

First Amendment to the Contract

This First Amendment to the Contract (the “Amendment”) is made pursuant to Section 16.3 of the Contract “Impact Analysis of the Health Insurance Portability and Accountability Act (HIPAA) National Provider Identifier (NPI) on Iowa Medicaid” (the “Contract”) between the State of Iowa, Department of Human Services (the “Department” or “DHS”) and FOX Systems, Inc.. (the “Contractor”) effective as of February 1, 2006. This Amendment is effective as of June 30, 2006 and will remain coterminous with the Contract. The Amendment modifies, to the extent specified below, the terms and conditions of the Contract:

- 1. Amendment to the Contract:** Section 2.0 of the Contract is hereby amended to read as follows:

Section 2.0 Incorporation of Documents

The Contract and any amendments, the RFP and amendments, the bidder’s Bid Proposal submitted in response to the RFP, and the scope of work attached herein as Attachment Two (2), collectively form the Contract between the bidder and the Department. These documents are incorporated herein by reference and are collectively referred to by the term “Contract.” The parties are obligated to perform all services described in the Contract in accordance with the Contract’s terms.

- 2. Amendment to the Contract:** Section 4.0 of the Contract is hereby amended to read as follows:

Section 4.0 Term of the Contract

The base term of the Contract shall begin on February 1, 2006 and continue through June 30, 2007.

- 3. Amendment to the Contract:** Section 5.0 of the Contract is hereby amended to read as follows:

Section 5.0 Payment Terms and Compensation

The Contractor acknowledges that this is a fixed price performance based Contract and that the Contractor is obligated to perform all of the Contractor’s responsibilities and meet all of the Contractor performance standards in this Contract. DHS acknowledges that it is responsible for meeting all State responsibilities in the RFP and the Contract.

The price for the initial phase of this Contract, February 1, 2006 through June 30, 2006, (Phase 1) with the scope of work as defined in the RFP MED-06-022 is \$695,000.

The second phase of this Contract shall run from July 1, 2006 through June 30, 2007 ("Phase 2"). The scope of work applicable to Phase 2 is set forth in Attachment 2 to the First Amendment to the Contract. The base price for Phase 2 is \$694,830. ("Base Second Phase Contract Price").

In addition, NPI technical assistance shall be paid at an individual rate per hour as defined in Attachment 3, not to exceed \$261,234, over the term of the Contract. Rates include all travel and expenses. Invoices for the technical assistance services will be itemized and billed each month throughout the term of the Contract

The Contractor shall submit invoices for payment. During Phase 1 of this Contract, through June 30, 2006, under no circumstances shall Contractor be entitled to invoice for, nor shall the Department be obligated to pay, more than sixty percent (60%) of the phase one contract price until Contractor has provided and the Department accepted all deliverables required by Section 3, Service Requirements, of the RFP. In addition, Contractor's failure to timely provide deliverables in accordance with Section 3, Service Requirements, of the RFP may result in a reduction of the Phase 1 contract price of up to five percent (5%). During Phase 2 of this Contract, Contractor shall be entitled to invoice monthly one-eleventh of the Base Second Phase Contract Price and the value of technical assistance services. The Department shall not be obligated to pay more than seventy five percent (75%) of invoiced amounts until the Contractor has provided and the Department accepted all deliverables required by Attachment 2 of the Contract. In addition, Contractor's failure to timely provide deliverables in accordance with Attachment 2 may result in a reduction of the Base Second Phase Contract Price of up to five percent (5%).

The Department shall pay all approved claims in a timely manner in accordance with Iowa Code § 8A.514(3). The Department shall have the right to dispute any invoice submitted for payment and withhold payment of any disputed amount if the Department believes the invoice is inaccurate or incorrect in any way. If a proper claim for contractual services that is currently payable remains unpaid after sixty days following the receipt of the claim or the satisfactory delivery, furnishing, or performance of the services, the state shall pay interest at the rate of one percent per month on the unpaid amount of the claim. However, this provision does not apply to the extent that interest would be paid by federal funds. Iowa Code § 8A.514(3). The Department's payment of invoices in less than sixty (60) days in no way acts as a waiver of this statutory mandate.

Upon successful completion of all deliverables under Phase 2, acceptance by the Department of said deliverables, and successful implementation of the project to operations, the Contractor shall be entitled to invoice an additional seventy-five percent (75%) of Phase 2 invoiced amounts that have been previously withheld pursuant to this Section. Upon successful transition and closeout of the Contract, the Contractor shall invoice the Department for any remaining withheld sums, minus reductions applicable to untimely deliverables as outlined in this Section.

If the Agency in good faith determines that the Contractor has failed to perform or deliver any service or product as required by this Contract, the Contractor shall not be entitled to any compensation under this Contract until such service or product is performed or delivered. In this event, the Department may withhold that portion of the Contractor's compensation, which represents payment for service or product that was not performed or delivered.

In the event that the Contractor owes the State any sum under the terms of this Contract, any other Contract, pursuant to any judgment, or pursuant to any law, the State may set off the sum owed to the State against any sum owed by the State to the Contractor in the State's sole discretion, unless otherwise required by law. The Contractor agrees that this provision constitutes proper and timely notice under the law of setoff.

4. Amendment to Contract: Section 10.0 of the Contract is hereby amended to read as follows:

Section 10.0 Performance Bond

For work performed through June 30, 2006, the Contractor shall post a performance bond or an irrevocable letter of credit in the amount of \$200,000 in relation to this Contract. Effective June 30, 2006 the Contractor shall post a new performance bond or an irrevocable letter of credit in the amount of \$250,000 to run concurrent with the Phase 2 portion of the Contract from July 1, 2006 through June 30, 2007. The surety shall be in force from the beginning of the Contract until the expiration of the Contract or termination.

5. Ratification

Except as expressly amended and supplemented herein, the Contract shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof.

6. Authorization

Each party to this Amendment represents and warrants to the other that:

- 4.1 It has the right, power, and authority to enter into and perform its obligations under this Amendment.
- 4.2 It has taken all requisite actions (corporate, statutory, or otherwise) to approve , execute, deliver and perform pursuant to this Amendment, and this Amendment constitutes a legal, valid and binding obligation upon itself in accordance with its terms.

7. Contingency

This amendment is subject to and contingent upon CMS approval.

8. Execution

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Amendment and have caused their duly authorized representatives to execute this Amendment.

State of Iowa, acting by and through the Iowa Department of Human Services (Department)

By: _____

Date: _____

Kevin W. Concannon, Director

FOX Systems, Inc. (Contractor)

By: _____

Date: _____

Desh Ahuja, Executive Vice President