

CONTRACT #9
RFS # 309.01-07806
FA # 06-16660-00

Treasury
Division of Claims
Administration

VENDOR:
Eckman/Freeman and
Associates

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

RECEIVED

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FISCAL REVIEW

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

MEMORANDUM

TO: The Fiscal Review Committee

FROM: Steve Curry, Assistant to the Treasurer
Department of the Treasury

A handwritten signature in black ink, appearing to be 'SC', is written over the 'FROM' line.

DATE: December 3, 2009

RE: *Memorandum of Explanation for Submitting Contract Amendment Request
Less Than Sixty (60) Days Prior to Amendment Start Date: Managed
Disability Provider Network and Utilization Management and/or Managed
Care Services Contract with Eckman/Freeman and Associates*

The Tennessee Treasury Department is responsible for administering the Workers' Compensation Program made available to employees of the State of Tennessee. The Department contracts with a managed care organization (namely, Eckman/Freeman and Associates) which has established a workers' compensation preferred provider network for medical treatment for injured State employees. Currently, all State employees have access to this network. The managed care organization also provides case management services such as pre-certification for inpatient hospital care, bill review, large case management and other services to manage the costs of workers' compensation claims. The use of a preferred provider network allows the State to negotiate further savings off workers' compensation medical bills after the mandated fee schedule reduction, which became effective on January 1, 2006. Currently, the State has obtained approximately 48% savings off billed charges as a result of the fee schedule, plus an additional 3% savings (after fee schedule reduction) as a result of the preferred provider arrangement.

The contract with Eckman/Freeman was procured through the Request for Proposal (RFP) process. The terms of the contract provided for an original term of two years from January 1, 2006 through December 31, 2007 with the right by the State to extend the contract each year thereafter through December 31, 2010 (for a total contract term of no longer than five years). The Department has been pleased with the services provided by Eckman and, as a consequence, the Department has exercised its right to extend the

December 3, 2009

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contract each year for the past two years and desires to extend the contract again for the last one-year period.

Tennessee, like many states, is facing a substantial revenue shortfall. As a result, the Treasury Department has been actively seeking ways to reduce its budget. As a part of its efforts, the Department approached Eckman/Freeman and requested it to reduce its compensation under the contract for fiscal year July 1, 2009 through June 30, 2010. Eckman/Freeman agreed to reduce its compensation payable under the contract by \$4,184 per month through June 30, 2010, which agreement was reduced to an amendment to the contract.

The Department again approached Eckman/Freeman and requested it to analyze its options to reduce its compensation to the State under the contract by the same \$4,184 per month amount for the proposed extension period of January 1, 2010 through December 31, 2010. Consequently, the timing of this request was delayed due to the Department's efforts in negotiating a lower fee for the extended term, which were necessary in order to obtain the desired \$4,184 per month reduction. While the timing of this request is unfortunate, the Department believes the delay is justified given the lower fee arrangement resulting from the negotiations. If you have any questions or need any additional information, please do not hesitate to me at 532-8045.

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

MEMORANDUM

TO: The Fiscal Review Committee

FROM: Steve Curry, Assistant to the Treasurer
Department of the Treasury

DATE: December 3, 2009

RE: *Amendment to Managed Disability Provider Network and Utilization
Management and/or Managed Care Services Contract with Eckman/Freeman
and Associates*

BACKGROUND

The Tennessee Treasury Department is responsible for administering the Workers' Compensation Program made available to employees of the State of Tennessee. The Department contracts with a managed care organization (namely, Eckman/Freeman and Associates) which has established a workers' compensation preferred provider network for medical treatment for injured State employees. Currently, all State employees have access to this network. The managed care organization also provides case management services such as pre-certification for inpatient hospital care, bill review, large case management and other services to manage the costs of workers' compensation claims. The use of a preferred provider network allows the State to negotiate further savings off workers' compensation medical bills after the mandated fee schedule reduction, which became effective on January 1, 2006. Currently, the State has obtained approximately 48% savings off billed charges as a result of the fee schedule, plus an additional 3% savings (after fee schedule reduction) as a result of the preferred provider arrangement.

The contract with Eckman/Freeman was procured through the Request for Proposal (RFP) process. The terms of the contract provided for an original term of two years from January 1, 2006 through December 31, 2007 with the right by the State to extend the contract each year thereafter through December 31, 2010 (for a total contract term of no longer than five (5) years). The Department has been pleased with the services provided by Eckman and, as a consequence, the Department has exercised its right to extend the

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contract each year for the past two (2) years and desires to extend the contract again for the last one-year period.

I.

**DESCRIPTION OF THE PROPOSED AMENDMENT EFFECTS & ANY
ADDITIONAL SERVICE**

The proposed amendment would not include additional services. Instead, the Department desires to extend the contract for the last one-year period as provided in the contract, i.e., through December 31, 2010. The amendment would further reduce the compensation that is otherwise payable to Eckman/Freeman under the contract by \$4,184 per month through the remainder of the contract period as a part of the Treasury Department's efforts in further reducing its budget. The amendment would further increase the maximum liability of the contract to cover compensation Eckman will earn during the additional and final twelve (12) months of the contract. The maximum liability is currently \$5,300,000. However, the State has paid Eckman/Freeman \$4,658,397.39 as of today's date, thereby leaving a remaining balance of \$641,602.61 under the maximum liability provision. See attached Supplemental Documentation. The Department believes the maximum liability needs to be increased by \$1,200,000 for a total of \$6,500,000. The network fees earned by Eckman/Freeman under the contract have averaged \$75,000 per month and the case management fees per month have averaged \$25,000. If this trend continues, then Eckman/Freeman will earn at least an additional \$1,200,000 by the end of the contract term. Accordingly, the Department believes the maximum liability needs to be increased in order to pay Eckman its expected fees.

II.

EXPLANATION OF NEED FOR THE PROPOSED AMENDMENT

See Background and Response to Item I above.

III.

**NAME AND ADDRESS OF CONTRACTOR'S CURRENT
PRINCIPAL OWNER(S)**

Ms. Carol Freeman
Eckman/Freeman
P.O. Box 23578
Lexington, Kentucky 40523

IV.

**OFFICE OF INFORMATION RESOURCES ENDORSEMENT (REQUIRED FOR
INFORMATION TECHNOLOGY SERVICES; N/A TO THDA)**

N/A

V.

EHEATH INITIATIVE ENDORSEMENT (REQUIRED FOR HEALTH-RELATED PROFESSIONAL, PHARMACEUTICAL, LABORATORY OR IMAGING SERVICE)

N/A

VI.

DEPARTMENT OF HUMAN RESOURCES ENDORSEMENT (REQUIRED FOR STATE EMPLOYEES TRAINING SERVICE)

N/A

VII.

DESCRIPTION OF PROCURING AGENCY EFFORTS TO IDENTIFY REASONABLE, COMPETITIVE, PROCUREMENT ALTERNATIVES

The current contract resulted from a Request for Proposal issued by the State. The purpose of the procurement was for the development and management of a disability provider network through which injured State workers receive needed medical care, and for case management services such as pre-certification for inpatient hospital care, bill review, large case management and other services to manage the costs of workers' compensation claims. The use of a preferred provider network allows the State to negotiate further savings off workers' compensation medical bills after the mandated fee schedule reduction. Currently, the State has obtained approximately 48% savings off billed charges as a result of the fee schedule, plus an additional 3% savings (after fee schedule reduction) as a result of the preferred provider arrangement. This amendment is merely an extension of the services currently being provided by Eckman/Freeman along with a \$4,184 reduction in compensation per month through the end of the contract, i.e., December 31, 2010.

VIII.

JUSTIFICATION FOR THE PROPOSED NON-COMPETITIVE AMENDMENT

As stated above, the amendment is merely an extension of the services currently being provided by Eckman/Freeman, i.e., to obtain special discounted rates on the amount providers charge for medical services rendered to injured State employees. This amendment would financially assist the State in two ways. First, it would reduce the amount of the medical bills the State must pay as a result of the preferred provider arrangement, and the amendment would lower the Contractor's compensation by \$4,184 per month through the end of the contract, i.e., December 31, 2010. Accordingly, amending the contract to provide these services would be in the best interest of the State.

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Mary Krause	*Contact Phone:	253-3855
*Original Contract Number:	FA-06-16660-00	*Original RFS Number:	309.01-078-06
Edison Contract Number: <i>(if applicable)</i>	3937	Edison RFS Number: <i>(if applicable)</i>	
*Original Contract Begin Date:	January 1, 2006	*Current End Date:	December 31, 2009
Current Request Amendment Number: <i>(if applicable)</i>	Four (4)		
Proposed Amendment Effective Date: <i>(if applicable)</i>	January 1, 2010		
*Department Submitting:	Treasury Department		
*Division:	Claims Administration		
*Date Submitted:	December 3, 2009		
*Submitted Within Sixty (60) days:	No.		
<i>If not, explain:</i>	<p>Tennessee, like many states, is facing a substantial revenue shortfall. As a result, the Treasury Department has been actively seeking ways to reduce its budget. As a part of its efforts, the Department approached Eckman/Freeman and requested it to reduce its compensation under the contract for fiscal year July 1, 2009 through June 30, 2010. Eckman/Freeman agreed to reduce its compensation payable under the contract by \$4,184 per month through June 30, 2010, which agreement was reduced to an amendment to the contract.</p> <p>The Department again approached Eckman/Freeman and requested it to analyze its options to reduce its compensation to the State under the contract by the same \$4,184 per month amount for the proposed extension period of January 1, 2010 through December 31, 2010. Consequently, the timing of this request was delayed due to the Department's efforts in negotiating a lower fee for the extended term, which were necessary in order to obtain the desired \$4,184 per month reduction. While the timing of this request is unfortunate, the Department believes the delay is justified given the lower fee arrangement resulting from the negotiations.</p>		

Supplemental Documentation Required for Fiscal Review Committee

*Contract Vendor Name:		Eckman/Freeman and Associates			
*Current Maximum Liability:		\$5,300,000			
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2006	FY: 2007	FY:2008	FY: 2009	FY: 2010	
\$625,000	\$1,250,000	\$1,250,000	\$1,375,000	\$800,000	
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	
\$557,495.69	\$1,286,922.93	\$1,197,639.57	\$1,245,998.53	\$370,340.67	
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>Expenditures for fiscal years 2006, 2008 and 2009 were less than the estimated allocations since the need for (and the type of) services covered under the contract are generally driven by the seriousness of the respective work related injury. The more serious and catastrophic injuries require more of the services provided for under the contract. The allocations were our best estimates based on workers' compensation claims history. Unspent funds were carried forward to the next fiscal year.</p>		
<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>			<p>The Treasury Department has the authority to carry forward unspent funds on contracts whose compensation depends on the number of transactions or occurrences that occur during the contract term.</p>		
<p>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</p>			<p>The expenditure for fiscal year 2007 was greater than the estimated contract allocation since the need for (and the type of) services covered under the contract are generally driven by the seriousness of the respective work related injury. The more serious and catastrophic injuries require more of the services provided for under the contract. The allocation was our best estimate based on workers' compensation claims history. Unspent funds from the prior fiscal year were carried forward and used to pay the overage.</p>		
*Contract Funding Source/Amount:	State:	\$5,300,000	Federal:		

Supplemental Documentation Required for
Fiscal Review Committee

Interdepartmental:		<i>Other:</i>	
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
January 1, 2008		Term extension and increase in maximum liability to cover fees for term extension.	
January 1, 2009		Term extension, increase in maximum liability to cover fees for term extension, and addition of Prohibition of Illegal Immigrant provision.	
July 1, 2009		\$4,184 reduction in compensation per month from July 1, 2009 through June 30, 2010.	
Method of Original Award: <i>(if applicable)</i>		Request for Proposals (RFP)	
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$5,300,000 (based on our best estimate using workers' compensation claims history).	

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
See Section C.3 of the attached contract					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY: 2010	FY: 2011	FY:	FY:	FY:
Reduction in total compensation otherwise payable under the contract.	\$25,104	\$25,104			

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
This contract was procured through the Request for					

Supplemental Documentation Required for
Fiscal Review Committee

Proposal process.					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
This contract was procured through the Request for Proposal process.					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
This contract was procured through the Request for Proposal process.					

Eckman Freeman

2006	Network Fees	Case Management Fees	Total Invoice	FY 2010 Fee Reduction	Total Paid
January-06	51,098.89	1,600.00	52,698.89		52,698.89
February-06	128,920.32	730.00	129,650.32		129,650.32
March-06	94,272.32	6,105.00	100,377.32		100,377.32
April-06	86,017.17	5,310.00	91,327.17		91,327.17
May-06	88,632.72	2,860.00	91,492.72		91,492.72
June-06	87,079.27	4,870.00	91,949.27		91,949.27
July-06	112,572.50	5,405.00	117,977.50		117,977.50
August-06	91,524.66	16,550.00	108,074.66		108,074.66
September-06	90,406.53	18,280.00	108,686.53		108,686.53
October-06	93,302.13	23,575.00	116,877.13		116,877.13
November-06	86,951.01	14,965.00	101,916.01		101,916.01
December-06	89,377.85	15,045.00	104,422.85		104,422.85
2007					
January-07	90,894.35	19,285.52	110,179.87		110,179.87
February-07	86,729.19	17,179.05	103,908.24		103,908.24
March-07	90,732.95	7,895.20	98,628.15		98,628.15
April-07	93,833.49	18,728.94	112,562.43		112,562.43
Feb-07 Pharmacy	631.19		631.19		631.19
Mar-07 Pharmacy	570.95		570.95		570.95
May-07	91,974.37	12,383.69	104,358.06		104,358.06
June-07	88,164.19	9,965.17	98,129.36		98,129.36
July-07	89,508.94	15,192.24	104,701.18		104,701.18
August-07	95,618.27	18,552.04	114,170.31		114,170.31
September-07	87,853.67	12,300.41	100,154.08		100,154.08
October-07	89,045.83	20,310.03	109,355.86		109,355.86
November-07	79,000.08	17,085.34	106,497.99		96,085.42
December-07	54,586.13	13,605.87	101,267.47		68,192.00
2008					
January-08	89,162.09	15,241.56	112,762.78		104,403.65
February-08	89,337.07	21,279.22	118,826.69		110,616.29
March-08	116,079.93	28,910.86	130,469.76		144,990.79
April-08	61,940.92	28,364.97	121,803.02		90,305.89
May-08	45,759.25	23,768.44	114,779.24		69,527.69
June-08	63,267.68	21,868.73	115,505.79		85,136.41
July-08	100,846.59	13,194.39	112,468.29		114,040.98
August-08	73,095.79	16,726.34	111,837.62		89,822.13
September-08	84,975.39	25,526.21	122,419.43		110,501.60
Total Paid in STARS					3,356,422.90
October-08	89,042.48	23,200.73	120,704.01		112,243.21
November-08	48,717.58	29,069.09	120,523.64		77,786.67
December-08	114,254.68	24,106.90	125,392.01		138,361.58
2009					
January-09	67,984.99	18,228.06	114,888.69		86,213.05
February-09	97,420.61	15,314.97	110,970.14		112,735.58
March-09	75,504.18	12,020.97	107,099.08		87,525.15
April-09	102,981.04	22,952.18	122,151.82		125,933.22
May-09	69,996.21	17,767.48	112,019.39		87,763.69
June-09	72,642.91	30,428.76	125,077.68		103,071.67
July-09	81,281.11	14,981.26	110,925.91	\$ (4,184.00)	92,078.37
August-09	66,609.07	25,244.03	118,987.87	\$ (4,184.00)	87,669.10
September-09	69,526.68	21,553.44	115,734.92	\$ (4,184.00)	86,896.12
October-09	65,594.19	42,286.89	135,878.50	\$ (4,184.00)	103,697.08
November-09	-	-	-		-
December-09	-	-	-		-
Total Paid in Edison					1,301,974.49
Total for contract					4,658,397.39

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2006	PPO Savings									Accum Calc Fees	Actual Fee Paid	Accum Fees Paid	Case Management Fees CC 57	Total Invoice
	Total Billed Amount	Fee Schedule Reduction	State Mandated Rate (Fee Schedule)	Vendor Reductions - PH PPO	Vendor Reductions - THC PPO	Vendor Reductions - PHS PPO	Total Paid	Savings						
January-08	1,792,626.41	756,189.61	1,036,436.80	66,078.21	20,588.15	2,024.55	947,745.89	88,690.91	2,280,308.23	89,162.09	2,228,461.06	15,241.56	112,762.78	
February-08	1,771,810.16	797,730.82	974,079.34	62,550.98	25,059.23	1,512.85	884,956.28	89,123.06	2,377,855.70	89,337.07	2,317,798.13	21,279.22	118,826.69	
March-08	2,326,446.40	1,120,628.48	1,205,817.92	87,896.13	22,763.14	1,587.88	1,093,570.77	112,247.15	2,479,414.60	116,079.93	2,433,878.06	28,910.86	130,469.76	
April-08	1,855,658.59	878,744.59	976,914.00	39,474.12	21,219.28	1,247.52	914,973.08	61,940.92	2,572,852.65	61,940.92	2,495,818.98	28,364.97	121,803.02	
May-08	1,357,797.54	676,240.33	681,557.21	37,207.34	5,630.67	0.00	638,719.20	42,838.01	2,663,863.45	45,769.25	2,541,578.23	23,768.44	114,779.24	
June-08	1,615,129.95	824,295.91	790,834.04	52,624.56	10,643.12	0.00	727,566.36	63,267.68	2,757,500.51	63,267.68	2,604,845.91	21,868.73	115,505.79	
July-08	2,242,640.62	1,125,919.32	1,116,721.30	73,863.69	26,208.20	0.00	1,016,649.41	100,871.89	2,856,774.41	100,846.59	2,705,692.50	13,194.39	112,468.29	
August-08	1,514,178.11	620,154.58	894,023.53	62,386.24	9,818.34		821,818.95	72,204.58	2,951,885.69	73,096.79	2,778,788.29	16,726.34	111,837.62	
September-08	1,747,583.94	840,688.05	906,895.89	66,336.45	17,441.66		823,117.78	83,778.11	3,048,778.91	84,975.39	2,863,763.68	25,526.21	122,419.43	
October-08	2,410,053.45	1,202,004.25	1,208,049.20	66,422.47	21,112.32		1,120,514.41	87,534.79	3,146,282.19	89,042.48	2,952,806.16	23,200.73	120,704.01	
November-08	1,266,757.76	612,487.83	654,269.93	34,112.84	11,753.65		608,403.44	45,866.49	3,237,736.74	48,717.68	3,001,523.74	29,069.09	120,523.64	
December-08	1,859,287.90	861,403.72	997,884.18	100,358.97	11,178.61		886,346.60	111,537.58	3,339,021.85	114,264.68	3,115,778.42	24,106.90	125,392.01	
2009														
January-09	1,568,598.22	816,096.66	752,501.56	54,106.11	12,828.79	0.00	685,566.66	66,934.90	3,435,682.48	67,984.99	3,183,763.41	18,228.06	114,888.69	
February-09	1,816,059.33	944,303.70	871,755.63	87,801.39	7,839.47		776,114.77	95,640.86	3,531,337.65	97,420.61	3,281,184.02	15,314.97	110,970.14	
March-09	1,900,364.15	1,019,882.93	880,481.22	68,925.16	5,844.76		805,711.30	74,769.92	3,626,415.76	75,504.18	3,356,688.20	12,020.97	107,099.08	
April-09	2,225,050.96	1,017,938.12	1,207,112.84	95,233.68	6,849.01		1,105,030.15	102,082.69	3,725,615.40	102,981.04	3,459,669.24	22,952.18	122,151.82	
May-09	1,403,998.96	689,349.04	714,649.92	62,301.79	5,295.53		647,052.60	67,597.32	3,819,867.31	69,996.21	3,529,665.45	17,767.48	112,019.39	
June-09	2,069,361.75	1,077,544.75	991,817.00	58,932.25	12,770.49		920,114.26	71,702.74	3,914,516.23	72,642.91	3,602,308.36	30,428.76	125,077.68	
July-09	1,786,330.71	873,624.51	912,706.20	70,222.70	10,036.10		832,447.40	80,258.80	4,010,460.88	81,281.11	3,683,589.47	14,981.26	110,925.91	
August-09	1,645,787.21	828,470.37	817,316.84	53,408.10	9,904.02		754,004.72	63,312.12	4,104,204.72	66,609.07	3,750,198.54	25,244.03	118,987.87	
September-09	1,697,788.10	779,334.52	918,453.58	57,749.86	10,828.42		849,875.30	68,578.28	4,198,386.20	69,526.68	3,819,726.22	21,653.44	115,734.92	
October-09	1,487,023.08	694,571.67	792,451.41	56,828.03	8,011.21		727,612.17	64,839.24	4,291,977.81	65,594.19	3,885,319.41	42,286.89	135,878.50	
November-09			0.00				0.00	0.00	4,291,977.81		3,885,319.41		-	
December-09			0.00				0.00	0.00	4,291,977.81		3,885,319.41		-	

Eckman Freeman

	2006 Charge per Service	2007 Charge per Service	2008 Charge per Service	2009 Charge per Service
Case Management Reviews				
1 Preadmission Cert/Continued Stay Review	85.00	88.42	92.81	95.50
2 Ambulatory Care Review	105.00	109.22	114.64	117.96
3 Continued Treatment Review	50.00	52.01	54.59	56.17
4 Outpatient Procedure Review	85.00	88.42	92.81	95.50
5 High Tech Diagnostic Procedure Review	85.00	88.42	92.81	95.50
6 Retrospective Review	85.00	88.42	92.81	95.50
7 Hospital Bill/Pharmacy Bill Review	150.00	156.03	163.77	168.52
8 Discharge Planning	85.00	88.42	92.81	95.50
9 Telephonic Case Management	680.00	707.34	742.42	763.95
10 On-Site Case Management	750.00	780.15	818.85	842.60
Total Cost Center 100057				
11 Per Head Fee	1.00	1.04	1.09	1.12
Number of State Employees December	75,684	76,417	77,199	74,779 ***
Total Cost Center 100060	75,684.00	79,473.68	84,146.91	83,752.48

*New head count not available until March 31
Will adjust head count retroactive
when available*

CPI index October 2005	CPI index Oct 2006	CPI index Oct 2007	CPI index Oct 2008
325.8	338.9	355.7	366.0
CPI index October 2006	CPI index Oct 2007	CPI index Oct 2008	
338.9	355.7	366.0	
Increase for Year	13.1	16.8	10.3
Percentage increase for Calendar year 20	0.0402	0.0496	0.029

*** Reduction in Head Count for 2009 is due to the Employee Buyout and Hiring Freeze.

Case Management Reviews	2007 Charge per Review	January 2007		February 2007		Mar
		# of Approved Reviews	Charge	# of Approved Reviews	Charge	# of Approved Reviews
1 Preadmission Cert/Continued Stay Review	88.42	12	\$ 1,061.04	7	\$ 618.94	10
2 Ambulatory Care Review	109.22	22	2,402.84	24	2,621.28	23
3 Continued Treatment Review	52.01	16	832.16	7	364.07	4
4 Outpatient Procedure/ Surgery Review	88.42	22	1,945.24	18	1,591.56	13
5 High Tech Diagnostic Procedure Review	88.42	22	1,945.24	11	972.62	6
6 Retrospective Review	88.42	2	176.84	1	88.42	2
7 Hospital Bill/Pharmacy Bill Review	156.03	2	312.06	2	312.06	2
8 Discharge Planning	88.42		-		-	
9 Telephonic Case Management	707.34	15	10,610.10	15	10,610.10	3
10 On-Site Case Management	780.15		-		-	
Total Cost Center 57			\$ 19,285.52		\$ 17,179.05	

ch 2007

Charge

\$	884.20
	2,512.06
	208.04
	1,149.46
	530.52
	176.84
	312.06
	-
	2,122.02
	-

\$ 7,895.20

Contract 14

FY 2009

Unit	PO No.	Vendor	Vendor Name	Contract	Line Amount Total	Voucher
30901	000000079	000087091	Eckman/Freeman And Associ	00000000000000000003937	114,254.68	
30901	000000079	000087091	Eckman/Freeman And Associ	00000000000000000003937	24,106.90	
30901	000000089	000087091	Eckman/Freeman And Associ	00000000000000000003937	18,228.06	
30901	000000089	000087091	Eckman/Freeman And Associ	00000000000000000003937	67,984.99	
30901	000000149	000087091	Eckman/Freeman And Associ	00000000000000000003937	97,420.61	00002012
30901	000000149	000087091	Eckman/Freeman And Associ	00000000000000000003937	15,318.29	00002012
30901	000000160	000087091	Eckman/Freeman And Associ	00000000000000000003937	75,504.18	
30901	000000160	000087091	Eckman/Freeman And Associ	00000000000000000003937	12,020.97	
30901	000000262	000087091	Eckman/Freeman And Associ	00000000000000000003937	112,492.89	00003283
30901	000000262	000087091	Eckman/Freeman And Associ	00000000000000000003937	13,305.51	00003283
30901	000000342	000087091	Eckman/Freeman And Associ	00000000000000000003937	69,996.21	00004378
30901	000000342	000087091	Eckman/Freeman And Associ	00000000000000000003937	17,767.48	00004378
30901	000000343	000087091	Eckman/Freeman And Associ	00000000000000000003937	72,642.91	00004377
30901	000000343	000087091	Eckman/Freeman And Associ	00000000000000000003937	30,428.76	00004377

741,472.44

FY 2009

Unit	PO No.	Vendor	Vendor Name	Contract	Line Amount Total	Voucher
30901	000000351	000087091	Eckman/Freeman And Associ	00000000000000000003937	-	
30901	000000351	000087091	Eckman/Freeman And Associ	00000000000000000003937	69,996.21	
30901	000000351	000087091	Eckman/Freeman And Associ	00000000000000000003937	-	
30901	000000351	000087091	Eckman/Freeman And Associ	00000000000000000003937	17,767.48	
30901	000000352	000087091	Eckman/Freeman And Associ	00000000000000000003937	72,642.91	
30901	000000352	000087091	Eckman/Freeman And Associ	00000000000000000003937	-	
30901	000000352	000087091	Eckman/Freeman And Associ	00000000000000000003937	30,428.76	
30901	000000352	000087091	Eckman/Freeman And Associ	00000000000000000003937	-	
30901	000000421	000087091	Eckman/Freeman And Associ	00000000000000000003937	77,748.11	00006017
30901	000000421	000087091	Eckman/Freeman And Associ	00000000000000000003937	14,330.26	00006017
30901	000000465	000087091	Eckman/Freeman And Associ	00000000000000000003937	63,575.07	00006684
30901	000000465	000087091	Eckman/Freeman And Associ	00000000000000000003937	24,094.03	00006684
30901	000000508	000087091	Eckman/Freeman And Associ	00000000000000000003937	66,456.68	00007550
30901	000000508	000087091	Eckman/Freeman And Associ	00000000000000000003937	24,130.03	00007550
30901	ECKOCT09	000087091	Eckman/Freeman And Associ	00000000000000000003937	62,960.19	00008426
30901	ECKOCT09	000087091	Eckman/Freeman And Associ	00000000000000000003937	37,046.30	00008426

561,176.03

Payments made in Edison

1,302,648.47

Eckman Freeman / Sedgwick James Comparison

	Medical Bills			Pharmacy
	EF Bills paid	Sedgwick Bills Paid		
January	252,189.87	533,576.63	(281,386.76)	
February	865,487.12	868,214.00	(2,726.88)	
March	873,518.10	814,992.76	58,525.34	
April	592,396.74	989,989.57	(397,592.83)	
May	666,326.94	670,864.50	(4,537.56)	
June	652,114.72	925,920.62	(273,805.90)	
July	1,565,657.59	1,689,357.69	311,925.79	435,625.89
August				
September		6,492,915.77	(589,598.80)	

Eckman Freeman

**Financial Guarantee of State Savings
Actual invoices received**

	Monthly Savings	Accum Savings	Per Head Fee	15% of Savings Fee	Total Monthly Fees	Accum Calc Fees	Actual Fee Paid	Accum Fees Paid
January-06	51,098.89	51,098.89	75,684.00	7,664.83	83,348.83	83,348.83	51,098.89	51,098.89
February-06	139,909.20	191,008.09	75,684.00	20,986.38	96,670.38	180,019.21	128,920.32	180,019.21
March-06	123,922.14	314,930.23	75,684.00	18,588.32	94,272.32	274,291.53	94,272.32	274,291.53
April-06	68,887.81	383,818.04	75,684.00	10,333.17	86,017.17	360,308.70	86,017.17	360,308.70
May-06	86,324.83	470,142.87	75,684.00	12,948.72	88,632.72	448,941.42	88,632.72	448,941.42
June-06	75,968.46	546,111.33	75,684.00	11,395.27	87,079.27	536,020.69	87,079.27	536,020.69
July-06	245,923.34	792,034.67	75,684.00	36,888.50	112,572.50	648,593.19	112,572.50	648,593.19
August-06	105,604.42	897,639.09	75,684.00	15,840.66	91,524.66	740,117.85	91,524.66	740,117.85
September-06	98,150.24	995,789.33	75,684.00	14,722.54	90,406.54	830,524.39	90,406.54	830,524.39
October-06	117,454.17	1,113,243.50	75,684.00	17,618.13	93,302.13	923,826.52	93,302.13	923,826.52
November-06	75,113.39	1,188,356.89	75,684.00	11,267.01	86,951.01	1,010,777.53	86,951.01	1,010,777.53
December-06	91,292.34	1,279,649.23	75,684.00	13,693.85	89,377.85	1,100,155.38	89,377.85	1,100,155.38
January-07	76,137.74	1,355,786.97	79,473.68	11,420.66	90,894.34	1,191,049.72	90,894.34	1,191,049.72
February-07	48,370.04	1,404,157.01	79,473.68	7,255.51	86,729.19	1,277,778.91	86,729.19	1,277,778.91
March-07	88,690.91	1,492,847.92	79,473.68	13,303.64	92,777.32	1,370,556.23	92,777.32	1,370,556.23
April-07				-	-	1,370,556.23	(1,370,556.23)	-
May-07				-	-	1,370,556.23	-	-
June-07				-	-	1,370,556.23	-	-
July-07				-	-	1,370,556.23	-	-
August-07				-	-	1,370,556.23	-	-
September-07				-	-	1,370,556.23	-	-
October-07				-	-	1,370,556.23	-	-
November-07				-	-	1,370,556.23	-	-
December-07				-	-	1,370,556.23	-	-

Eckman Freeman

Monthly Invoice

Jan-06

1. Case Management Fees (not subject to fee limitation) \$ 1,600.00

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00

3. PPO Incentive Savings

Total Billed Charges 618,402.01

Total Fee Schedule Amount 303,288.76

Total Paid 252,189.87

Vendor Savings 51,098.89 15% \$ 7,664.83

4. Pharmacy Incentive Savings

Total Billed Charges 30,820.29

Total Fee Schedule Amount 27,051.42

Total Paid 27,051.42

Vendor Savings - 15% \$ -

Total Monthly Savings 51,098.89

Total Savings since Contract Inception 51,098.89

Total Monthly Fees subject to limitation \$ 83,348.83

Total Fees since Contract Inception \$ 83,348.83

Access Fees \$ 51,098.89

Case Mgmt fees 1,600.00

Total Fee \$ 52,698.89

Monthly fees not paid until savings exceed fees owed 32,249.94

Eckman Freeman

Monthly Invoice

Original

Feb-06

Revised

1. Case Management Fees (not subject to fee limitation)

\$ 730.00 A

\$ 730.00 A

2. Per Head Access Fees

Employee Count 75,684

1.00 \$ 75,684.00 B

1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit Segwick James Total
1,215,394.63 447,347.54 1,662,742.17

Duplicate Claim Adjustment

Total Billed Charges (26,623.06) 1,636,119.11

Total Fee Schedule Amount 752,732.82 255,276.25 1,008,009.07 (9,317.18) 998,691.89

Total Paid 650,593.89 214,893.23 865,487.12 (6,704.43) 858,782.69

Vendor Savings 102,138.93 40,383.02 142,521.95 15% \$ 21,378.29 C (14,713.13) 139,909.20 15% \$ 20,986.38 C

4. Pharmacy Incentive Savings

Total Billed Charges 59,613.77

Total Fee Schedule Amount 49,632.24

Total Paid 49,632.24

Vendor Savings - 15% \$ - D 15% D

Total Monthly Savings

142,521.95

139,909.20

Total Savings since Contract Inception

193,620.84

191,008.09

Monthly Fees subject to limitation

A + B + C + D \$ 97,062.29 E

A + B + C + D \$ 96,670.38 E

Fees since Contract Inception

Prior month + E \$ 180,411.12

Prior month + E \$ 180,019.21

Fees already Paid

\$ (51,098.89)

\$ (51,098.89)

Fee due this month

\$ 129,312.23

\$ 128,920.32

Access Fees

CC 60 \$ 129,312.23

Case Mgmt fees

CC 57 730.00

Total Fee

\$ 130,042.23

CC 60	\$	128,920.32
CC 57		730.00
	\$	129,650.32

Eckman Freeman

Monthly Invoice

Mar-06

1. Case Management Fees (not subject to fee limitation) \$ 6,105.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,605,980.50

Total Fee Schedule Amount 997,440.24

Total Paid 873,518.10

Vendor Savings 123,922.14 15% \$ 18,588.32 C

4. Pharmacy Incentive Savings

Total Billed Charges

Total Fee Schedule Amount

Total Paid

Vendor Savings - 15% \$ - D

Total Monthly Savings

123,922.14

Total Savings since Contract Inception

314,930.23

Monthly Fees subject to limitation

A + B + C + D \$ 94,272.32 E

Fees since Contract Inception

Prior month + E \$ 274,291.53

Fees already Paid

\$ (180,019.21)

Fee due this month

\$ 94,272.32

Access Fees

Case Mgmt fees

Total Fee

CC 60 \$ 94,272.32

CC 57 \$ 6,105.00

100,377.32

Eckman Freeman

Monthly Invoice

Apr-06

1. Case Management Fees (not subject to fee limitation) \$ 5,310.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,048,563.11

Total Fee Schedule Amount 661,284.55

Total Paid 592,396.74

Vendor Savings 68,887.81 15% \$ 10,333.17 C

4. Pharmacy Incentive Savings

Total Billed Charges

Total Fee Schedule Amount

Total Paid

Vendor Savings - 15% \$ - D

Total Monthly Savings 68,887.81

Total Savings since Contract Inception 383,818.04

Monthly Fees subject to limitation A + B + C + D \$ 86,017.17 E

Fees since Contract Inception Prior month + E \$ 360,308.70

Fees already Paid \$ (274,291.53)

Fee due this month \$ 86,017.17

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	86,017.17
CC 57	\$	5,310.00
		<u>91,327.17</u>

Eckman Freeman

Monthly Invoice

May-06

1. Case Management Fees (not subject to fee limitation) \$ 2,860.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,173,247.28

Total Fee Schedule Amount 752,651.77

Total Paid 666,326.94

Vendor Savings 86,324.83 15% \$ 12,948.72 C

4. Pharmacy Incentive Savings

Total Billed Charges

Total Fee Schedule Amount

Total Paid

Vendor Savings - 15% \$ - D

Total Monthly Savings 86,324.83

Total Savings since Contract Inception **470,142.87**

Monthly Fees subject to limitation **A + B + C + D** \$ 88,632.72 E

Fees since Contract Inception **Prior month + E** \$ 448,941.42

Fees already Paid \$ (360,308.70)

Fee due this month \$ **88,632.72**

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	88,632.72
CC 57	\$	2,860.00
		<u>91,492.72</u>

Eckman Freeman

Monthly Invoice

Jun-06

1. Case Management Fees (not subject to fee limitation) \$ 4,870.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,324,864.90

Total Fee Schedule Amount 728,083.18

Total Paid 652,114.72

Vendor Savings 75,968.46 15% \$ 11,395.27 C

4. Pharmacy Incentive Savings

Total Billed Charges

Total Fee Schedule Amount

Total Paid

Vendor Savings - 15% \$ - D

Total Monthly Savings 75,968.46

Total Savings since Contract Inception 546,111.33

Monthly Fees subject to limitation A + B + C + D \$ 87,079.27 E

Fees since Contract Inception Prior month + E \$ 536,020.69

Fees already Paid \$ (448,941.42)

Fee due this month \$ 87,079.27

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	87,079.27
CC 57	\$	4,870.00
		<u>91,949.27</u>

Eckman Freeman

Monthly Invoice

Jul-06

1. Case Management Fees (not subject to fee limitation) \$ 5,405.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 2,796,215.79

1,031,214.02

Total Fee Schedule Amount 1,765,001.77

171,104.23

28,239.95

Total Paid 1,565,657.59

Vendor Savings 199,344.18 15% \$ 29,901.63 C

4. Pharmacy Incentive Savings

Total Billed Charges 501,075.24

Total Fee Schedule Amount 482,205.05

Total Paid 435,625.89

Vendor Savings 46,579.16 15% \$ 6,986.87 D

Total Monthly Savings 245,923.34

Total Savings since Contract Inception 792,034.67

Monthly Fees subject to limitation A + B + C + D \$ 112,572.50 E

Fees since Contract Inception Prior month + E \$ 648,593.19

Fees already Paid \$ (536,020.69)

Fee due this month \$ 112,572.50

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	112,572.50
CC 57	\$	5,405.00
		<u>117,977.50</u>

Eckman Freeman

Monthly Invoice

Aug-06

1. Case Management Fees (not subject to fee limitation) \$ 16,550.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,482,756.11
 649,505.08
 Total Fee Schedule Amount 833,251.03
 65,965.26
 1,017.68
 38,621.48
 Total Paid 727,646.61

Vendor Savings 105,604.42 15% \$ 15,840.66 C

4. Pharmacy Incentive Savings

Total Billed Charges

Total Fee Schedule Amount

Total Paid

Vendor Savings - 15% \$ - D

Total Monthly Savings 105,604.42

Total Savings since Contract Inception 897,639.09

Monthly Fees subject to limitation A + B + C + D \$ 91,524.66 E
 Fees since Contract Inception Prior month + E \$ 740,117.85
 Fees already Paid \$ (648,593.19)
 Fee due this month \$ 91,524.66

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	91,524.66
CC 57	\$	16,550.00
		<u>108,074.66</u>

Eckman Freeman

Monthly Invoice

Sep-06

1. Case Management Fees (not subject to fee limitation) \$ 18,280.00 **A**

2. Per Head Access Fees

Employee Count	75,684	1.00	\$	75,684.00	B
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3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,255,488.96
	525,735.78
Total Fee Schedule Amount	729,753.18
	60,463.25
	1,144.97
	26,190.07
Total Paid	641,954.89

Vendor Savings	87,798.29	15%	\$	13,169.74	C
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4. Pharmacy Incentive Savings

Total Billed Charges	146,123.77
Total Fee Schedule Amount	142,556.87
Total Paid	132,204.92

Vendor Savings	10,351.95	15%	\$	1,552.79	D
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Total Monthly Savings	98,150.24
Total Savings since Contract Inception	995,789.33

Monthly Fees subject to limitation	A + B + C + D	\$	90,406.53	E
Fees since Contract Inception	Prior month + E	\$	830,524.38	
Fees already Paid		\$	(740,117.85)	
Fee due this month		\$	90,406.53	

Access Fees	CC 60	\$	90,406.53	
Case Mgmt fees	CC 57	\$	18,280.00	
Total Fee			108,686.53	

Eckman Freeman

Monthly Invoice

Oct-06

1. Case Management Fees (not subject to fee limitation) \$ 23,575.00 **A**

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 **B**

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,465,521.01
BR/Other Reductions	570,303.50
Total Fee Schedule Amount	895,217.51
PH PPO Red	51,568.95
PHS PPO Red	1,164.48
THC PPO Red	58,397.97
Total Paid	784,086.11

Vendor Savings 111,131.40 15% \$ 16,669.71 **C**

4. Pharmacy Incentive Savings

Total Billed Charges 76,628.62

Total Fee Schedule Amount 75,516.21

Total Paid 69,193.44

Vendor Savings 6,322.77 15% \$ 948.42 **D**

Total Monthly Savings 117,454.17

Total Savings since Contract Inception 1,113,243.50

Monthly Fees subject to limitation	A + B + C + D	\$ 93,302.13 E
Fees since Contract Inception	Prior month + E	\$ 923,826.51
Fees already Paid		\$ (830,524.38)
Fee due this month		\$ 93,302.13

Access Fees
Case Mgmt fees
Total Fee

	GC 60	\$	93,302.13
	GC 57	\$	23,575.00
			116,877.13

Eckman Freeman

Monthly Invoice

Nov-06

1. Case Management Fees (not subject to fee limitation) \$ 14,965.00 A

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,197,606.24
BR/Other Reductions	567,934.09
Total Fee Schedule Amount	629,672.15
PH PPO Red	38,585.47
PHS PPO Red	1,134.03
THC PPO Red	29,338.88
Total Paid	560,613.77

Vendor Savings 69,058.38 15% \$ 10,358.76 C

4. Pharmacy Incentive Savings

Total Billed Charges 66,865.88

Total Fee Schedule Amount 67,188.39

Total Paid 61,133.38

Vendor Savings 6,055.01 15% \$ 908.25 D

Total Monthly Savings 75,113.39

Total Savings since Contract Inception 1,188,356.89

Monthly Fees subject to limitation A + B + C + D \$ 86,951.01 E

Fees since Contract Inception Prior month + E \$ 1,010,777.52

Fees already Paid \$ (923,826.51)

Fee due this month \$ 86,951.01

Access Fees

Case Mgmt fees

Total Fee

CC 60 \$ 86,951.01

CC 57 \$ 14,965.00

101,916.01

Eckman Freeman

Monthly Invoice

Dec-06

1. Case Management Fees (not subject to fee limitation) \$ 15,045.00 **A**

2. Per Head Access Fees

Employee Count 75,684 1.00 \$ 75,684.00 **B**

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,467,300.27
BR/Other Reductions	686,302.44
Total Fee Schedule Amount	780,997.83
PH PPO Red	35,646.87
PHS PPO Red	992.01
THC PPO Red	47,505.85
Total Paid	696,853.10

Vendor Savings 84,144.73 15% \$ 12,621.71 **C**

4. Pharmacy Incentive Savings

Total Billed Charges 99,817.82

Total Fee Schedule Amount 99,237.84

Total Paid 92,090.23

Vendor Savings 7,147.61 15% \$ 1,072.14 **D**

Total Monthly Savings 91,292.34

Total Savings since Contract Inception 1,279,649.23

Monthly Fees subject to limitation **A + B + C + D** \$ 89,377.85 **E**

Fees since Contract Inception Prior month + E \$ 1,100,155.37

Fees already Paid \$ (1,010,777.52)

Fee due this month \$ **89,377.85**

Access Fees

Case Mgmt fees

Total Fee

	CC 60	\$ 89,377.85
	CC 57	\$ 15,045.00
		104,422.85

Eckman Freeman

Monthly Invoice

Jan-07

1. Case Management Fees (not subject to fee limitation) \$ 19,285.52 A

2. Per Head Access Fees

Employee Count 76,417 1.04 \$ 79,473.68 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,387,916.21
 BR/Other Reductions 622,536.41
 Total Fee Schedule Amount 765,379.80
 PH PPO Red 39,881.47
 PHS PPO Red 965.59
 THC PPO Red 27,930.78
 Total Paid 696,601.96

Vendor Savings 68,777.84 15% \$ 10,316.68 C

4. Pharmacy Incentive Savings

Total Billed Charges 104,746.53

Total Fee Schedule Amount 103,844.76

Total Paid 96,484.86

Vendor Savings 7,359.90 15% \$ 1,103.99 D

Total Monthly Savings 76,137.74

Total Savings since Contract Inception 1,355,786.97

Monthly Fees subject to limitation

A + B + C + D \$ 90,894.35 E

Fees since Contract Inception

Prior month + E \$ 1,191,049.72

Fees already Paid

\$ (1,100,155.37)

Fee due this month

\$ 90,894.35

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	90,894.35
CC 57	\$	19,285.52
		<u>110,179.87</u>

Eckman Freeman

Monthly Invoice

Feb-07

1. Case Management Fees (not subject to fee limitation) \$ 17,179.05 A

2. Per Head Access Fees

Employee Count 76,417 1.04 \$ 79,473.68 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,250,680.86
 BR/Other Reductions 509,585.90
 Total Fee Schedule Amount 741,094.96
 PH PPO Red 32,891.90
 PHS PPO Red 1,206.15
 THC PPO Red 14,271.99
 Total Paid 692,724.92

Vendor Savings 48,370.04 15% \$ 7,255.51 C

4. Pharmacy Incentive Savings

Total Billed Charges

Total Fee Schedule Amount

Total Paid

Vendor Savings - 15% \$ - D

Total Monthly Savings 48,370.04

Total Savings since Contract Inception 1,404,157.01

Monthly Fees subject to limitation A + B + C + D \$ 86,729.19 E

Fees since Contract Inception Prior month + E \$ 1,277,778.91

Fees already Paid \$ (1,191,049.72)

Fee due this month \$ 86,729.19

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	86,729.19
CC 57	\$	17,179.05
		<u>103,908.24</u>

Eckman Freeman

Monthly Invoice

Jan-08

1. Case Management Fees (not subject to fee limitation) \$ 15,241.56 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,792,626.41
 BR/Other Reductions 756,189.61
 Total Fee Schedule Amount 1,036,436.80
 PH PPO Red 66,078.21
 PHS PPO Red 20,588.15
 THC PPO Red 2,024.55
 Total Paid 947,745.89

Vendor Savings 88,690.91 15% \$ 13,303.64 C

4. Pharmacy Incentive Savings

Total Billed Charges 5,524.54

Total Fee Schedule Amount 5,588.82

Total Paid 5,117.64

Vendor Savings 471.18 15% \$ 70.68 D

Total Monthly Savings 89,162.09

Total Savings since Contract Inception 1,493,319.10

Monthly Fees subject to limitation A + B + C + D \$ 97,521.23 E

Fees since Contract Inception Prior month + E \$ 2,280,308.23

Fees already Paid \$ (2,182,787.01)

Fee due this month \$ 97,521.22

Fee to be paid based on savings \$ 89,162.09

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	89,162.09
CC 57	\$	15,241.56
		<u>104,403.65</u>

Eckman Freeman

Monthly Invoice

Feb-08

1. Case Management Fees (not subject to fee limitation) \$ 21,279.22 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,771,810.16
 BR/Other Reductions 797,730.82
 Total Fee Schedule Amount 974,079.34
 PH PPO Red 62,550.98
 PHS PPO Red 25,059.23
 THC PPO Red 1,512.85
 Total Paid 884,956.28

Vendor Savings 89,123.06 15% \$ 13,368.46 C

4. Pharmacy Incentive Savings

Total Billed Charges 2,861.58

Total Fee Schedule Amount 2,851.22

Total Paid 2,637.21

Vendor Savings 214.01 15% \$ 32.10 D

Total Monthly Savings 89,337.07

Total Savings since Contract Inception 1,493,494.08

Monthly Fees subject to limitation A + B + C + D \$ 97,547.47 E

Fees since Contract Inception Prior month + E \$ 2,377,855.70

Fees already Paid \$ (2,280,308.23)

Fee due this month \$ 97,547.47

Fee to be paid based on savings \$ 89,337.07

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	89,337.07
CC 57	\$	21,279.22
		<u>110,616.29</u>

Eckman Freeman

Monthly Invoice

Mar-08

1. Case Management Fees (not subject to fee limitation) \$ 28,910.86 **A**

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 **B**

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	2,326,446.40
BR/Other Reductions	1,120,628.48
Total Fee Schedule Amount	1,205,817.92
PH PPO Red	87,896.13
PHS PPO Red	22,763.14
THC PPO Red	1,587.88
Total Paid	1,093,570.77

Vendor Savings 112,247.15 15% \$ 16,837.07 **C**

4. Pharmacy Incentive Savings

Total Billed Charges 30,138.17

Total Fee Schedule Amount 29,995.65

Total Paid 26,162.87

Vendor Savings 3,832.78 15% \$ 574.92 **D**

Total Monthly Savings 116,079.93

Total Savings since Contract Inception 2,433,878.06

Monthly Fees subject to limitation **A + B + C + D** \$ 101,558.90 **E**

Fees since Contract Inception Prior month + E \$ 2,479,414.60

Fees already Paid \$ (2,317,798.13)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 161,616.47

Fee to be paid based on savings \$ **116,079.93**

Access Fees

Case Mgmt fees

Total Fee

	CC 60	\$ 116,079.93
	CC 57	\$ 28,910.86
		144,990.79

Eckman Freeman

Monthly Invoice

Apr-08

1. Case Management Fees (not subject to fee limitation) \$ 28,364.97 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,855,658.59
 BR/Other Reductions 878,744.59
 Total Fee Schedule Amount 976,914.00
 PH PPO Red 39,474.12
 PHS PPO Red 1,247.52
 THC PPO Red 21,219.28
 Total Paid 914,973.08

Vendor Savings 61,940.92 15% \$ 9,291.14 C

4. Pharmacy Incentive Savings

Total Billed Charges -
 Total Fee Schedule Amount -
 Total Paid -
 Vendor Savings - 15% \$ - D

Total Monthly Savings 61,940.92
Total Savings since Contract Inception 2,433,878.06

Monthly Fees subject to limitation A + B + C + D \$ 93,438.05 E
Fees since Contract Inception Prior month + E \$ 2,572,852.65
Fees already Paid \$ (2,433,878.06)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 138,974.59
Fee to be paid based on savings \$ 61,940.92

Access Fees	CC 60	\$	61,940.92
Case Mgmt fees	CC 57	\$	28,364.97
Total Fee			<u>90,305.89</u>

Eckman Freeman

Monthly Invoice

May-08

1. Case Management Fees (not subject to fee limitation) \$ 23,768.44 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,357,797.54
 BR/Other Reductions 676,240.33
 Total Fee Schedule Amount 681,557.21
 PH PPO Red 37,207.34
 PHS PPO Red -
 THC PPO Red 5,630.67
 Total Paid 638,719.20

Vendor Savings 42,838.01 15% \$ 6,425.70 C

4. Pharmacy Incentive Savings

Total Billed Charges 19,436.52

Total Fee Schedule Amount 20,580.52

Total Paid 17,659.28

Vendor Savings 2,921.24 15% \$ 438.19 D

Total Monthly Savings 45,759.25

Total Savings since Contract Inception 2,495,818.98

Monthly Fees subject to limitation A + B + C + D \$ 91,010.80 E

Fees since Contract Inception Prior month + E \$ 2,663,863.45

Fees already Paid \$ (2,495,818.98)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 168,044.47

Fee to be paid based on savings \$ 45,759.25

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	45,759.25
CC 57	\$	23,768.44
		<u>69,527.69</u>

Eckman Freeman

Monthly Invoice

Jun-08

1. Case Management Fees (not subject to fee limitation) \$ 21,868.73 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,615,129.95
BR/Other Reductions	824,295.91
Total Fee Schedule Amount	790,834.04
PH PPO Red	52,624.56
PHS PPO Red	10,643.12
THC PPO Red	-
Total Paid	727,566.36

Vendor Savings 63,267.68 15% \$ 9,490.15 C

4. Pharmacy Incentive Savings

Total Billed Charges	-	
Total Fee Schedule Amount	-	
Total Paid	-	
Vendor Savings	-	15% \$ - D

Total Monthly Savings 63,267.68
Total Savings since Contract Inception 2,541,578.23

Monthly Fees subject to limitation	A + B + C + D	\$ 93,637.06	E
Fees since Contract Inception	Prior month + E	\$ 2,757,500.51	
Fees already Paid		\$ (2,541,578.23)	

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 215,922.28
Fee to be paid based on savings \$ 63,267.68

Access Fees	CC 60	\$ 63,267.68
Case Mgmt fees	CC 57	\$ 21,868.73
Total Fee		<u>\$ 85,136.41</u>

Eckman Freeman

Monthly Invoice

Jul-08

1. Case Management Fees (not subject to fee limitation) \$ 13,194.39 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 2,242,640.62
 BR/Other Reductions 1,125,919.32
 Total Fee Schedule Amount 1,116,721.30
 PH PPO Red 73,863.69
 PHS PPO Red 26,208.20
 THC PPO Red -
 Total Paid 1,016,649.41

Vendor Savings 100,071.89 15% \$ 15,010.78 C

4. Pharmacy Incentive Savings

Total Billed Charges 7,386.03

Total Fee Schedule Amount 7,673.57

Total Paid 6,898.87

Vendor Savings 774.70 15% \$ 116.21 D

Total Monthly Savings 100,846.59

Total Savings since Contract Inception 2,541,578.23

Monthly Fees subject to limitation **A + B + C + D** \$ 99,273.90 E

Fees since Contract Inception Prior month + E \$ 2,856,774.41

Fees already Paid \$ (2,604,845.91)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 251,928.50

Fee to be paid based on savings \$ 100,846.59

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	100,846.59
CC 57	\$	13,194.39
		<u>114,040.98</u>

Eckman Freeman

Monthly Invoice

Aug-08

1. Case Management Fees (not subject to fee limitation) \$ 16,726.34 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,514,178.11
 BR/Other Reductions 620,154.58
 Total Fee Schedule Amount 894,023.53
 PH PPO Red 62,386.24
 PHS PPO Red 9,818.34
 THC PPO Red -
 Total Paid 821,818.95

Vendor Savings 72,204.58 15% \$ 10,830.69 C

4. Pharmacy Incentive Savings

Total Billed Charges 9,677.39

Total Fee Schedule Amount 9,751.69

Total Paid 8,860.48

Vendor Savings 891.21 15% \$ 133.68 D

Total Monthly Savings 73,095.79

Total Savings since Contract Inception 2,604,845.91

Monthly Fees subject to limitation A + B + C + D \$ 95,111.28 E

Fees since Contract Inception Prior month + E \$ 2,951,885.69

Fees already Paid \$ (2,705,692.50)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 246,193.19

Fee to be paid based on savings \$ 73,095.79

Access Fees	CC 60	\$	73,095.79
Case Mgmt fees	CC 57	\$	16,726.34
Total Fee			<u>89,822.13</u>

Eckman Freeman

Monthly Invoice

Sep-08

1. Case Management Fees (not subject to fee limitation) \$ 25,526.21 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,747,583.94
 BR/Other Reductions 840,688.05
 Total Fee Schedule Amount 906,895.89
 PH PPO Red 66,336.45
 PHS PPO Red 17,441.66
 THC PPO Red -
 Total Paid 823,117.78

Vendor Savings 83,778.11 15% \$ 12,566.72 C

4. Pharmacy Incentive Savings

Total Billed Charges 13,077.58

Total Fee Schedule Amount 13,005.56

Total Paid 11,808.28

Vendor Savings 1,197.28 15% \$ 179.59 D

Total Monthly Savings 84,975.39

Total Savings since Contract Inception 2,778,788.29

Monthly Fees subject to limitation A + B + C + D \$ 96,893.22 E

Fees since Contract Inception Prior month + E \$ 3,048,778.91

Fees already Paid \$ (2,778,788.29)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 269,990.62

Fee to be paid based on savings \$ 84,975.39

Access Fees	CC 60	\$	84,975.39
Case Mgmt fees	CC 57	\$	25,526.21
Total Fee			110,501.60

Eckman Freeman

Monthly Invoice

Oct-08

1. Case Management Fees (not subject to fee limitation) \$ 23,200.73 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 2,410,053.45
 BR/Other Reductions 1,202,004.25
 Total Fee Schedule Amount 1,208,049.20
 PH PPO Red 66,422.47
 PHS PPO Red 21,112.32
 THC PPO Red -
 Total Paid 1,120,514.41

Vendor Savings 87,534.79 15% \$ 13,130.22 C

4. Pharmacy Incentive Savings

Total Billed Charges 14,616.26

Total Fee Schedule Amount 14,161.82

Total Paid 12,654.13

Vendor Savings 1,507.69 15% \$ 226.15 D

Total Monthly Savings 89,042.48

Total Savings since Contract Inception 2,863,763.68

Monthly Fees subject to limitation A + B + C + D \$ 97,503.28 E

Fees since Contract Inception Prior month + E \$ 3,146,282.19

Fees already Paid \$ (2,863,763.68)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 282,518.51

Fee to be paid based on savings \$ 89,042.48

Access Fees	GC 60	\$ 89,042.48
Case Mgmt fees	GC 57	\$ 23,200.73
Total Fee		112,243.21

Eckman Freeman

Monthly Invoice

Nov-08

1. Case Management Fees (not subject to fee limitation) \$ 29,069.09 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,266,757.76
BR/Other Reductions	612,487.83
Total Fee Schedule Amount	654,269.93
PH PPO Red	34,112.84
PHS PPO Red	11,753.65
THC PPO Red	-
Total Paid	608,403.44

Vendor Savings 45,866.49 15% \$ 6,879.97 C

4. Pharmacy Incentive Savings

Total Billed Charges 26,317.04

Total Fee Schedule Amount 26,359.60

Total Paid 23,508.51

Vendor Savings 2,851.09 15% \$ 427.66 D

Total Monthly Savings 48,717.58

Total Savings since Contract Inception 3,001,523.74

Monthly Fees subject to limitation A + B + C + D \$ 91,454.54 E

Fees since Contract Inception Prior month + E \$ 3,237,736.74

Fees already Paid \$ (2,952,806.16)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 284,930.58

Fee to be paid based on savings \$ 48,717.58

Access Fees

Case Mgmt fees

Total Fee

	CC 60	\$	48,717.58
	CC 57	\$	29,069.09
			77,786.67

Eckman Freeman

Monthly Invoice

Dec-08

1. Case Management Fees (not subject to fee limitation) \$ 24,106.90 A

2. Per Head Access Fees

Employee Count 77,199 1.09 \$ 84,146.91 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,859,287.90
 BR/Other Reductions 861,403.72
 Total Fee Schedule Amount 997,884.18
 PH PPO Red 100,358.97
 PHS PPO Red 11,178.61
 THC PPO Red -
 Total Paid 886,346.60

Vendor Savings 111,537.58 15% \$ 16,730.64 C

4. Pharmacy Incentive Savings

Total Billed Charges 17,763.89

Total Fee Schedule Amount 18,726.21

Total Paid 16,009.11

Vendor Savings 2,717.10 15% \$ 407.57 D

Total Monthly Savings 114,254.68

Total Savings since Contract Inception 3,115,778.42

Monthly Fees subject to limitation **A + B + C + D** \$ 101,285.12 E

Fees since Contract Inception Prior month + E \$ 3,339,021.85

Fees already Paid \$ (3,001,523.74)

Includes accumulated fees due
 but limited in prior months
 based on savings

Fee due this month \$ 337,498.11

Fee to be paid based on savings \$ 114,254.68

Access Fees

Case Mgmt fees

Total Fee

CC 60	\$	114,254.68
CC 57	\$	24,106.90
		<u>138,361.58</u>

Eckman Freeman

Monthly Invoice

Jan-09

1. Case Management Fees (not subject to fee limitation) \$ 18,228.06 A

2. Per Head Access Fees

Employee Count (estimated) 77,199 1.12 \$ 86,462.88 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	1,568,598.22
BR/Other Reductions	816,096.66
Total Fee Schedule Amount	752,501.56
PH PPO Red	54,106.11
PHS PPO Red	12,828.79
THC PPO Red	-
Total Paid	685,566.66

Vendor Savings 66,934.90 15% \$ 10,040.24 C

4. Pharmacy Incentive Savings

Total Billed Charges 10,599.67

Total Fee Schedule Amount 10,829.97

Total Paid 9,779.88

Vendor Savings 1,050.09 15% \$ 157.51 D

Total Monthly Savings 67,984.99

Total Savings since Contract Inception -

Monthly Fees subject to limitation A + B + C + D \$ 96,660.63 E

Fees since Contract Inception Prior month + E \$ 3,435,682.48

Fees already Paid \$ (3,115,778.42)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 319,904.06

Fee to be paid based on savings \$ **67,984.99**

Access Fees	CC 60	\$	67,984.99
Case Mgmt fees	CC 57	\$	18,228.06
Total Fee			<u>86,213.05</u>

Eckman Freeman

Monthly Invoice

Feb-09

1. Case Management Fees (not subject to fee limitation) \$ 15,318.29 **A**

2. Per Head Access Fees Feb Monthly Amount

	74,779	1.12	\$	83,752.48	
<i>Adjustment for corrected Jan Head count Paid for 77,199 emp instead of 74,779</i>	(2,420)	1.12	\$	(2,710.40)	
Employee Count adjusted	74,779	1.12	\$	81,042.08	B

3. PPO Incentive Savings

	Medical Bill Audit			
Total Billed Charges	1,816,059.33			
BR/Other Reductions	944,303.70			
Total Fee Schedule Amount	871,755.63			
PH PPO Red	87,801.39			
PHS PPO Red	7,839.47			
THC PPO Red	-			
Total Paid	776,114.77			
Vendor Savings	95,640.86	15%	\$	14,346.13 C

4. Pharmacy Incentive Savings

Total Billed Charges	7,237.70			
Total Fee Schedule Amount	8,368.75			
Total Paid	6,589.00			
Vendor Savings	1,779.75	15%	\$	266.96 D

Total Monthly Savings 97,420.61
Total Savings since Contract Inception 3,281,184.02

Monthly Fees subject to limitation	A + B + C + D	\$	95,655.17 E
Fees since Contract Inception	Prior month + E	\$	3,531,337.65
Fees already Paid		\$	(3,183,763.41)

Fee due this month Includes accumulated fees due but limited in prior months based on savings \$ 97,420.61
Fee to be paid based on savings \$ **97,420.61**

Access Fees	Edison location	100060	\$	97,420.61
Case Mgmt fees	Edison location	100057	\$	15,318.29
Total Fee				<u>112,738.90</u>

Eckman Freeman

Monthly Invoice

Mar-09

1. Case Management Fees (not subject to fee limitation) \$ 12,020.97 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,900,364.15
 BR/Other Reductions 1,019,882.93
 Total Fee Schedule Amount 880,481.22
 PH PPO Red 68,925.16
 PHS PPO Red 5,844.76
 THC PPO Red -
 Total Paid 805,711.30

Vendor Savings 74,769.92 15% \$ 11,215.49 C

4. Pharmacy Incentive Savings

Total Billed Charges 9,410.53

Total Fee Schedule Amount 9,176.05

Total Paid 8,441.79

Vendor Savings 734.26 15% \$ 110.14 D

Total Monthly Savings 75,504.18

Total Savings since Contract Inception 3,356,688.20

Monthly Fees subject to limitation A + B + C + D \$ 95,078.11 E

Fees since Contract Inception Prior month + E \$ 3,626,415.76

Fees already Paid \$ (3,281,184.02)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 75,504.18

Fee to be paid based on savings \$ 75,504.18

Access Fees

Case Mgmt fees

Total Fee

Edison location	100060	\$	75,504.18
Edison location	100057	\$	12,020.97
			<u>87,525.15</u>

Eckman Freeman

Monthly Invoice

Apr-09

1. Case Management Fees (not subject to fee limitation) \$ 22,817.36 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges	2,225,050.96
BR/Other Reductions	1,017,938.12
Total Fee Schedule Amount	1,207,112.84
PH PPO Red	95,233.68
PHS PPO Red	6,849.01
THC PPO Red	-
Total Paid	1,105,030.15

Vendor Savings 102,082.69 15% \$ 15,312.40 C

4. Pharmacy Incentive Savings

Total Billed Charges 10,432.02

Total Fee Schedule Amount 9,925.28

Total Paid 9,026.93

Vendor Savings 898.35 15% \$ 134.75 D

Total Monthly Savings 102,981.04

Total Savings since Contract Inception 3,459,669.24

Monthly Fees subject to limitation A + B + C + D \$ 99,199.63 E

Fees since Contract Inception Prior month + E \$ 3,725,615.40

Fees already Paid \$ (3,356,688.20)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 102,981.04

Fee to be paid based on savings \$ 102,981.04

Access Fees	Edison program	100060	\$	102,981.04
Case Mgmt fees	Edison program	100057	\$	22,817.36
Total Fee				<u>125,798.40</u>

Eckman Freeman

Monthly Invoice

May-09

1. Case Management Fees (not subject to fee limitation) \$ 17,767.48 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,403,998.96
 BR/Other Reductions 689,349.04
 Total Fee Schedule Amount 714,649.92
 PH PPO Red 62,301.79
 PHS PPO Red 5,295.53
 THC PPO Red -
 Total Paid 647,052.60

Vendor Savings 67,597.32 15% \$ 10,139.60 C

4. Pharmacy Incentive Savings

Total Billed Charges 25,490.12

Total Fee Schedule Amount 25,992.83

Total Paid 23,593.94

Vendor Savings 2,398.89 15% \$ 359.83 D

Total Monthly Savings 69,996.21

Total Savings since Contract Inception 3,529,665.45

Monthly Fees subject to limitation A + B + C + D \$ 94,251.91 E

Fees since Contract Inception Prior month + E \$ 3,819,867.31

Fees already Paid \$ (3,459,669.24)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 69,996.21

Fee to be paid based on savings \$ 69,996.21

Access Fees	Edison program	100060	\$	69,996.21
Case Mgmt fees	Edison program	100057	\$	17,767.48
Total Fee				<u>87,763.69</u>

Eckman Freeman

Monthly Invoice

Jun-09

1. Case Management Fees (not subject to fee limitation) \$ 30,428.76 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 2,069,361.75
 BR/Other Reductions 1,077,544.75
 Total Fee Schedule Amount 991,817.00
 PH PPO Red 58,932.25
 PHS PPO Red 12,770.49
 THC PPO Red -
 Total Paid 920,114.26

Vendor Savings 71,702.74 15% \$ 10,755.41 C

4. Pharmacy Incentive Savings

Total Billed Charges 11,943.89

Total Fee Schedule Amount 12,009.01

Total Paid 11,068.84

Vendor Savings 940.17 15% \$ 141.03 D

Total Monthly Savings 72,642.91

Total Savings since Contract Inception 3,602,308.36

Monthly Fees subject to limitation A + B + C + D \$ 94,648.92 E

Fees since Contract Inception Prior month + E \$ 3,914,516.23

Fees already Paid \$ (3,529,665.45)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 72,642.91

Fee to be paid based on savings \$ 72,642.91

Access Fees	Edison program	100060	\$	72,642.91
Case Mgmt fees	Edison program	100057	\$	30,428.76
Total Fee				<u>103,071.67</u>

Eckman Freeman

Monthly Invoice

Jul-09

1. Case Management Fees (not subject to fee limitation) \$ 14,981.26 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,786,330.71
 BR/Other Reductions 873,624.51
 Total Fee Schedule Amount 912,706.20
 PH PPO Red 70,222.70
 PHS PPO Red 10,036.10
 THC PPO Red -
 Total Paid 832,447.40

Vendor Savings 80,258.80 15% \$ 12,038.82 C

4. Pharmacy Incentive Savings

Total Billed Charges 11,604.85

Total Fee Schedule Amount 11,670.89

Total Paid 10,648.58

Vendor Savings 1,022.31 15% \$ 153.35 D

Total Monthly Savings 81,281.11

Total Savings since Contract Inception 3,683,589.47

Monthly Fees subject to limitation A + B + C + D \$ 95,944.65 E

Fees since Contract Inception Prior month + E \$ 4,010,460.88

Fees already Paid \$ (3,602,308.36)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 81,281.11

Fee to be paid based on savings \$ 81,281.11

FY 2010 Monthly Fee Reduction per contract revision \$ 4,184.00

Access Fee Reduction 84% \$ (3,533.00)

Case Mgmt Fee Reduction 16% \$ (651.00)

Access Fees

Case Mgmt fees

Total Fee

Edison program	100060	\$	77,748.11
Edison program	100057	\$	14,330.26
			<u>92,078.37</u>

Eckman Freeman

Monthly Invoice

Aug-09

1. Case Management Fees (not subject to fee limitation)			\$	25,244.03	A
2. Per Head Access Fees					
Employee Count	74,779	1.12	\$	83,752.48	B
3. PPO Incentive Savings					
	Medical Bill Audit				
Total Billed Charges	1,645,787.21				
BR/Other Reductions	828,470.37				
Total Fee Schedule Amount	817,316.84				
PH PPO Red	53,408.10				
PHS PPO Red	9,904.02				
THC PPO Red	-				
Total Paid	754,004.72				
Vendor Savings	63,312.12	15%	\$	9,496.82	C
4. Pharmacy Incentive Savings					
Total Billed Charges	19,579.20				
Total Fee Schedule Amount	21,813.46				
Total Paid	18,516.51				
Vendor Savings	3,296.95	15%	\$	494.54	D
Total Monthly Savings				66,609.07	
Total Savings since Contract Inception				3,750,198.54	
Monthly Fees subject to limitation	A + B + C + D		\$	93,743.84	E
Fees since Contract Inception	Prior month + E		\$	4,104,204.72	
Fees already Paid			\$	(3,683,589.47)	
	<small>Includes accumulated fees due but limited in prior months based on savings</small>				
Fee due this month			\$	66,609.07	
Fee to be paid based on savings			\$	66,609.07	
FY 2010 Monthly Fee Reduction per contract revision			\$	4,184.00	
Access Fee Reduction		73%	\$	(3,034.00)	
Case Mgmt Fee Reduction		27%	\$	(1,150.00)	

Access Fees
Case Mgmt fees
Total Fee

Edison program	100060	\$	63,575.07
Edison program	100057	\$	24,094.03
			<u>87,669.10</u>

Eckman Freeman

Monthly Invoice

Sep-09

1. Case Management Fees (not subject to fee limitation) \$ 25,244.03 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,697,788.10
 BR/Other Reductions 779,334.52
 Total Fee Schedule Amount 918,453.58
 PH PPO Red 57,749.86
 PHS PPO Red 10,828.42
 THC PPO Red -
 Total Paid 849,875.30

Vendor Savings 68,578.28 15% \$ 10,286.74 C

4. Pharmacy Incentive Savings

Total Billed Charges 9,223.81
 Total Fee Schedule Amount 9,257.30
 Total Paid 8,308.90

Vendor Savings 948.40 15% \$ 142.26 D

Total Monthly Savings 69,526.68

Total Savings since Contract Inception 3,819,725.22

Monthly Fees subject to limitation **A + B + C + D** \$ 94,181.48 E

Fees since Contract Inception Prior month + E \$ 4,198,386.20

Fees already Paid \$ (3,750,198.54)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 69,526.68

Fee to be paid based on savings \$ 69,526.68

FY 2010 Monthly Fee Reduction per contract revision \$ 4,184.00

Access Fee Reduction 73% \$ (3,070.00)

Case Mgmt Fee Reduction 27% \$ (1,114.00)

Access Fees
 Case Mgmt fees
 Total Fee

Edison program	100060	\$	66,456.68
Edison program	100057	\$	24,130.03
			<u>90,586.71</u>

Eckman Freeman

Monthly Invoice

Oct-09

1. Case Management Fees (not subject to fee limitation) \$ 42,286.89 A

2. Per Head Access Fees

Employee Count 74,779 1.12 \$ 83,752.48 B

3. PPO Incentive Savings

Medical Bill Audit

Total Billed Charges 1,487,023.08
 BR/Other Reductions 694,571.67
 Total Fee Schedule Amount 792,451.41
 PH PPO Red 56,828.03
 PHS PPO Red -
 THC PPO Red 8,011.21
 Total Paid 727,612.17

Vendor Savings 64,839.24 15% \$ 9,725.89 C

4. Pharmacy Incentive Savings

Total Billed Charges 7,964.09

Total Fee Schedule Amount 7,853.16

Total Paid 7,098.21

Vendor Savings 754.95 15% \$ 113.24 D

Total Monthly Savings 65,594.19

Total Savings since Contract Inception 3,819,725.22

Monthly Fees subject to limitation **A + B + C + D** \$ 93,591.61 E

Fees since Contract Inception Prior month + E \$ 4,198,386.20

Fees already Paid \$ (3,750,198.54)

Includes accumulated fees due but limited in prior months based on savings

Fee due this month \$ 69,526.68

Fee to be paid based on savings \$ 65,594.19

FY 2010 Monthly Fee Reduction per contract revision \$ 4,184.00

Access Fee Reduction 61% \$ (2,544.00)

Case Mgmt Fee Reduction 39% \$ (1,640.00)

Access Fees

Case Mgmt fees

Error in September Calculation

Total Fee

Edison program	100060	\$	63,050.19
Edison program	100057	\$	40,646.89
		\$	(3,690.59)
			<u>100,006.49</u>



C O N T R A C T A M E N D M E N T

Agency Tracking # 309.01-078-06	Edison ID 3937	Contract # FA-06-16660-00	Amendment # 4
---	--------------------------	-------------------------------------	-------------------------

Contractor Eckman/Freeman and Associates	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 61-1084344
--	--

Amendment Purpose/ Effects
 Extends the term of the contract for an additional year as authorized under Section B.2 of the Contract, increases the maximum liability to cover fees for term extension, and continues the \$4,184 reduction in compensation per month through the end of the contract, i.e., December 31, 2010.

Contract Begin Date January 1, 2006	Contract End Date December 31, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s) N/A
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$625,000				\$625,000
2007	\$1,250,000				\$1,250,000
2008	\$1,250,000				\$1,250,000
2009	\$1,375,000				\$1,375,000
2010	\$1,400,000				\$1,400,000
2011	\$600,000				\$600,000
TOTAL:	\$6,500,000				\$6,500,000

American Recovery and Reinvestment Act (ARRA) Funding – YES NO

— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone # Mary Roberts-Krause – 253-3855	
END DATE AMENDED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY		
2006	\$625,000			
2007	\$1,250,000			
2008	\$1,250,000			
2009	\$1,375,000			
2010	\$800,000	\$600,000		
2011		\$600,000		
TOTAL:	\$5,300,000	\$1,200,000	Speed Code	Account Code

OCR USE —

Procurement Process Summary (non-competitive, FA- or ED-type only)

This is not a non-competitive amendment since it does not change the terms and conditions of the scope of services under the base contract.

**AMENDMENT FOUR
TO CONTRACT FA-06-16660-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
ECKMAN/FREEMAN AND ASSOCIATES**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Treasury, hereinafter referred to as the "State" and Eckman/Freeman and Associates, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. Delete Section B.1 in its entirety and insert the following in its place:

"1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2006 and ending on December 31, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period."

2. Delete Section C.1 in its entirety and insert the following in its place:

"1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed six million five hundred thousand dollars and no cents (\$6,500,000). The Unit Rates in Section C.3 shall constitute the entire compensation due the Contractor for the services hereunder and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates include, but are not limited to, all applicable taxes, fees, overheads, profits and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

3. Delete Section C.3.e in its entirety and insert the following in its place:

"e. Compensation Reduction. Notwithstanding any provision of this Section C.3 to the contrary, the total monthly compensation otherwise due and payable to the Contractor under this Contract shall be reduced by four thousand one hundred eighty-four dollars (\$4,184) for each month during the period from July 1, 2009 through December 31, 2010."

The revisions set forth herein shall be effective January 1, 2010. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

ECKMAN/FREEMAN AND ASSOCIATES:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TREASURY DEPARTMENT:

DAVID H. LILLARD, JR., STATE TREASURER

DATE

CONTRACT SUMMARY SHEET

021908

RFS # 309.01 — 078 — 06 <i>Edison 3937</i>	Contract # FA-06-16660-03 <i>Supplemental Sheets Attached</i>
State Agency Tennessee Treasury Department	State Agency Division Division of Claims Administration
Contractor Name Eckman/Freeman and Associates	Contractor ID # (FEIN or SSN) <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 61-1084344

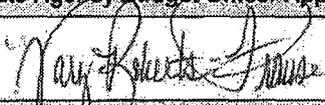
Service Description
Provides a managed disability provider network and utilization management and/or managed care services for the State in connection with the State of Tennessee Workers' Compensation Program.

Contract Begin Date January 1, 2006	Contract End Date December 31, 2009	SUBRECIPIENT or VENDOR? Vendor	CFDA #
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Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
313.10	60	083	12		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$625,000				\$625,000
2007	\$1,250,000				\$1,250,000
2008	\$1,250,000				\$1,250,000
2009	\$1,375,000				\$1,375,000
2010	\$800,000				\$800,000
TOTAL:	\$5,300,000				\$5,300,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	
2006	\$625,000		Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 253-3855
2007	\$1,250,000		State Agency Budget Officer Approval
2008	\$1,250,000		
2009	\$1,375,000		Funding Certification (certification, required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
2010	\$800,000	\$00.00	
TOTAL:	\$5,300,000	\$00.00	
End Date:	December 31, 2009	December 31, 2009	

Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)

African American Person w/ Disability Hispanic Small Business Government
 Asian Female Native American NOT Minority/Disadvantaged Other

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

RFP Competitive Negotiation * Alternative Competitive Method *
 Non-Competitive Negotiation * Negotiation w/ Government (ID, GC, GU) Other *

* **Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

Revised 6-24-09

CONTRACT SUMMARY SHEET SUPPLEMENT

Number FA-06-16660-03

Final Year 2006

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
313.10	60	083	12				\$465,000
313.10	57	083	12				\$160,000
TOTAL							\$625,000

**AMENDMENT THREE
TO CONTRACT FA-06-16660-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
ECKMAN/FREEMAN AND ASSOCIATES**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Treasury, hereinafter referred to as the "State" and Eckman/Freeman and Associates, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provision is added as Contract Section C.3.e:

"e. Compensation Reduction. Notwithstanding any provision of this Section C.3 to the contrary, the total monthly compensation otherwise due and payable to the Contractor under this Contract shall be reduced by four thousand one hundred eighty-four dollars (\$4,184) for each month during the period from July 1, 2009 through June 30, 2010."

The revisions set forth herein shall be effective July 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

ECKMAN/FREEMAN AND ASSOCIATES:



CONTRACTOR SIGNATURE

6/15/09

DATE

Cindy Whitehouse, VP

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TREASURY DEPARTMENT:



DAVID H. LILLARD, JR., STATE TREASURER

JUN 17, 2009

DATE

CONTRACT SUMMARY SHEET

021908

RFS #	Contract #
309.01-078-06	FA-06-16660-02 <i>Supplemental Sheets Attached</i>
State Agency	State Agency Division
Tennessee Treasury Department	Division of Claims Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Eckman/Freeman and Associates	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 61-1084344

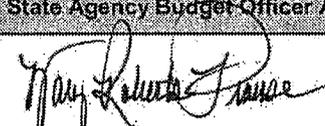
Service Description
 Provides a managed disability provider network and utilization management and/or managed care services for the State in connection with the State of Tennessee Workers' Compensation Program.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2006	December 31, 2009	Vendor	

Mark Each TRUE Statement

<input checked="" type="checkbox"/> Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts
--	--

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
313.10	60	083	12		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$625,000				\$625,000
2007	\$1,250,000				\$1,250,000
2008	\$1,250,000				\$1,250,000
2009	\$1,375,000				\$1,375,000
2010	\$800,000				\$800,000
TOTAL:	\$5,300,000				\$5,300,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 253-3855
2006	\$625,000		State Agency Budget Officer Approval 
2007	\$1,250,000		
2008	\$1,250,000		
2009	\$675,000	\$700,000	
2010		\$800,000	
TOTAL:	\$3,800,000	\$1,500,000	Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
End Date:	December 31, 2008	December 31, 2009	

Contractor Ownership (complete for ALL base contracts — N/A to amendments or delegated authorities)

<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> Government
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> NOT Minority/Disadvantaged	<input type="checkbox"/> Other

Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)

<input type="checkbox"/> RFP	<input checked="" type="checkbox"/> Competitive Negotiation *	<input type="checkbox"/> Alternative Competitive Method *
<input type="checkbox"/> Non-Competitive Negotiation *	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)	<input type="checkbox"/> Other *

* Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

RECEIVED

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number FA-06-16660-02

Fiscal Year 2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
313.10	60	083	12				\$1,075,000
313.10	57	083	12				\$300,000
TOTAL							\$1,375,000

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

**AMENDMENT TWO
TO CONTRACT FA-06-16660-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
ECKMAN/FREEMAN AND ASSOCIATES**

This Contract Amendment is made and entered by and between the State of Tennessee, Treasury Department, hereinafter referred to as the "State" and Eckman/Freeman and Associates, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. Delete Section B.1 in its entirety and insert the following in its place:

"1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2006 and ending on December 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period."

2. Delete Section C.1 in its entirety and insert the following in its place:

"1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed five million three hundred thousand dollars and no cents (\$5,300,000.00). The Unit Rates in Section C.3 shall constitute the entire compensation due the Contractor for the services hereunder and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates include, but are not limited to, all applicable taxes, fees, overheads, profits and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

3. The following provision is added as Contract Section D.20:

"20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 1, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
- b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work

relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
- d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
- e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

The revisions set forth herein shall be effective January 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

ECKMAN/FREEMAN AND ASSOCIATES:

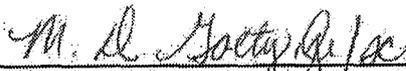
 _____ 9/15/08
CONTRACTOR SIGNATURE DATE

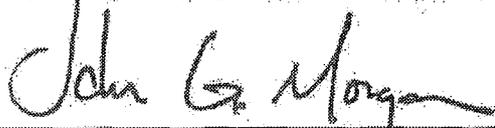
Candy Whitehouse
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TREASURY DEPARTMENT:

 _____ 10/17/08
DALE SIMS, STATE TREASURER DATE

APPROVED:

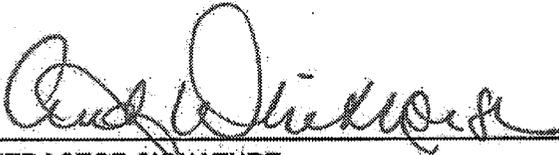
 _____ 11/5/08
M. D. GOETZ, JR., COMMISSIONER DATE
DEPARTMENT OF FINANCE AND ADMINISTRATION

 _____ 11/16/08
JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-06-16660
CONTRACTOR LEGAL ENTITY NAME:	ECKMAN/FREEMAN AND ASSOCIATES
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	61-1084344

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Candy Whitehouse

PRINTED NAME AND TITLE OF SIGNATORY

9/15/08

DATE OF ATTESTATION

CONTRACT SUMMARY SHEET

060706

RFS #	Contract #
309.01 — 078 — 06	FA — 06-16660-01 <i>(Supplemental Sheets Attached)</i>
State Agency	State Agency Division
Tennessee Treasury Department	Division of Claims Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Eckman/Freeman and Associates	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 61-1084344

Service Description
 Provides a managed disability provider network and utilization management and/or managed care services for the State in connection with the State of Tennessee Workers' Compensation Program.

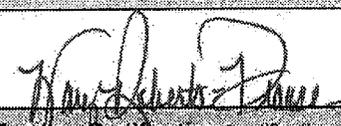
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2006	December 31, 2008	Vendor	

Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
313.10	60	083	12		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$625,000				\$625,000
2007	\$1,250,000				\$1,250,000
2008	\$1,250,000				\$1,250,000
2009	\$675,000				\$675,000
TOTAL:	\$3,800,000				\$3,800,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 741-8202, extension 404 <i>741-9063</i>
2006	\$625,000		State Agency Budget Officer Approval  Funding Certification (certification, required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
2007	\$1,250,000		
2008	\$625,000	\$625,000	
2009		\$675,000	
TOTAL:	\$2,500,000	\$1,300,000	
End Date:	December 31, 2007	December 31, 2008	

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

African American
 Person w/ Disability
 Hispanic
 Small Business
 NOT minority/disadvantaged
 Asian
 Female
 Native American
 OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation
 Alternative Competitive Method
 Non-Competitive Negotiation
 Negotiation w/ Government (e.g., ID, GC, GU)
 Other

Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

N/A

MAY - 1

**AMENDMENT NUMBER ONE
TO CONTRACT FA-06-16660-00
BETWEEN THE
STATE OF TENNESSEE, DEPARTMENT OF TREASURY
AND
ECKMAN/FREEMAN AND ASSOCIATES**

This Contract, by and between the State of Tennessee, Treasury Department, hereinafter referred to as the State, and Eckman/Freeman and Associates, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section B.1 in its entirety and insert the following in its place:

"1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2006 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period."

2. Delete Section C.1 in its entirety and insert the following in its place:

"1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed three million eight hundred thousand dollars and no cents (\$3,800,000.00). The Unit Rates in Section C.3 shall constitute the entire compensation due the Contractor for the services hereunder and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates include, but are not limited to, all applicable taxes, fees, overheads, profits and all other direct and indirect costs incurred or to be incurred by the Contractor.

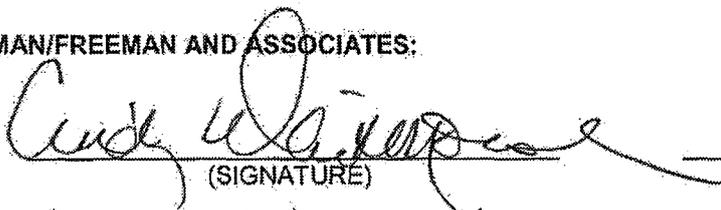
The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

ECKMAN/FREEMAN AND ASSOCIATES:

BY:


(SIGNATURE)

3/23/07
DATE

Cindy Whitehouse
(TYPED OR PRINTED NAME AND TITLE)

DEPARTMENT OF TREASURY:

BY: Dale Sims
DALE SIMS, STATE TREASURER

4/2/07
DATE

APPROVED:
DEPARTMENT OF FINANCE AND ADMINISTRATION:

BY: M. D. Goetz, Jr.
M. D. GOETZ, JR., COMMISSIONER

APR 26 2007
DATE

COMPTROLLER OF THE TREASURY

BY: John G. Morgan
JOHN G. MORGAN, COMPTROLLER

4-30-07
DATE

C O N T R A C T S U M M A R Y S H E E T

6-8-09

RFS # 309.01-078	Contract # FA-06-16680-00
State Agency Tennessee Treasury Department	State Agency Division Division of Claims Administration
Contractor Name Eckman/Freeman and Associates	Contractor ID # (FEIN or SSN) <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 61-1084344

Service Description
The Contractor will provide a managed disability provider network and utilization management and/or managed care services for the State in connection with the State of Tennessee Workers' Compensation Program.

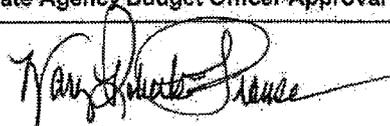
Contract Begin Date January 1, 2006	Contract End Date December 31, 2007	SUBRECIPIENT or VENDOR? Vendor	CFDA #
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Mark, if Statement is TRUE

Contractor is on STARS as required Contractor's Form W-9 is on file in Accounts as required

Allotment Code 313.10	Cost Center 60	Object Code 083	Fund 12	Funding Grant Code	Funding Subgrant Code
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$625,000				\$625,000
2007	\$1,250,000				\$1,250,000
2008	\$625,000				\$625,000
TOTAL:	\$2,500,000				\$2,500,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 741-8202, extension 104
			State Agency Budget Officer Approval
			

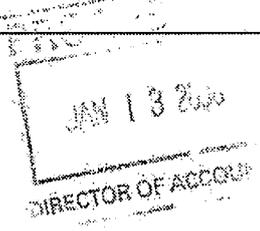
Contractor Ownership

African American Disabled Hispanic Small Business NOT minority/disadvantaged
 Asian Female Native American OTHER minority/disadvantaged—

Contractor Selection Method

RFP Competitive Negotiation Alternative Competitive Method
 Non-Competitive Negotiation Government Other

Procurement Process Summary


 JAN 13 2006
 DIRECTOR OF ACCOUNTS

RECEIVED
 2006 JUN 10 PM 2:37
 CONTRACTS SERVICE
 MANAGEMENT SERVICES

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number: FA-

Fiscal Year: 2006

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
313.10	60	083	12				\$465,000
313.10	57	083	12				\$160,000
TOTAL							\$625,000

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number: FA-

Fiscal Year: 2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
313.10	60	083	12				\$465,000
313.10	57	083	12				\$160,000
TOTAL							\$625,000

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
ECKMAN/FREEMAN AND ASSOCIATES

THIS CONTRACT, by and between the State of Tennessee, Treasury Department, hereinafter referred to as "the State", and Eckman/Freeman and Associates, hereinafter referred to as "the Contractor", is for the provision of a managed disability provider network and utilization management and/or managed care services for the State, as further defined in the "SCOPE OF SERVICES", below:

The Contractor is a for-profit corporation. The Contractor's address is 810 Royal Parkway, Suite 120; Nashville, Tennessee 37214. The Contractor's place of incorporation or organization is in the State of Kentucky.

WITNESSETH:

WHEREAS, the State is responsible for administering the Workers' Compensation Program made available to employees of the state of Tennessee; and

WHEREAS, the State is committed to ensuring that only medically necessary services are rendered to treat work-related injuries and illnesses suffered by state of Tennessee employees, to ensuring that the maximum allowable fees for health care services and pharmaceuticals are not exceeded, and to enhancing the quality and efficiency of medical care that any such injured or ill employee may receive; and

WHEREAS, to accomplish the above, the State issued a request for proposal for the provision of a managed disability provider network and for the provision of utilization management and/or other managed care services through which injured state of Tennessee workers will receive needed medical care, and the Contractor was the successful proposer to perform said services.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained the parties have agreed and do hereby enter into this Contract according to the provisions set out herein:

DEFINITIONS:

"Act" means Tennessee's Workers' Compensation Act, codified in Tennessee Code Annotated, Sections 50-6-101 *et seq.*, as amended.

"Business Day" means 7:30 a.m. CS(D)T until 6:00 p.m. CS(D)T each weekday, excluding weekends.

"Employee" means any person defined as a state of Tennessee employee pursuant to Tennessee Code Annotated, Section 8-42-101 who is eligible for workers' compensation coverage pursuant to Tennessee Code Annotated, Section 9-8-307.

"Health Facility" means an institution legally operating as a hospital which is primarily engaged in providing, for compensation from its patients, inpatient medical and surgical facilities for diagnosis and treatment of injury or illness and is operated under the medical supervision of a staff of physicians and continuously provides nursing services by registered nurses for twenty-four (24) hours of every day.

"Primary Care Physician" means a duly licensed physician who engages in the practice of occupational medicine, emergency medicine, internal medicine, or family/general medicine. "Primary Care Physician" also means a duly licensed Walk-in Clinic that provides care and treatment of injured employees.

"Walk-in Clinic" means a free-standing or hospital based facility, with limited hours, professionally staffed and equipped to provide emergency or non-emergency medical care.

"Primary Care Provider" means a Primary Care Physician or a Health Facility.

"Provider" means a facility or practitioner who, for a fee, dispenses healthcare services or supplies to the public.

"Network" means the Providers of healthcare contracted by the Contractor to participate in the managed disability provider network established and maintained on behalf of the State pursuant to this Contract.

"Maximum Allowable Rates" means the maximum fees a Provider may receive for dispensing healthcare services or supplies (including pharmaceuticals) to Employees for work related injuries, as determined by the lesser of the following: (i) the State Mandated Rates; or (ii) the Negotiated Rates.

"State Mandated Rates" means the fees calculated according to the Medical Fee Schedule Rules promulgated by the Tennessee Department of Labor and Workforce Development in Chapter 0800-2-18 of the *Official Compilation of the Rules and Regulations of the State of Tennessee*, as may be amended.

"Negotiated Rates" means the rates the Contractor negotiated with a Provider pursuant to Section A.5.a or Section A.11 hereof that are lower than the State Mandated Rates.

"Repricing" means the process used to calculate the difference between the Providers' billed charges and the Maximum Allowable Rates.

"TPA" means the State's third party administrator that is responsible for processing workers' compensation claims on behalf of the State.

A. SCOPE OF SERVICES:

1. In General. The Contractor agrees to establish and manage a workers' compensation managed disability provider network for the benefit of the State that will provide economical services to Employees. Such Network must exhibit a management philosophy and incorporate concrete steps to secure Providers who will return injured Employees to work, and exhibit a Provider contract philosophy of credentialing Providers who specialize in the treatment of occupational injuries and who are philosophically bound to return to work programs. The Network must be composed primarily with Providers who specialize in the treatment of injured workers. The Contractor further

agrees to ensure Provider compliance with the Maximum Allowable Rates (as defined on page 3 of this Contract above) by repricing all billings submitted by Providers for dispensing healthcare services or supplies (including pharmaceuticals) to Employees for work related injuries. The Contractor also agrees to provide utilization management and managed care services on behalf of the State for accidents and injuries covered under the State's workers' compensation program. Said services shall be provided in accordance with Section A.15 hereof.

2. Coordination with Additional Vendors. The Contractor agrees to work and coordinate with any third party administrators retained by the State for workers' compensation purposes. The Contractor acknowledges and agrees that pre-established procedures exist with respect to such third party administrators and agrees to work and coordinate with such administrators based upon such procedures.

3. Provider Evaluation and Credentialing.

a. Hospitals and Alternate Site Health Care Providers. The Contractor shall identify desirable hospitals and alternate site health care Providers for inclusion in the Network in accordance with pages 14 and 15 of the Contractor's Proposal (as defined in Section E.5 below). Once various Providers are identified, the Contractor shall utilize the Provider criteria outlined in said pages, or such other criteria comparable to that outlined in said pages, to evaluate whether or not contracting will proceed in accordance with Section A.5.a hereof. The criteria shall be applied to, but shall not be limited to, acute care general hospitals, subacute hospitals, rehabilitation hospitals, physical therapists, pharmacies, ambulatory surgery centers, durable medical equipment providers, and home health care providers. The Contractor shall reevaluate hospitals and alternate site health care Providers included in the Network on at least a biannual basis to ensure that such Providers continue to meet the Minimum Standards for Participation of Health Delivery Organizations as described in pages 14 and 15 of the Contractor's Proposal.

b. Physicians. The Contractor shall identify, evaluate and credential physicians for participation in the Network in accordance with pages 15 and 16 of the Contractor's Proposal. The Contractor shall reevaluate physicians included in the Network on at least a biannual basis in accordance with said pages.

4. Provider Network Standards. The Contractor acknowledges and understands that the State is required under the Act to provide an Employee with a choice of three (3) Providers within the Employee's community. For purposes of that requirement, the term "community" means thirty (30) miles from the Employee's residence or place of employment. To meet this requirement, the Contractor shall use its best efforts to select and contract with at least three (3) Primary Care Physicians and a Health Facility located within at least thirty (30) miles of each Employee's residence. The Contractor shall also use its best efforts to select and contract with at least three (3) orthopedic and neurosurgery specialists located within sixty (60) miles of each Employee's residence. The Contractor shall run a GeoAccess Managed Care Accessibility Analysis, using Employee residence zip code data furnished by the State, on at least a quarterly basis to establish whether the above standards are being met. Notwithstanding the numerical standards set forth above (e.g., three (3) Primary Care Physicians and a Health Facility), the Contractor shall use its best efforts to secure, for each county in Tennessee, sufficient Network participation by hospitals, physicians, ambulatory surgical facilities, and other health care providers to ensure an adequate distribution of, and reasonable access to, participating Providers from a geographic and service standpoint. The Contractor and the State shall reevaluate for each county in Tennessee the ratios of health care providers to Employees on an on-going basis and the Contractor shall add health care providers as needed.

5. Network Organization and Administration.

a. Contracts. The Contractor agrees the management of the Network shall be substantially organized, in terms of operational activities and clinical oversight, in

accordance with pages 20 and 21 of the Contractor's Proposal. The Contractor intends to execute a contract with each hospital, alternate site health care provider, and physician that sets forth the specific conditions and obligations required for the Provider's participation in the Network, including the rates the Provider may charge for dispensing healthcare services or supplies (including pharmaceuticals) to Employees for work-related injuries. Said rates shall not exceed the State Mandated Rates as defined on page 3 of this Contract above. The Contractor shall use its best efforts to negotiate rates with Providers that are less than the State Mandated Rates.

b. Insurance. The Contractor agrees to maintain both general and professional (errors and omissions) liability insurance coverage in amounts that are not less than the amounts stated on page 17 of the Contractor's Proposal. At the State's request, the Contractor shall submit to the State a copy of the Contractor's Certificate of Insurance Coverage for each or any policy period. The Contractor further agrees to require all Providers in the Network to maintain malpractice and professional liability insurance in amounts which are not less than the amounts described in page 17 of the Contractor's Proposal.

6. County Network Completion.

a. In General. For purposes of determining the timing and amount of compensation payable to the Contractor pursuant to Section C.3.a. below, Network contracting shall be deemed complete for a particular county when the Primary Care Accessibility Threshold has been met for that county. The Primary Care Accessibility Threshold for any given county shall be met when ninety percent (90%) of the Employee population in that county is within thirty (30) miles of three (3) Primary Care Physicians and one (1) Health Facility; *and* when the Contractor has provided to the State a directory which lists such Providers as required in Section A.6.d. below. The Employee population for a particular county shall be determined based on the results of a GeoAccess Managed Care Accessibility Analysis as described in Section A.4 above.

b. Failure to Maintain Threshold. Once the Primary Care Accessibility Threshold has been met in any given county, the Contractor shall perform a GeoAccess Managed Care Accessibility Analysis for that particular county on a quarterly basis. If the Analysis for any given quarter shows that less than ninety percent (90%) of the Employee population in that county is within thirty (30) miles of three (3) Primary Care Physicians and one (1) Health Facility, the Contractor shall have one hundred twenty (120) calendar days from the date the Analysis is performed to cure the defect. Should the Contractor fail to cure the defect within said period, the particular county shall be deemed incomplete and the Contractor shall not be entitled to any further compensation on account of Employees who work in such county from the end of the cure period until the sixtieth day after the date the directory is delivered to the State as required in Section A.6.d.

c. Purpose of Threshold. The purpose of the Primary Care Accessibility Threshold set forth in Section A.6.a above is for determining the timing and amount of compensation payable to the Contractor for Managed Disability Provider Network Services. Complying with the Threshold shall not relieve the Contractor of its obligations to secure, for each county, sufficient Network participation by hospitals, physicians, ambulatory surgical facilities, and other health care providers to ensure an adequate distribution of, and reasonable access to, participating Providers from a geographic and service standpoint. The Contractor and the State shall reevaluate for each county in Tennessee the ratios of health care providers to Employees on an on-going basis and the Contractor shall use its best efforts to add health care providers as needed.

d. Directories. Notwithstanding any provision of this Section to the contrary, Network contracting for a particular county shall not be deemed complete until the sixtieth day after the Contractor has delivered to the State a directory which lists the Network Providers located in the respective county. The directory shall be delivered by e-mail in PDF format as well as on both diskette and copy-ready hardcopy at the

respective addresses as specified in Section E.2 below and shall include each Provider's name, address, phone number and specialty. The Contractor shall update the directory on a monthly basis and provide the updated directory to the State in the manners specified in the preceding sentence.

e. Contract Benefits. It is expressly agreed and understood by the parties that Employees in any counties for which Network contracting is deemed incomplete shall have the same financial benefits from contracts maintained between the Contractor and a Network Provider should the Employees seek treatment from such Provider. All special pricing considerations and financial incentives incorporated in said contracts shall accrue to the State and all its Employees.

7. Quality Management.

a. Policies and Standards of Quality Care. The Contractor agrees to maintain written policies concerning quality of care provided by hospitals and physicians in the Network. Such policies shall not be less stringent than the quality of care outlined in pages 20 and 21 of the Contractor's Proposal. The Contractor shall provide a copy of such policies to the State upon the State's request. At the State's request, the Contractor, in cooperation with the TPA, further agrees to establish and maintain a formal Quality Assurance Committee to establish standards for and monitor quality of care provided by the Network.

b. Provider Performance Evaluation and Education. In cooperation with the State and the TPA, the Contractor shall monitor, report and evaluate on at least a semi-annual basis Network Provider performance based on measures of utilization, treatment outcome, patient access to care, and patient Provider satisfaction with Network performance. Such evaluation shall be conducted in accordance with the method described in pages 20 and 21 of the Contractor's Proposal. The Contractor shall prepare and present to the State on a semi-annual basis a report outlining the Contractor's patient satisfaction surveys. Clinical protocols shall be developed by the Contractor which are

specifically designed for the types of work found among state of Tennessee Employees. The State shall, in cooperation with the Contractor and the TPA, establish the Network's protocols and procedures, and return to work expectations and protocols. The Contractor shall thereafter train and educate Network Providers regarding the Network's protocols and procedures, return to work expectations and protocols, and auditing and repricing of medical claims in accordance with pages 20 and 21 of the Contractor's Proposal. Such training and education of a respective Provider shall commence within thirty (30) calendar days after the Provider is included in the Network.

8. Consulting Services. The State shall disseminate to Employees and to state of Tennessee departments and agencies information regarding the Network. The Contractor shall participate in the orientation of the State's personnel and personnel of the TPA who are directly or indirectly involved in the processing of workers' compensation claims concerning the Network. The Contractor shall also consult with the State, at the State's request, on the establishment and coordination of necessary procedures and practices to meet any applicable laws or regulations regarding workers' compensation.

9. Toll-Free Telephone Number. The Contractor shall maintain a toll-free telephone number to respond to inquiries concerning the Providers participating in the Network. The toll-free telephone number shall be available upon execution of this Contract by the last state of Tennessee official as indicated on the signature page of this Contract. The Contractor agrees to answer and respond to such calls each Business Day (as such term is defined on page 2 of this Contract).

10. Contractual Pricing Arrangement with Network Providers. Once the Maximum Allowable Rates are established as provided in Section A.5.a above, the Contractor agrees to ensure Provider compliance with such Rates by repricing all billings submitted to the Contractor by the Network for services rendered to Employees.

11. Out-of-Network Negotiations. The Contractor agrees that should the State be responsible for the payment of bills associated with an Employee's treatment from a

Provider that does not participate in the Network, the Contractor shall, upon receipt of the Provider's bill by the State or the TPA, reprice the bill to the State Mandated Rates. The Contractor may then attempt to negotiate a discounted billed charge that is less than the State Mandated Rates.

12. Reports. The Contractor shall furnish to the State or its designee the reports described in pages 18 and 19 of the Contractor's Proposal which include the following:

a. Repricing Performance Reports. The Contractor shall provide to the State a report on a quarterly basis that measures the time of bill receipt to the time that the repriced bill is delivered back to the TPA. For each bill repriced, the Contractor shall maintain, and provide to the State upon the State's request, daily facility UB92 repricing sheets and physician HCFA1500 repricing sheets.

b. Statement of Account. The Contractor shall provide the State with monthly detailed bill by bill reports of savings and shall provide the State an opportunity to review and audit the bills for accuracy. Such reports shall provide a brief description of the State's account as well as a detailed description of each repriced bill, which shall include the following data elements: whether the Provider is a Network or out-of-Network Provider, claim number, patient name, social security number, service dates (from and to), place of service, type of service, procedure coding method, procedure code, process date, Provider name, Provider ID, total billed charge, State Mandated Rate, Negotiated Rate (if any), repriced bill, and the savings generated beyond the State Mandated Rate (if any). The Contractor shall include such other data elements in the report that the State deems necessary to monitor compliance with the State Mandated Rates, and the savings generated beyond the State Mandated Rates.

c. Provider Contracting Status Reports. On a quarterly basis, the Contractor shall provide the State with detailed reports describing the status of Providers requested by the State to be included in the Network.

d. Addition and Deletion Reports. The Contractor shall provide monthly detailed reports to the State which contain information concerning the location, type, and other information regarding newly paneled Providers, and information concerning the departure of Providers from the Network. For purposes of the delete report, such information shall include, but shall not be limited to, the effective departure date of any Provider from the Network. Any departing Provider's name must be removed by the Contractor from the next directory printed after the effective departure date of the Provider as described in Section A.6.d hereof.

13. Provider Bill Disputes.

a. Bill Payments. Except as provided in subsection c of this Section A.13 below, the State agrees to instruct the TPA to make payments to Providers within thirty (30) calendar days of receipt by the TPA of the repriced bill from the Contractor, unless:

(1) A decision has not been made by the State or the TPA as to whether the injury for which the medical bill relates is a compensable injury under the Act;

(2) The Provider has not furnished to the TPA the information necessary for the TPA to determine whether the medical bill was reasonable, necessary, related to the treatment of an approved injury, and otherwise meets the requirements of the Act; or

(3) A written notice of such other dispute or discrepancy concerning the medical bill is sent by the State or the TPA to the respective Provider.

b. Notification of Bill Dispute or Discrepancy. The Contractor shall be notified in writing by the State or the TPA of any Provider disputes or discrepancies which fall within subsection a (3) above and shall be supplied with all pertinent information relative thereto, including the State's position on the dispute. Upon receipt of such information, the Contractor shall immediately contact the Provider and attempt to resolve the dispute to the mutual satisfaction of the State and the Provider within a reasonable time, not to exceed thirty (30) calendar days from the date of the dispute notice sent by the State or the TPA to the Contractor. Nothing contained in this Section A.13 shall be deemed to

toll any applicable time limitations within which the Provider has to file a claim against the State.

c. Extension of Payment Time. Notwithstanding subsection a of this Section A.13 to the contrary, if the Contractor fails to deliver a repriced bill to the TPA within four (4) Business Days after the bill was received by the Contractor for repricing, then the thirty-day period set forth in subsection a of this Section A.13 shall be extended by an equal number of Business Days corresponding to the delay. Further, if the Contractor fails to reprice a Provider's billed charges in accordance with the Maximum Allowable Rates (as defined on page 3 of this Contract) and the failure is discovered by either the TPA or the State prior to payment, then the State shall direct the TPA to return the bill to the Contractor for repricing within four (4) Business Days of discovery of the error. Upon receipt of the repriced bill from the Contractor, the State shall then direct the TPA to make payment to the Provider within ten (10) Business Days of receipt of the repriced bill. Nothing contained in this subsection c shall be interpreted to place an obligation on either the TPA or the State to discover any repricing errors made by the Contractor.

d. Bill Overpayments. The Contractor agrees that if the State or the TPA overpays a Provider due to the Contractor's failure to reprice such Provider's billed charges in accordance with the Maximum Allowable Rates, then the Contractor shall immediately contact the Provider and obtain reimbursement on behalf of the State or the TPA. Such reimbursement shall be made to the State or the TPA within sixty (60) calendar days after written notice of the overpayment is received by the Contractor from the State or the TPA.

14. Pharmacy Rebates. The Contractor acknowledges and agrees that all pharmacy rebates obtained by the Contractor due to the use of pharmaceuticals by Employees for work related injuries are property of the State. Accordingly, the Contractor agrees to remit to the State no less than semi-annually all such rebates.

15. Utilization Management and Managed Care Services.

a. Services and Procedures. The Contractor shall perform the following utilization management and managed care services on behalf of the State for all cases referred to the Contractor hereunder. Said services shall be performed in accordance with the Procedures attached hereto as Exhibit A and which are incorporated herein by reference as though fully set forth herein:

- (1) Preadmission Certification/Continued Stay Review;
- (2) Ambulatory Care Review (*i.e.*, physical therapy, chiropractic or otherwise);
- (3) Continued Treatment Review;
- (4) Outpatient Procedure Review for Surgeries, including, but not limited to, low back disorders and carpal tunnel syndrome;
- (5) High Tech Diagnostic Procedure Review;
- (6) Retrospective Review (for in patient/outpatient stays);
- (7) Hospital Bill Review/Pharmacy Bill Review;
- (8) Discharge Planning;
- (9) Telephonic Case Management; and
- (10) Large Case Management (On-site).

b. Procedure Amendments. The Procedures are intended to be guidelines subject to revision and modification by the State. Accordingly, the State may from time to time amend said Procedures by providing the Contractor a written copy of such amendments thirty (30) calendar days prior to the effective date of such amendments. In addition, it is understood and agreed that the State, in certain individual situations, may choose not to use a service outlined above.

c. Utilization Management and Managed Care Reports. The Contractor shall provide to the State monthly activity and quarterly financial reports to enable the State to monitor the effectiveness of the utilization management and managed care services provided hereunder. Said reports shall describe the effectiveness of the utilization

management services in managing utilization (inpatient and outpatient) and the financial impact of the case management/rehabilitation services. These reporting requirements shall be accomplished in the manner described in page 31 of the Contractor's Proposal.

16. Communications with State. At the State's request, the Contractor shall meet with the State and/or the TPA on at least a quarterly basis in Nashville, Tennessee to discuss the status of managed disability provider network activities, and of utilization management and managed care activities.

B. TERM:

1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2006 and ending on December 31, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least thirty (30) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million five hundred thousand dollars and no cents (\$2,500,000.00). The Unit Rates in Section C.3 shall constitute the entire compensation due the Contractor for the services hereunder and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates

include, but are not limited to, all applicable taxes, fees, overheads, profits and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

2. Compensation Firm. The Unit Rates in Section C.3 and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

3. Payment Methodology. The Contractor shall be compensated based on the Unit Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Unit Rates:

a. Managed Disability Provider Network Services. Subject to Section C.3.c below, the State shall pay the Contractor on a monthly basis and in arrears a specified numerical amount per covered Employee. The number of covered Employees shall be calculated as follows: The percentage of Employees participating in the Group Insurance plan for state of Tennessee employees who work in the counties for which Network contracting has been completed pursuant to Section A.6.a hereof times the total number of Employees

reported to the Tennessee Consolidated Retirement System during the prior calendar year. Subject to Section C.3.c. below, said numerical amount shall be as follows:

(1) **Calendar Year 2006.** From January 1, 2006 through December 31, 2006, the numerical amount shall be \$1.00.

(2) **Calendar Year 2007.** From January 1, 2007 through December 31, 2007, the numerical amount shall be the numerical amount specified in Subparagraph a(1) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2005 and October 2006, up to a maximum of five percent (5%).

(3) **Calendar Year 2008.** In the event the State exercises its right to extend this Contract for the period from January 1, 2008 through December 31, 2008, the numerical amount for said period shall be the numerical amount specified in Subparagraph a(2) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2006 and October 2007, up to a maximum of five percent (5%).

(4) **Calendar Year 2009.** In the event the State exercises its right to extend this Contract for the period from January 1, 2009 through December 31, 2009, the numerical amount for said period shall be the numerical amount specified in Subparagraph a(3) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2007 and October 2008, up to a maximum of five percent (5%).

(5) **Calendar Year 2010.** In the event the State exercises its right to extend this Contract for the period from January 1, 2010 through December 31, 2010, the numerical amount for said period shall be the numerical amount specified in Subparagraph a(4) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2008 and October 2009, up to a maximum of five percent (5%).

b. Contractual Pricing Arrangement with Network Providers and Out-of-Network Negotiation Services. In consideration of the Provider negotiation services performed pursuant to Sections A.5.a and A.11 hereof, the State shall pay the Contractor on a monthly basis an amount equal to fifteen percent (15%) of the savings realized by the State on all bills repriced by the Contractor below the State Mandated Rates during the previous month, except as otherwise provided in Section C.3.c below

c. Financial Guarantee of State Savings. The Contractor acknowledges and agrees that the fees payable to the Contractor under Section C.3.a and Section C.3.b shall not exceed the accumulated savings generated by the State under this Contract on bills repriced by the Contractor below the State Mandated Rates (the "accumulated savings"). Each month the State will calculate the accumulated savings under the Contract. Should the accumulated fees paid under Section C.3.a and Section C.3.b and the fees calculated under Section C.3.a and Section C.3.b for that month exceed the accumulated savings, then the calculated fees for that month shall be reduced by an amount so that the accumulated fees paid shall not exceed the accumulated savings.

d. Utilization Management and Managed Care Services. In consideration of the utilization management and managed care services performed as required under this Contract, the State shall compensate the Contractor based upon the following schedule:

(1) **Calendar Year 2006.** For services performed from January 1, 2006 through December 31, 2006, the schedule shall be:

<i>SERVICE</i>	<i>UNIT</i>	<i>UNIT RATE</i>
Preadmission Certification/ Continued Stay Review	Per Review	\$85.00
Ambulatory Care Review (i.e., physical therapy, chiropractic or otherwise)	Per Review	\$105.00
Continued Treatment Review	Per Review	\$50.00
Outpatient Procedure Review for surgeries, including, but not limited to: Low back disorders Carpal tunnel syndrome	Per Review	\$85.00
High Tech Diagnostic Procedure Review	Per Review	\$85.00
Retrospective Review (for in patient/outpatient stays)	Per Review	\$85.00
Hospital Bill Review/ Pharmacy Bill Review	Per Review	\$150.00
Discharge Planning	Per Admission	\$85.00
Telephonic Case Management	Per Claim	\$680.00
Large Case Management (On-site)	Per Claim	\$750.00

(2) **Calendar Year 2007.** For services performed from January 1, 2007 through December 31, 2007, the schedule shall be the same schedule contained in Subparagraph b(1) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United

States Department of Labor, Bureau of Labor Statistics between that figure for October 2005 and October 2006, up to a maximum of five percent (5%).

(3) Calendar Year 2008. In the event the State exercises its right to extend this Contract for the period from January 1, 2008 through December 31, 2008, the schedule for said period shall be the same schedule contained in Subparagraph b(2) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2006 and October 2007, up to a maximum of five percent (5%).

(4) Calendar Year 2009. In the event the State exercises its right to extend this Contract for the period from January 1, 2009 through December 31, 2009, the schedule for said period shall be the same schedule contained in Subparagraph b(3) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2007 and October 2008, up to a maximum of five percent (5%).

(5) Calendar Year 2010. In the event the State exercises its right to extend this Contract for the period from January 1, 2010 through December 31, 2010, the schedule for said period shall be the same schedule contained in Subparagraph b(4) above, but adjusted by the percentage increase, if any, in the average Consumer Price Index (All Urban Consumers [CPI-U]: U.S. city average, Medical Care category, not seasonally adjusted, index base period: 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics between that figure for October 2008 and October 2009, up to a maximum of five percent (5%).

4. Invoice Submittal. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated and shall, at a minimum, include an itemized list of the unit rates charged for each service performed and the total amount due the Contractor for the period invoiced.

6. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

7. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

8. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.

9. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

10. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least sixty (60) calendar days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest"

and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

13. State Liability. The State shall have no liability except as specifically provided in this Contract.

14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under Tennessee Code Annotated, Sections 9-8-101 through 9-8-407.

17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class

mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below *or* to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

State of Tennessee, Treasury Department
Division of Claims Administration
ATTN: Director
9th Floor, Andrew Jackson State Office Building
Nashville, TN 37243-0243
Phone: (615) 741-2734
Facsimile: (615) 532-4979
E-mail address: anne.adams@state.tn.us

The Contractor:

Eckman/Freeman and Associates
ATTN: Amanda McLaughlin, Senior Account Executive
810 Royal Parkway, Suite 120
Nashville, Tennessee 37214
Phone: (615) 889-1221
Facsimile: (615) 889-4206

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

3. *Subject to Funds Availability.* This Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be

entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

4. Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to, any service which is the subject of a subcontract between the Contractor and a third party, although the Contractor is not in breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a breach of contract by the State. The Contractor shall be given at least one hundred twenty (120) days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way the Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

5. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

6. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. This provision is not intended to prevent the Contractor from advertising the fact that the Contractor performed the services hereunder on behalf of the State.

7. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the

information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.8. HIPAA Compliance. The State and the Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

a. The Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.

b. The Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.

c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and the Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

9. Date/Time Hold Harmless. As required by Tennessee Code Annotated, Section 12-4-118, the Contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

10. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by Tennessee Code Annotated, Section 8-6-106.

11. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in Tennessee Code Annotated, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of

retirement benefits the Contractor received from the Retirement System during the period of this Contract.

12. Cooperation in Litigation. The Contractor shall fully cooperate with the state of Tennessee in any hearing or trial involving services performed hereunder.

13. Record Retention/Data Ownership. The Contractor shall maintain all pertinent utilization management and managed care records for seven (7) years from the date of activity. All such data is the property of the State and shall be provided to the State by the Contractor upon request in a reasonable format specified by the State.

14. Use of Additional Network Vendors. The State agrees that during the term of this Contract the State will not contract with another organization to provide a managed disability provider network for workers' compensation benefits.

15. Transition of Subsequent Services. Upon expiration of this Contract or in the event of its termination for any reason, the Contractor shall provide a copy of the workers' compensation claim history and other pertinent utilization management and managed care data to the State or its designated agent. To insure continuous operation of the workers' compensation program and upon thirty (30) calendar days notice, this information shall be provided to the State or its designated agent at least forty-five (45) calendar days prior to the termination or expiration date of this Contract. Further, the State may require the Contractor to provide this information at various other times prior to or after the termination or expiration date of this Contract. It shall be the responsibility of the Contractor to complete all utilization management and case management services assigned to the Contractor before the termination or expiration of this Contract.

16. Review Process Audit. At the State's direction, the Contractor shall provide to independent auditors selected by the State access to the Contractor's facilities, including nurse reviewer workstations, during regular business hours for the purpose of on-site review. The Contractor shall further provide to such auditors case specific

documentation requested by the auditors. The auditors will agree to abide by the Contractor's confidentiality policies.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures.

ECKMAN/FREEMAN AND ASSOCIATES

By: Cindy Whitehouse Date: 12/21/05
(Signature)

Cindy Whitehouse, Vice President
(Typed or Printed Name and Title)

**DEPARTMENT OF TREASURY
STATE OF TENNESSEE**

By: Dale Sims Date: 1/3/06
Dale Sims, Treasurer

**APPROVED:
STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION**

JAN 10 2006

By: M. D. Goetz, Jr. Date: _____
M. D. Goetz, Jr., Commissioner

**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

By: John G. Morgan Date: 1-11-06
John G. Morgan, Comptroller

**EXHIBIT A TO CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
Eckman/Freeman and Associates**

1. Preadmission Certification/Continued Stay Review.

a. Definition. Preadmission Certification is a medical review process to evaluate the medical necessity for the proposed hospital admission, based upon the clinical data provided by the treating physician and to recommend the number of reasonably necessary bed days that should be assigned to each specific medical and surgical inpatient admission. Continued Stay Review is a medical review process conducted by telephone with the treating physician until discharge occurs. The TPA shall determine, at its sole discretion, whether these services should be performed in any particular situation. The TPA may also, at its discretion, have outpatient procedures precertified.

b. Purpose. The purpose of Preadmission Certification followed by Continued Stay Review is to assure that hospital admissions and length of hospital stays are consistent with the injury incurred.

c. Service Delivery Process. Upon the request of the TPA, the Contractor shall provide on behalf of the State Preadmission Certification and Continued Stay Review services as follows:

(1) The TPA will notify the Contractor of hospital admissions or proposed admissions via toll-free number or telefax.

(2) The Contractor's nurse consultant shall contact the treating physician to obtain the employee's clinical data, and shall evaluate the medical necessity and appropriate length of stay for the admission based on medically accepted criteria.

(3) Approvals shall be given a precertification number and a length of stay (LOS) at that time. Depending on the LOS, the Contractor shall inform the hospital and/or physician as to the date the Contractor will call again. The Contractor shall also instruct the provider to call the Contractor if the provider needs to request an extension.

(4) The Contractor shall inform the TPA and the provider in writing of such certification (including anticipated LOS) within two (2) Business Days of receipt of appropriate information.

(5) Prior to the expected discharge date and/or certified length of stay expiration, the Contractor shall complete ninety-eight percent (98%) of the telephone calls to the treating physician for an update on the employee's progress, treatment, and discharge plans. If an employee is discharged on the expected discharge date, the initial concurrent review may be the only review. If the clinical data provided meets the appropriate medical protocols:

(a) An extension shall be designated, the additional LOS shall be certified and the next review shall be conducted at the end of the extended LOS;

(b) The Contractor shall inform the TPA and the provider in writing of such certification within two (2) Business Days of receipt of appropriate information; and

(c) The Contractor shall complete ninety-seven percent (97%) of all continued stay reviews within one (1) Business Day of receipt of appropriate information.

(6) If the admission is deemed inappropriate, it shall be referred to the Contractor's medical director for review and discussion with the treating physician and/or hospital. If after this discussion, the medical director decides the admission is inappropriate, the medical director shall notify the treating physician.

(7) If for any reason the treating physician disagrees with the review decision, he may contact another Contractor physician reviewer to discuss the case in more detail as to special circumstances not previously communicated to the Contractor.

(8) The Contractor shall provide written notification of an adverse decision to the TPA and the provider within two (2) Business Days. Such notification shall include: the type of review performed, the reason for the adverse decision, the alternate length of treatment or alternative treatment setting(s) that would have been approved, and a description of the appeal process as set forth in the Appeal of Adverse Decision Policy attached hereto as Appendix I and which is incorporated herein by reference as though fully set forth herein.

2. Ambulatory Care Review (i.e., Physical Therapy, Chiropractic, or otherwise)/Continued Treatment Review.

a. Definition. Ambulatory Care Review is a medical review process to evaluate the medical necessity of physical therapy, chiropractic, or other similar type services, based upon the clinical data provided by the treating physician and to recommend the number of reasonably necessary treatments based upon medically accepted criteria. Continued Treatment Review is a continued stay review for the medical review process of ambulatory services. The TPA shall determine, at its sole discretion, whether these services should be performed in any particular situation.

b. Purpose. The purpose of Ambulatory Care Review followed by Continued Treatment Review is to assure that physical therapy, chiropractic, and other similar type services are medically necessary, and that the frequency and duration of treatment is appropriate based upon medically accepted criteria.

c. Service Delivery Process. Upon the request of the TPA, the Contractor shall provide on behalf of the State Ambulatory Care Review for physical therapy, chiropractic, or other similar type services and Continued Treatment Review services as follows:

(1) The TPA will notify the Contractor's nurse consultant of the need for an Ambulatory review based upon the threshold of either 10 treatments, \$5,000 medical

expense, or single expenditure of \$500 or more, or in the case of psychiatric treatment, immediately upon request of the treatment.

(2) The Contractor's nurse consultant shall contact the physical therapist, chiropractor, or psychiatrist to obtain the employee's clinical data, proposed treatment plan and treatment goals.

(3) The Contractor shall evaluate the medical necessity and based upon appropriate medical protocols for treatment, recommend frequency and duration of treatment.

(4) Approvals shall be given a precertification number and a length of treatment (LOT) at that time. Depending on the LOT, the Contractor shall inform the therapist, chiropractor, or psychiatrist as to the date the Contractor will call again. The Contractor shall also instruct the provider to call the Contractor if the provider needs to request an extension.

(5) The Contractor's nurse consultant shall inform the TPA and the provider in writing of such certification within two (2) Business Days of receipt of appropriate information.

(6) Prior to the expected discharge date and/or certified length of treatment expiration, the contractor shall complete ninety-eight percent (98%) of the telephone calls to the therapist, chiropractor, or psychiatrist for an update on the employee's progress, treatment, and discharge plans. If the treatment is discontinued on the expected date, the initial ambulatory review shall be the only review. If the clinical data provided meets the appropriate medical protocols:

(a) An extension shall be designated, the additional LOT shall be certified and the next review shall be conducted at the end of the extended LOT;

(b) The Contractor shall inform the TPA and the provider in writing of such certification within two (2) Business Days of receipt of appropriate information; and

(c) The Contractor shall complete ninety-seven percent (97%) of all continued stay reviews within one (1) Business Day of receipt of appropriate information.

(7) If the requested treatment is deemed inappropriate, it shall be referred to the Contractor supervisor for review and discussion with the treating physician for clarification of treatment orders. If the case does not meet the criteria, it shall be referred to the Contractor's medical director. The medical director shall contact the treating physician to discuss the file. If, at that point, the medical director decides the treatments are inappropriate, the director shall notify the treating physician.

(8) If for any reason the treating physician disagrees with the review decision, the physician may contact the Contractor's physician reviewer to discuss the extension in more detail as to special circumstances not previously communicated to the Contractor.

(9) The Contractor shall provide written notification of an adverse decision to the TPA and the provider within two (2) Business Days. Such notification shall include the information specified in Section 1.c.(8) above.

3. Outpatient Procedure Review for Surgeries.

a. Definition. Outpatient Procedure Review for Surgeries is a process to review the overall management of outpatient surgery cases. Examples of these type cases include, but are not limited to, low back and neck disorders (if not returned to work in more than two (2) weeks), and carpal tunnel syndrome. The TPA shall determine, at its sole discretion, whether these services should be performed in any particular situation.

b. Purpose. The purpose of Outpatient Procedure Review for Surgeries is to identify any potential factors impeding activity for medical improvement and release to return to work.

c. Service Delivery Process. At the TPA's request, the Contractor shall provide on behalf of the State Outpatient Procedure Review for Surgeries services as follows:

(1) The TPA will notify the Contractor's nurse consultant of the need for an Outpatient Procedure Review for Surgeries.

(2) The Contractor's nurse consultant shall contact the treating physician and all providers of treatment to obtain the employee's clinical data, and the current treatment plan. The information obtained (including medical records) shall be evaluated by the Contractor against medical protocols for treatment including medical necessity, recommended treatment, and frequency and duration of treatment.

(3) The treating physician and/or provider shall be informed of the Contractor's utilization management and the process of the Contractor's case review to determine time frames for release/return to work. If any treatment plan does not meet medical protocols, then the Contractor's medical director shall discuss recommendations for a medically appropriate treatment plan with the treating physician.

(4) The Contractor shall provide the TPA a written report within ten (10) Business Days including the recommended time frames for continued therapy and release to return to work.

4. High Tech Diagnostic Procedure Review.

a. Definition. High Tech Diagnostic Procedure Review is a medical review process to determine the necessity of proposed diagnostic procedures. The TPA shall determine, at its sole discretion, whether these services should be performed in any particular situation.

b. Purpose. The purpose of High Tech Diagnostic Procedure Review is to assure that clinical data and already performed diagnostic studies support the proposed high tech diagnostic procedure.

c. Service Delivery Process. Upon the request of the TPA, the Contractor shall provide on behalf of the State High Tech Diagnostic Procedures Review services as follows:

(1) The TPA will notify the Contractor of the proposed high tech diagnostic procedures needing precertification via toll-free number or telefax. High tech diagnostic

procedures include, but are not limited to, CT scans involving head or spine, and all MRIs.

(2) The Contractor's nurse consultant shall contact the treating physician to obtain the employee's clinical data, and shall evaluate the medical necessity of the diagnostic procedure based on medically accepted criteria. Approvals shall be given a precertification number.

(3) The Contractor's nurse consultant shall inform the TPA and the provider in writing of such certification within two (2) Business Days of receipt of appropriate information.

(4) If the requested treatment is deemed inappropriate, it shall be referred to the Contractor's supervisor for review and discussion with the treating physician for clarification of treatment orders. If the case does not meet the applicable criteria, it shall be referred to the Contractor's medical director. The medical director shall contact the treating physician to discuss the file. If, at that point, the medical director decides the treatments are inappropriate, the director shall notify the treating physician.

(5) If for any reason the treating physician disagrees with the review decision, the physician may contact the Contractor's physician reviewer to discuss the file in more detail as to special circumstances not previously communicated to the Contractor.

(6) The Contractor shall provide written notification of an adverse decision to the TPA and the provider within two (2) Business Days. Such notification shall include: the type of review performed, the reason for the adverse decision, the alternate treatment that would have been approved, and a description of the appeal process as set forth in the Appeal of Adverse Decision Policy, which is attached hereto as Appendix 1.

5. Retrospective Review.

a. Definition. Retrospective Review is a detailed review of all medical records provided to determine the appropriateness of treatment and the relatedness to the work

related injury. The TPA shall determine, at its sole discretion, whether these services should be performed in any particular situation.

b. Purpose. The purpose of Retrospective Review is to assure that the treatment provided was medically necessary, appropriate and related to the work related injury.

c. Service Delivery Process. Upon the TPA's request, the Contractor shall provide on behalf of the State both inpatient and outpatient Retrospective Review services as follows:

(1) The TPA will notify the Contractor of the need for a Retrospective Review (i.e., question regarding the appropriateness of treatment when provider bills have not been paid or the case is in litigation) via telephone and will provide the Contractor with all available medical records and will note specific issues needing to be addressed by the reviewing physician.

(2) The Contractor shall present the medical records provided along with any specific questions to a peer physician for review within one (1) Business Day of referral.

(3) The Contractor shall diary all reviews for completion within then (10) Business Days or a letter will be submitted to the TPA with an explanation of delay and expected completion date.

(4) Upon completion of the review, the Contractor shall provide the TPA with a written report detailing the medical necessity issues.

6. Hospital Bill Review.

a. Definition. Hospital Bill Review is a process to review the accuracy and applicability of hospital charges as well as to evaluate the medical necessity of all medical services/treatment rendered.

b. Purpose. The purpose of Hospital Bill Review is to assure the hospital bill is accurate, charges relate to a compensable injury, and that any duplicate and questionable charges are identified.

c. Service Delivery Process. The Contractor shall provide on behalf of the State Hospital Bill Review services as follows:

(1) The TPA will forward to the Contractor any hospital bill which the TPA believes may require a Hospital Bill review. Upon receipt of any such bill, the Contractor's nurse consultant shall prescreen the bill to determine the necessity of proceeding with a Hospital Bill review.

(2) The Contractor's nurse consultant shall complete the prescreen within two (2) Business Days and furnish to the TPA via telefax with the prescreen report indicating whether further bill review is warranted. The report shall contain the Contractor's recommendations on the most cost effective method of proceeding with the Hospital Bill review. This may involve site audit, or desk review of medical records. The report shall also state the time frame necessary to complete the recommended bill review.

(3) Upon approval by the TPA, the Contractor shall proceed with the review. Upon completion of the review, the Contractor shall provide the TPA with a written report detailing the Hospital Bill review results and resolution with the provider.

7. Pharmacy Bill Audit.

a. Definition. Pharmacy Bill Audit is a bill review process to audit provider charges to verify accuracy of charges, and compliance with the State Mandated Rates.

b. Purpose. The purpose of a Pharmacy Bill Audit is to determine whether the provider charges are accurate, comply with the State Mandated Rates, applicable to the injury and medically necessary.

c. Service Delivery Process. The Contractor shall provide on behalf of the State Pharmacy Bill Audit services as follows:

(1) The TPA will notify the Contractor of a request for a Pharmacy Bill Audit and will forward the bills to the Contractor for review. The Contractor shall enter the bills into its computer system for analysis and, at that time, visually screen the bills for relatedness to injury.

(2) The Contractor is authorized to negotiate an acceptable reimbursement with the pharmacy provider that is less than the State Mandated Rates.

(3) The Contractor shall produce a two (2) Business Day turnaround time from the time a bill arrives in its office to when it is completed and mailed to the TPA.

8. Discharge Planning.

a. *Definition.* Discharge Planning is a telephonic process by the Contractor's nurse consultants to assure appropriate and cost effective discharge.

b. *Purpose.* The purpose of Discharge Planning is to develop a plan that is specific to the employee's needs and cost effective without compromising care.

c. *Service Delivery Process.* The Contractor shall provide on behalf of the State Discharge Planning services as follows:

(1) The necessity for Discharge Planning shall be determined by the Contractor during the precertification/continued stay review process if one of the following employee needs exist: (a) durable medical equipment needed upon discharge; (b) prolonged pharmaceutical therapy; (c) home infusion therapy; (d) physical, occupational, speech therapies; (e) home health care; or (f) prolonged medical/surgical supply needs.

(2) The Contractor's nurse consultant shall notify the TPA via telefax the discharge planning request form which identifies discharge needs. The TPA will review the form. If approval is given to proceed with the discharge planning activity, the TPA will return the form with signature within one (1) Business Day. Notwithstanding the foregoing, the TPA may, at its discretion, request the Contractor to provide Discharge Planning services and upon such request, the Contractor shall perform such services.

(3) Prior to discharge, the Contractor's nurse consultant shall coordinate all necessary care and necessary medical supplies to ensure that these services are in place.

(4) The Contractor's nurse consultant shall negotiate discounts for services and/or supplies needed.

(5) When Discharge Planning is initiated, the Contractor shall complete ninety-seven percent (97%) of all telephone calls prior to the employee's discharge.

(6) Upon completion of discharge planning, the Contractor shall provide a cost analysis sheet to the TPA which documents negotiated savings on vendor services.

(7) When additional services are identified during the Discharge Planning process, the Contractor shall notify the TPA via telefax the request for service form. The TPA will review the requested services. If approval is given to proceed with the utilization management services identified (i.e., large case management – telephonic or on-site, return to work coordination, ambulatory review for physical therapy), the TPA will return the form with signature within one (1) Business Day.

9. Telephonic Case Management.

a. Definition. Telephonic Case Management is a proactive process to facilitate medical recovery, return to work and file resolution by a Contractor's nurse consultant. The TPA shall determine, at its sole discretion, whether these services should be performed in any particular situation.

b. Purpose. The purpose of Telephonic Case Management includes the development of a treatment plan to provide appropriate and quality medical care services to the injured employee, ongoing assessment of the treatment and the medical progress of the injured employee, evaluation of alternate medical service for appropriateness and cost effectiveness based on medical standards, and ensuring the injured worker is following the prescribed medical care plan.

c. Service Delivery Process. At the TPA's request, the Contractor shall provide on behalf of the State Telephonic Case Management services as follows:

(1) The TPA will notify the Contractor's nurse consultant of the need for telephonic case management. The TPA may find such a need based on the following examples:

(a) Day one (1) of the following reported injuries:

- fractures or dislocations which involve a major joint area;
- crush injuries;
- major amputations;
- head injuries requiring hospitalization;
- injuries resulting in paralysis;
- 2nd or 3rd degree burns on twenty-five percent (25%) or more of the body; and
- catastrophic injuries.

(b) Cervical, thoracic, lumbar disc disorders when surgery is required.

(c) Injuries exceeding thirty (30) days lost time.

(2) The TPA will notify the Contractor's nurse consultant via telefax of the Request for Service form and forward the first report of injury and any other available medicals. The Contractor's nurse consultant shall assign a case management number to the file.

(3) The Contractor's nurse consultant shall initiate telephone services immediately upon receipt of a referral. The treating physician shall initially be telephoned to inform the physician of the Contractor's involvement which includes case management to monitor utilization review issues until discharge or release to return to work.

(4) Within one (1) Business Day after contacting the treating physician, the Contractor shall telephone the injured employee. The Contractor's function shall be to offer support to determine the nature and severity of the injury, and to advise that the State and the TPA are concerned about the welfare of the injured employee. The Contractor's goal shall be to assure the employee's understanding and compliance with the treatment regime.

(5) A telephonic update and written report shall be provided to the TPA by the Contractor with necessary recommendations within two (2) Business Days. The recommendations shall indicate if continued telephonic case management is warranted.

and specific goals for case resolution. This report shall indicate a diary date for expected return to work and the date the next report may be expected.

(6) Ongoing telephonic case management protocol shall be to: (a) telephone the physician and employee within two (2) Business Days, or, if the Contractor is unable to contact the employee within this time frame, send a letter to the employee via certified mail; (b) telephone employee at least once every week; (c) telephone physician after follow up evaluation; (d) written report to the TPA every thirty (30) days; and (e) telephone the TPA with significant change in case status.

10. Large Case Management (On-Site).

a. Definition. Large Case Management (On-Site) is a proactive process to facilitate, assess and/or monitor medical recovery or expedite patient compliance, return to work and file resolution by a nurse consultant.

b. Purpose. The purpose of Large Case Management (On-Site) includes assessment of the treatment plan to ensure appropriate and quality medical care services are being provided to the injured employee; ongoing assessment of the treatment and the medical service for appropriateness and ensuring the injured worker is following the prescribed medical care plan.

c. Service Delivery Process. The Contractor shall provide on behalf of the State Large Case Management (On-Site) services as follows:

(1) Large Case Management (On-Site) services may be performed at the request of the State, the TPA, or the Contractor.

(2) All requests for Large Case Management (On-Site) shall be approved in writing by the State.

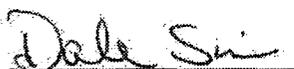
(3) The Contractor will prepare an authorization form to be delivered via telefax to the State. Once approval to conduct Large Case Management (On-Site) is received, the Contractor will authorize an initial assessment visit, require a written report from the nurse consultant to be delivered within two (2) business days to the Contractor and, if

necessary, coordinate future visits. The initial assessment report shall state whether a need for continued Large Case Management (On-Site) exists and, if so, the degree of such continued Large Case Management (On-Site). Based upon the initial assessment report, the State shall determine whether continued Large Case Management (On-Site) should be authorized. If authorized by the State, the Contractor and the State will establish the degree of such Large Case Management (On-Site).

(4) Large Case Management (On-Site) protocol may include, but shall not be limited to, (a) contacting the employee within one (1) Business Day to schedule a face to face visit; (b) weekly telephone contact with the injured employee; (c) attending physician appointments; (d) attending other medical appointments; (e) meeting with the employee at least once every two to three weeks; (f) supplying written reports to the TPA at least every thirty (30) days; and (g) telephoning the TPA with significant changes in case status.

(5) The State may modify the degree of Large Case Management (On-Site) or discontinue such Management at any time. Recommendations by the Contractor for discontinuance of such Management services shall be based on reports from the Contractor's nurse consultant, the Contractor's review and verification of information from the TPA and/or the State. Discontinuance of Large Case Management (On-Site) services shall be approved by the State.

APPROVED:


Dale Sims, Treasurer

EFFECTIVE DATE:

January 1, 2006

APPENDIX 1 TO EXHIBIT A

APPEAL OF ADVERSE DECISION POLICY

Availability of Appeal – Providers may file an appeal on their own behalf or on the behalf of the patient, upon the patient's request.

Medium for Appealing Adverse Decisions – Appeals can be made in writing or telephonically.

Time frames and Time Requirements of Appeal Process – If a patient, physician or hospital wishes to appeal an adverse decision, the Contractor must be notified in writing and receive the Appeal of Adverse Decision Form within ninety (90) days of the adverse decision. A provider who has been unsuccessful in overturning an adverse decision has the right to request of the Contractor the medical basis for that determination. The Contractor will furnish the support for that determination within ninety (90) business days.

Notifications – The Contractor will transmit its determination on the appeal within one (1) working day by telephone or within three (3) working days by letter.

Communications – The required documentation may include, among other things, copies of part or all of the medical records and/or a written statement from the provider.

Opportunity for Provision of Additional Information and Documentation – The Contractor will provide an opportunity during the appeal process for the provider to provide additional information and documentation.

Reviewing Documentation – The required documentation will be reviewed by a physician advisor or a peer of the attending physician other than the physician who made the initial adverse determination. In the case of chiropractic appeals, such documentation will be reviewed by a chiropractor.

Requirements for Qualification of Staff Reviewing Cases under Appeal, Including Expedited Appeal – Any case under non-expedited appeal shall be reviewed by a physician advisor (Board Certified and specialized in a discipline pertinent to the issue under review) or peer of the attending physician. Chiropractic appeals shall be reviewed by a chiropractor. Physician advisors reviewing an expedited appeal will be Board Certified. Those who review cases under appeal must not have participated in the adverse decision being appealed.

Expedited Appeal – When an adverse decision is made during ongoing treatment and the attending physician believes that the determination warrants immediate appeal, the attending physician shall have an opportunity to appeal that determination by telephone on an expedited basis. The Contractor will provide for reasonable access by providers to

its physician advisor(s) for such appeals. Both providers and the Contractor will attempt to share the maximum information by telephone, fax or otherwise to satisfactorily resolve the expedited appeal. The expedited opinion may be reconsidered in the standard appeals process unless the physician advisor reviewing the case under expedited appeal is Board Certified and specialized in a discipline pertinent to the issue under review, and all material documentation was reasonably available to the provider and the Contractor at the time of the expedited appeal.

Expedited appeals will be completed no later than one (1) working day following the day on which the appeal, including all information necessary to complete the appeal, is made to the Contractor's utilization review agent, in instances of emergency care denials and denials of continued stays for hospitalized patients.

The hospital or treatment facility, provider and/or enrollee is required to notify the Contractor within two (2) business days after the provider determines the identity of the Contractor Utilization Review and receives written authorization to release the information from the beneficiary or other person authorized to permit release of the information. This information will include the admission and the telephone number of the admitting physician or other health care provider treating the beneficiary.

The information required for the appeals process may include copies of part or all of the medical record and a written statement from the health care provider.

Appeals for non-certification decisions can initially be made telephonically, and every effort will be made to resolve issues in this manner. If a patient, physician or hospital wishes to appeal an adverse decision, the Contractor must be notified in writing within sixty (60) days of the adverse decision. The Contractor will transmit its determination on the appeal as soon as practicable, but in no case more than thirty (30) days after receiving the required documentation on an appeal. The Contractor's notification will also include the clinical basis for the appeal's denial and the specialty of the physician making the denial.

If an appeal is denied, the health care provider will have ten (10) days to request that the denial be reviewed by a health care provider in the same or similar specialty as typically manages the medical condition, procedure, or treatment under review.

If a hospital admission or recommended treatment is deemed inappropriate, it is referred to the case manager supervisor for review and discussion with the attending physician and/or hospital. If further review is necessary, it will be referred to the Contractor's corporate medical director. When necessary, the medical director then contacts the attending physician to discuss the case. If, at that point, the medical director decides that the admission is inappropriate, the director notifies the admitting physician and/or hospital. All catastrophic claims will be referred to the medical director for review and assessment for full case management.

When the findings of the medical director are appealed, the case will be referred by the Contractor to an outside physician for his/her review. These findings will be considered

to be the final determination by the Contractor. Certain other special requests for physician opinions may also occur from time to time and the Contractor will accommodate such requests when necessary and appropriate. The Contractor has credentialed physicians who are available for review in the following disciplines:

- Orthopedics
- Neurology
- Chiropractic
- Physical therapy
- Psychiatry/psychology
- Gynecology/obstetrics
- Urology
- Otolaryngology
- Ophthalmology
- Internal medicine
- Allergy
- Plastic surgery

An attending physician who has been unsuccessful in an attempt to reverse a determination not to certify shall be provided the following information:

- A complete summary of the findings;
- Qualifications of the reviewers, including any license, certification or specialty designation; and
- The relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.