Be adjudged a bankrupt, or
 - b. Become insolvent or have a receiver appointed, or
 - c. Make a general assignment for the benefit of creditors, or
 - d. Suffer any judgment which remains unsatisfied for thirty (30) days, and which would substantively impair the ability of the CONTRACTOR to perform under this Agreement, or
 - e. Materially breach this agreement, or
 - f. Make material misrepresentation, either by CONTRACTOR or anyone acting on CONTRACTOR'S behalf, regarding to any matter related to COUNTY'S retention of CONTRACTOR, or
 - g. Other misconduct or circumstances which, in the sole discretion of the



COUNTY, either impair the ability of CONTRACTOR to competently provide the services under this agreement, or expose the COUNTY to an unreasonable risk of liability.

B. Effects of Termination: Termination of this agreement shall not terminate any obligations to indemnify, to maintain and make available any records pertaining to the agreement, to cooperate with any audit, to be subject to offset, or to make any reports of pre-termination contract activities. The right to terminate this agreement under this provision may be exercised without prejudice to any other right or remedy to which the terminating party may be entitled at law or under this agreement.

C. Suspension of Performance: Independent of any right to terminate this agreement, the department director, agency director or officer for which CONTRACTOR'S services are to be performed, may immediately suspend performance by contractor, in whole or in part, in response to a health, safety or financial emergency, or a failure or refusal by CONTRACTOR to comply with the provisions of this agreement, until such time as the cause for suspension is resolved, or a notice of termination is issued.

11. ENTIRE AGREEMENT REPRESENTED: This Agreement represents the entire agreement between CONTRACTOR and COUNTY as to its subject matter and no prior oral or written understanding shall be of any force or effect. No part of this Agreement may be modified without the written consent of both parties.

12. HEADINGS: Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

13. NOTICES:

A. Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission or sent by first class mail, postage prepaid and addressed as follows:

COUNTY:
CONTRACT UNIT
TULARE HEALTH & HUMAN SERVICES AGENCY
5957 S. Mooney Boulevard
Visalia, CA 93277
Phone No: 559-737-4660
Fax No: 559-737-4692

CONTRACTOR:
GLOBAL DRUG TESTING SERVICES
38 W. Morton Ave.
Porterville, CA 93257
Hanford, CA 93230
Phone No: 559-781-8029
Cell No: 559-788-2730



-B. Notice sent by facsimile transmission is deemed received upon transmission. Notice sent by first class mail shall be deemed received on the fifth day after the date of mailing. Either party may change the above address by giving written notice pursuant to this paragraph.

14. CONSTRUCTION: This Agreement reflects the contributions of both parties and accordingly the provisions of Civil Code section 1654 shall not apply to address and interpret any uncertainty.

15. NO THIRD PARTY BENEFICIARIES INTENDED: Unless specifically set forth, the parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

16. GOVERNING LAW: This Agreement shall be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. The parties agree that this contract is made in and shall be performed in Tulare County California.

17. WAIVERS: The failure of either party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either party of either performance or payment shall not be considered to be a waiver of any preceding breach of the Agreement by the other party.

18. EXHIBITS AND RECITALS: The Recitals and the Exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement.

19. CONFLICT WITH LAWS OR REGULATIONS/SEVERABILITY: This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulation governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement shall continue in full force and effect.

20. FURTHER ASSURANCES: Each party will execute any additional documents and perform any further acts, which may be reasonably required to effect the purposes of this Agreement.

21. ASSURANCES OF NON-DISCRIMINATION: CONTRACTOR shall not discriminate in employment or in the provision of services on the basis of any characteristic or condition upon which discrimination is prohibited by state or federal law or regulation.

22. ASSIGNMENT/SUBCONTRACTING: Unless otherwise provided in this Agreement, COUNTY is relying on the personal skill, expertise, training and experience of CONTRACTOR and CONTRACTOR'S employees and no part of this Agreement may be assigned or subcontracted by



CONTRACTOR without the prior written consent of COUNTY.

23. DISPUTE RESOLUTION: If a dispute arises out of or relating to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by non-binding mediation before resorting to litigation or some other dispute resolution procedure, unless the parties mutually agree otherwise. The mediator shall be mutually selected by the parties, but in case of disagreement, the mediator shall be selected by lot from among two nominations provided by each party. All costs and fees required by the mediator shall be split equally by the parties, otherwise each party shall bear its own costs of mediation. If mediation fails to resolve the dispute within thirty (30) days, either party may pursue litigation to resolve the dispute.

24. SOFTWARE WARRANTY: CONTRACTOR warrants that any software furnished hereunder, or any software used by it to perform the services provided under this Agreement, will continue processing accurately for the term of this Agreement and any extension thereof and that the use of said software will not cause incorrect scheduling or reporting or other improper operations or results.

25. UNEMPLOYMENT INSURANCE COMPLIANCE: CONTRACTOR acknowledges that this Agreement is subject to filing obligations pursuant to Unemployment Insurance Code section 1088.8. Accordingly, COUNTY has an obligation to file a report with the Employment Development Department, which report will include the CONTRACTOR'S full name, social security number, address, the date this contract was executed, the total amount of the contract, the contract's expiration date or whether it is ongoing. CONTRACTOR agrees to cooperate with COUNTY to make such information available and to complete DE Form 542. Failure to provide the required information may, at COUNTY'S option, prevent approval of this Agreement, or be grounds for termination by COUNTY.

26. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA):

A. CONTRACTOR shall comply with the Health Insurance Portability and Accountability Act (HIPAA) Business Associate exhibit, attached as Exhibit "D", which Exhibit is made a part of this Agreement by reference.

B. At termination of this Agreement, CONTRACTOR shall, if feasible, return or destroy all protected health information received from, or created or received by, CONTRACTOR on behalf of the COUNTY that CONTRACTOR still maintains in any form, and retain no copies of such information; or, if such return or destruction is not feasible, extend the protections of this Agreement to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information feasible.

C. COUNTY may immediately terminate this Agreement if COUNTY determines that CONTRACTOR has violated a material term of this Agreement.

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THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

COUNTY OF TULARE

By _____
Chairman, Board Of Supervisors

ATTEST: C. BRIAN HADDIX
County Administrative Officer/Clerk of the Board
Of Supervisors of the County Of Tulare

By _____
Deputy Clerk

GLOBAL DRUG TESTING SERVICES

By Jamie Moran
Title OWNER

THIS AGREEMENT is subject to Unemployment Insurance Code section 1088.8 filing obligations within twenty (20) days of entering into this Agreement.

() DE Form 542X is completed by CONTRACTOR () DE Form 542X was filed

Approved as to Form
County Counsel

By Jamie Moran
Deputy

Dated 01/11/04

() 20051728

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EXHIBIT A

DESCRIPTION OF SERVICES GLOBAL DRUG TESTING SERVICES (GDTS)

GDTS will provide drug testing, assignment of group numbers, maintenance of a random access call-in system, and the input of related data into the TCOMS (formerly ARTSmart) system for the Tulare County RECOVERY COURTS. GC/MS confirmations and hair analysis are also available and will be provided as needed or requested.

GDTS will also perform drug testing for the DRUG COURT program at the same rate as for the RECOVERY COURTS. However, no County funds provided for the RECOVERY COURT program will be used in any way for the benefit of DRUG COURT clients. All client fees related to the DRUG COURT program will be paid directly to GDTS by the DRUG COURT clients themselves.

All internal GDTS drug testing standards, protocols, frequencies, and procedures will be strictly followed. Any additional operational or reporting requirements imposed by DRUG COURT, RECOVERY COURT, or Tulare County will be incorporated and implemented by GDTS.

EXHIBIT B

COMPENSATION GLOBAL DRUG TESTING SERVICES (GDTS)

(1) Since March 1, 2004, GDTS has been providing interim drug testing services for Recovery Court and Drug Court clients until a Request For Proposal (RFP) could be issued and a vendor selected. RFP #06-008 for drug testing services has now been awarded to GDTS. Therefore, this Agreement will replace AG #21891 with GDTS for the remainder of FY 05/06 as of the first of the month following the date it is entered into, with the exception that whatever has already been paid by COUNTY to GDTS under AG #21891 for Recovery Court during FY 05/06 shall be added together with the funds paid herein and the total shall not exceed ONE HUNDRED THREE THOUSAND EIGHT HUNDRED FORTY-SEVEN DOLLARS (\$103,847). The same amount (\$103,847) will tentatively be available to GDTS during FY 06/07 via this new Agreement. The funding for FY 06/07 is contingent upon State re-allocation for Recovery Court.

(2) By the FIFTEENTH day of each month that this Agreement is in place, except for the final payment of each FY, COUNTY will advance to GDTS EIGHT THOUSAND SIX HUNDRED FIFTY-FOUR DOLLARS (\$8,654.00) to pay for drug testing of Proposition 36 clients at a rate of \$10 per test. The final advance of each FY will be reduced to equal the maximum of ONE HUNDRED THREE THOUSAND EIGHT HUNDRED FORTY-SEVEN DOLLARS (\$103,847) per FY. This Prop 36 funding allows COUNTY to pay for one (1) out of every three (3) drug tests performed on a Prop 36 client. The other two (2) will be paid for by the client, in a random fashion and in any order, but at no more than the rate paid by COUNTY (ie., \$10 per test). This means that a maximum of 10,384 tests can be paid for by COUNTY in a given FY.

(3) This Agreement also authorizes drug testing services at GDTS for Drug Court clients, although none of the funding described above will pay for those services. Drug Court clients will be solely responsible for paying the cost of their own drug tests, but they will be charged at the same rate as Prop 36 clients (ie. \$10). Drug Court clients shall pay GDTS directly and in a manner reasonably required by GDTS.

(4) If requested at any time by COUNTY, GDTS will provide details of the number of tests performed, by test type, the clients involved, the amount to be offset against the drug testing advances paid by COUNTY, and any other pertinent data requested by COUNTY. This will include a Prop 36 Cost Report after the end of the FY.

(5) Any Prop 36 drug testing advance monies not expended by the end of the FY for which they were allotted shall be returned to COUNTY within sixty (60) days after the close of the FY, unless otherwise directed in writing.

Exhibit "C"
INSURANCE REQUIREMENTS

CONTRACTOR shall provide and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property, which may arise from, or in connection with, performance under the Agreement by the CONTRACTOR, his agents, representatives, employees or subcontractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Coverage at least as broad as Commercial General Liability Insurance of \$1,000,000 combined single limit per occurrence. If the annual aggregate applies it must be no less than \$2,000,000.
2. Comprehensive Automobile Liability Insurance (if applicable) of \$1,000,000 per occurrence.
3. Workers' Compensation and Employer's Liability Insurance as required by law.
4. Professional Errors and Omissions Insurance of \$1,000,000.

B. Specific Provisions of the Certificate

1. The Certificate of Insurance for General Liability, Comprehensive Automobile Liability Insurance and Professional Errors and Omissions Insurance have to meet the following requirements:
 - a. *Name the COUNTY, Its officers, agents, employees and volunteers, individually and collectively, as additional insureds.*
 - b. *State that such Insurance for additional insureds shall apply as primary insurance and any other insurance maintained by COUNTY shall be excess.*
 - c. *Provide that coverage shall not be suspended, voided, canceled, reduced In coverage, or otherwise materially changed except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the County.*
2. The Certificate of Insurance for Workers Compensation, should include the following:
 - a. *Waiver of Subrogation. Contractor waives all rights against the County and its agents, officers, and employees for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.*

C. Deductibles and Self-Insured Retentions

The COUNTY Risk Manager must approve any deductible or self-insured retention that exceeds \$100,000.

D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A (-) from a company admitted to do business in California, any waiver of these standards are subject to approval by the County Risk Manager or County Risk Manager's designee.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the CONTRACTOR shall file with the submitting department, certificates of insurance with original endorsements effecting coverage in a form acceptable to the COUNTY. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.

Client#: 174

3GLOBADRU

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
09/21/05

PRODUCER
BB&T Iler Wall & Shonter
800 49th Street North
P.O. Box 14448
St Petersburg, FL 33733

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Travelers Indemnity Company	25658
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

INSURED
Global Drug Testing Svs; Janice McIntire
38 West Morton Avenue
Porterville, CA 93257

COVERAGES

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

INSUR LTR	INSUR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	BINDER4878022	09/19/05	09/19/06	EACH OCCURRENCE	\$1,000,000
						DAMAGE TO RENTED PREMISES (EA OCCURRENCE)	\$50,000
						MED EXP (Any one person)	\$5,000
						PERSONAL & ADV INJURY	\$1,000,000
						GENERAL AGGREGATE	\$2,000,000
						PRODUCTS - COMP/OP AGG	\$2,000,000
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (EA accident)	\$
						BODILY INJURY (For person)	\$
						BODILY INJURY (For accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA ACC	\$
						AUTO ONLY: AGG	\$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATUTORY LIMITS	OTH-ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

COUNTY OF TULARE
VISALIA CA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE

INTERIM BILLING RATE MODIFICATION

**STATE
COMPENSATION
INSURANCE
FUND**

HOME OFFICE
SAN FRANCISCO

ALL EFFECTIVE DATES ARE
AT 12:01 AM PACIFIC
STANDARD TIME OR THE
TIME INDICATED AT
PACIFIC STANDARD TIME

ENDORSEMENT AGREEMENT

EFFECTIVE MARCH 1, 2005 AT 12.01 A.M.

1752996-05
RENEWAL
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PAGE 2

GLOBAL DRUG TESTING

**38 W MORTON AVE
PORTERVILLE, CA 93257**

CONTINUED

IT IS AGREED THAT THE INTERIM BILLING RATE AND RATING PLAN
CREDITS (DEBITS) ARE AMENDED AS FOLLOWS.

EFFECTIVE FROM 3/12/05 TO 3/01/06

RATING PLAN MODIFIER

1.00000

ESTIMATED PREMIUM DISCOUNT MODIFIER

0.87968

COMPOSITE FACTOR APPLIED TO BASE RATES
TO DERIVE INTERIM BILLING RATES.

0.87968

*			*
*	* PREMIUM DISCOUNT SCHEDULE EFFECTIVE 3/12/05 TO 3/01/06		*
*	* ESTIMATED MODIFIED PREMIUM IS DISCOUNTED		*
*	* ACCORDING TO THE FOLLOWING SCHEDULE:		*
*	FIRST	ABOVE	*
*	\$5,000	\$5,000	*
*	0.0%	15.0%	*
*			*

THE ESTIMATED PREMIUM DISCOUNT IS BASED ON AN ESTIMATE OF YOUR
PAYROLL. ACTUAL PREMIUM DISCOUNT APPLIED AT FINAL BILLING WILL
BE BASED ON THE ACTUAL PAYROLL REPORTED ON YOUR POLICY AND
SUBJECT TO AUDIT.

NOTHING IN THIS ENDORSEMENT CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE
OR EXTEND ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS
POLICY OTHER THAN AS STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR
LIMITATIONS OF THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO:

AUTHORIZED REPRESENTATIVE

MARCH 15, 2005

PRESIDENT

2900F

Exhibit "D"
HIPAA REQUIREMENT

The Health Insurance Portability and Accountability Act of 1996 (HIPAA)

- A. Definitions: Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule.
1. *Business Associate.* "Business Associate" shall mean CONTRACTOR.
 2. *Covered Entity.* "Covered Entity" shall mean COUNTY.
 3. *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).
 4. *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.
 5. *Protected Health Information.* "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
 6. *Required By Law.* "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR 164.501.
 7. *Secretary.* "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.
- B. Obligations and Activities of CONTRACTOR
1. CONTRACTOR agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as Required By Law.
 2. CONTRACTOR agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
 3. CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR of a use or disclosure of Protected Health Information by CONTRACTOR in violation of the requirements of this Agreement.
 4. CONTRACTOR agrees to report to COUNTY any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.
 5. CONTRACTOR agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by CONTRACTOR on behalf of COUNTY agrees to the same restrictions and conditions that apply through this Agreement to CONTRACTOR with respect to such information. CONTRACTOR agrees to provide access, at the request of COUNTY, and in the time and manner requested by COUNTY, to Protected Health Information in a Designated Record Set, to COUNTY or, as directed by COUNTY, to an Individual in order to meet the requirements under 45 CFR 164.524

6. CONTRACTOR agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the COUNTY directs or agrees to pursuant to 45 CFR 164.526 at the request of COUNTY or an Individual, and in the time and manner requested by COUNTY
7. CONTRACTOR agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by CONTRACTOR on behalf of, COUNTY to the COUNTY, in a time and manner requested by COUNTY for purposes of determining CONTRACTOR's and/or COUNTY's compliance with the Privacy Rule.
8. CONTRACTOR agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for COUNTY to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528
9. CONTRACTOR shall provide to COUNTY or an individual, in time and manner designated by COUNTY, information collected in accordance with Title 45, CFR, Section 164.528, to permit the Department to respond to a request by the individual for an accounting of disclosures of Protected Health Information in accordance with Title 45, CFR, Section 164.528

C. General Use and Disclosure Provisions: Except as otherwise limited in this Agreement, CONTRACTOR may use or disclose Protected Health Information on behalf of, or to provide services to, COUNTY, if such use or disclosure of Protected Health Information would not violate the Privacy Rule if done by COUNTY or the minimum necessary policies and procedures of the COUNTY.

D. Specific Use and Disclosure

1. Except as otherwise limited in this Agreement, CONTRACTOR may use Protected Health Information for the proper management and administration of the CONTRACTOR or to carry out the legal responsibilities of the CONTRACTOR.
2. Except as otherwise limited in this Agreement, CONTRACTOR may disclose Protected Health Information for the proper management and administration of the CONTRACTOR, provided that disclosures are Required By Law, or CONTRACTOR obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the CONTRACTOR of any instances of which it is aware in which the confidentiality of the information has been breached.
3. Except as otherwise limited in this Agreement, CONTRACTOR may use Protected Health Information to provide Data Aggregation services to COUNTY as permitted by 42 CFR 164.504(e)(2)(i)(B)

4. CONTRACTOR may use Protected Health Information to report violations of law to appropriate Federal and State authorities consistent with § 164.502(j)(1)

E. Obligations of COUNTY

1. COUNTY shall notify CONTRACTOR of any limitation(s) in its notice of privacy practices of COUNTY in accordance with 45 CFR 164.520, to the extent that such limitation may affect CONTRACTOR's use or disclosure of Protected Health Information.
2. COUNTY shall notify CONTRACTOR of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect CONTRACTOR's use or disclosure of Protected Health Information.
3. COUNTY shall notify CONTRACTOR of any restrictions to the use or disclosure of Protected Health Information that COUNTY has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect CONTRACTOR's use or disclosure of Protected Health Information.

F. Permissible Requests by COUNTY: Except as otherwise provided herein, COUNTY shall not request CONTRACTOR to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by COUNTY

G. Miscellaneous

1. *Regulatory References.* A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.
2. *Amendment.* The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for COUNTY to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub L. No. 104-191.
3. *Survival.* The respective rights and obligations of CONTRACTOR under this Exhibit shall survive the termination of this Agreement.
4. *Interpretation.* Any ambiguity in this Agreement shall be resolved to permit COUNTY to comply with the Privacy Rule.