paradigm | healthcare

**SERVICE AGREEMENT**

This Service Agreement ("Agreement") is entered into as of the 1st day of July 2022 between Paradigm Healthcare Services, LLC, a California Limited Liability Company ("Paradigm") and Perris Union High School District, a Local Education Agency ("Client"). This Agreement shall commence on the date first set forth above and shall continue in full force and effect through June 30, 2023 ("Initial Term") subject to the termination provisions set forth in Paragraph, "Termination." Client shall notify Paradigm of its intent to terminate at least 60 days prior to the end of the Initial Term or any subsequent term, subject to termination provisions herein. The phrase "Term of the Agreement" shall refer to the Initial Term and any subsequent renewal period. The phrase "Fiscal Year" as used in this Agreement shall refer to the period July 1 through June 30. The Agreement will govern activities required to be performed by either party to complete obligations undertaken under this Agreement, regardless whether those activities are to be performed during or after the Term of the Agreement.

**RECITALS**

Paradigm is engaged in the business of providing Medicaid direct service and administrative claiming services to local education agencies, local governmental agencies, school districts, County offices of education, and local education consortia within the State of California.

Client desires to retain Paradigm, and Paradigm desires to be retained by Client, to provide the services described in in the attached Statements of Work and Terms of Service.

**Program Implementation Services**

1. Paradigm will assist Client with all start-up documentation and any renewal agreements required by the California Department of Health Care Services ("DHCS") to enroll Client as a Medi-Cal Provider, and establish Paradigm as the Client agent for purposes of submitting reimbursement requests under this Agreement.

2. Paradigm will work with Client to assess program potential, establish provider and site databases for effective service tracking, and provide implementation training to Client program coordinator(s). This implementation process will be designed to identify areas of reimbursement and to facilitate an effective partnership between the Client and Paradigm.

**Training and Materials**

1. Paradigm will provide training to Client's program coordinator(s) and healthcare providers as part of the initial contract implementation and at least annually thereafter. Training will include the following subject areas: DHCS audit requirements for Client's LEA billing program; all necessary information and procedures for submitting Client billing data to Paradigm; and "best practices" to implement and maintain an optimized, audit-ready program.

2. Paradigm will provide Client personnel with all necessary training materials containing a detailed review of the rules and regulations governing the LEA Billing program. At Client's request Paradigm will also make available its proprietary "provider forms" for use in documenting the delivery of healthcare services.

**Claims Preparation and Submission**

1. Eligibility. Upon the commencement of LEA Billing Services under this Agreement and quarterly thereafter during the Term of the Agreement, Paradigm will use its proprietary algorithms and know-how to determine Medi-Cal eligibility and identify Medi-Cal numbers within limits imposed by the DHCS and county governments. Eligibility match information will be retained by Paradigm and will be used solely to provide services hereunder subject to all the confidentiality provisions provided in the Agreement.

2. Claims Submittal. Paradigm will make reasonable efforts to submit each LEA Medi-Cal billing claim eligible for submission pursuant to California law or regulation within thirty (30) days of receipt from Client of all information necessary for processing that claim.  Paradigm will also make reasonable efforts to bill retroactive claims existing at the commencement of this Agreement so as to minimize revenue lost due to Medi-Cal's one (1) year billing limit.

3. Review and Resubmittal. Paradigm will monitor the submittal and payment process, review denials, suspensions, and holds, as reported by DHCS, and make reasonable efforts to resolve any challenged Client reimbursement claim.

4. Management Reports and Program Analysis. Paradigm will provide Client with periodic management reports using provider, procedure, and/or site parameters. The frequency of such reports will be determined by mutual agreement of Paradigm and Client, but in any event shall occur no less frequently than quarterly.

**Coordination with Client**

1. Information Sharing. Paradigm will provide Client with information regarding program policy, interpretation of policy,

and regulatory updates as applicable. Quarterly "Bulletins" will be provided to Client's coordinator(s) to ensure timely communication about program changes and updates to Paradigm's systems and processes.

2. <u>Support</u>. Paradigm will provide a "Client Care Center" available for the use of Client's program coordinator(s) and accessible via toll-free phone and email. A Paradigm Help Desk will be available to Client program coordinator(s) and participants utilizing Paradigm's web-based software, accessible by toll-free phone during regular business hours and by email.

3. <u>Audit and Site Visit Support.</u> Paradigm will provide Client personnel with training on audit requirements and program compliance. In the event of a program audit or review, Paradigm will assist in preparing for and responding to the audit to the extent permitted by DHCS and or any other auditing party.

4. <u>Paradigm Technologies Software</u>. Paradigm will make available its proprietary web-based software to assist Client in effective management of program participation, including at Client's option, the web-based Paradigm Technologies application. Note: Access to any Paradigm Technologies web-based applications requires acceptance of a separate, no-fee online Software License Agreement found at Paradigm's website.

**Client's LEA Billing Service Obligations**

1. <u>Program Coordinator(s)</u>. Client will make available designated personnel to assist with the implementation of Paradigm's services, and coordinate with Client's individual program participants.

2. <u>Provider Logs</u>. Client will maintain complete and accurate provider logs of all healthcare services provided by Client and will return the completed logs to Paradigm at the end of each month.

3. <u>Student Data</u>. Upon commencement of the Agreement and monthly thereafter, Client will provide Paradigm with a file in a format specified by Paradigm of all student data reasonably requested by Paradigm in connection with its performance under this agreement from Client's computer systems or from the computer systems of the individual schools Client comprises.

4. <u>Official RMTS Participant Roster (TSP)</u>. On the last day of the first month of the fiscal quarter, Client will submit to Paradigm the official RMTS participant roster (referred to as the TSP in the California State RMTS claiming plan).

**LEA Billing Interim Claiming Services Fees**

1. <u>Standard Fee Per Approved Service</u>. Paradigm fees for Client LEA Billing claims submitted or originating during the Term of the Agreement will consist of a standard fee for each claimed service that DHCS approves for interim reimbursement ("Interim Approved Claim"). The schedule of Paradigm's standard fees for Interim Approved Claims is set forth in the attached Standard Fee Schedule subject to adjustment in accordance with the terms of following sub-paragraphs.

2. <u>Cap on Paradigm Fees</u>. Paradigm's fees for LEA Billing Interim Claiming Services in any Fiscal Year will be capped according to the dollar value of Client's Interim Approved Claims. Notwithstanding any other provision, the total fees payable to Paradigm based on Interim Approved Claims during any Fiscal Year will not exceed the following:

    13.5% of the dollar value of the first $500,000 of Interim Approved Claims;

    12% of dollar value of Interim Approved Claims from $500,000 to $1,000,000; and

    10% of the dollar value of Interim Approved Claims in excess of $1,000,000

3. <u>Effect of Increase in Reimbursement Rates</u>. In the event the Federal Medical Assistance Percentage (FMAP) increases or DHCS increases the reimbursement rates to Client for any LEA Billing service claim during the Term of this Agreement, Paradigm's standard fee for such services will simultaneously and without requirement of prior notice to Client increase by the same percentage as the percentage DHCS increase.

4. <u>Application of Fiscal Year Limits</u>. For purposes of computing Paradigm's fees and fee caps for LEA Billing Interim Claiming Services, the date of an Interim Approved Claim will be the warrant date of the Remittance Advice Details ("RAD") issued by DHCS granting interim approval of the claim, regardless of when the claim originates or is submitted by Paradigm to DHCS for payment, and regardless of when or whether Client receives payment for the approved claim by DHCS. Paradigm will invoice Client monthly based on Interim Approved Claims identified in DHCS RADs.

5. <u>Approval of Interim Approved Claims After the Termination of the Agreement</u>. Nothing in this Agreement shall constitute a limitation or waiver of Paradigm's entitlement to receive fees based on Interim Approved Claims submitted pursuant to this Agreement whose date of interim approval is after the termination of this Agreement. Paradigm will prepare and submit to DHCS for reimbursement all Client LEA Billing claims arising from services provided by Client prior to termination or expiration and shall receive payment pursuant to the terms of this Agreement upon approval of such claims or part thereof by DHCS. Such claims for reimbursement shall be documented and submitted to Paradigm for submittal to DHCS within six (6) months after the earlier of expiration or termination of this Agreement.

# Standard Fee Schedule - LEA Billing Interim Claiming Services

"Max Interim $s to Client" below lists the maximum interim claim value per unit, according to current Medi-Cal reimbursement rates, when performed by a qualified provider; however, not all interim claims will be reimbursed at these rates. Paradigm's fees for Interim Approved Claims will be capped, not to exceed the following:

13.5% of the dollar value of the first $500,000 of Interim Approved Claims;

12% of dollar value of Interim Approved Claims from $500,000 to $1,000,000; and

10% of the dollar value of Interim Approved Claims in excess of $1,000,000

| Provider Type | Service | Max Interim $s to Client | Paradigm Standard Fee |
|---|---|---|---|
| Audiologist | Assessment | $ 125.07 | **$ 16.88** |
| Audiologist | Treatment | $ 57.33 | **$ 7.74** |
| Health Aide | Treatment | $ 5.40 | **$ 0.73** |
| Licensed Vocational Nurse | Treatment | $ 6.28 | **$ 0.85** |
| School Nurse, NP, PHN | Assessment | $ 85.94 | **$ 11.60** |
| School Nurse, RN, NP, PHN | Treatment | $ 12.28 | **$ 1.66** |
| School Counselor | Assessment | $ 13.15 | **$ 1.78** |
| School Psychologist | Assessment | $ 315.58 | **$ 42.60** |
| School Psychologist, Licensed MFT, Lic./Cred. SW | Treatment | $ 48.21 | **$ 6.51** |
| Associate Marriage Family Therapist | Treatment | $ 19.78 | **$ 2.67** |
| Licensed MFT, Lic./Cred. SW | Assessment | $ 13.15 | **$ 1.78** |
| Associate Clinical Social Worker | Treatment | $ 19.78 | **$ 2.67** |
| Speech-Language Pathologist | Assessment | $ 68.54 | **$ 9.25** |
| Speech-Language Pathologist | Treatment | $ 43.27 | **$ 5.84** |
| Speech-Language Therapy Assistant | Treatment | $ 17.98 | **$ 2.43** |
| Occupational Therapist | Assessment | $ 144.40 | **$ 19.49** |
| Occupational Therapist | Treatment | $ 47.63 | **$ 6.43** |
| Occupational Therapy Assistant | Treatment | $ 20.50 | **$ 2.77** |
| Physical Therapist | Assessment | $ 148.57 | **$ 20.06** |
| Physical Therapist | Treatment | $ 41.27 | **$ 5.57** |
| Physical Therapy Assistant | Treatment | $ 17.26 | **$ 2.33** |
| Registered Dietician, Respiratroy Therapist | Assessment | $ 12.28 | **$ 1.66** |
| Registered Dietician, Respiratroy Therapist | Treatment | $ 12.28 | **$ 1.66** |
| O&M Spcialist | Assessment | $ 12.54 | **$ 1.69** |
| O&M Spcialist | Treatment | $ 12.54 | **$ 1.69** |
| Target Case Management | Treatment | $ 12.28 | **$ 1.66** |
| Transportation | - | $ 10.42 | **$ 1.41** |

# STATEMENT OF WORK
## CRCS PREPARATION & SUBMISSION SERVICES

**Paradigm's CRCS Preparation & Submission Services**

Paradigm will prepare the annual Cost and Reimbursement Comparison Schedule ("CRCS") Workbook in accordance with the claim guidelines approved by DHCS, based on information supplied by Client for each fiscal year, in accordance with the terms of the Agreement. Client will have final approval over the CRCS Workbook submission prepared by Paradigm.

**Client's CRCS Obligations**

Client will submit to Paradigm, in a format specified by Paradigm, all elements needed to complete the CRCS Workbook for each provider for whom reimbursement is sought. Documentation will be submitted to Paradigm no later than sixty (60) days after the end of the Fiscal Year for which the CRCS is to be submitted.

**CRCS Preparation & Submission Services Fees**

The fee for each Fiscal Year for which CRCS services are rendered will be equal to the lesser of: (i) $100 per employee or contractor used in the final calculation of "Net Total Personnel Costs" as reported on Worksheets A and B, or (ii) $8,500. Paradigm will invoice Client for CRCS services on an annual basis.

**CRCS Termination**

Notwithstanding anything to the contrary in this Agreement, Client may terminate Paradigm's CRCS Services by written notice sent no later than sixty (60) days prior to the end of any Fiscal Year for which the CRCS Services would otherwise be provided under this Agreement.

**Paradigm's SMAA Invoice Preparation & Submission Services**

1. Invoice Processing. Paradigm will assist Client in preparing the fiscal information needed to complete the MAA invoice. Paradigm will compile all required invoice data (including the Time Survey Summary Results) provided by Client and prepare MAA invoices in accordance with the claim guidelines approved by DHCS, based on information supplied by Client for each fiscal quarter during the Term of the Agreement. Client will be afforded a reasonable opportunity to monitor Paradigm efforts, and will have final approval of the MAA invoices prior to submission by Paradigm.

2. Direct Charge. Paradigm will assist Client in the calculation of direct charges, provided that Client supplies Paradigm with the information necessary to make such calculations in accordance with DHCS school-based MAA directives.

3. Agency Coordination. Paradigm will coordinate the submittal of the MAA Operational Plan and MAA invoice to the County or Regional MAA Coordinator and provide information requested by regional, state and federal agencies as related to the MAA Operational Plan and invoices submitted thereunder.

4. Management Reports and Program Analysis. Paradigm will provide Client with periodic management reports for the ongoing analysis of Client's MAA claims. The frequency of such reports will be determined by mutual agreement of Paradigm and Client.

5. Paradigm Technologies. Paradigm will make available, as applicable, its proprietary web-based software to assist Client in effective program participation. Note: Access to any Paradigm Technologies web-based applications requires acceptance of a separate, no-fee online Software License Agreement found at Paradigm's website.

**Client's SMAA Invoice Preparation & Submission Services**

1. Program Coordinator(s). Client will make available designated personnel to assist with the implementation of Paradigm's services, and coordinate with Client's individual program participants.

2. MAA Operational Plan. Client will provide to Paradigm all pertinent information needed for developing each MAA Operational Plan in a timely manner. Client will designate individuals to serve as Paradigm contacts for the collection of such information.

3. Official RMTS Participant Roster (TSP). On the last day of the first month of the fiscal quarter, Client will submit to Paradigm the official RMTS participant roster (referred to as the TSP in the California State RMTS claiming plan).

4. Time Survey Summary Results. Client will submit to Paradigm a time survey summary report that indicates the MAA time, as certified by the regional agency, for that quarter based on the RMTS methodology, and that contains all data required for the SMAA invoice by LEA and claiming unit. This report of summarized MAA time shall be submitted to Paradigm no later than sixty (60) days after the end of the quarter for which the invoice is submitted or fifteen (15) days after the report is received by Client from its regional agency, whichever is earlier.

5. Direct Charge Documentation. Client will provide Paradigm with all documentation to support Client's direct charge reimbursements in accordance with DHCS school-based MAA directives. Client will submit direct charge documentation to Paradigm no later than thirty (30) days after the end of the quarter for which it will apply.

6.  MAA Invoice Submittal. Client will submit to Paradigm all elements needed to complete the detailed MAA invoice form for the claiming unit that undertook the activities for which reimbursement is sought. Client will submit documentation to Paradigm no later than sixty (60) days after the end of the quarter for which the invoice is to be submitted.

7.  Compliance. Client will comply with enabling legislation, regulations, administrative claiming process directives, policies, and program letters of the DHCS, as well as directives from the Lead County or Regional Agency, and with the terms of the approved MAA Operational Plan, which define allowable MAA and processes for appropriate MAA reimbursements.

8.  Documentation for Invoice Submittal. Client will cooperate with Paradigm and will provide Paradigm access to all personnel and files reasonably requested by Paradigm to assist Paradigm in its performance of MAA Invoice Preparation and Submission Services hereunder.

9.  Data Processing. Client will be responsible for the accuracy and appropriateness of all MAA information it provides to Paradigm for the preparation of MAA invoices and for compliance with all applicable laws and regulations regarding preparation of MAA invoices.


**SMAA Invoice Preparation & Submission Services Fees**

1.  The fee for MAA Invoice Preparation & Submission Services each fiscal quarter during the Term of the Agreement will be an amount equal to $45 multiplied by the sum of: (i) the number of time survey participants claimed on Client's MAA Invoice for that fiscal quarter, and (ii) the number of individuals identified as a direct charge in Client's MAA Invoice for that fiscal quarter. Paradigm will invoice Client quarterly based on MAA payments received by Client from DHCS.

2.  The foregoing MAA fee arrangement will allow Client to recover as MAA reimbursable costs fifty percent (50%) of any fees charged by Paradigm, to the extent allowed by DHCS.

3.  Paradigm shall prepare and submit to DHCS the MAA invoice for any quarter which has commenced as of the date of termination or expiration and shall receive payment pursuant to the terms of this Agreement upon approval and payment of the invoice or part thereof by DHCS.

# TERMS OF SERVICE

Accordingly, in consideration of the mutual obligations undertaken herein, THE PARTIES AGREE AS FOLLOWS:

1. **Retention**. Client hereby retains Paradigm and grants it the exclusive right to perform the services described in the Statement of Work subject to the terms and conditions set forth below.

2. **Protection of Confidential Information**.

   2.1. Definitions.

   2.1.1. "Client Confidential Information" shall mean all information in whatever form that Client provides or authorizes to be provided to Paradigm in connection with the services rendered under this Agreement and that at the time of first receipt: (i) is clearly marked "confidential" or "proprietary;" (ii) constitutes protected health information, personal information, or student or pupil information, as defined by any federal or state laws or regulations, including but not limited to the Family Education Rights Privacy Act (FERPA), 20 U.S.C. §1232g, et al., the Protection of Pupil Rights Amendment (PPRA), 20 U.S.C. §1232h, the Children's Online Privacy Protection Act (COPPA), 15 U.S.C. §§6501-6506, and the California Education Code (including §49073.1); (iii) is governed by the terms of a Data Use Agreement (DUA) between Client and DHCS; (iv) is otherwise disclosed under circumstances of confidence; or (v) reasonably should be understood by the receiving party to be confidential. Without limiting the foregoing, Client Confidential Information shall include all Client student healthcare data and other student information, and all Medi-Cal data files received by Paradigm as Client's designated custodian. Confidential Information shall not include any information that is or becomes publicly known through no fault of Paradigm, is already known by Paradigm at the time of disclosure based on information received from a source other than Client, or is rightfully received or independently developed by Paradigm after disclosure.

   2.1.2. "Paradigm Confidential Information" shall mean all information in whatever form that Paradigm provides or authorizes to be provided to Client in connection with the services rendered under this Agreement and that, at the time of first receipt: (i) is clearly marked "confidential" or "proprietary;" (ii) is otherwise disclosed under circumstances of confidence; or (iii) reasonably should be understood by the receiving party to be confidential. Without limiting the foregoing, Paradigm's Confidential Information shall include all business, marketing, technical, financial, customer, supplier, or other information, data entry means, processed claiming data, instructions, management reports, data file specifications, instructional materials, algorithms, software, forms, boilerplate plans, technologies, know-how related to making eligibility determinations, and data and results derived from the foregoing,

except to the extent such Confidential Information is set forth in this Agreement, which is a public record.

2.1.3. "Confidential Information" shall mean Client Confidential Information and Paradigm Confidential Information.

2.2. Protection of Confidential Information.

2.2.1. Each party shall use reasonable and appropriate measures to safeguard and keep confidential all Confidential Information of the other party and shall not disclose, use, or copy any Confidential Information except as necessary to perform its obligations hereunder. Such reasonable and appropriate measures shall be no less than the measures taken by each to protect its own confidential information of a similar nature, but in any event no less than the measures governing protection, maintenance, disclosure, retention and destruction of Confidential Information subject to the terms of any DUA between Client and DHCS and any applicable federal or state laws or regulations.

2.2.2. Paradigm represents that all its employees who work with Confidential Information provided by Client under this Agreement: (i) have received regular training in data security procedures and federal and state laws and regulations applicable thereto; (ii) have reviewed Paradigm's written data security policies and procedures; and (iii) have signed an agreement to be bound by the confidentiality terms contained in this Agreement.

2.2.3. Each party may disclose Confidential Information of the other party to its responsible employees and independent contractors to the extent permitted by law and provided that such employees and independent contractors: (i) have a need to access such Confidential Information for purposes of fulfilling the party's obligations hereunder; (ii) have been informed of the confidentiality provisions of this Agreement; and (iii) have agreed in writing to be bound by such provisions to the same extent as the parties. Each party shall be responsible for any breach of the confidentiality provisions of this Agreement by its employees and independent contractors.

2.2.4. Each party will promptly notify the other of any misuse, unauthorized disclosure, or unauthorized access to Confidential Information, and shall reasonably assist the other in responding to such a breach in accordance with all applicable federal and state laws and regulations. Paradigm will designate a Security Coordinator who shall serve as a first point of contact between Client and Paradigm for matters relating to the management and protection of Client Confidential Information.

2.3. Ownership and Use of Client Confidential Information. Client Confidential Information provided to Paradigm under this Agreement continues to be the property of, and under the control of, Client, and will not be used for any purpose other than the requirements of this Agreement. Without limiting the foregoing, Paradigm will not use personally identifiable student information for commercial or

advertising purposes. Nothing in this Agreement shall prohibit Paradigm from using student or other Client Information with all personal identification removed for purposes of training, research, or other activities designed to enhance the services provided to Client and to other Paradigm Clients receiving LEA Billing or MAA services, provided that and to the extent such use is consistent with applicable federal and state laws and regulations.

2.4. <u>Review and Correction</u>. Client represents that it maintains a procedure by which parents, legal guardians, and eligible students can review student records and correct erroneous information; Paradigm does not interact directly with parents, guardians or students, but will cooperate with Client as necessary to allow for the review and correction of student records.

2.5. <u>Retention of Confidential Information</u>.

   2.5.1. Paradigm certifies that it will only retain Client's Confidential Information for as long a period as is reasonably necessary to fulfill its obligations under this Agreement, including compliance with DHCS audit requirements, and applicable federal and state laws and regulations. At the end of such compliance period, Paradigm in its reasonable discretion will either destroy all Client Confidential Information in a secure manner or return this Information to Client. Paradigm will confirm in writing its disposition of all Client Confidential Information within five business days of such action.

   2.5.2. Client represents that it will only retain Paradigm's Confidential Information for as long a period as is reasonably necessary to fulfill its obligations under this Agreement, including compliance with DHCS audit requirements, and applicable federal and state laws and regulations. At the end of such compliance period, Client will return this Information to Paradigm and confirm such disposition of Paradigm Confidential Information within five business days thereafter.

2.6. <u>Lawful Disclosure</u>. This Paragraph shall not be construed as prohibiting either party from disclosing the other's Confidential Information to the extent required by law, regulation, or court order, provided such party notifies the other party promptly after becoming aware of such obligation and permits the other party to seek a protective order or otherwise to challenge or limit such required disclosure within the time permitted by law.

2.7. <u>Statutory Compliance</u>.  A description of Paradigm's procedures to ensure the security and confidentiality of Client Confidential Information in accordance with the terms of this Agreement and all applicable state and federal laws and regulations is incorporated by reference herein, and is available for inspection by Client upon request at Paradigm's office. The parties acknowledge that, notwithstanding any other provision of this Agreement, Client has taken reasonable and appropriate steps to ensure that Paradigm's current practices with respect to Client Confidential Information comply with FERPA requirements, and Client remains legally responsible for any FERPA violations that may occur in the course of Paradigm's performance of services under this Agreement. The parties also

acknowledge that they have made best efforts to ensure that this Agreement complies with the requirements of California Education Code §49073.1.

2.8. <u>Continuing Obligations</u>.  The obligations contained in this Section, "Protection of Confidential Information," shall survive for a period of twenty (20) years after the expiration or termination of this Agreement.

3. **Accuracy of Information**.

3.1. <u>Client Efforts</u>. Client will make reasonable efforts to insure that the information supplied to Paradigm hereunder shall be true, complete, and accurate in all respects. Client assumes sole responsibility, and Paradigm shall have no liability, for the truth, completeness, and accuracy of all information supplied to Paradigm.

3.2. <u>Paradigm Efforts</u>.

3.2.1. Paradigm shall make reasonable efforts to verify the completeness and accuracy of information underlying the claims it submits on Client's behalf. Due to the volume of data being processed from manual data entry forms and the necessity of correlating student records from several databases maintained by Paradigm, it is inevitable that some requests for reimbursement (or categories of requests or patients) will be denied or reduced due to incorrect or incomplete supporting data or healthcare insurance information. Paradigm will make reasonable efforts to minimize such denials or reductions.  Client acknowledges that such denials are inherent in the LEA billing process, and will not constitute a breach of Paradigm's obligations under this Agreement. Client's sole and exclusive remedy for any such denial or reduction in reimbursement is to request that Paradigm re-bill such claims. Paradigm will determine in its sole and absolute discretion if such rebilling is reasonable and cost effective. Except as set forth in this paragraph, Paradigm shall not be liable, and Client shall have no remedy, for any denial or reduction in reimbursement to Client for healthcare or administrative services.

3.2.2. Paradigm shall make reasonable efforts to submit all operational plans and claims made thereunder in a timely manner. However, Paradigm shall not be responsible in any way in the event that any operational plan or any claim made thereunder is submitted late or incomplete directly or indirectly because of the failure or delay by Client or its employees, students, agents or independent contractors in making all necessary information available to Paradigm, or any third party's failure or delay in submitting documentation to the DHCS.

3.2.3. Client acknowledges that Paradigm is not providing Client with legal, medical, or healthcare information or services and that any forms, software, and other materials supplied to Client hereunder are not intended to provide legal, medical, or healthcare advice.

4. **Limitation of Liability**.

4.1. In no event shall Paradigm be liable to Client for any incidental, indirect, consequential, special, or punitive damages arising out of or relating to this Agreement, including without limitation damages for

lost reimbursements, lost healthcare services, or lost data, regardless of whether Paradigm has been advised of the possibility of such damages, and regardless of whether the claim for damages sounds in contract, tort, or other form of action.

4.2.  In the event Client elects not to utilize Paradigm's services to prepare its annual CRCS Workbook, or fails to make available information necessary to timely complete the Workbook, Paradigm will not be liable in any manner for resulting termination of Client from participation in the LEA Billing Option or for any resulting disallowance of Client claims.

4.3. In no event shall Paradigm's total liability for damages to Client arising out of or related to this Agreement exceed the net fees paid to Paradigm hereunder during the one (1) year period preceding the date on which the first claim alleged to give rise to damages occurs, regardless of the number of claims, causes of action, or amount of the alleged losses.

5. **Licenses and Permits**. Client represents and warrants that:  (a) it has all licenses and permits necessary or appropriate to render the medical services it currently provides to its students, and to be eligible for reimbursement from Medi-Cal; (b) Client will maintain such licenses in full force and effect during the Term of this Agreement; and (c) Client has all necessary authority, including approval by the Board of Education if necessary, to enter into this Agreement and to perform all of its obligations hereunder.

6. **Substitution of Alternative Methodology and/or Fee Terms**. In the event that any LEA Billing, CRCS, or MAA fee arrangements, or and part thereof are or become inconsistent with applicable federal or state laws or regulations, or court order, or that any time survey methodology other than RMTS is approved by DHCS for use by Client in determining the percentage of allowable costs for reimbursement, Paradigm will on thirty (30) days written notice provide substitute fee arrangements and/or substitute time survey services consistent with applicable law regulation or court order. Any such substitute fee arrangements shall not increase the total amount Client would otherwise have been required to pay Paradigm for services under this Agreement.

7. **Late Fees**. Client will incur a late fee of two percent (2%) per month or any part thereof, or the maximum fee allowed by law, whichever is less, on any invoiced amount unpaid after sixty (60) days. The fees specified herein do not include taxes or similar surcharges, which are the sole responsibility of Client (excluding taxes on Paradigm's gross income).

8. **Indemnification**.

8.1. Client's Indemnification Obligations. Client shall indemnify and hold harmless Paradigm, its managing members, employees, and agents against and from any and all liabilities, claims, demands, losses, damages, and expenses, including reasonable attorneys' fees and costs (collectively "Claims"), to the extent arising from Client's negligence, gross negligence, or intentional misconduct in the course of Client's discharge of its obligations under this Agreement, including without limitation: (i) breach of any provisions of this Agreement by Client; (ii) failure of Client or its health care providers, to provide any service for which reimbursement is sought; (iii) failure of Client or its health care providers to perform health care or related services in accordance with any professional standards applicable thereto; (iv) failure of the Client to provide accurate Confidential Information; or (v) failure of Client or its

health care providers to obtain or maintain in good standing any licenses, permits, or registrations required to render the healthcare and related services for which reimbursement is sought. Notwithstanding the foregoing, Client shall not be required to indemnify Paradigm hereunder to the extent that Paradigm is obligated to indemnify Client pursuant to the following paragraph, "Paradigm's Indemnification Obligations."

8.2. <u>Paradigm's Indemnification Obligations</u>. Paradigm shall indemnify and hold harmless Client, its school board, officers, directors, employees, and agents against and from any and all Claims to the extent such claims arise from Paradigm's negligence, gross negligence, or intentional misconduct in the course of performing services under this Agreement. Notwithstanding the foregoing, Paradigm shall not be required to indemnify Client hereunder to the extent that Client is obligated to indemnify Paradigm pursuant to the preceding paragraph, "Client's Indemnification Obligations."

8.3. The indemnification rights set forth in this Section, "Indemnification," are conditional on the following: (i) the party seeking indemnification (each an "Indemnified Party") shall provide prompt written notice of any Claim as to which indemnification is sought to the party from whom indemnification is sought (the "Indemnifying Party"), provided, however, that failure to give such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that it is materially prejudiced thereby; (ii) all Indemnified Parties shall reasonably cooperate with the Indemnifying Party in the defense and settlement of the underlying Claim at no cost to the Indemnified Party; and (iii) the Indemnifying Party shall have full and exclusive authority to defend or settle the underlying Claim, provided that the Indemnifying Party shall not enter into any settlement that includes an admission of liability by the Indemnified Party or injunction against any Indemnified Party without the consent of such Indemnified Party, such consent not to be unreasonably withheld or delayed, and provided further that each Indemnified Party shall have the right to participate in such Claim with counsel of its own selection at its own expense.

9. **Termination**.

9.1. <u>For Cause</u>. Either party may terminate this Agreement upon written notice to the other party if the other party is in material breach of its obligations under this Agreement and such breach is not cured within thirty (30) days after receipt of written notice of the specific nature of such breach (or, in the case of nonpayment of fees, within fifteen (15) days after receipt of written notice). The non-breaching party shall give its reasonable cooperation and assistance to the breaching party in any efforts made to cure such breach.

9.2. <u>Without Cause</u>. The parties may terminate this Agreement at any time by written agreement of both parties, effective as of the date specified in such agreement.

9.3. <u>Effect of Termination</u>. Upon the expiration or termination of this Agreement for any reason:

9.3.1. Payment for Services Completed. All fees Client owes to Paradigm for services provided prior to expiration or termination shall immediately become due and payable upon receipt of an

invoice from Paradigm.

      9.3.2. Confidential Information. Client shall, upon request, return or destroy, at Paradigm's option, all Confidential Information received from Paradigm and shall certify to Paradigm its compliance with this provision.

   9.4. <u>Survival of Terms</u>. All provisions of this Agreement which by their express terms extend beyond expiration or termination of this Agreement or which by their nature so extend shall survive expiration or termination, including but not limited to Paragraphs:  "Protection of Confidential Information," "Limitation of Liability," "Indemnification," "Termination," "Paradigm Proprietary Rights," and "Miscellaneous."

10. **Paradigm Proprietary Rights**. Client acknowledges and agrees that Paradigm retains all right, title, and interest, including without limitation all intellectual property rights, in and to Paradigm's Confidential Information (as defined above), and all forms, materials, submissions, and software prepared or supplied by Paradigm. Except as and to the extent otherwise provided in this Agreement, neither this Agreement nor Paradigm's performance of services under this Agreement shall give Client any ownership interest in or license to any of Paradigm's intellectual or other property.

11. **Miscellaneous.**

   11.1. <u>Notice</u>. Any notice required or permitted to be given under this Agreement shall be in writing and may be delivered in person, by overnight courier, or by email if confirmed by first class mail, or sent by certified or registered mail, addressed to the other party at the address set forth on the signature page of this Agreement. Notice will be effective as of the date personally delivered, or if by email, three business days after the date of mailing of by first class mail, certified or registered mail, provided that notice received on holidays, weekends or nights will be effective at 9:00 a.m. on the next business day.

   11.2. <u>Relationship</u>. It is intended that the relationship of Paradigm to Client shall at all times be that of an independent contractor.  Nothing contained in this Agreement is intended or to be construed so as to create any partnership, joint venture, employment, agency, franchise or other representative relationship between the parties.  No party hereto, or their respective officers, directors, employees, or agents shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other party, or to bind the other party to any contract, agreement, or undertaking with any third party.

   11.3. <u>Governing Law</u>. This Agreement and the rights and obligations of the parties under it shall be subject to, governed by, construed, and enforced pursuant to the laws of the State of California without giving effect to any choice of law principles. Headings are for convenience only.

   11.4. <u>Severability</u>. If any provision of this Agreement is held by a court or arbitrator to be invalid or unenforceable, the remaining portions of this Agreement shall remain in full force and effect, and such court or arbitrator shall be empowered to substitute provisions similar to said provision, or other

provisions, so as to provide the parties the benefits intended by said provision, to the fullest extent permitted by applicable law.

11.5. <u>Arbitration</u>. Any dispute arising in connection with the interpretation or enforcement of this Agreement shall be resolved by compulsory binding arbitration under the auspices of and in accordance with the commercial arbitration rules of JAMS in San Francisco, California before a single arbitrator to be selected by mutual agreement of the parties or, failing such agreement, by JAMS from a list of three arbitrators proposed by each side. The decision of the arbitrator will be final and not appealable. The arbitrator shall interpret and enforce this Agreement in accordance with the laws of the State of California. The arbitrator shall be empowered to award the prevailing party any remedy available in law or equity not specifically precluded by this Agreement, including without limitation injunctive or declaratory relief, and attorneys' fees and costs.

11.6. <u>Other Remedies</u>. The parties acknowledge and agree that any actual or threatened misappropriation or infringement of intellectual property or breach of the confidentiality provisions of this Agreement will cause irreparable harm for which there is no adequate remedy at law, and accordingly, in addition to any other available remedies, a party may seek to enforce its rights with respect to the protection of confidential information or intellectual property hereunder through injunctive relief in any court of competent jurisdiction. In the event that any party is required to commence an action or arbitration to interpret or enforce any of the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

11.7. <u>Force Majeure</u>. Neither party shall be liable for any delay or failure to perform its obligations hereunder (except for any obligation to pay fees) resulting from any cause beyond its reasonable control, including but not limited to acts of God, terrorism, weather, fire, explosions, floods, strikes, work stoppages, slowdowns, industrial disputes, accidents, riots, civil disturbances, or acts of government.

11.8. <u>Entire Agreement; Amendment</u>. This Agreement, the online Software License Agreement, and Paradigm's Website Policies constitute the entire agreement between Client and Paradigm, superseding all prior and contemporaneous proposals, negotiations, communications and agreements, written or oral concerning the subject matter hereof. The provisions of these agreements shall be construed to give effect to all provisions therein to the greatest extent possible. In the event of any conflict between the agreements, they shall take precedence over one another in the following order, with each agreement listed taking precedence over all listed after it: this Agreement; the online Software License Agreement; and the Website Policies. This Agreement may be amended only by an instrument in writing duly approved and signed by both parties.

11.9. <u>Assignment</u>. Neither party shall assign or transfer this Agreement without the consent of the other party, which shall not be unreasonably withheld or delayed. Any assignment or transfer in violation hereof shall be null and void.

11.10. <u>Binding Effect</u>.  This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors, assignees, and legal representatives. It creates no rights in any third parties including any individual in connection with which reimbursement is sought by Client.

11.11. <u>Counterparts</u>. This Agreement may be executed in any number of faxed, scanned, or original counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

## SIGNATURES

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by duly authorized persons to be effective as set forth herein.

**Paradigm Healthcare Services, LLC**                **Perris Union High School District**

*Constance Laflamme*

2022-05-12

Constance Laflamme, Owner/CEO
1225 4th Street, #363
San Francisco, CA 94158
Tel (415) 616-0920
claflamme@paradigm-healthcare.com

# PERRIS UNION HIGH SCHOOL DISTRICT

### APPENDIX - Data Security and Privacy Agreement for FY 21/22 (July 1, 2021-June 30, 2022)

## ARTICLE 1 – PROTECTED INFORMATION

Contractor acknowledges that its performance of Services under this Agreement may involve access to confidential District information including, but not limited to, personally-identifiable information, student records, protected health information, or individual financial information (collectively, "Protected Information") that is subject to state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 *et seq.*); the California Confidentiality of Medical Information Act (Civil Code § 56 *et seq.*); California Education Code § 49073.1; the Student Online Personal Information Protection Act ("SOPIPA") (Calif. Bus. & Prof. Code § 22584); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the federal Family Educational Rights and Privacy Act (20 U.S.C. § 1232g); the federal Children's Online Privacy Protection Act ("COPPA") (15 U.S.C. Ch. 91) the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of Part 164); and the European Union Regulation, General Data Protection Regulation ("GDPR"). Contractor agrees to comply with all applicable federal and state laws restricting the access, use and disclosure of Protected Information. Contractor agrees to include all of the terms and conditions contained in this Appendix in all subcontractor or agency contracts providing services under this Agreement.

All Protected Information is wholly owned by, and shall be under the control of the District.

## ARTICLE 2 – COMPLIANCE WITH FAIR INFORMATION PRACTICE PRINCIPLES

With respect to the District's Protected Information, and in compliance with all applicable laws and regulations, Contractor shall comply in all respects reasonably pertinent to the Agreement with the *Fair Information Practice Principles*, as defined by the U.S. Federal Trade Commission.

## ARTICLE 3 – PROHIBITION ON UNAUTHORIZED USE OR DISCLOSURE OF PROTECTED INFORMATION

Contractor agrees to hold the District's Protected Information, and any information derived from such information, in strictest confidence. Contractor shall not access, use or disclose Protected Information unless authorized in writing by the District, or except as permitted or required by the Agreement or applicable laws. If required by a court of competent jurisdiction or an administrative body to disclose Protected Information, Contractor will notify District in writing immediately upon receiving notice of such requirement and prior to any such disclosure, to give District an opportunity to oppose or otherwise respond to such disclosure (unless prohibited by law from doing so). Any transmission, transportation or storage of Protected Information outside the United States is prohibited except on prior written authorization by the District. Contractor and its agents or third parties is prohibited from using any personally identifiable information in pupil records to engage in targeted advertising.

## ARTICLE 4 – SAFEGUARD STANDARD

Contractor agrees to protect the privacy and security of Protected Information according to all applicable laws and regulations, by commercially-acceptable standards, and no less rigorously than it protects its own confidential information, but in no case less than reasonable care. Contractor shall implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of the Protected Information. All Protected Information stored on portable devices or media must be encrypted in accordance with the Federal Information Processing Standards (FIPS) Publication 140-2. Contractor shall ensure that such security measures are regularly reviewed and revised to address evolving threats and vulnerabilities while Contractor has responsibility for the Protected Information under the terms of this Appendix.

## ARTICLE 5 – RETURN OR DESTRUCTION OF PROTECTED INFORMATION

Please refer to paragraph 2.5, "Retention of Confidential Information" in the Terms of Agreement as found in the primary Agreement.

## ARTICLE 6 – BREACHES OF PROTECTED INFORMATION

A. **Definition**. For purposes of this article, a "Breach" has the meaning given to it under relevant California or federal law, for example, California Civil Code Section 1798.29, California Health and Safety Code Section 1280.15, etc.

B. **Reporting of Breach**: Contractor shall report any confirmed or suspected Breach to District immediately upon discovery, both orally and in writing, but in no event more than two (2) business days after Contractor reasonably believes a Breach has or may have occurred. Contractor's report shall identify: (i) the nature of the unauthorized access, use or disclosure, (ii) the Protected Information accessed, used or disclosed, (iii) the person(s) who accessed, used and disclosed and/or received Protected Information (if known), (iv) what Contractor has done or will do to mitigate any deleterious effect of the unauthorized access, use or disclosure, and (v) what corrective action Contractor has taken or will take to prevent future unauthorized access, use or disclosure. Contractor shall provide such other information, including a written report, as reasonably requested by District. In the event of a suspected Breach, Contractor shall keep the District informed regularly of the progress of its investigation until the uncertainty is resolved.

C. **Coordination of Breach Response Activities:** In the event of a Breach, Contractor will:
Immediately preserve any potential forensic evidence relating to the breach, and remedy the breach as quickly as circumstances permit;

  1. Promptly (within 2 business days) designate a contact person to whom the District will direct inquiries, and who will communicate Contractor responses to District inquiries;
  2. As rapidly as circumstances permit, apply appropriate resources to remedy the breach condition, investigate, document, restore District service(s) as directed by the District, and undertake appropriate response activities;
  3. Provide status reports to the District on Breach response activities, either on a daily basis or a frequency approved by the District;
  4. Coordinate all media, law enforcement, or other Breach notifications with the District in advance of such notification(s), unless expressly prohibited by law;
  5. Make all reasonable efforts to assist and cooperate with the District in its Breach response efforts; and
  6. Ensure that knowledgeable Contractor staff are available on short notice, if needed, to participate in District-initiated meetings and/or conference calls regarding the Breach.

D. **Costs Arising from Breach.** In the event of a Breach, Contractor agrees to promptly reimburse all costs to the District arising from such Breach, including but not limited to costs of notification of individuals, establishing and operating call center(s), credit monitoring and/or identity restoration services, time of District personnel responding to Breach, civil or criminal penalties levied against the District, attorneys fees, court costs, etc. Any Breach may be grounds for immediate termination of this Agreement by the District.

## ARTICLE 7 – EXAMINATION OF RECORDS

District and, if the applicable law, contract or grant so provides, the other contracting party or grantor (and if that be the United States, or an agency or instrumentality thereof, then the Controller General of the United States) shall have access to and the right to examine any pertinent books, documents, papers, and records of Contractor involving transactions and work related to this Appendix until the expiration of five years after final payment hereunder. Contractor shall retain project records for a period of five years from the date of final payment.

## ARTICLE 8 – ASSISTANCE IN LITIGATION OR ADMINISTRATIVE PROCEEDINGS

Contractor shall make itself and any employees, subcontractors, or agents assisting Contractor in the performance of its obligations under the Agreement available to District at no cost to District to testify as witnesses, or otherwise, in the event of an unauthorized disclosure caused by contractor that results in litigation or administrative proceedings against District, its directors, officers, agents or employees based upon a claimed violation of laws relating to security and privacy and arising out of this Appendix.

## ARTICLE 9 – NO THIRD-PARTY RIGHTS

Nothing in this Appendix is intended to make any person or entity that is not signatory to the Agreement a third-party beneficiary of any right created by this Appendix or by operation of law.

## ARTICLE 10 – ATTORNEY'S FEES

In any action brought by a party to enforce the terms of this Appendix, the prevailing party shall be entitled to reasonable attorney's fees and costs, including the reasonable value of any services provided by in-house counsel. The reasonable value of services provided by in-house counsel shall be calculated by applying an hourly rate commensurate with prevailing market rates charged by attorneys in private practice for such services.

## ARTICLE 11 – INDEMNITY

Contractor shall indemnify, defend and hold District (and its officers, directors, agents and employees) harmless from all lawsuits, claims, liabilities, damages, settlements, or judgments, including District's costs and attorney fees, which arise as a result of Contractor's negligent acts or omissions or willful misconduct.

## ARTICLE 12 – SURVIVAL

The terms and conditions set forth in this Appendix shall survive termination of the Agreement between the parties. If Contractor is unable to return or destroy the District's Protected Information in accordance with Article 6, then this Appendix, in its entirety, shall survive the Agreement until such time as Contractor does return or destroy the Protected Information.

## ARTICLE 13 - REGULATORY COMPLIANCE CHECKLIST

    13.1 - **Education Code** § 49073.1 **Compliance** (Student information only)

1. Contractor agrees that the Perris Union High School District retains ownership and control of all student data.
    Agree:   Yes ___X___   No_____N/A _____

2. Contractor must ***attach to this document*** a description of how student created content can be exported and/or transferred to a personal account.
    Agree:   Yes _____   No_____N/A ___x____

3. Contractor is prohibited from using any information in the pupil record for any purpose other than those required or specifically permitted by the contract
    Agree:   Yes ___x___   No_____N/A _____

4. Contractor must ***attach to this document*** a description of how, upon written authorization from the District (in accordance with Article 3) parents, legal guardians and eligible students can review and/or correct any and all of their student(s) data held by the contractor.
    Agree:   Yes _____   No_____N/A ___X - see paragraph 2.4, "Review and Correction" in Terms of Service in primary Agreement.

5. Contractor must ***attach to this document*** detailed evidence, including designation and training, of how student data is kept secure and confidential. Agree:   Yes __X___   No_____N/A _____

6. Contractor agrees to the language within Article 6 of the District's Data Security and Privacy Appendix describing procedures for notifying affected parents, legal guardians or eligible students when there is an unauthorized disclosure of student records.

      Agree:   Yes    X    No        N/A        

7. Contractor certifies that student records will not be retained or available to a third party once the District contract has expired or is canceled. Contractor must ***attach to this document*** a description of how that certification is enforced

      Agree:   Yes    X    No        N/A        

8. Contractor must ***attach to this document*** a description of how they and any third party affiliates comply with FERPA, including individual requests to have Protected Information expunged from Contractor's systems.

      Agree:   Yes    X    No        N/A        

9. Contractor and its agents or third parties is prohibited from using any personally identifiable information in pupil records to engage in targeted advertising.

      Agree:   Yes    X    No        N/A        

### 13.2 **- SOPIPA Compliance** (Student information only)

1. Contractors cannot target advertising on their website or any other website using information acquired from students.

      Agree:   Yes    X    No        N/A        

2. Contractors cannot create a profile for a student except for school purposes as defined in the an executed contract with the District.

      Agree:   Yes    X    No        N/A        

3. Contractors cannot sell student information.

      Agree:   Yes    X    No        N/A        

4. Contractors cannot disclose student information unless for legal, regulatory, judicial, safety or operational improvement reasons.

      Agree:   Yes    X    No        N/A        

5. Contractors must ***attach to this document*** evidence of how student information is protected through reasonable security procedures and practices.

      Agree:   Yes    X    No        N/A        

6. Contractors must delete district-controlled student information when requested by the Perris Union High School District.

      Agree:   Yes    x    No        N/A        

7. Contractors must disclose student information when required by law, for legitimate research purposes and for school purposes to educational agencies.

      Agree:   Yes    x    No        N/A        

*Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective party.*

        IN WITNESS THEREOF, the parties hereto have executed this Agreement on the date written below:

**Consultant**

  Constance Laflamme for Paradigm Healthcare Services, LLC
Consultant Name

*Constance Laflamme*       05-12-2022
Consultant's Signature       Date

  1225 4th Street, #363
Address

  San Francisco    CA       94158
City        State       Zip

  Tel (415) 616-0920    Fax (415) 616-0910
Phone        Fax

  claflamme@paradigm-healthcare.com
Email Address

**Perris Union High School District**

By        Title

Authorized District Signature    Date

771-105/4309519.1

Paradigm Healthcare Services provides a web-based software application, Student Health Network ("SHN"), which enables LEA-authorized health and service providers to record and track services provided to students. Authorized users may include school nurses, health technicians, speech pathologists, mental health practitioners, occupational therapists, physical therapists, audiologists, music therapists, adapted physical education providers, DHH itinerant teachers, district physicians, and service and program coordinators.

In addition to hosting SHN, Paradigm uses SHN-stored information to process Medicaid claims for the LEA. The information provided to us by the LEA for the setup of SHN and to assist in generating Medicaid claims, along with the data entered and stored in SHN by users does contain personally identifiable student records—these records are regarded in the strictest of confidence.

We greatly value the privacy of student records and take great strides to ensure that all student data provided to us and stored in SHN is secure, and only the least number of persons necessary are able to access any of the data to fulfill the work that we are contracted to perform. This document details Paradigm's security measures and protocols for its web-based software.

## 1 - General Questions and Answers

### Q. What's there to worry about?

In any web-based client-server configuration, there are risks and associated pitfalls that webmasters and users alike must be wary of. Fortunately, the majority of security concerns are concentrated on the webmasters side. Installing a web server opens a window to a local area network, viewable to the entire Internet. Occasionally, malevolent users will attempt to force this window open to gain access to the systems within.

Our network security goal is to keep strangers out and be prepared for their attempts to compromise the network. Despite these security concerns, it is also our goal to provide a seamless experience for authorized users.

### Q. What types of security breaches are we protecting against?

Web Server: Bugs or configuration problems in the web server can allow unauthorized users to:
- Steal / view documents.
- Execute commands on the server host.
- Gain Information allowing them to break in to the server host.
- Launch DoS attacks, temporarily disabling the machine.

*Our approach to limiting these attacks is straightforward.
- Keep up-to-date with all web server security patches.

Paradigm Healthcare Services     1225 4th Street, #363     TEL (415) 616-0920
paradigm-healthcare.com     San Francisco, CA 94158     FAX (415) 616-0910

- Limit access to web server configuration to approved/ qualified administrators.
- Enable verbose logging to track access and alert of any attacks.

<u>Eavesdropping</u>: Packets traveling to and from a server can be intercepted via network eavesdropping.  This action has the potential to occur at any point between the client and server.  We avoid eavesdropping by using Apache-SSL. This extension to the Apache web server software uses 256-bit encryption to encode packets in transit to and from the server.

### Q. Why has Paradigm chosen Ubuntu Linux as the server operating system?
Our software engineers and network administrators are experienced running and maintaining secure Linux servers.  A properly configured Linux server with current security patches is more secure and less targeted than a typical Windows Server system.

## 2 - Client Side Security

### Client Responsibilities
Authorized personnel must be responsible for granting temporary passwords to a user, after verifying their identity and employee status.  The user then accesses SHN with their temporary ID and completes a login procedure that requires them to update their personal information and change their password.  The temporary password expires within a pre-determined time frame.  The users are responsible for safeguarding their passwords.  The user can update passwords at any time.  Users on shared computers should log out when they complete their work on SHN.

Passwords are stored in our database as one-way MD5 "fingerprints."  It is impossible for any Paradigm employee to decrypt a provider's account password.  If a provider forgets their password, they must contact Paradigm to receive a new, temporary password.  As the *lost* password is encrypted, Paradigm must delete the current password and issue a *new* temporary password for the user.

### Data encryption by SSL
To handle security of data in transit, to and from the client and server, we use Apache-SSL. Apache-SSL is an SSL (Secure Socket Layer) enabled web server.

SSL uses public-key encryption to exchange a session key between the client and server; this session key is used to encrypt the http transaction (both request and response). Each transaction uses a different session key so that if an individual manages to decrypt a transaction, it does not mean that they've found the server's secret key. If they want to decrypt another transaction, they will expend as much time and effort on the second transaction as they did on the first.

We use 256-bit SSL encryption keys. *"To crack a message encrypted with such a key by brute force would take significantly longer than the age of the universe using conventional technology." – Published by the World Wide Web Consortium*

### Cookies

Given the sensitive nature of our clients' information and the possibility that users may share machines to access online systems, we never store password information in cookies on the client machine.

## 3 - Server Side Security

### Web Server File Permissions
In the production environment, only authorized Network Administrators and Release Managers can manipulate files in the server root. Contents of the document root directory are world readable, but can only be changed by authorized personnel.

### Web Server/ Additional features checklist
There are several web server features that increase security risks.  To avoid using unnecessary features we follow this checklist:
- Automatic directory listings disabled.
- All unused files removed from document and server root.
- All non-essential Apache modules are disabled.
- Symbolic link following disabled.
- User maintained "~" directories disabled.

### Safe Perl & Python Scripting checklist
There are several security concerns when creating Perl scripts that will be executed by a web server. To avoid such concerns all scripts available to the web server must comply with this checklist:
- Use of system() and exec() calls forbidden.
- No scripts run with permissions above "nobody".

### Linux Security Checklist

Patches
- Latest patches installed.
- Make sure that installation hasn't modified any configuration files.

Network Security
- Sendmail is turned off.
- All unessential services are turned off.
- Httpd version, patches and configuration.
- SSH access only available to the local VPN

Password and account security
- Per AWS requirements, all logins to production servers use SSH Public Keys.
- Access is limited to only approved/qualified administrators.
- Periodic monitoring of user log files.
- GECOS fields unused.
- Disabled root login

Paradigm Healthcare Services          1225 4th Street, #363          TEL (415) 616-0920
paradigm-healthcare.com               San Francisco, CA 94158        FAX (415) 616-0910

Page 25 of 29

File system security
- Check startup and shutdown scripts.
- Check important file permissions.
- Everything run by root is owned by root.
- No "bin" owned files.
- Check for world-writable files and no-owner files

# 4 - Additional Server Information

**Amazon Web Services Security Processes**

Our production servers are hosted on Amazon Web Services (AWS).  In addition our server level security settings and protections, we fully take advantage of the security processes provided by AWS.  The AWS network provides significant protection against traditional network security issues.

We run our production servers within an AWS Virtual Private Cloud (VPC).  The VPC enables us to have a fully isolated network environment and full control over how our servers are networked together and their exposure to the Internet.  In addition the VPC allows us to securely connect our production environments back to our local virtual private network (VPN) in our offices.

Using AWS' VPC security groups, we arrange our servers in AWS into different security groups that dictate how our servers interact with each other.  For example, only database ports are open on our database sever and enabled for application servers to talk to our database.  The load balancer, our public facing web server, does not have direct access to our database.  Using the routing tables, we only open up the minimum necessary ports to the outside world that is needed to provide access to our web application.

The application data is stored in a fully managed server in Amazon's Relational Database Service (RDS). Amazon seamlessly handles all updates, maintenance, and backups to the database server and ensures that it is always up and running properly.

**Production Hardware**

Our web-based software is hosted in a secured virtual private network on Amazon's Web Services (AWS) platform.  Amazon provides multiple levels of physical security to the servers in their data centers.  Physical access is strictly controlled both at the perimeter and at building ingress points by professional security staff utilizing video surveillance, state of the art intrusion detection systems, and other electronic means.  All physical and electronic access to data centers by Amazon employees is logged and audited routinely.

**Backup Procedures**

In addition to the backups in the cloud, Paradigm performs an automated daily scheduled backup through secure tunnels to our local backup repository in our San Francisco office.  We have a full replication of the server platform in multiple site locations in the Amazon cloud. In addition we have a fully functioning backup of the server and database in our local offices in San Francisco. Either of these locations can host our web application.

Paradigm Healthcare Services
paradigm-healthcare.com

1225 4th Street, #363
San Francisco, CA 94158

TEL (415) 616-0920
FAX (415) 616-0910

Page 26 of 29

To prevent against data corruption, our software goes through a rigorous set of tests before deployment that ensures our applications correctly writes to the database and ensures that all security measures are taken to only allow valid users on our system.

Our raw database files are scheduled for nightly backup on production machines. Database files are archived and transferred to an offsite location. Database snapshots are taken weekly. This combination of precautions allows us to rollback to any point in the history we keep archived.

# 5 - Student Data Security Protocols

## Access to Student Data & Measures for Protection of Student Data

In order to properly provide all of our services to the LEA, we have to process and interact with a lot of the student records that are stored in applications and servers. Paradigm employs a role-based model in which Paradigm staff only have access to the data needed to fulfill their roles. (Paradigm's job descriptions delineate the uses of the data the position has access to.) Everyone on the application is required to have a username and password and we ensure that they only get to see the data that they are allowed to see. All access levels are assigned to maximize usage without risking inappropriate disclosure.

Every employee at Paradigm Healthcare goes through a data security and confidentiality training upon being hired, and is required to sign a binding confidentiality agreement. Training recurs annually for all employees, even those who do not have access to high-risk student data, ensuring a thorough and complete understanding and adherence to Paradigm's security measures and protocols. Paradigm's training includes a review of the legal and regulatory safeguards for the use and maintenance of electronic records, review of the rules and procedures in place, and information on the penalties of a violation to these rules.

On an annual basis, each client is asked to return a certification that confirms the client is 1) informed on parent consent requirements (as it relates to FERPA/IDEA and Medicaid claiming), and 2) the client has a process in place to confirm the parent consent status of students with Paradigm. Paradigm makes available its "Student Manager" in SHN which accommodates the following parent consent flags:

- Yes = FERPA/IDEA written consent from parent is on file
- No = parent has expressly declined to consent (or, non-consent)
- Unknown = is exactly as it sounds

These values are managed by client-designated users (this is permission-level access). Paradigm only ever releases records for students in which parent consent has been affirmed by the client and for Medicaid claims processing purposes *only*.

## Student Data Correction Protocols

Upon entry into SHN, authorized users agree to "use best efforts to ensure that the information supplied by [you] ... shall be true, complete, and accurate in all respects." Paradigm trainers put forth a great effort to emphasize the necessity for the completeness and accuracy of all data entered in SHN by authorized users, with the understanding that SHN records are subject to disclosure to students and parent/guardians per

FERPA.

Because Paradigm does not interact directly with students or parents/guardians, the LEA and LEA-authorized users are inherently the stewards of the data they input into SHN. Paradigm relies on the LEA to facilitate any student or parent/guardian request to review the information captured in SHN. SHN allows for the easy printing and exporting of data from its interface, and if needed, Paradigm will prepare any records upon request by the LEA to share with student, parent/guardians. If changes to a student's records are needed:

- SHN records can be edited by the original author for up to 30 days after the date of entry.
- If changes cannot be made by the original author, Paradigm will facilitate any data change as authorized by the LEA's program coordinator or the original provider.

## Student Data Archival & Destruction Protocols

Because SHN-related data is also used to facilitate the LEA's Medicaid claims, Paradigm archives SHN data at the conclusion of a contract for a period that is no more than reasonable for Paradigm to fulfill its contractual obligations, which includes responding to Department of Health Care Services (DHCS) audit requests. In some cases, this may mean data is archived for a period of up to seven years after the conclusion of the contract. (Medicaid audits can occur for up to five years after the date of payment on a claim, and payment on claims can occur up to two years after a service is rendered.)

At the conclusion of a contract, we will provide an export of all SHN-related data to the LEA in a timely manner. This is accomplished by archiving all service data on password-protected media, which is then sent by certified mail to designated recipient at the LEA. The password to access the media is delivered via phone, so as to ensure the recipient is the authorized party. The LEA is then asked to certify its receipt of the information in writing.

No less than on an annual basis, Paradigm inventories all confidential information it has stored, and takes care to securely destroy any information that is no longer necessary or reasonable to retain. This includes:

1. Removing all student service records from all of our production and development servers.
2. Removing all student data from all of our production and development servers.
3. Shredding any paper documents that we still have in our storage that has not been digitized.
4. Remove any data source files provided to populate the software.
5. Remove any electronic files that contain service records that identify a student.

## Unauthorized Disclosure Protocols

To prevent and detect compromised and unwanted changes to on our servers. Paradigm uses a piece of software called a "root kit detector" (rkhunter). This program is designed to catch an individual installing a rootkit or running a packet sniffer. The program is run periodically on the production servers.

Rkhunter peforms checks on well-known application binary files and then scan the drives for installed root kits. If the application finds anything, the network administrator's responsibilities include:

- Assessing Damage.
- Repairing damage (when necessary).

- Determining appropriate time to bring system back on-line.
- Submitting a detailed report to the responsible manager.

It is the manager's responsibility to:
- Determine if the situation requires attention from additional developers.
- Allocate developer resources to analysis of the attack and implementation of measures to prevent similar attacks in the future.
- If applicable, contact the hosting facility to notify of the attack and reevaluate their ability to meet our needs.

If an outside entity is able to leverage a bug or an oversight in our software and an unauthorized disclosure occurs we will provide the following to all of our affected clients in a timely manner:
1. We will describe the breach in detail and the circumstances in which it occurred.
2. We will let you know who and what were affected or exposed.
3. We will let you know resolution to the issue and how we fixed the error.
4. We will work with you to disseminate the error to all affected parties.

We take student record privacy seriously, and we strive to protect the information to the very best of our ability. We implement many safeguards and checks to ensure that student records are not exposed to anyone who shouldn't have access to that data, as discussed throughout this document. If you have any questions at all, please do not hesitate to contact us at (888) 536-0920.

Paradigm Healthcare Services
paradigm-healthcare.com

1225 4th Street, #363
San Francisco, CA 94158

TEL (415) 616-0920
FAX (415) 616-0910

Page 29 of 29