

Direct Deposit/Electronic Funds Transfer Agreement

This Direct Deposit/Electronic Funds Transfer Agreement (the “Agreement”) is made as of _____, 20____ by and between _____, a corporation/limited liability company, (“Provider”) with offices at:

_____ and **Priority Health**, a Michigan non-profit community based health plan with offices at 1231 East Beltline NE, Grand Rapids, MI 49525 (collectively, the “parties”).

RECITALS

Priority Health and Provider are or may become parties to one or more contracts and Priority Health may, from time to time, become obligated to make payment to Provider; and the parties desire to establish terms and conditions upon which Priority Health shall make such payment and communicate associated remittance information in electronic form; THEREFORE, the parties hereby agree as follows:

Section 1. Terms defined in this agreement:

- 1.1 **Provider Contract** means any and all contractual relationships between the parties giving rise to a specific obligation of Priority Health to pay Provider, which obligation may be satisfied by means of an electronic funds transfer.
- 1.2 **Payment Obligation** means the specific obligation of Priority Health to pay money to Provider under its Provider Contract.
- 1.3 **Remittance Advice** means the information relating to a specific transfer of funds.
- 1.4 **Provider Bank** means the financial institution designated by the Provider for receiving electronic payment from Priority Health. Such financial institution is designated in Exhibit A attached to this Agreement.

Section 2: Agreement and authorization:

- 2.1 **Credits.** Priority Health agrees and Provider authorizes Priority Health to satisfy its Payment Obligation by imitating electronic funds transfers that result in payment to Provider’s checking account. Priority Health will post Remittance Advice to its website in PDF format readable by using Adobe[®] Reader[®].

- 2.2 **Provider information.** The parties agree that Priority Health and its agents may reasonably rely upon the information given to them by Provider with respect to Provider's Bank. The parties further agree that the burden is on Provider to supply accurate information and changes to that information.
- 2.3 **Indemnification** Provider agrees to indemnify and hold Priority Health and its agents harmless from any and all claims arising from Priority Health's or its agent's reliance on information that Provider supplied to them.

Section 3. Payment and remittance information:

- 3.1 **Payment.** Priority Health shall instruct its financial institution(s) to process fund transfers hereunder using a fund transfer system that may include the use of a National Automated Clearing House.
- 3.2 **Remittance Advice.** For each fund transfer, Priority Health shall post the associated Remittance Advice on its website. Provider waives the direct receipt from Priority Health of a paper copy (i.e. hard copy) of the Remittance Advice. Using the secure Priority Health *provider center* website, Provider will view and/or download Remittance Advices. Priority Health will also provide the HIPAA - compliant 835 Electronic Remittance Advice if requested by Provider. A separate request process and agreement is required to initiate the receipt of this electronic Remittance Advice.

Section 4. Discharge of payment obligations:

- 4.1 **Discharge.** Upon completion of a fund transfer, the corresponding payment obligation of Priority Health shall be discharged to the same extent as if such payment had been received in cash.
- 4.2 **Objection to credits taken.** Priority Health will pay according to the terms of any Provider contract. Priority Health may take such offsets as may be permitted by a Provider contract. If Provider objects to any discounts, allowances, adjustments or other credits against a Payment Obligation taken by Priority Health in connection with the fund transfer, Provider shall promptly notify Priority Health of its objection.

Section 5. Security procedures

Each party shall use security procedures adequate to protect the health information of its members and patients and sufficient to meet Privacy standards as set forth in HIPAA, 45 C.F. R. part 164. Provider shall be assigned a PIN number that will be used to authenticate the identity of the Provider.

Section 6. Liability:

- 6.1 **Scope of Agreement.** This Agreement neither enlarges nor diminishes the respective rights and obligations of the parties under any Provider contract.

- 6.2 **Conduct of third parties.** Each party shall be liable to the other for the acts or omissions of its respective employees, subcontractors, financial institutions, and/or other agents in connection with this Agreement. Neither party shall be liable for the acts of omissions of any third party not under its control.
- 6.3 **Costs.** Each party shall bear the respective fees and other charges assessed by its designated financial institutions.

Section 7. Changes, suspension and termination:

- 7.1 **Change of Designations.** Either party may change its designation of an account, financial institution, or other subcontractor by written notice to the other party. Any change shall be effective no less than fourteen (14) days after notice of such change is received.
- 7.2 **Suspension of operations.** Either party may suspend operations upon reasonable and timely notice to the party in the event that the party has a good faith belief that there has been a breach of security or a violation of HIPAA; or in the event that a Party's performance is delayed or prevented by an act of God, natural disaster, computer or communication failure or other cause beyond the affected Party's reasonable control. Suspension of operations under this Agreement shall not relieve either party of its obligation to the other Party under the Provider Contract.
- 7.3 **Termination.** Either Party may terminate this Agreement upon thirty (30) days notice to the other.

Section 8. Training and testing

Priority Health's Provider Network Services Staff will provide training to Provider in accessing the web-link and retrieving the Remittance Advice. In the event that Provider chooses to accept the Remittance Advice in the HIPAA compliant 835 EDI format, Priority Health's EDI Group will conduct the testing needed to ensure capability.

Section 9. Miscellaneous:

- 9.1 **Term.** This Agreement shall be effective as of the date first set forth above and shall remain in effect until terminated by either party.
- 9.2 **Governing law.** This Agreement shall be interpreted by the laws of the state of Michigan.
- 9.3 **System operations.** Each party, at its own expense, shall provide and maintain the equipment, software, services and testing necessary to transmit data to, and receive data, from the parties' respective computers. Provider shall, at a minimum, maintain a modern personal computer with e-mail capability and have general access to the Internet and a printer. Provider must have a current version of Adobe® Reader® loaded on its system.

9.4 **Exclusion of certain damages.** Neither party shall be liable to the other for any special, incidental, exemplary or consequential damages arising from or as a result of any delay, omission or error in the electronic transmission or receipt of any data.

9.5 **Validity.** Any documented properly transmitted pursuant to this Agreement shall be considered to be a “writing” or “in writing”; and to constitute an “original” when printed from electronic files or records established and maintained in the normal course of business.

9.6 **Notices.** All notices required or permitted to be given with respect to this Agreement shall be given by mailing the same postage prepaid, or given by fax or by courier to the addresses below.

If to Priority Health:

1231 East Beltline NE
Grand Rapids, MI 49525
(616) 942-0954
Fax: _____

If to provider:

Fax: _____
E-mail: _____

Priority Health:

Signed

Printed

Date

Provider:

Signed

Printed

Date