

CONTRACT #7
RFS # 317.01-04003
FA # 09-27928-00

Finance & Administration
Benefits Administration

VENDOR:
Secova, Inc.



RECEIVED

SEP 28 2009

FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Laurie Lee, Executive Director, Benefits Administration

Date: September 28, 2009

RE: Amendment # 1 to the Secova, Inc. Contract. Edison Contract number 7179.

Please find attached a Non-Competitive Amendment request to the existing contract with Secova, Inc., which has been signed by Commissioner Goetz.

The modification to the contract through this amendment adds additional funding to the current contract that provides Dependent Insurance Eligibility Verification services for the State, Local Education and Local Government Insurance Committees. The base contract for Secova, Inc. is included for review as is the proposed amendment to the document.

Thank you for your consideration of this request to amend this contract with a start date of December 1, 2009.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358
*Contract Number:	Edison ID# 7179 (formerly FA-0927928)	*RFS Number:	317.01-04003
*Original Contract Begin Date:	5.20.2009	*Current End Date:	5.19.2009
Current Request Amendment Number: <i>(if applicable)</i>		# 1	
Proposed Amendment Effective Date: <i>(if applicable)</i>		December 1, 2009	
*Department Submitting:		Finance & Administration	
*Division:		Benefits Administration	
*Date Submitted:		September 28, 2009	
*Submitted Within Sixty (60) days:		Yes	
<i>If not, explain:</i>			
*Contract Vendor Name:		Secova, Inc.	
*Current Maximum Liability:		\$800,000.00	
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Contract Summary Sheet)			
FY: 2009	FY: 2010	FY:	FY:
\$140,000.00	\$660,000.00		
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)			
FY: 2009	FY: 2010	FY:	FY:
\$50,000.00	\$622,827.14		\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		Not Applicable	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		The entire contract balance was loaded into Edison with the expectation that the most to be earned by the Contractor reaching milestones required under the contract would be \$140,000. In fact, only \$50,000 was billed to the State prior to July 1, 2009, the beginning of FY 10.	
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		Not applicable	
*Contract Funding Source/Amount:	State:	Federal:	
Interdepartmental:	\$800,000.00	Other:	
If "other" please define:			

Supplemental Documentation Required for Fiscal Review Committee

Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>	Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>
Method of Original Award: <i>(if applicable)</i>	RFP
Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. <i>(if applicable)</i>	The Contractors invoice is for \$50,000.00 which is the first bench mark in the contract.
Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. <i>(if applicable)</i>	No specific dollar amount of savings is anticipated as a result from this contract amendment.
Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. <i>(if applicable)</i>	This contract has an initial one year term that should allow for the completion of all work associated with this contract. Expenditures to date are \$673,827.14 with projections of \$200,000.00 in expenditures for the remainder of the contract.

Secova

<u>Fiscal Year</u>	<u>Expenditures</u>
FY 09	50,000.00
YTD FY 10	<u>623,827.14</u>
	673,827.14

NON-COMPETITIVE AMENDMENT REQUEST:

NON-AMD123008

APPROVED SEP 28 2009 FISCAL REVIEW
Commissioner of Finance & Administration

1) RFS #	31701-04003	
2) Procuring Agency	Department of Finance and Administration	
EXISTING CONTRACT INFORMATON		
3) Service Caption :	Provides dependent insurance eligibility verification services for the State, Local Education and Local Government Insurance Committees.	
4) Contractor :	Secova, Inc.	
5) Contract #	Edison ID # 7179	
6) Contract Start Date :	May 20, 2009	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	May 19, 2010	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ \$800,000.00	
PROPOSED AMENDMENT INFORMATON		
9) Amendment #	# 1	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	December 1, 2009	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	May 19, 2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$1,000,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state	
	<input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Amendment request will add additional funding to the current contract increasing the maximum liability from \$800,000.00 to \$1,000,000.00 to cover all anticipated expenditures for mailing communications to plan members.		
15) Explanation of Need for the Proposed Amendment :		
The amendment allows additional funding for additional mailings to plan member for ongoing dependent Insurance eligibility verification services for the State, Local Education and Local Government Insurance Committees. As of the end of August, Secova has mailed 230,350 letters to plan members. Secova had to re-mail the verification packet to over 70% of our membership due to non-response or losing the packet. Due to the increased mailing costs, this		

amendment is needed to fund the cost of the dependent eligibility function that Secova is performing. This increase is not to change the rates or payment to Secova for services performed. It is to cover the unanticipated cost associated with the need for re-mailings.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

Secova, Inc., 5000 Birch Street, East Tower, Suite 300, Newport Beach, CA 92660-2127

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... Not Applicable to this Request Attached to this Request

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... Not Applicable to this Request Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... Not Applicable to this Request Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The agency did not attempt to identify competitive procurement alternatives. The additional anticipated cost is to accommodate additional mailings to plan members.

21) Justification for the Proposed Non-Competitive Amendment :

This contract states that the State of Tennessee will reimburse Secova for actual postage costs. In order to insure plan member's have received all communications regarding dependent eligibility verification, additional notices and certified letters regarding all proposed terminations, the maximum liability needs to be increased. The postage expenditures exceeded the anticipated amount.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification, on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE

 9/28/09



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

Agency Tracking # 31701-04003	Edison ID 7179	Contract # FA-0927928	Amendment # 1
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Contractor Secova, Inc.	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 33-0954754
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Amendment Purpose/ Effects
Add additional funding to the current contract that provides dependent Insurance eligibility verification services for the State, Local Education and Local Government Insurance Committees.

Contract Begin Date May 20, 2009	Contract End Date May 19, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2009			\$140,000.00		\$140,000.00
2010			\$860,000.00		\$860,000.00
TOTAL:			\$1,000,000.00		\$1,000,000.00

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

— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone #	
END DATE AMENDED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			Marlene Alvarez – Procurement & Contracting Manager 312 Rosa L Parks Avenue, Suite 2600 Nashville, Tennessee 37243 615.253.8358	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	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)	
2009	\$140,000.00	\$0.00		
2010	\$660,000.00	\$200,000.00		
TOTAL:	\$800,000.00	\$200,000.00	Speed Code FA - 00000091	Account Code 70803000

— OCR USE —

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

The original contract (FA0927928) was procured through the RFP process.

**AMENDMENT NUMBER 1
TO CONTRACT # FA0927928 (EDISON ID 7179)**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and the Local Government Insurance Committee, hereinafter referred to as the "State" and Secova, Inc., 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 text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Dollars (\$1,000,000.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, 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 payment 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 revisions set forth herein shall be effective December 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

SECOVA, INC.:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE::**

M.D. GOETZ, JR., CHAIRMAN

DATE



CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Agency Tracking # 31701-04003	000000000000000000000007179
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Contractor Secova, Inc.	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 33-0954754
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Service
Provides dependent insurance eligibility verification services for the State, Local Education and Local Government Insurance Committees.

Contract Begin Date May 20, 2009	Contract End Date May 19, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2009			\$140,000.00		\$140,000.00
2010			\$660,000.00		\$660,000.00
TOTAL:			\$800,000.00		\$800,000.00

— OCR Use —

Agency Contact & Telephone

Marlene Alvarez – Procurement & Contracting Manager
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243
615.253.8358

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)

Maureen Abbey / as

M. D. [Signature]
F&A Secured Document

7179-FA0927928

Speed Code FA - 0000091	Account Code 70803000
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Contractor Ownership/Control

<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 checked="" type="checkbox"/> NOT Minority/Disadvantaged	<input type="checkbox"/> Other

Contractor Selection Method

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation *	<input type="checkbox"/> Alternative Competitive Method *
<input type="checkbox"/> Non-Competitive Negotiation *	<input type="checkbox"/> Other *	

***Procurement Process Summary**

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
AND LOCAL GOVERNMENT INSURANCE COMMITTEE,
AND
SECOVA, INC.**

This Contract, by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and the Local Government Insurance Committee, hereinafter referred to as the "State" and Secova, Inc., hereinafter referred to as the "Contractor," is for the provision of dependent insurance eligibility verification services as further defined in the "SCOPE OF SERVICES."

The Contractor is A FOR-PROFIT CORPORATION.

Contractor Federal Employer Identification or Social Security Number: 33-0954754

Contractor Place of Incorporation or Organization: Delaware

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.
- A.2. Dependent Eligibility Verification Process. This section details the Contractor's responsibilities to develop member materials and notices, review member submissions, and make final dependent eligibility determinations. Complementing the over-arching operational standards in Section A.4., this Section details the standards for mail and related operational standards that are specific to the eligibility verification process. Finally, it outlines the Contractor's responsibility to provide the State with a robust analysis of suspended dependents. To assist the Contractor in performing its duties under this Contract, the State will collaborate with the Contractor to develop (1) a list of exempted categories of members (such as members with no dependents); (2) criteria and guidelines for making exceptions to the verification process, (3) criteria and guidelines for granting extension of time requests, and (4) a table of acceptable documentation sufficient to demonstrate dependent status.
- a. Development of Member Materials
- (1) Correspondence:
- i. General Requirements. The Contractor shall develop, produce and user-test all correspondence to members (including but not limited to the notices described below) regarding the dependent eligibility verification effort. Each notice shall list all dependents (by name and date of birth) under the respective head of contract subject to the dependent eligibility process. All notices shall prominently display the Contractor's purpose and function, toll-free number and hours of operation. Additionally, all notices shall include a table of common examples of acceptable verification documents and other frequently asked questions. At the direction of the State, the notices shall also include informational inserts and other materials about other insurance options through the Cover Tennessee, TennCare, and other programs.

For members with multiple dependents, each notice listed below shall clearly state which dependents are subject to the notice and include a status update (e.g. coverage suspended, incomplete submission, or

dependent eligibility approved) for all dependents (by name and date of birth).

- ii. **First Notice.** The Contractor shall develop a First Notice template for all members who are subject to the dependent eligibility verification. This notice shall briefly explain the need for the member to verify the status of his/her dependents in order to continue their coverage. The notice shall be individually-addressed to the member and should list all dependents (by name and date of birth) for whom verification is required. The First Notice shall clearly state the deadline for the Compliance Period as specified in Contract Section A.5.a.(2) by which members must supply the requested information to Contractor in order to continue dependent coverage, and briefly describe the process for seeking an exemption or exception from the verification process and/or a good cause extension of the Compliance Period.
- iii. **Incomplete Notice.** The Contractor shall develop a one-page Incomplete Notice template for members who responded to the initial request for verifications but who did not submit acceptable verifications for all dependents. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) for whom verification remains outstanding. The Incomplete Notice shall clearly state the deadline for the Compliance Period by which members must supply the requested information to Contractor in order to continue dependent coverage, describe why any previously submitted documentation was found unacceptable, and briefly describe the process for seeking an exemption or exception from the verification process and/or a good cause extension of the Compliance Period. If applicable, the notice shall also list any other dependents (by name and date of birth) for whom acceptable verification has been received.
- iv. **Reminder Notice(s).** The Contractor shall develop a one-page Reminder Notice template for members who have not responded to initial request for verifications. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) for whom verification remains outstanding. The Reminder Notice shall clearly state the deadline for the Compliance Period by which members must supply the requested information to Contractor in order to continue dependent coverage, describe why any previously submitted documentation was found unacceptable, and briefly describe the process for seeking an exemption or exception from the verification process and/or a good cause extension of the Compliance Period. If applicable, the notice shall also list any other dependents (by name and date of birth) for whom acceptable verification has been received.
- v. **Suspension Notice.** The Contractor shall develop a Suspension Notice template for members who failed to provide acceptable verifications for dependents within the Compliance Period. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) for whom verification was not received during the Compliance Period and specify the effective date of suspension. The Suspension Notice shall describe why any previously submitted documentation was found unacceptable, and also include a brief description of the reconsideration process. Consistent with Contract Section A.2.a.(1)i., the Suspension Notice shall list all of the member's dependents (by name and date of birth) and provide an update on the

dependent eligibility verification of each (e.g. coverage suspended, incomplete submission, or dependent eligibility approved).

- vi. Approval Notice. The Contractor shall develop an Approval Notice template for members who successfully provided acceptable documentation to Contractor of dependent status. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) for whom verification was received. Consistent with Contract Section A.2.a.(1)i., the Approval Notice shall list all of the member's dependents (by name and date of birth) and provide an update on the dependent eligibility verification of each (e.g. coverage suspended, incomplete submission, or dependent eligibility approved).
- vii. Exemption Notice. The Contractor shall develop an Exemption Notice template for members requesting an exemption. The notice shall state whether or not the member successfully meets the criteria for exemption as defined by the State. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) for whom exemption from the verification process is requested. Consistent with Contract Section A.2.a.(1)i., the Exemption Notice shall list all of the member's dependents (by name and date of birth) and provide an update on the dependent eligibility verification of each (e.g. coverage suspended, incomplete submission, or dependent eligibility approved). Examples include, but are not limited to, head-of contract has no covered dependents; head-of-contract has removed covered dependent from coverage.
- viii. Exception Notice. The Contractor shall develop an Exception Notice template for members requesting an exception in writing. The notice shall state whether or not the member successfully meets the criteria for exception as defined by the State. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) whose exception to the verification process is requested. Consistent with Contract Section A.2.a.(1)i., the Exception Notice shall list all of the member's dependents (by name and date of birth) and provide an update on the dependent eligibility verification of each (e.g. coverage suspended, incomplete submission, or dependent eligibility approved). Examples include, but are not limited to, head-of-contract is deployed overseas as part of armed forces; head-of-contract is unable to secure translated birth certificate for recent foreign adoption; head-of-contract is recently deceased; head-of-contract recently verified dependent status for full-time student age 19-24.
- ix. Extension of Time Notice. The Contractor shall develop an Extension of Time Notice for members who request, in writing, additional time to produce the acceptable documentation. The notice shall clearly state the amount of additional time, if any, provided to the member to produce the necessary documents. The notice shall be individually-addressed to the member and should list those dependents (by name and date of birth) for whom additional time was requested. Consistent with Contract Section A.2.a.(1)i., the Extension of Time Notice shall list all of the member's dependents (by name and date of birth) and provide an update on the dependent eligibility verification of each (e.g. coverage suspended, incomplete submission, or dependent eligibility approved).

- x. Reconsideration Notice. The Contractor shall develop a Reconsideration Notice template for members who request, in writing, reconsideration of their dependent's suspension. The notice, issued after the Contractor has reviewed the member's submission, shall indicate whether or not the dependent's suspension was proper. The notice shall be individually-addressed to the member and clearly state which dependent(s) are subject to the notice. Consistent with Contract Section A.2.a.(1)i., the Reconsideration Notice shall list all of the member's dependents (by name and date of birth) and provide an update on the dependent eligibility verification of each (e.g. coverage suspended, incomplete submission, or dependent eligibility approved).
 - xi. Post-Suspension Materials. The Contractor shall develop brief Post-Suspension materials to assist members in securing alternative health care coverage for previously covered dependents. These materials shall be individually addressed and supplied with the Suspension Notice, and available upon request through the Call Center. These materials shall include:
 - (1) A brief description of alternate coverage options for:
 - Pregnant women and children under age 21 (e.g., CoverKids and TennCare);
 - Persons who are age 65+ or permanently disabled (SSI/TennCare); and
 - Other uninsured adults (e.g., CoverTN, CoverRx, and AccessTN).
 - (2) Examples of uninsured programs that may assist the members in securing free or discounted health care coverage for any suspended individuals in each of Tennessee's three Grand Regions (e.g., the notices for members in Middle Tennessee may include contact information for Health Assist Tennessee).
 - xii. Notice of Address Change Instructions. The Contractor shall develop a Notice of Address Change Instructions to members (a) who report a change-of-address and/or (b) for whom the United States Postal Service reports a new or forwarding address. Unless otherwise specified by the State, this notice shall explain to members that they need to contact Benefits Administration's Service Center to update their address information.
 - xiii. "Blast" E-mails. The Contractor shall write text for mass-distribution ("blast") e-mails to members about the dependent eligibility verification process, including the importance of responding to notices period to the conclusion of the Compliance Period. However, the State will have exclusive responsibility for sending such e-mails.
- (2) Educational Materials:
- i. Frequently Asked Questions (FAQs). In conjunction with the State, the Contractor shall develop a list of FAQs and accurate responses. The Contractor shall update the FAQs on a frequent basis to reflect any new questions posed by members or trainers.
 - ii. Reference Materials for Benefits Coordinators. The Contractor shall develop brief reference materials for use by front-line staff, including but

not limited to Benefits Coordinators and Insurance Preparers, who work directly with members. These materials shall describe but not be limited to:

- The types of individuals whom the Plan considers to be a dependent”;
- The availability of continued coverage for all dependents;
- The types of documentation that satisfy the verification requirement;
- The availability of assistance from the Contractor (with toll-free number posted on each page/slide);
- The Compliance Period including the suspension date for dependents for whom the Contractor does not receive adequate eligibility verification;
- The member's ability to seek exemptions from verification, a good cause extension of the Compliance Period, and a reconsideration of any suspension;
- Availability of coverage through CoverKids, CoverTN, CoverRx, AccessTN, and TennCare programs;
- Examples of regional uninsured programs in the three Grand Divisions; and
- Examples of different scenarios.

The materials shall also provide practical, illustrative information in the form of comparison charts, checklists, examples, or questions and answers to help the members with the verification process.

b. Training and Educational Sessions

The Contractor shall, in conjunction with staff from the State, participate in at least ten (10) regional trainings for Agency Benefits Coordinators and Insurance Preparers who work for the State, Universities, Local Education Agencies (LEAs), Local Governments (and related entities participating in Local Government plan). The Contractor shall attend these trainings and be prepared to answer questions concerning the dependent eligibility verification process during the dates noted in Contract Section A.5.a.(2).

c. Mail and Related Operations

The Contractor shall prepare and mail all notices and materials to members developed pursuant to Contract Section A.2.a.(1) (e.g., First Notice, Reminder Notice, Suspension Notice and Post-Suspension materials). Unless otherwise directed by the State, the Contractor shall mail this correspondence as detailed on the Schedule outlined in Contract Section A.5.a.(2).

d. Review and Analysis of Member Submissions

(1) General Requirements

The Contractor shall have responsibilities for receiving verification documents from members and processing member submissions. Specifically, the Contractor shall develop procedures for processing inbound mail, faxes and other submissions from members. The Contractor shall submit these procedures to the State for review and approval in accordance with the schedule set forth in Contract Section A.5.a.(2). Once approved by the State, the Contractor shall incorporate these procedures in the Interview Guide described in Contract Section A.4.g.(2).

The Contractor shall review and process all member submissions, and where applicable, mail Incomplete Notices, Suspension Notices, or other applicable Notices, within three (3) business days of receipt of member submission. The Contractor shall use the list of acceptable documentation and criteria for exemptions and exceptions as the basis for reviewing member submissions.

- (2) Review for Completeness. Unless otherwise directed by the State, the Contractor shall review the member's submission to ensure that the dependent(s):
 - i. Meets one of the categories of definition for dependents under the State's health plans;
 - ii. Has enclosed the necessary documentation to demonstrate dependent status (i.e. copy of federal tax return, birth certificate, or court-approved adoption papers, etc); or
 - iii. Has acknowledged the dependent does not meet dependent status and requested a voluntary suspension of benefits.

- (3) Incomplete Submissions. If the Contractor determines that the documentation does not meet the criteria of acceptable documentation provided by the State, the Contractor shall commence follow-up communications within one business day of the discovery of an incomplete member response. The Contractor shall conduct outbound outreach using the procedures described below in order to obtain clarifying information. In the event that the Contractor is unable to reach the member, the Contractor shall send the member an Incomplete Notice explaining the specific action that the member needs to take in order to continue his/her dependent(s) eligibility.
 - i. Outbound Telephone Contacts. If the Contractor has a telephone number for the member and the telephone number is working, the Contractor shall document at least three (3) good faith attempts on separate days and at different times to contact the member. The Contractor shall document such contacts and complete all related follow up within 10 (ten) business days; however, the last attempt cannot be less than seven (7) days after the first attempt.
 - ii. Incomplete Notice. In the event that the Contractor is unable to reach the member by phone and the member does not respond to the Initial Notice, the Contractor shall send an Incomplete Notice to request clarification. Unless otherwise directed by the State, the Contractor shall provide the Agency Benefits Coordinator with a list of members receiving Incomplete Notices updated on a weekly basis.
 - iii. Privacy. Consistent with Contract Section A.4.h., the Contractor shall verify the member's identity before disclosing any protected information.
 - iv. Voicemail Messages. The Contractor may leave brief voicemail messages for members requesting a return call; however, the Contractor shall not disclose any information regarding the member, including the fact of membership. Consistent with Contract Section A.3.b., the Contractor shall obtain prior, written approval from the State for all voicemail scripts.

- (4) Extension of Compliance Period. A member may request in writing a good cause extension of the Compliance Period in order to secure the necessary

documentation to prove dependent status. The Contractor shall prepare an Extension of Time Notice granting or denying the extension within three (3) business days of receipt of the request.

- (5) Exemptions. A member may request an exemption from the dependent verification process. Exemptions shall be granted by the Contractor only if the member has no dependents or meets a category of exempted members as defined by the State. The Contractor shall prepare an Exemption Notice within three (3) business days of receipt of the request granting or denying the exemption.
- (6) Exceptions. A member may request in writing an exception to the dependent verification process. The Contractor shall prepare an Exception Notice within three (3) business days of receipt of such a request from member. Exceptions shall be granted by the Contractor only if the member meets the criteria and guidelines established by the State.
- (7) Approvals. If the Contractor is satisfied that the member has submitted acceptable dependent eligibility documentation, the Contractor shall prepare an Approval Notice within three (3) days of review of the submission.
- (8) Reconsiderations. A member may request in writing a reconsideration of a dependent's suspension. The Contractor shall prepare a Reconsideration Notice within three (3) business days of receipt of such a request from member. Reconsiderations shall be granted to members who submitted acceptable documentation but whose dependents were erroneously suspended.

e. Submission of Information to the State. All member submissions and notices issued by Contractor shall be scanned, indexed and provided to the State as directed by, and in a format acceptable to, the State. The State shall be responsible for entering the changes into the State's system, or having the changes entered by a third party. In terms of the scanning and indexing process, the Contractor shall create a separate file for each head-of-contract that contains all documentary evidence for all covered dependent(s). Each file will include scanned copies of a cover sheet and all of the supporting documentation for each of the respective dependent(s). The Contractor shall save the scanned documents for the respective dependent(s) as a PDF (or similar format) document using a filename convention determined by the State. The Contractor shall provide an electronic copy of the scanned copies, along with an inventory of all filenames and a crosswalk of the filenames for each head-of-contract to each dependent/dependent identifier in the Coverage Continuation Report.

f. Analysis of Suspended Dependents. The Contractor shall provide the State with an electronic file (or "flat file") with the name and relevant demographic information for each dependent whose coverage was suspended during (or as a result of) the dependent eligibility verification process. Additionally, the Contractor shall provide extensive analyses (including cross-tabulations) of the characteristics (e.g., age, sex, race, region, agency, etc.) of those dependents that lost coverage, broken down by each of the State's public sector plans.

A.3. Call Center Operations. As part of its dependent eligibility verification program, the Contractor shall operate a call center to provide outreach and assistance to members.

a. Inbound Communications:

- (1) General Requirements. Consistent with Contract Sections A.4.c. and d., the Contractor shall operate an integrated Call Center to manage inbound

communications (including calls, emails and correspondence) from members. The Call Center shall have sufficient staff resources and adequate telecommunications and information systems infrastructure to manage at least 3,000 calls per day with an average handle time of 10 minutes (600 seconds) within the parameters established in Contract Section A.7.

- (2) Variation in Volume. If call volume (i.e. the combination of the number of calls and duration of handling time) exceeds the assumptions described in subsection a.(1) above by sixty percent (60%) or more for three (3) or more consecutive days, then the State may allow for proportionate increases in the number of Call Center FTEs at the rates specified in Contract Section C.3.b.(3). Conversely, if the call volume is lower than the assumptions described in subsection a.(1) above by sixty percent (60%) or more for more than ten (10) consecutive days, then the State may allow for proportionate reductions in the number of Call center FTEs.
 - (3) Procedures. The Contractor shall develop procedures and scripts for managing inbound contacts and resolving member queries. The Contractor shall submit these materials to the State for review and approval by the date specified in A.5.a.(2). Once approved by the State, the Contractor shall incorporate these procedures in the Interview Guide described in Contract Section A.4.g.(2).
- b. Post-Suspension Outbound Contacts General Requirements. The Contractor shall through its Call Center initiate outbound contacts for each member who had a dependent lose coverage during the dependent eligibility verification process. The Contractor shall be prepared to make such calls during evening and weekend hours.
- (1) Procedures. The Contractor shall develop procedures and scripts for conducting outbound contacts. The Contractor shall submit these materials to the State for review and approval by the date specified in A.5.a.(2). Once approved by the State, the Contractor shall incorporate these procedures in the Interview Guide described in Contract Section A.4.g.(2).
 - (2) Initiation. The Contractor shall attempt the first post-suspension outbound contact approximately fifteen (15) days after mailing the Suspension Notice.
 - (3) Completion. If the telephone number reported by the State for the member is working, the Contractor shall document at least three (3) good faith attempts on separate days and at different times to contact the member. The Contractor shall document having made all such contacts within five (5) business days of initiating the first attempt. At each attempted contact, the Contractor shall make a good faith effort to obtain updated contact information for the member by checking the plan member contact file supplied by the State.
 - (4) Referrals. During each outbound contact, the Contractor shall offer referrals for other health insurance options, including Tennessee's SCHIP program (CoverKids), high risk pool (AccessTN), pharmacy assistance program (CoverRx), and limited benefit program (CoverTN). The Contractor shall also offer a referral to TennCare and/or Social Security if the family indicates that one or more members are under age 21, pregnant, permanently disabled, and/or age 65+. The referrals shall be consistent with the process outlined in the Interview Guide and in the Policy and Procedures Manual in Contract Section A.4.g.(2) and (3), respectively.
 - (5) Reconsiderations. The Contractor shall process written reconsideration requests in accordance with Contract Section A.2.d.(8).

A.4. Operating Standards and Program Requirements. This section details the over-arching program requirements and operational standards to which the Contractor shall adhere in the course of the performance of its duties under this Contract.

a. Materials Development:

- (1) Rights of Use and Legal Clearances. The Contractor shall have the exclusive responsibility to write, edit, and arrange for clearance of materials (such as securing full time use of a stock photograph used in brochures for perpetuity) for any and all materials contemplated under this Contract.
- (2) State Review and Approval. All materials produced by (or at the direction of) the Contractor for use in the course of this Contract are subject to prior, written approval by the State. The Contractor shall provide the State with draft versions of all materials at least fourteen (14) days prior to planned printing, assembly and/or distribution (including web-posting). The Contractor shall not distribute any materials until the State issues written approval to the Contractor for the respective materials.
- (3) General Prohibition on Corporate Logos. Unless approved in advance and in writing by the State, the Contractor may not place a corporate or other identifying brand, logo or trademark on any materials produced by the Contractor for use in the course of this Contract.
- (4) Written Materials:
 - i. General Requirements. The Contractor shall develop and produce printed outreach materials as specified in this section. Unless otherwise specified, the Contractor shall be responsible for all costs related to the design, development, revision, and printing of all materials that are required to be produced under the terms of the Contract.
 - ii. Professional Standards. The Contractor shall distribute outreach materials that are culturally sensitive and professional in content, appearance, and design.
 - iii. Formatting Standards. The Contractor shall, to the extent practicable, use relatively large and legible fonts in its outreach materials. Additionally, the Contractor shall make maximum use of graphics to communicate key messages to populations with limited literacy or limited English proficiency. The Contractor shall also prominently display the Call Center's telephone number in large, bolded typeface and hours of operation on all outreach materials.
 - iv. Reading Level. The Contractor shall design all printed outreach materials at the 5.0 grade reading level or lower using the Flesch-Kincaid Index or other suitable metric that the State approves in advance and in writing. The Contractor shall evaluate materials using the entire text of the materials (except return addresses). When submitting draft materials to the State for approval, the Contractor shall provide a certification of the reading level of each piece of material.
 - v. Return Address and Endorsements. The Contractor shall ensure that the U.S. Postal Service returns all undeliverable mail and mail forwarding information to the Contractor, not to the State. Unless otherwise

indicated in this Contract, the Contractor shall use the "Address Service Requested" endorsement as described in Section 507.1.5 of the U.S. Postal Service's Domestic Mail Manual (DMM) for all mailing materials.

- vi. Certified Mailings. Notwithstanding this general requirement, the Contractor shall use the Certified Mail service as described in Section 503.3.0 of the U.S. Postal Service's Domestic Mail Manual (DMM) when mailing Suspension Notices.
- vii. Updating. The Contractor shall provide electronic templates of all finalized materials in a format that the State can easily alter, edit, revise, and update. Consistent with Contract Section A.2.a.(2)i., the Contractor shall also update printed versions of the FAQs on a frequent, recurring basis. Absent gross negligence or malfeasance, the Contractor has no liability for errors on other deliverables that the State did not find or correct before giving final approval for the individual materials. However, the Contractor shall produce corrected versions of the individual materials at the State's direction.
 - (1) Memorandum of Understanding— Within five (5) business days after receipt of a written plan updates request from the State, the Contractor shall respond with a written proposal for completing the plan updates. Said proposal must specify:
 - (a) the specific effort involved in completing the plan updates;
 - (b) the expected schedule for completing plan updates;
 - (c) the maximum number of person hours required for completing the plan updates; and
 - (d) the maximum cost for the plan updates, PROVIDED THAT such maximum cost shall not exceed the product of the of person hours required multiplied by the composite hourly rate expressed in Contract Section C.3.b.1.

The Contractor shall not perform any related work until the State has approved the proposal. If approved, the State will sign the proposal, and it shall constitute a Memorandum of Understanding (MOU) between the Contract Parties pertaining to the specified plan updates and shall be incorporated, hereby, as a part of this Contract.

- (2) Acceptance— Subsequent to State approval of an MOU, the Contractor shall complete the required plan updates. The State will be the sole judge of the acceptable completion of plan updates and, upon such determination, shall provide the Contractor written approval of the work.

The State will pay the Contractor only for acceptable work. All acceptable work performed pursuant to an approved MOU shall be remunerated in accordance with the composite hourly rate expressed in Contract Section C.3.b.1., PROVIDED THAT, the State shall be liable to the Contractor only for the cost of the actual person hours worked to complete the plan updates, not to exceed the maximum cost for the plan updates as detailed in the MOU. In no instance shall the State be liable to the Contractor

for the cost of any person hours worked in excess of the maximum person hours indicated in or of any amount exceeding the maximum cost specified by the approved MOU authorizing the plan updates. Further, if the materials containing an error have been mailed, the State will reimburse the Contractor the postage cost of mailing the corrected version of the materials as may be directed and approved by the State. Upon State approval, the Contractor shall invoice the State in accordance with the relevant provisions of this Contract.

b. Mail Distribution and Management (inclusive of e-mail)

(1) Mailing Materials:

- i. Envelopes and Stationery. The State will provide template letterhead stationery, and State templates for envelopes which will be printed by Contractor using Contractor's return address, for official notices. The Contractor's envelopes shall not resemble billing, collection, or overdue notices.
- ii. Ad hoc Correspondence. The Contractor may correspond directly with members on an ad hoc basis when pre-printed notices and mailing may not be appropriate for the circumstances in question. This may include thank you letters, follow-up letters, or response letters to individual inquiries.

(2) Returned Mail:

- i. Processing Address Service Requests. Consistent with Contract Section A.4.a.(4)v., the Contractor shall use the "Address Service Requested" endorsement on mailings and its own address as the return mailing address. The Contractor shall send the member a "Notice of Address Change Instructions" within three (3) business days and communicate the updated address information to the State in a manner consistent with Contract Section A.4.b.(2).
- ii. Redirection of Mailings. The Contractor shall forward any "undeliverable" mail to the Agency Benefits Coordinator or Benefits Administration as directed by the State.
- iii. Updated Contact Information. Unless otherwise directed by the State, the Contractor shall forward to the State any updated contact information for members within thirty (30) days and in the manner prescribed by the State.

- (3) Misdirected Forms. The Contractor shall redirect to the State or other appropriate entity within one (1) business day any enrollment forms or other member materials that are unrelated to the dependent eligibility verification effort.

c. Call Center

- (1) General Requirements. The Contractor shall operate a Call Center that uses the Contractor's own dedicated, toll-free contact number as the "front-end" entry point for callers. The Contractor's Call Center may have dedicated representatives/operators to respond to inquiries from members.

- (2) Location. The Contractor's Call Center and Call Center representatives/operators shall be located in the continental United States.
- (3) Hours of Operations. The Contractor's Call Center shall accept calls, at a minimum, from 7:00 a.m. to 7:00 p.m. Central Time (CT) Monday through Friday except on official State Holidays. In addition, the Contractor's Call Center shall accept calls from 8:00 a.m. to 12:00 p.m. CT on Saturdays.
- (4) Access for Hearing Impaired. The Contractor's Call Center shall be equipped with TDD (Telephone Device for the Deaf) or TTY (Teletype) in order to serve the hearing impaired population.
- (5) Language Accessibility. The Contractor's Call Center shall have at least one member services representative who is bilingual in English and Spanish.
- (6) Agency Benefits Coordinator Access. The Contractor shall provide the public sector plans' 680 Agency Benefits Coordinators with a special number or access code that they can use to have immediate access to a Call Center representative. The Contractor can satisfy this "hotline" requirement by expediting calls to this special number to the front of the general queue.

d. Call Center Processes

- (1) General Requirements. The Call Center shall have call management systems and communications infrastructure that can manage the potential call volume and achieve the performance standards described in Contract Section A.7.
- (2) Scalability. The Contractor's call management systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes where applicable, in response to changes.
- (3) Caller Identification. The Contractor's call management systems shall be equipped with caller identification. In addition, the Contractor's Call Center shall adopt a caller identification for itself that is approved in advance and in writing by the State.
- (4) Greeting. The Contractor's call management systems shall provide greeting messaging when necessary. The Contractor may play canned music for the callers while they are on hold; the Contractor shall also play messages about the Annual Enrollment Transfer Period, the Tobacco Quitline, and other subjects as directed by the State. The Contractor shall not play advertising or informational messages for callers while they are on hold unless approved in advance and in writing by the State (or the State directs the Contractor to play certain messages). Additionally, the Contractor's systems shall provide a message that notifies callers that calls may be monitored by the Contractor and the State for quality control purposes.
- (5) Recording. The Contractor's call management system shall record and index all calls such that the Contractor can easily retrieve recordings of individual calls based on the phone number of the caller, the caller's name, the date/time of the call, or the Call Center representative who handled the call. The Contractor shall be able to provide a full recording of each call upon the State's request, using only the member's name or identifier to locate the call(s).

- (6) Call Management. The Contractor's call management systems shall facilitate the processing of all calls received and assign incoming calls to available Contractor in an efficient manner. The system shall transfer calls to other telephone lines as necessary and appropriate, including transfers to Benefits Administration's Service Center and other external Call Centers.
- (7) Introductory Prompts. The Contractor may use an automated interactive voice response (IVR) system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in queue in order to speak directly with a live-voice representative during the hours of operation established in A.4.c.(3) rather than continue through additional prompts. The Contractor shall not have more than one level of menu choices (limited to five (5) options) unless approved in advance and in writing by the State. The Contractor's decision tree and menu are subject to State review and approval.
- (8) Status Message and Voicemail and Dial-Back Options. The Contractor shall inform callers of their likely wait times as they enter the queue. Additionally, the Contractor shall have voice-mail capabilities such that Callers can record messages after business hours or when all Call Center representatives/operators are occupied tending to other callers. The Contractor shall also provide a "dial back" option that allows callers to receive a call back from the next available Call Center representative.
- (9) Outbound Calls. The Contractor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the Call Center.
- (10) Monitoring. The Contractor shall have the ability to allow third parties to monitor calls from a remote location. Additionally, the Contractor's system shall be able to record calls for monitoring.
- (11) Call Logs. The call management system shall enable the logging of all calls, including:
 - i. The caller's identifying information (e.g., employee ID);
 - ii. The call date and time;
 - iii. The reason for the call (using a coding scheme approved by the State in advance and in writing);
 - iv. The Call Center representative/operator that handled the call;
 - v. The length of the call; and
 - vi. The resolution of the call (and if unresolved, the action taken and follow up steps required).

Additionally, the call management systems shall maintain a history of correspondence and call transactions for performance management, quality management and audit purposes. This history will contain the actual information, a date/time stamp that corresponds to when the transaction took place, the origin of the data management transaction (the State and/or one of its Agent(s), the Customer, etc.) and the Contractor representative/operator that processed the transaction.

- (12) Data Collection. The Contractor's call management systems shall have the ability to provide auditable reports required under Contract Section A.6.
- e. Data Processing and Entry General Requirements. During the Compliance Period, the Contractor shall receive and review all responses from members consistent with Contract Section A.2.d. The Contractor shall process all dependent submissions, notices,

suspensions, exceptions, exemptions, time extensions, reconsiderations and approvals and provide all necessary data to the State in a format designated by the State during the established schedule in Contract Section A.5.a.(2). The State shall be responsible for entering the changes into the State's system, or having the changes entered by a third party.

f. Staffing

- (1) General Requirements. The Contractor shall provide and maintain qualified personnel and staffing to provide the deliverables and services in accordance with the RFP, the Contractor's proposal and this Contract.
- (2) Qualifications. The Contractor shall ensure that all persons, including independent Contractors, subcontractors and consultants assigned by it to perform under the Contract, shall be employees or formal Agents of the Contractor and shall have the credentials necessary (i.e., licensed, and bonded, as required) to perform the work required herein. In addition, the Contractor shall ensure that all persons assigned by it to perform work under the Contract shall be fully qualified, as required in the RFP and specified in the Contractor's proposal and in this Contract, to perform the services required herein. The Contractor shall include a similar provision in any contract with any Subcontractor selected to perform work hereunder.
- (3) For its work under this Contract, the Contractor shall employ no employees or contract with subcontractors that are on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusions list unless the Contractor receives prior, written approval from the State.
- (4) Key Personnel. The Contractor shall recruit, hire and retain employees for the following positions:
 - i. Project Leader, who shall serve as the single point of contact for the State and have overall responsibility for the Contractor's functions under the Contract. The Project Leader shall have the authority to make decisions and resolve problems on behalf of the Contractor with the State. This individual shall remain dedicated to the work of the Contract for the duration of the Contract.
 - ii. Customer Services Manager, who shall have overall responsibility for performance of the Contractor's dependent eligibility verification functions and oversee the Call Center. At the Contractor's discretion, this individual may also have overall responsibility to oversee the outreach functions of the Contract described in Contract Section A.3. This individual shall remain dedicated to the work of the Contract for the duration of the Contract.
- (5) State Review and Approval. The Contractor agrees that the State may approve or disapprove the Contractor's Subcontractors or its staff assigned to this Contract prior to the proposed staff assignment. The State may also direct the Contractor to replace staff members as it deems necessary and appropriate. The decision of the State on these matters shall not be subject to appeal.
- (6) Staff Changes. Personnel commitments made in the Contractor's proposal shall not be changed unless prior approved by the State in writing. For these purposes, such commitments shall include any named individuals in the proposal and the levels of effort proposed. The Contractor shall notify the State at least

thirty (30) days in advance of proposed changes and shall submit justification (including proposed substitutions) in sufficient detail to the State to evaluate the impact upon the Contract. The decision of the State on these matters shall not be subject to appeal.

- (7) Staff Training. The Contractor shall conduct a training program for representatives/operators and other staff. The Contractor's staff shall successfully complete the training program prior to assuming their duties. The Contractor shall conduct regular staff refresher training to address program, process, and policy changes.

g. Resources for Staff

- (1) General Requirements. The Contractor shall have adequate written and other reference materials to support the Call Center representatives/operators and other staff. At minimum, the Contractor shall have a comprehensive Interview Guide and a Policies and Procedures Manual.
- (2) Interview Guide. The Contractor shall develop an Interview Guide (or "scripts") to guide representatives/operators in their discussions with members. The Interview Guide shall include but not be limited to the following:
 - i. Description of intake process (including confirmation of name, address, telephone) and referral procedures if information is different than that in plan member contact file;
 - ii. Questions to verify that the individual is enrolled in one of the public sector plans;
 - iii. Voicemail scripts;
 - iv. Description of verification process;
 - v. The types of individuals whom the Plan considers to be a "dependent";
 - vi. The availability of continued coverage for all dependents;
 - vii. The types of documentation that satisfy the verification requirement;
 - viii. The Compliance Period;
 - ix. The suspension date for dependents for whom the Contractor does not receive eligibility verification;
 - x. Detailed description of complaint process;
 - xi. Detailed description of the exemption, Compliance Period time extension request, and reconsideration processes;
 - xii. Detailed description of referral process for CoverKids, TennCare, CoverTN, CoverRx, and AccessTN programs; and
 - xiii. Explanation of the outbound contact procedures.
- (3) Policies and Procedures Manual. The Contractor shall develop and implement Policies and Procedures for employees and subcontractors performing work

under this Contract. The Contractor's Policies and Procedures Manual shall include but not be limited to the following:

- i. Staff Training and Re-training Process;
- ii. Interview Process;
- iii. Complaints Process;
- iv. Process for Referring Materials to the State for Review;
- v. Returned Mail Process and Follow-Up Protocol;
- vi. Outbound Contact Process;
- vii. Exemptions from verification process;
- viii. Process to handle requests to extend Compliance Period time;
- ix. Reconsideration process;
- x. Procedures to Refer Enrollees to CoverKids, TennCare, CoverTN, CoverRx, and AccessTN programs;
- xi. Procedures for Receiving and Processing Verification Submissions;
- xii. Procedures for Scanning and Indexing Verifications;
- xiii. Procedures for Submitting Verification to the State in a format designated by the State;
- xiv. Procedures to Ensure Access for LEP Individuals;
- xv. Procedures to Ensure Access for Hearing Impaired Persons;
- xvi. Procedures for Referring Legal and Policy Questions;
- xvii. Procedures for Media, Legislative and Other Inquiries; and
- xviii. Call Center Quality Criteria and Protocols.

To the extent helpful, the Contractor should include process flow diagrams or other illustrations of the process or procedures in question.

- (4) State Review and Approval. The Contractor shall submit a draft Interview Guide and Policies and Procedures Manual to the State for review and approval by the date specified in Contract Section A.5.a.(2).

h. Privacy

- (1) General Requirements. These standards apply to all forms of assistance that the Contractor provides, including one-on-one assistance during or after member information sessions; during telephone sessions with Call Center staff; and during outbound telephone contacts between members and Call Center staff.

- (2) Confidentiality. Consistent with Contract Section E.7., the Contractor shall develop, adopt, and implement standards, which are at a minimum HIPAA compliant, to safeguard the privacy and confidentiality of all information about members. For example, the Contract shall ensure that it does not have completed forms sitting in public view, left in unsecure boxes or files, or left unattended in any off-site location (e.g., in an automobile, etc.). The Contractor's procedures shall include but not be limited to safeguarding the identity of members as plan members, ensuring the privacy of any sessions with individual members, and preventing the unauthorized disclosure of information.
 - (3) Authorized Representatives. Consistent with the confidentiality requirements in Contract Section E.7., the Contractor shall not disclose any information about the members unless (a) such information is strictly necessary to resolve the issue or concern under discussion and (b) the person has adequate permission or legal authority to review such information.
- i. Policy Interpretations. Unless otherwise directed by the State in writing, the Contractor shall not attempt to interpret statutes, regulations, plan documents, or policy materials. Rather, the Contractor shall refer all questions regarding a policy interpretation to the contact person designated by the State within one (1) business day of discovery of the issue in question.
 - j. Complaints and Customer Satisfaction
 - (1) General Requirements. The Contractor shall develop and implement a process to receive and resolve complaints and/or disputes concerning Contractor functions. The Contractor shall generally handle the first-level review of complaints, and the State will generally review complaints not resolved by the Contractor.
 - (2) State Review and Approval. As part of its Policies and Procedures Manual described in Contract Section A.4.g., the Contractor shall submit a Complaint Process Plan to the State by the date specified in Contract Section A.5.a.(2).
 - k. Legislative, Media and Other Inquiries. The Contractor shall immediately refer all media and legislative inquiries of any type to Benefits Administration, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, the Contractor shall copy Benefits Administration on all correspondence.

A.5. Implementation

This Contract Section details the Contractor's responsibility to develop and submit a Project Implementation Plan to the State. Further, it delineates the due dates for other Contract deliverables, and summarizes the reporting requirements under the Contract. Finally, it details the performance requirements for the Contractor.

a. Project Implementation Plan

- (1) General Requirements. The Contractor shall develop a comprehensive implementation plan, which shall outline the steps necessary for the Contractor to submit deliverables by the date specified in Contract Section A.5.a.(2) and for the Contractor to be fully operational by the "go-live" date. This plan shall include the following:

- i. An itemization of activities that the Contractor shall undertake during the period between Contract Award and the end of the "go-live" date. These activities shall have established deadlines and conform to the timeframes established in this Contract;
 - ii. An estimate of person-hours associated with each activity in the Project Implementation Plan;
 - iii. Identification of interdependencies between activities in the Project Implementation Plan;
 - iv. Identification of Contractor expectations regarding participation by the State in the activities in the Project Implementation Plan and dependencies between these activities and implementation activities for which the State will be responsible; and
 - v. Contractor's Staffing Plan, which shall include:
 - Organization chart listing all positions that will be involved with this project and clarifying which positions are part-time, not dedicated to the project, and/or based outside of the State;
 - Brief summaries of the relevant work experience of current employees who are or will be working on this project;
 - Job descriptions for all vacant positions; and
 - Detailed recruiting plan.
 - vi. State Review and Approval. The Contractor shall submit the Project Implementation Plan to the State for review and approval by the date specified in Contract Section A.5.a.(2).
- (2) Due Dates for Project Deliverables and Contract Timeline. Unless otherwise specified in writing by the State, the Contractor shall adhere to the following schedule for the deliverables for which it is responsible under this Contract:

Deliverable/Contract Event		RFP Reference(s)	Final Approval from State Due By
Implementation Plan			
1	Implementation plan and timetable	A.5.a.(1)	June 1, 2009
2	All subcontractors approved by State and executed subcontracts	D.5.	June 1, 2009
Dependent Eligibility Verification			
3	Procedures for processing and review of member submissions, including requests for time extensions, exemptions, exceptions and reconsiderations	A.2.d.	June 12, 2009
4	First Notice	A.2.a.(1)ii.	June 19, 2009
5	Incomplete Notice	A.2.a.(1)iii.	June 19, 2009
6	Reminder Notice	A.2.a.(1)iv.	June 19, 2009
7	Suspension Notice	A.2.a.(1)v.	June 19, 2009
8	Approval Notice	A.2.a.(1)vi.	June 19, 2009
9	Exemption, Exception, Extension of	A.2.a.(1)vii thru x	June 19, 2009

Time and Reconsideration Notices			
10	Notice of Address Change	A.2.a.(1)xii.	June 19, 2009
11	All First Notices Mailed to Members; Compliance Period Begins (during which time Contractor will mail reminder notices, etc.)	A.2.a.(1)	June 30, 2009
12	Post-Suspension materials	A.2.a.(1)xi.	July 15, 2009
13	Compliance Period ends	--	August 31, 2009
14	FAQs	A.2.a.(2)i. and A.4.a.(4)vii	June 15, 2009 (ongoing)
15	Exemption/Extension of Compliance Period Requests Received by Contractor	--	August 31, 2009
16	Exemption/Extension of Compliance Period Requests Completed	--	September 30, 2009
17	Reconsiderations Received and Processed by Contractor	--	October 23, 2009
Training and Informational Sessions			
18	Regional Agency Benefits Coordinator Trainings	A.2.b.	July 13-31, 2009
Member Assistance and Outreach (Call Center)			
19	Call Center staffing plan	A.4.c. and A.5.b.(2)	June 9, 2009
20	Complaint Process	A.4.g. and A.4.j.	June 19, 2009
21	Draft policies and procedures manual	A.4.g.(3)	June 12, 2009
22	Final policies and procedures manual	A.4.g.(3)	June 19, 2009
23	Interview guide	A.4.g.(2)	June 19, 2009
24	On-site readiness review	A.5.c.	June 19, 2009
25	Approve corrective action plan from on-site readiness review	A.5.c.(4)	June 26, 2009
26	Call Center go-live	---	July 1, 2009
27	Call Center dependent eligibility verification services end	---	November 3, 2009
Reporting			
28	Call Center Report Templates due	A.6.b.(1)iii	June 19, 2009
29	Returned Mail Recurring Reports	A.6.b.(2)	First report due August 10, 2009; monthly updates due on the 10 th of each month until November 10, 2009.

30	Problem Identification Reports	A.6.b.(3)	First report due July 10, 2009; weekly updates continue until September 25, 2009
31	Call Center Activity Reports	A.6.b.(4)	First report due July 8, 2009; updates continue October 7, 2009
32	First/Interim Termination/Suspension Reports	A.6.c.	1 st report due October 2, 2009; updates due on weekly basis thereafter until October 26, 2009
33	Coverage Continuation Report	A.6.c.(1)	November 6, 2009
34	Final Termination/Suspension Report	A.6.c.(2)	November 6, 2009
35	Analysis of suspended dependents	A.2.f.	December 7, 2009
Processing and Submission of Data			
36	Begin submission of data to the State in a format designated by the State	A.2.e. and A.4.e.	Ongoing
37	Complete submission of data to the State in a format designated by the State	---	November 1, 2009

b. Staffing Plan

- (1) General Requirements. As part of its Project Implementation Plan described above, the Contractor shall submit to the State for review and approval a detailed staffing plan. The Contractor shall submit to the State its Staffing Plan with its Project Implementation Plan by the date specified in Contract Section A.5.a.(2).
- (2) Contents. The staffing plan shall provide staffing estimates for all functions and requirements of the Contract, including:
 - i. Representatives/operators, both those serving in the Call Center and in field-based venues (e.g., for member informational presentations);
 - ii. Contractor supervisory staff; and
 - iii. Technical Staff, who shall be responsible for resolving data quality issues and for compiling and analyzing required reports. Technical staff shall be responsible for supporting Contractor's Information Technology within its Span of Control.

c. Readiness Review

- (1) General Approach. Prior to the Transition period, the State will conduct a comprehensive readiness review of the Contractor in order to ensure that the Contractor is able and prepared to perform all functions required by this Contract and to provide high quality services to members.

- (2) **Scope of Review.**
The State review will include, but not be limited to, an on-site review of the Contractor's operations, information system demonstrations and systems testing, and interviews with the Contractor's staff. The review will also include desk reviews of documentation that includes but is not limited to:
 - i. Interview Guide
 - ii. Policy and Procedures Manual
 - iii. Information systems; and
 - iv. Any and all deliverables required under this Contract.
- (3) **Information Technology (IT) and Telecommunication Technology Reviews.**
At its discretion, the State may conduct an additional, pre-implementation review of the Contractor's progress towards fulfilling the IT and telecommunication technology requirements of this Contract.
- (4) **Findings and Contract Compliance.**
Based on the results of the review activities, the State will provide the Contractor with a summary of findings, including the identification of areas requiring corrective action by the date specified in Contract Section A.5.a.(2).

- d. **Onsite Presence.** At the State's request, the Contractor shall host one or more officials of the State (or agents of the State) onsite at its Call Center during the week preceding and the three weeks following the go-live date for the Call Center as specific in Contract Section A.5.a.(2). These officials will help to coordinate activities with Benefits Administration staff and the Call Center. The State will be responsible for the costs of travel, food, and lodging for these officials. The Contractor shall provide onsite work space and access to a telephone, fax, copy machine, and secure Internet connection.

A.6. Reporting

- a. **Real-Time Reporting for Unusual Incidents**
 - (1) **General Requirements.** Using the State-approved forms, the Contractor shall report the following to the State within one (1) business day any unusual incidents. The Contractor shall develop Policy and Procedures for defining and handling these incidents; it shall also develop templates for the real-time reports. The Contractor shall submit these materials to the State for review and approval by the date specified in Contract Section A.5.a.(2).
 - (2) **Special Rules for IT Reports.** With respect to the Corrective Action Plan as described in A.8.f.(2), the Contractor shall adhere to the requirements for submission in that section.
- b. **Recurring Reporting**
 - (1) **General Requirements.** Unless otherwise directed by the State, the Contractor shall promptly submit the following reports to the State using the State-approved forms:
 - i. Returned Mail (described in Contract Sections A.4.b.(2) and A.6.b(2));
 - ii. Problem Identification and Analysis (described in Contract Section A.6.b.(3)); and
 - iii. Call Center Activity (described in Contract Sections A.4.c. and A.6.b(4)).

- iv. Monthly Summaries of Unusual Incident Reports (described in Contract Section A.6.b.(5)).

The Contractor shall develop templates for each of these reports and submit these templates to the State for review and approval by the date specified in Contract Section A.5.a.(2).

- (2) Returned Mail Summary. By the tenth (10th) day of each month, the Contractor shall summarize data by month for all the preceding months for the following:
 - i. Exemption, Exception and Reconsideration Notices;
 - With forwarding address or for which updated contact information was located (i.e., those individuals whom the Contractor can locate); and
 - Returned as undeliverable, without forwarding address or for which no updated contact information was available (i.e., those individuals whom the Contractor cannot locate).
 - ii. Suspension Notice;
 - With forwarding address or for which updated contact information was located (i.e., those individuals whom the Contractor can locate); and
 - Returned as undeliverable, without forwarding address or for which no updated contact information was available (i.e., those individuals whom the Contractor cannot locate).

Along with these summary reports, the Contractor shall also enclose copies of the forwarding address detail from the United States Postal Service.

- (3) Problem Identification Report. By the second (2nd) business day of each week, the Contractor shall provide a detailed analysis by plan of the areas of common confusion, misperception, or misunderstanding. Specifically, the Contractor shall capture member sentiments from interviews with the Call Center by appropriately configuring its Call center data system and performing qualitative analyses of interview records, discussions, etc. The Contractor shall identify such concerns and detail the root cause of these issues by isolating the salient features of the affected members (e.g., region, employer groups, etc.) In addition, the Contractor shall make specific recommendations regarding (i) necessary changes to FAQs, notices or other materials; (ii) needed trainings or re-trainings; and (iii) intervention with managers at specific agencies or employer groups to clarify policy or related issues. The Contractor shall conduct analyses and base related recommendations on all accumulated data since the beginning of the Contract's implementation.
- (4) Call Center Activity. The Contractor shall submit a summary of the key Call Center metrics described in Contract Section A.7. The Contractor shall submit these reports on a daily, weekly, and monthly basis.

Unless otherwise directed in writing by the State, the Contractor's report shall include the following data:

- i. Total Call Volume by Date;
 - Total number of calls by ZIP code or region (as defined by the State);
 - Total number of calls by call type (as defined by the State, with the assistance of the Contractor);

- Total number of calls by plan type (e.g., state plan, LEA plan, local Government plan);
 - Total number of calls by employee type (as defined by the State);
 - Total number of calls by employer (e.g., a specific central state agency, a unit of the University of Tennessee system, a unit of the Tennessee Board of Regents system, a specific LEA, a specific local government entity, etc.
- ii. Duration of Calls;
- Average length of calls by ZIP code or region (as defined by the State);
 - Average length of calls by call type (as defined by the State, with the assistance of the Contractor);
 - Average length of calls by plan type (e.g., state plan, LEA plan, local Government plan);
 - Average length of calls by employee type (as defined by the State);
 - Average length of calls by employer (e.g., a specific central state agency, a unit of the University of Tennessee system, a unit of the Tennessee Board of Regents system, a specific LEA, a specific local government entity, etc.
- iii. Distribution of Total Call Volume;
- Average number of total calls received on Mondays;
 - Average number of total calls received on Tuesdays;
 - Average number of total calls received on Wednesdays;
 - Average number of total calls received on Thursdays;
 - Average number of total calls received on Fridays;
 - Average number of total calls received on Saturday mornings (8:00am to 12:00pm CT);
 - Average number of calls received during mornings (7:00am to 10:30am CT), excluding Saturday calls;
 - Average number of calls received during afternoons (10:30am to 4:00pm);
 - Average number of calls received during evenings (4:00pm to 7:00pm);
- iv. Number of Call Center calls monitored;
- v. Higher and Lower Periods of Total Call Volume (weekly and monthly reports only);
- Four (4) days during the month with the largest total call volume (report day of week and date);
 - The five (5) one-hour call periods (e.g., 9:00am to 10:00am) during the month with the largest total call volume (report hour, day of week, and date);
 - Four (4) days during the month with the smallest total call volume (report day of week and date); and
 - The five (5) one-hour call periods (e.g., 9:00am to 10:00am) during the month with the smallest total call volume (report hour, day of week, and date); and
- vi. Direct Staff Time (weekly and monthly reports only);
- Total Call Center Contractor hours paid;
 - Total Call Center Contractor hours in which employees were actively taking calls; and
 - Total Call Center Contractor FTEs.

The Contractor shall also report the date and weekday for each morning period; for each afternoon period; and for each evening periods (defined in subsection A.6.b.(4)iii. above) during which it does not meet the targets as described in Contract Section A.7. At the State's direction, the Contractor shall also be prepared to report these elements in an additional, separate "Non-Compliance Report" which shall be due on the same date as the Call Center Activity Report.

For the daily report, the Contractor shall submit a report with data on each element for the preceding business day by 8:30am CT the next business day. For the weekly report, the Contractor shall submit, by 8:30am CT on the first business day of each week, a report with data on each element for the preceding week. For the monthly report, the Contractor shall submit, by 8:30am CT on the fifth business day of the month, a summary report with data on each metric for the preceding month. The monthly report shall include daily, weekly, and monthly data for each metric.

- (5) Monthly Summaries of Unusual Incident Reports. The Contractor shall submit by the tenth (10th) day of each month a summary of all Unusual Incident Reports that Contractor submitted to the State during the previous month pursuant to Contract Section A.6.a.(1).

c. Final Reports. The Contractor shall provide the State the following final reports:

- (1) Coverage Continuation Report. The Contractor shall provide a Coverage Continuation Report listing all dependent(s) by the head-of-contract for whom coverage should be continued because of verified status, in accordance with the Schedule set forth in Contract Section A.5.a.(2).
- (2) Termination/Suspension Report. The contractor shall provide a Termination/Suspension Report listing all dependent(s) by the head-of-contract for which coverage should be suspended or terminated because of unverified status. The Contractor shall submit an initial report and provide weekly updates up until submission of a comprehensive Final Termination/Suspension Report as indicated on the Schedule in Contract Section A.5.a.(2).

Along with the comprehensive Final Termination/Suspension Report, the Contractor shall provide the State with an electronic file (or "flat file") that is indexed and broken down by employee ID, public sector plan or other unique identifier designated by the State for: (1) all of the certified mail information (e.g., tracking numbers, etc.) for each issued Suspension Notice, and (2) scanned copies of any returned Suspension Notices.

Unless otherwise directed by the State, the Contractor shall include in each final reports listed above the first name, last name, sex, date of birth, public sector plan, and the employee ID of the head of contract for each listed dependent.

- d. Daily Conference Calls. The Contractor shall participate in daily conference calls with the State in the week prior to and the three weeks following the go-live date for the Call center as established in Contract Section A.5.a.(2).

A.7. Performance Standards

- a. Call Center Quality Criteria and Protocols. The Contractor shall develop Call Center Quality Criteria and Protocols to measure and monitor the accuracy of responses and phone etiquette for Call Center operations. This document shall detail the exact manner

in which the Contractor shall measure and report the metrics described within Contract Section A.6. The Contractor shall submit the Call Center Quality Criteria and Protocols to the State for review and approval as part of the Policies and Procedures Manual described in Contract Section A.4.g.(3) by the date specified in Contract Section A.5.a.(2).

b. Maximum Speed of Answer

- (1) General Requirements. The Contractor's Call Center shall answer, by a person, all calls within 8 minutes (480 seconds).
- (2) Measurement of Maximum Speed of Answer. Using the definition of maximum speed of answer provided in A.7b.(1), the Contractor shall calculate the number of instances during each: morning, afternoon, and evening periods (as defined in subsection A.6.b.(4)iii. above) during which a caller's maximum speed of answer exceeds this threshold.
- (3) Reporting. The Contractor shall report these data for each period on a daily basis. Additionally, the Contractor shall submit, by the first business day of each week, a report with data on time-to-answer for periods in the preceding week. The Contractor shall also submit, by the fifth business day of the month, a summary report with data on this metric for periods during the preceding month. The monthly report shall include daily, weekly, and monthly data.

c. Average Speed of Answer (ASA)

- (1) General Requirements. The Contractor shall maintain an ASA of less than two minutes (120 seconds) during each respective morning, afternoon, and evening period (as defined in subsection A.6.b.(4)iii. above). Notwithstanding this requirement regarding maximum ASA, the Contractor have an expanded maximum ASA of eight (8) minutes (480 seconds) during up to two periods each week (presumably during periods of higher call volume).
- (2) Measurement of ASA. Using the definition of Average Speed of Answer (ASA) provided in A.7.c.(1), the Contractor shall calculate rates for each respective morning, afternoon, and evening periods (as defined in subsection A.6.b.(4)iii.) In its calculation, the Contractor shall use (i) the number of answered calls during the respective period as the denominator and (ii) the total speed of answer during the respective period as the numerator.
- (3) Reporting. The Contractor shall report these data for each period on a daily basis. Additionally, the Contractor shall submit, by the first business day of each week, a report with data on ASA times for periods in the preceding week. The Contractor shall also submit, by the fifth business day of the month, a summary report with data on this metric for periods during the preceding month. The monthly report shall include daily, weekly, and monthly data.

d. Blocked Call Rate

- (1) General Requirements. The Contractor's Call Center shall maintain a Blocked Call rate of less than one percent (1%) per period.
- (2) Measurement. Using the definition of blocked calls in Contract Section Definitions, the Contractor shall calculate the rate for each respective morning, afternoon, and evening periods (as defined in subsection A.6.b.(4)iii.) by using the number of all calls (including abandoned calls and blocked calls) during the

respective period as the denominator. The Contractor shall use the total number of blocked calls during the respective period as the numerator.

- (3) Reporting. The Contractor shall report these data for each period on a daily basis. Additionally, the Contractor shall submit, by the first business day of each week, a report with these data for periods in the preceding week. The Contractor shall also submit, by the fifth business day of the month, a summary report with data on this metric for periods during the preceding month. The monthly report shall include daily, weekly, and monthly data.

e. Abandoned Call Rate

- (1) Abandoned Call Rate. The Contractor's Call Center shall maintain an Abandoned Call rate of not more than five percent (5%) for each respective morning, afternoon, and evening period.
- (2) Measurement. Using the definition of abandoned calls in Contract Section Definitions, the Contractor shall calculate the rate for each respective morning, afternoon, and evening periods (as defined in subsection A.6.b.(4)iii.) by using the number of all calls (including abandoned calls and blocked calls) during the respective period as the denominator. The Contractor shall use the total number of abandoned calls during the respective period as the numerator.
- (3) Reporting. The Contractor shall report these data for each period on a daily basis. Additionally, the Contractor shall submit, by the first business day of each week, a report with these data for periods in the preceding week. The Contractor shall also submit, by the fifth business day of the month, a summary report with data on this metric for periods during the preceding month. The monthly report shall include daily, weekly, and monthly data.

f. Returned Calls and E-mails. The Contractor shall provide a personalized response to all voicemails and a personalized reply to all e-mails by the end of the business day following the day on which the Contractor received the voicemail or e-mail.

g. Positive Error Rate

- (1) Estimated Positive Error Rate. The Contractor shall have an estimated Positive Error Rate of less than 1.0 percent.
- (2) Measurement. The State will review a sample of not less than 300 cases of alleged dependents on the Contractor's "Coverage Continuation Report" from which it will calculate the numerator and denominator of the estimated Positive Error Rate. The numerator shall be the number from the sample for which the Contractor did not provide a correctly scanned, indexed copy of at least one piece of acceptable verification. The denominator shall be the total number from the sample.

A.8. Information Technology Requirements

a. Global Requirements

- (1) General Statement/Systems Functions. The Contractor shall have information management processes and Information Technology that enable it to meet the requirements under this Contract.

- (2) General Statement/Systems Capacity. The Contractor's Information Technology shall possess capacity sufficient to handle the workload projected for the start of the program and will be scalable and flexible so they can be adapted as needed, within negotiated timeframes, in response to a possible expansion of this initiative, changes in enrollment rules, increases in caseload estimates, etc.
- (3) General Statement/System Availability. The Contractor's Information Technology shall meet the systems availability standards set forth in subsequent sections of and/or attachments to this Contract. The Contractor shall notify the State of any call management system, communications infrastructure or Information Technology problem that compromises the Contractor's ability to meet contract standards within 24 hours.
- (4) E-Mail System. The Contractor shall provide a continuously available, secure electronic mail communication link (secure e-mail system) with the State. This system shall be: available from the workstations of the designated Contractor contacts; and capable of attaching and sending documents created using software products other than Contractor systems.
- (5) Data and Document Management Standards. The Contractor's Systems shall conform to HIPAA standards for data and document management.
- (6) Information Retention. Unless the Contractor provides a full- indexed archive of all data to the State in a manner approved in advance and in writing by the State, the Contractor's Systems shall retain Information for seven (7) years in either live and/or archival systems and for a minimum of three (3) years in live systems. The duration of the retention period may be extended at the discretion of and as indicated to the Contractor by the State as needed for ongoing audits or other purposes. All information retained in an archival system shall be retrievable within three (3) business days of the request by the State. The provisions of this paragraph shall survive the termination of the contract.
- (7) Routine System Maintenance. The Contractor shall absorb the cost of routine maintenance, inclusive of defect correction, System changes required to effect changes in State and federal statute and regulations, and production control activities, of all Systems within its Span of Control.
- (8) File Format Specifications. Unless otherwise specified by the State, the format specifications associated with a file or a stream of data being exchanged between the Contractor and the State will conform to applicable HIPAA standards.
- (9) Errors and Corrections. The Contractor shall immediately report to the State any potential corrections in member dependent eligibility arising from the Contractor's internal quality control activities and reviews.

b. Customer Interaction Management

- (1) General Requirements. The Contractor shall maintain customer interaction management functionality in its Systems whereby all interactions with members irrespective of medium (mail, phone, electronic messaging, Web, self-service, face-to-face, etc.), are recorded and date/time stamped.
- (2) Additional Features. The customer interaction management functionality shall also:

- i. Support the recording of any Contractor personnel that participated in an interaction with members;
- ii. Support the recording of the status of any action resulting from a customer interaction through resolution along with the date/time stamp of any status update; and
- iii. Maintain linkages and parent-child relationships between the initial interaction with members and any subsequent actions and interactions.

c. Reporting

- (1) General Requirements. The Contractor's Systems shall enable the production of automatically generated reports, or reports created and/or prompted on an ad-hoc basis, such that the Contractor shall comply with comprehensive reporting requirements as specified throughout the Contract and specifically detailed in contract sections A.6. A.7. and A.8..
- (2) Ad hoc Functionality. If the Contractor's Systems possess ad-hoc reporting functionality and this functionality is made available to the State, the Contractor shall provide it at no additional cost to the State.

d. System and Information Security, Access Management and Integrity

- (1) General Requirements. The Contractor shall ensure that all data in its Information Technology are kept up-to-date, accurate, and accessible to the State for inspection, upon request.
- (2) Audit Trails. The Contractor shall incorporate audit trails into all Systems to allow information on source data files and documents to be traced through the processing stages to the point where the Information is finally recorded. The Contractor's audit trails shall:
 - i. Contain a unique log-on ID (or batch update identifier), terminal ID, date, and time of any create/modify/delete action and, if applicable, the ID of the system job that effected the action;
 - ii. Have the date and identification "stamp" displayed on any on-line inquiry;
 - iii. Have the ability to trace data from the final place of recording back to its source data file and/or document; and
 - iv. Be supported by listings, transaction Reports, update Reports, transaction logs, or error logs.
- (3) Access Management. The Contractor's Systems shall employ an access management function that shall:
 - i. Restrict access to Information on a "need to know" basis (e.g. users permitted inquiry privileges only will not be permitted to modify Information);
 - ii. Restrict access to specific system functions based on an individual user profile, including inquiry only capabilities;

- iii. Limit attempts to access system functions to a set number with a system function that automatically prevents further access attempts and records these occurrences; and
 - iv. Allow global access to all functions to specified State staff.
- (4) Procedural and System Safeguards. The Contractor shall put in place procedures, measures and technical security to prohibit unauthorized access to the regions of the data communications network inside of a Contractor's Span of Control. Additionally, the Contractor shall put in place procedures and measures for safeguarding the State from unauthorized modifications to Contractor Systems.
- (5) Physical Safeguards. The Contractor shall provide for the physical safeguarding of its data processing facilities and the systems and information housed therein, as well as accountability control to record access attempts, including attempts of unauthorized access.
- (6) State Review and Approval. The Contractor shall provide the State with access to data facilities upon the request of the State.
- e. Business Continuity and Disaster Recovery
- (1) General Requirements. Regardless of the architecture of its Systems, the Contractor shall develop and be continually ready to invoke a business continuity and disaster recovery (BC-DR) plan. The BC-DR plan shall encompass all Information and Communications Technology as defined in this Contract. At a minimum the Contractor's BC-DR plan shall address the following scenarios:
- i. Central and/or satellite data processing, telecommunications, print and mailing facilities and functions therein, hardware and software are destroyed or damaged;
 - ii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromises the integrity of transactions that are active in a live system at the time of the outage;
 - iii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromises the integrity of data maintained in a live or archival system; and
 - iv. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that does not compromise the integrity of transactions or data maintained in a live or archival system but does prevent access to the System (i.e., causes unscheduled System Unavailability).
- (2) Testing. The Contractor shall periodically, but no less than annually, test its BC-DR plan through simulated disasters and lower level failures in order to demonstrate to the State that it can restore System functions per the standards outlined in this Section of the Contract.
- (3) Corrective Action Plan. In the event that the Contractor fails to demonstrate in the tests of its BC-DR plan that it can restore system functions per the standards

outlined in this Contract, the Contractor shall submit to the State a Corrective Action Plan that describes how the failure will be resolved. The Contractor shall deliver the Corrective Action Plan within ten (10) business days of the conclusion of the test.

f. Problem and Change Management

- (1) Problem Notifications. Upon discovery of any problem within its Span of Control that may jeopardize the Contractor's ability to perform any function as specified in this Contract, the Contractor shall notify the applicable the State staff in person, via phone or electronic mail as soon as possible but no later than the close of business if the problem is identified during the business day and no later than 9:00 a.m. Central Time (CT) the following business day if the problem occurs after close of business.
- (2) Corrective Action Plan. Within ten (10) business days of a problem's occurrence, the Contractor shall delivery full written documentation (including a Corrective Action Plan) that describes how the Contractor shall prevent a problem from occurring again.
- (3) Change Notifications. The Contractor shall notify the applicable State staff person of the following changes to Systems within its Span of Control at least twenty-four (24) hours prior to the change:
 - i. Router/switch code upgrades;
 - ii. Router/switch configuration modifications;
 - iii. Firewall upgrades/modifications; and
 - iv. Any changes to its physical network infrastructure including wide area network connectivity for both voice and data communications.
- (4) Escalation Procedures. The Contractor shall furnish the State with all internal escalation procedures and with at least two levels of management escalation to deal with emergency or unresolved Information and Telecommunications Systems issues.
- (5) Change Requests. The Contractor shall maintain a service management system and related processes for tracking all problems and the State-initiated and/or Contractor-initiated change requests. The State reserves the right to change the priority of Contractor problem resolution and/or the implementation of System changes.

g. Information Technology Documentation

- (1) General Requirements. The Contractor shall ensure that written System Process and Procedure Manuals document and describe all manual and automated system procedures for its Information management processes and Information Technology and the architecture of said systems.
- (2) State Review and Approval. The Contractor shall make these Manuals available to the State staff as requested.

A.9. Definitions

- a. AccessTN: Tennessee's high risk pool for uninsured, medically uninsurable adults authorized by T.C.A. 56-7-2901 *et seq.* and operated by Benefits Administration. Additional information is available at <http://www.covertn.gov>.
- b. Abandoned Call: A call in which the caller elects an option and is either not permitted access to that option or disconnects from the system.
- c. After-Hours: Hours between of 5:00 p.m. to 8:00 a.m. CT Monday through Friday and on State Holidays.
- d. Agency Benefits Coordinator: The individual within each agency or department who is the officially-designated liaison between Benefits Administration and employees/members.
- e. Approval: A determination that a member has satisfied the eligibility verification requirements in order to continue a dependent's coverage.
- f. Average Speed of Answer (ASA): The mean time between (a) the moment at which a caller to the Contractor's Call Center first hears an introductory greeting and enters the queue and (b) the time at which a Call Center representative at the Call Center answers the call. For this definition, the term "answer" shall mean begin an uninterrupted dialogue with the caller. If a Call Center representative asks the caller to hold during the first 60 seconds of the dialogue, the Contractor shall not consider the call to be "answered" for purposes of this definition until the Call Center representative returns to the caller and begins an uninterrupted dialogue. If a caller requested a returned call using the dial-back feature described in Contract Section A.4.d.(8) the ASA shall be defined as the time between (a) the moment at which a caller to the Contractor's Call Center first hears an introductory greeting and enters the queue and (b) the time of the returned call (regardless of whether the member answered).
- g. Benefits Administration: The division of the Tennessee Department of Finance & Administration that administers the public sector plans and the Cover Tennessee programs.
- h. Benefits Coordinators: See "Agency Benefits Coordinators".
- i. Blocked Call: A call that can not be connected immediately because no circuit is available at the time the call arrives or the telephone system is programmed to block calls from entering the queue when the queue backs up behind a defined threshold.
- j. Business Days: Traditional workdays, including Monday, Tuesday, Wednesday, Thursday, and Friday. State Holidays are excluded.
- k. Calendar Days: All seven days of the week.
- l. Compliance Period: The sixty (60) day period in which all members must submit acceptable documentation to Contractor in order to demonstrate dependent eligibility.
- m. CoverKids: Tennessee's insurance program for targeted, low-income children authorized by T.C.A. 71-3-1101 *et seq.* and operated by Benefits Administration. The CoverKids program receives federal matching funds from the federal State Children's Health Insurance Program (SCHIP) pursuant to Title XXI of the Social Security Act. Additional information is available at <http://www.coverkids.com> and <http://www.covertn.gov>.

- n. CoverRx: Tennessee's pharmacy assistance program, operated by Benefits Administration, for low-income adults who lack prescription drug coverage. Additional information is available at <http://www.covertn.gov>.
- o. Cover Tennessee: The umbrella term that includes Tennessee's SCHIP program (CoverKids), high risk pool (AccessTN), pharmacy assistance program (CoverRx), and limited benefit program (CoverTN).
- p. CoverTN: Tennessee's limited benefit insurance program for uninsured adults authorized by T.C.A. 56-7-3001 *et seq.* and operated by Benefits Administration. Additional information is available at <http://www.covertn.gov>.
- q. Days: Unless otherwise specified, refers to calendar days.
- r. Deliverable: A document, manual, or report (in hard copy, electronic format or specific medium as required) that the Contractor submits to the State to fulfill requirements of this Contract.
- s. Director: Director of the Public Sector Plans, who reports to the Executive Director of Benefits Administration.
- t. Central State Employees: Employees of the Tennessee courts, General Assembly, or Executive departments or agencies. By tradition, this term also includes certain employees of "offline" agencies (i.e., Greater Nashville Regional Council, Beech River Water Shed Development Authority, South Central Human Resource Agency, WETP-TV (Knoxville), WLJT-TV (West Tennessee), and Governor's Books at Birth). Central State Employees do not include employees of the University of Tennessee or the Tennessee Board of Regents colleges, universities, technical institutes, and other educational institutions or their administrative offices or campuses.
- u. Edison: The State's enterprise resource planning system, which supports human resources, payroll, insurance, contracting, procurement and other agency functions.
- v. Exception: A member's request for an exception to standard processing rules to allow use of atypical types of documentation or waivers related to good cause or hardship circumstances.
- w. Exemption: A member's request to confirm that she or he is not subject to the eligibility verification requirements.
- x. Extension: A member's request for an extension of time beyond the allotted Compliance Period in order to obtain the documentation necessary to satisfy the eligibility verification requirements.
- y. Holidays: Days on which official holidays and commemorations as defined in Tennessee Code Annotated § 15-1-101 *et seq.*, are observed.
- z. Health Insurance Portability and Accountability Act of 1996 (HIPAA): Title I of HIPAA protects health insurance coverage for workers and their families when they change or lose their jobs. Title II, the Administrative Simplification (AS) provisions, requires the establishment of national standards for electronic healthcare transactions and national identifiers for providers, health insurance plans and employers. The HIPAA Administration Simplification provisions also address the security and privacy of health information.

- aa. Information Technology (IT): A combination of computing hardware and software that is used in: (a) the capture, storage, manipulation, movement, control, display, interchange and/or transmission of information, i.e. structured data (which may include digitized audio and video) and documents; and/or (b) the processing of such information for the purposes of enabling and/or facilitating a business process or related transaction.
- bb. Limited-English-Proficient Population: Individuals with a primary language other than English who must communicate in that language if the individual is to have an equal opportunity to participate effectively in, and benefit from, any aid, service or benefit provided by the Contractor.
- cc. Local Education Agency (LEA) Plan: Refers to all health plan options sponsored by the Local Education Committee.
- dd. Local Government Plan: Refers to all health plan options sponsored by the Local Government Committee.
- ee. Protected Health Information (PHI): As defined in the HIPAA Privacy Rule, 45 CFR § 160.103.
- ff. Public Sector Plans: Refers to all plans sponsored by the State, Local Education, and Local Government Committees.
- gg. Reconsideration: A member's request to review a decision by the Contractor or the State related to a Suspension or other action involving the member's compliance with the dependent eligibility verification requirements.
- hh. Social Security: The federal Social Security Administration.
- ii. Span of Control: Information Technology and telecommunications capabilities that the Contractor itself operates or for which it is otherwise legally responsible according to the terms and conditions of this Contract. The span of control also includes Systems and telecommunications capabilities outsourced by the Contractor.
- jj. Speed to Answer: The total time between (a) the moment at which a caller to the Contractor's Call Center first hears an introductory greeting and enters the queue and (b) the time at which a Call Center representative at the Call Center answers the call. For this definition, the term "answer" shall mean begin an uninterrupted dialogue with the caller. If a Call Center representative asks the caller to hold during the first 60 seconds of the dialogue, the Contractor shall not consider the call to be "answered" for purposes of this definition until the Call Center representative returns to the caller and begins an uninterrupted dialogue.
- kk. State, Local Government, and Local Education Insurance Committees: Policy making bodies for the State, Local Government, and Local Education plans established under Tennessee Code Annotated Title 8; Chapter 27 – 101, 207, and 301 respectively.
- ll. State Plan: Refers to all health plan options sponsored by the State Insurance Committee.
- mm. State Fiscal Year (SFY): The twelve (12) month period for 's fiscal year which runs from July 1 through June 30.
- nn. Suspension: A dependent's temporary or permanent loss of coverage for failure to satisfy the eligibility verification requirements.

- oo. System Unavailability: As measured within the Contractor's information technology Span of Control, when a system user does not get the complete, correct full-screen response to an input command within three (3) minutes after depressing the "Enter" or other function key.
- pp. Telecommunication Device for the Deaf (TDD): Special telephony devices with keyboard attachments for use by individuals with hearing impairments who are unable to use conventional phones. Also known as Teletype (TTY).
- qq. TennCare: Tennessee's Medicaid program operated by the Bureau of TennCare, Department of Finance and Administration, as a 1115 Demonstration Waiver program (No. 11-W-00151/4). Additional information is available at <http://www.state.tn.us/tenncare/>.
- rr. Suspension: The removal of a member (including dependents) from a health plan.
- ss. Validation: The review of information, data, and procedures to determine the extent to which they are accurate, reliable, free from bias and in accord with standards for data collection and analysis.
- tt. Week: The traditional seven-day week, Sunday through Saturday.

B. CONTRACT TERM:

- B.1. This Contract shall be effective for the period commencing on May 20, 2009 and ending on May 19, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.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 two (2) years, provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of 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 payment rates provided for in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Eight Hundred Thousand Dollars (\$800,000.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, 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 payment 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.

- C.2. Compensation Firm. The payment rates 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.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment 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.
- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
(1) Approved Implementation Plan and Timetable, including the staffing plan. (refer to <i>pro forma</i> contract sections A.5.a. and D.5.)	\$50,000.00
(2) Development of all member notices, post suspension materials, Frequently Asked Questions (FAQs) and other Reference Materials for Agency Benefits Coordinators (refer to <i>pro forma</i> contract sections A.2.a.(1) and (2))	\$90,000.00
(3) Processing and Data Submission to the State per dependent (refer to <i>pro forma</i> contract sections A.2.b.– e.) affirmatively verified as eligible, invoiced monthly in accordance with Section C.5. below).	\$ 3.95 per dependent
(4) Processing and Data Submission to the State per dependent (refer to Sections A.2.b.– e.) for which eligibility could NOT be confirmed (invoiced once, in accordance with Section C.5. below, on or after the Final Termination/Suspension Report (per Sections A.5.a.(2) and A.6.c.(2)) is submitted). NOTE: Along with the invoice relating to this item (4), the Contractor shall include an explanation of any discrepancies between the amount invoiced for non-verified dependents and the number of dependents on the Final Termination/Suspension Report.	\$ 3.95 per dependent
(5) Analysis of suspended dependents (refer to <i>pro forma</i> contract section A.2.f.)	\$35,000.00
(6) Production and Acceptance by the State of the Coverage Continuation Report and the Final Termination/Suspension Report and Final electronic file containing all suspended dependent information (refer to <i>pro forma</i> contract sections A.2.f. and A.6.c.(1) and (2))	\$20,000.00

- c. Dependent Retention Incentive. PROVIDED THAT the Positive Error Rate described in Contract Section A.7.g is less than 1.0 percent and that the Contractor provides all

reports by the dates specified in Contract Section A.5.a.(2), the State shall pay the Contractor a one-time, incentive payment based on the Validation Rate achieved by the Contractor and the associated Incentive Payment detailed in the following table.

Validation Rate	Incentive Payment (amounts <u>not</u> cumulative)
less than 96%	NO Incentive Payment
96%	\$ 15,000
97%	\$ 30,000
98%	\$ 45,000
99%	\$ 60,000
100%	\$ 75,000

The Validation Rate shall be calculated by dividing: (i) the total number of dependents on the Coverage Continuation Report (per Sections A.5.a.(2) and A.6.c.(1)) as submitted) for whom coverage should be continued because of verified status by (ii) the total number of dependents enrolled with active coverage as of July 1, 2009 and rounding down to the next whole percent. (Example. IF the public sector plans have a total of 128,573 enrolled dependents as of July 1, 2009, and the Contractor provides a Coverage Continuation Report with a total of 124,580 dependents for whom coverage should be continued because of verified status, THEN $124,580 / 128,573 = 96.9\%$ AND SO the Contractor may be eligible for an incentive payment of \$15,000.00.)

The Contractor may submit an invoice for incentive payment with or after the Final Termination/Suspension Report.

- d. The State shall reimburse the Contractor for the actual cost of postage for mailing materials produced under the terms of this Contract as performed and as directed and authorized by the State.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

- a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

Marlene Alvarez, Procurement & Contracting Manager
Tennessee Department of Finance & Administration
Benefits Administration Division
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

- b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Finance & Administration, Benefits Administration Division;
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
 - iv. Amount Due by Service; and
 - v. Total Amount Due for the invoice period.

c. The Contractor understands and agrees that an invoice to the State under this Contract shall:

- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
- (2) not include any future work but will only be submitted for completed service; and
- (3) not include sales tax or shipping charges.

d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.

e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.

C.6. 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.

C.7. 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.

C.8. 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.

- C.9. 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:

- D.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.
- D.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.
- D.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) 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.
- D.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.
- D.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 below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.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.
- D.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.
- D.8. 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 A, 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.

- D.9. Records. The Contractor shall maintain documentation for all charges 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.
- D.10. 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.
- D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

- D.12. 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.
- D.13. 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.
- D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.15. 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, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. 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.
- D.18. 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.
- D.19. 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.
- D.20. 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:

- E.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.

- E.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 certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Procurement & Contracting Manager
Tennessee Department of Finance & Administration
Benefits Administration Division
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
Marlene.alvarez@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Jim Kelly, VP Business Development
Secova, Inc.
5000 Birch Street, East Tower, Suite 300
Newport Beach, CA 92660-2127
jim.kelly@secova.com
Telephone: 770.331.3989
Fax: 714.383.0600

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The 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.
- E.4. 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 (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts 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 TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.5. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

E.6. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.

- a. The Contractor shall maintain, at minimum, the following insurance coverage:
 - (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence.
- b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

E.7. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal 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 applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information 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 applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

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. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

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 Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.
- a. 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. 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 Contractor in compliance with HIPAA (Attachment B). 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.
- E.9. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.
- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and

distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.

- b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
- c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
- d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

E.10. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or contracted services. Such procurements shall be made on a competitive basis, where practical. The Contractor shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Contract. In each instance where it is determined that use of a competitive procurement method was not practical, said documentation shall include a written justification, approved by the Commissioner of Finance and Administration, for such decision and non-competitive procurement.

E.11. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.12. 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.

E.13. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

- E.14. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-31786-00101 (Attachment 6.3, Section B, Item B.13.) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

- E.15. Limitation of Liability. The parties agree that the total liability of the Contractor for breach of this Contract shall not exceed two (2) times the value of this Contract. The value shall be established by the Contract Maximum Liability in Section C.1 and increased by subsequent amendments if any. The foregoing provision shall not limit the Contractor's liability for intentional torts, criminal acts or fraudulent conduct.

- E.16. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

- failure to perform in accordance with any term or provision of the Contract;
- partial performance of any term or provision of the Contract;
- any act prohibited or restricted by the Contract, or
- violation of any warranty.

For purposes of this Contract, these items shall hereinafter be referred to as a "Breach."

- a. Contractor Breach— The State shall notify Contractor in writing of a Breach.
 - (1) In event of a Breach by Contractor, the State shall have available the remedy of Actual Damages and any other remedy available at law or equity.

NOTE: The State may conduct "secret shopper" and other monitoring activities during the contract period toward enduring Contract compliance.
 - (2) Liquidated Damages— In the event of a Breach, including but not limited to non-compliance with this Contract identified by the State by means of "secret shopper" and other monitoring activities, the State may assess Liquidated

Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. The Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in above referenced, Attachment C and agree that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts that the Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

- (3) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. The Notice of Partial Default and termination of services associated with the breach shall advise the Contractor whether the State will provide an opportunity to cure. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, 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. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

- (4) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the

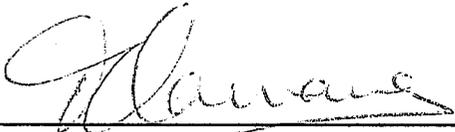
termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice of services associated with the breach shall advise the Contractor whether the State will provide an opportunity to cure. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

The Termination Notice must (1) specify in reasonable detail the nature of the breach; (2) provide Contractor with an opportunity to cure, which shall be no less than 10 days from the date of the Termination Notice; (3) shall specify the effective date of termination in the event Contractor fails to correct the breach. The Termination Notice may specify that the Contractor shall cease operations under this Contract in stages. Contractor must present the State with a written request detailing the efforts it will take to resolve the problem. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations.

- b. State Breach— In the event of a Breach of Contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of Contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

IN WITNESS WHEREOF,

SECOVA, INC.:



CONTRACTOR SIGNATURE

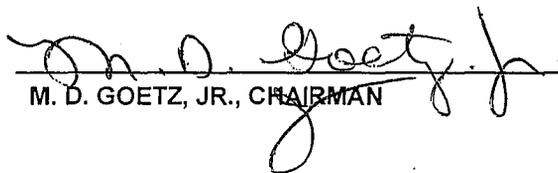
5/18/09

DATE

VENKAT TADAVIKI CEO & PRESIDENT

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:



M. D. GOETZ, JR., CHAIRMAN

5-19-09

DATE

APPROVED:

COMMISSIONER OF FINANCE & ADMINISTRATION

DATE

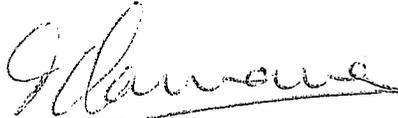
COMPTROLLER OF THE TREASURY

DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	# 7179
CONTRACTOR LEGAL ENTITY NAME:	SECOVA, INC.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	33-0954754

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.

VENKAT TADANKI CEO & PRESIDENT

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

5/18/09

HIPAA BUSINESS ASSOCIATE AGREEMENT
(for Business Associates that do NOT have a service contract with the Covered Entity)

THIS BUSINESS ASSOCIATE AGREEMENT (hereinafter "Agreement") is between The State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee (hereinafter "Covered Entity") and Secova, Inc. (hereinafter "Business Associate"). Covered Entity and Business Associate may be referred to herein individually as "Party" or collectively as "Parties."

Covered Entity acknowledges that it is subject to the Privacy Rule (45 CFR Parts 160 and 164) promulgated by the United States Department of Health and Human Services pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191.

In accordance with the federal privacy regulations set forth at 45 C.F.R. Part 160 and Part 164, Subparts A and E, which require Covered Entity to have a written contract with each of its Business Associates, the Parties wish to establish satisfactory assurances that Business Associate will appropriately safeguard "Protected Health Information" and, therefore, make this Agreement.

1. DEFINITIONS

- 1.1. Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in 45 CFR §§ 160.103 and 164.501.
- 1.2. "Designated Record Set" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.3. "Health Care Operations" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.4. "Individual" shall have the same meaning as the term "individual" in 45 CFR § 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).
- 1.5. "Privacy Officer" shall have the meaning as set out in its definition at 45 C.F.R. § 164.530(a)(1).
- 1.6. "Privacy Rule" shall mean the Standards for Privacy for Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, subparts A and E.
- 1.7. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- 1.8. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.501.

2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

- 2.1. Business Associate agrees to fully comply with the requirements under the Privacy Rule applicable to "business associates," as that term is defined in the Privacy Rule and not use or further disclose Protected Health Information other than as permitted or required by this Agreement or as Required By Law.
- 2.2. Business Associate agrees to use appropriate procedural, physical, and electronic safeguards to prevent use or disclosure of Protected Health Information other than as provided for by this Agreement. Said safeguards shall include, but are not limited to, requiring employees to agree to use or disclose Protected Health Information only as permitted or required by this Agreement and taking related disciplinary actions for inappropriate use or disclosure as necessary.
- 2.3. Business Associate shall require any agent, including a subcontractor, to whom it provides Protected Health Information received from, created or received by, Business Associate on behalf of Covered Entity or that carries out any duties for the Business Associate involving the use, custody, disclosure, creation of, or access to Protected Health Information, to agree, by

- written contract with Business Associate, to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- 2.4. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
 - 2.5. Business Associate agrees to require its employees, agents, and subcontractors to immediately report, to Business Associate, any use or disclosure of Protected Health Information in violation of this Agreement and to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement.
 - 2.6. If Business Associate receives Protected Health Information from Covered Entity in a Designated Record Set, then Business Associate agrees to provide access, at the request of Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by covered Entity, to an Individual in order to meet the requirements under 45 CFR § 164.524, provided that Business Associate shall have at least seven (7) days from Covered Entity notice to provide access to, or deliver such information.
 - 2.7. If Business Associate receives Protected Health Information from Covered Entity in a Designated Record Set, then Business Associate agrees to make any amendments to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to the 45 CFR § 164.526 at the request of Covered Entity or an Individual, and in the time and manner designated by Covered Entity, provided that Business Associate shall have at least thirty (30) days from Covered Entity notice to make an amendment.
 - 2.8. Business Associate agrees to make its internal practices, books, and records including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, created by or received by Business Associate on behalf of, Covered Entity available to the Secretary of the United States Department of Health in Human Services or the Secretary's designee, in a time and manner designated by the Secretary, for purposes of determining Covered Entity's or Business Associate's compliance with the Privacy Rule.
 - 2.9. Business Associate agrees to document disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosure of Protected Health Information in accordance with 45 CFR § 164.528.
 - 2.10. Business Associate agrees to provide Covered Entity or an Individual, in time and manner designated by Covered Entity, information collected in accordance with this Agreement, to permit Covered Entity to respond to a request by an Individual for and accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528, provided that Business Associate shall have at least seven (7) days from Covered Entity notice to provide access to, or deliver such information which shall include, at minimum, (a) date of the disclosure; (b) name of the third party to whom the Protected Health Information was disclosed and, if known, the address of the third party; (c) brief description of the disclosed information; and (d) brief explanation of the purpose and basis for such disclosure.
 - 2.11. Business Associate agrees it must limit any use, disclosure, or request for use or disclosure of Protected Health Information to the minimum amount necessary to accomplish the intended purpose of the use, disclosure, or request in accordance with the requirements of the Privacy Rule.
 - 2.11.1. Business Associate represents to Covered Entity that all its uses and disclosures of, or requests for, Protected Health Information shall be the minimum necessary in accordance with the Privacy Rule requirements.
 - 2.11.2. Covered Entity may, pursuant to the Privacy Rule, reasonably rely on any requested disclosure as the minimum necessary for the stated purpose when the information is requested by Business Associate.
 - 2.11.3. Business Associate acknowledges that if Business Associate is also a covered entity, as defined by the Privacy Rule, Business Associate is required, independent of Business

Associate's obligations under this Agreement, to comply with the Privacy Rule's minimum necessary requirements when making any request for Protected Health Information from Covered Entity.

- 2.12. Business Associate agrees to adequately and properly maintain all Protected Health Information received from, or created or received on behalf of, Covered Entity and to document subsequent uses and disclosures of such information by Business Associate as may be deemed necessary and appropriate by the Covered Entity.
- 2.13. If Business Associate receives a request from an Individual for a copy of the individual's Protected Health Information, and the Protected Health Information is in the sole possession of the Business Associate, Business Associate will provide the requested copies to the individual and notify the Covered Entity of such action. If Business Associate receives a request for Protected Health Information in the possession of the Covered Entity, or receives a request to exercise other individual rights as set forth in the Privacy Rule, Business Associate shall notify Covered Entity of such request and forward the request to Covered Entity. Business Associate shall then assist Covered Entity in responding to the request.
- 2.14. Business Associate agrees to fully cooperate in good faith with and to assist Covered Entity in complying with the requirements of the Privacy Rule.

3. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

- 3.1. Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity.
- 3.2. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information as required for Business Associate's proper management and administration or to carry out the legal responsibilities of the Business Associate.
- 3.3. Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or provided that, if Business Associate discloses any Protected Health Information to a third party for such a purpose, Business Associate shall enter into a written agreement with such third party requiring the third party to: (a) maintain the confidentiality of Protected Health Information and not to use or further disclose such information except as Required By Law or for the purpose for which it was disclosed, and (b) notify Business Associate of any instances in which it becomes aware in which the confidentiality of the Protected Health Information is breached.
- 3.4. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 42 CFR § 164.504(e)(2)(I)(B).

4. OBLIGATIONS OF COVERED ENTITY

- 4.1. Covered Entity shall provide Business Associate with the notice of privacy practices that Covered Entity produces in accordance with 45 CFR § 164.520, as well as any changes to such notice.
- 4.2. Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses.
- 4.3. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use of Protected Health Information.

5. PERMISSIBLE REQUESTS BY COVERED ENTITY

5.1. Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.

6. TERM AND TERMINATION

6.1. Term. This Agreement shall be effective as of the date on which it is signed by both parties and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, Section 6.3. below shall apply.

6.2. Termination for Cause.

6.2.1. This Agreement authorizes and Business Associate acknowledges and agrees Covered Entity shall have the right to immediately terminate this Agreement in the event Business Associate fails to comply with, or violates a material provision of, requirements of the Privacy Rule or this Agreement.

6.2.2. Upon Covered Entity's knowledge of a material breach by Business Associate,

6.2.2.1. Covered Entity shall, whenever practicable, provide a reasonable opportunity for Business Associate to cure the breach or end the violation.

6.2.2.2. If Business Associate has breached a material term of this Agreement and cure is not possible or if Business Associate does not cure a curable breach or end the violation within a reasonable time as specified by, and at the sole discretion of, Covered Entity, Covered Entity may immediately terminate this Agreement.

6.2.2.3. If neither cure nor termination is feasible, Covered Entity shall report the violation to the Secretary of the United States Department of Health in Human Services or the Secretary's designee.

6.3. Effect of Termination.

6.3.1. Except as provided in Section 6.3.2. below, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of, Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

6.3.2. In the event that Business Associate determines that returning or destroying the Protected Health Information is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction unfeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is unfeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction unfeasible, for so long as Business Associate maintains such Protected Health Information.

7. MISCELLANEOUS

7.1. Regulatory Reference. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.

7.2. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule, the Security Rule and the Health Insurance Portability and Accountability Act, Public Law 104-191. Business Associate and Covered Entity shall comply with any amendment to the Privacy and Security Rules, the Health Insurance Portability and Accountability Act, Public Law 104-191, any modifications to Public Law 104-91 and the Privacy and Security Rules required by the American Recovery and Reinvestment Act of 2009, and related regulations upon the effective date of such legislation or rule amendment, regardless of whether this Agreement has been formally amended.

- 7.3. Survival. The respective rights and obligations of Business Associate under Section 6.3. of this Agreement shall survive the termination of this Agreement.
- 7.4. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity and the Business Associate to comply with the Privacy Rule.
- 7.5. Notices and Communications. All instructions, notices, consents, demands, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered by hand, 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.

COVERED ENTITY:

The State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee
 M.D. Goetz, Jr., Chairman
 William R. Snodgrass Tennessee Tower
 312 Rosa L. Parks Ave, Suite 2600
 Nashville, TN 37243
 Telephone: 615.253.8358
 Fax: 615.253.8556

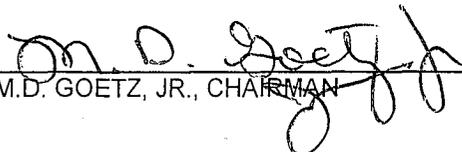
BUSINESS ASSOCIATE:

Secova, Inc.
 Jim Kelly, VP Business Development
 5000 Birch Street, East Tower, Suite 300
 Newport Beach, CA 92660-2127
 Telephone: 770.331.3989
 Fax: 714.384.0600

- 7.6. All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the date of hand 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 facsimile machine at the receiving location and receipt is verbally confirmed by the sender.
- 7.7. Strict Compliance. No failure by any Party to insist upon strict compliance with any term or provision of this Agreement, to exercise any option, to enforce any right, or to seek any remedy upon any default of any other Party shall affect, or constitute a waiver of, any Party's right to insist upon such strict compliance, exercise that option, enforce that right, or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default. No custom or practice of the Parties at variance with any provision of this Agreement shall affect, or constitute a waiver of, any Party's right to demand strict compliance with all provisions of this Agreement.
- 7.8. Severability. With respect to any provision of this Agreement finally determined by a court of competent jurisdiction to be unenforceable, such court shall have jurisdiction to reform such provision so that it is enforceable to the maximum extent permitted by applicable law, and the Parties shall abide by such court's determination. In the event that any provision of this Agreement cannot be reformed, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect.
- 7.9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.
- 7.10. Compensation. There shall be no remuneration for performance under this HIPAA Business Associate Agreement.

IN WITNESS WHEREOF,

STATE OF TENNESSEE, STATE INSURANCE COMMITTEE, LOCAL EDUCATION INSURANCE COMMITTEE, LOCAL GOVERNMENT INSURANCE COMMITTEE:


 M.D. GOETZ, JR., CHAIRMAN

5-19-07
 Date

SECOVA, INC.:



VENKAT TADANKI CEO = PRESIDENT
NAME AND TITLE

Date

5/18/09

LIQUIDATED DAMAGES

	Description of Selected Contract Non-Compliance	Liquidated Damage Amount
1	Failure to submit to the State the deliverables required under this Contract by the timeframes in Contract Section A.5.a.(2).	five thousand dollars (\$5,000) for each determination of failure plus an additional two hundred dollars (\$200) per day until the deliverable is received, up to a maximum of fifteen thousand dollars (\$15,000) per occurrence
2	Distribution, directly or indirectly through any agent or independent Contractor, of materials that contain false or materially misleading information and have not been approved by the State.	ten thousand dollars (\$10,000) per occurrence
3	Negligent misrepresentation or false statements to stakeholder, enrollees, or potential enrollees.	ten thousand dollars (\$10,000) per occurrence
4	Failure to submit to the State the reports described in this Contract by the timeframes established in Contract Section A.7.	one thousand dollars (\$1,000) for each determination of failure plus an additional two hundred dollars (\$200) per day until the information, data, or report is received, up to a maximum of twenty-six thousand dollars (\$26,000) per occurrence
5	Failure to redirect to the State any enrollment forms or other member materials submitted by mistake and received by Contractor within one (1) business day.	one thousand dollars (\$1,000) for each determination of failure plus an additional two hundred dollars (\$200) per day until the misdirected material is received by State, up to a maximum of twenty-six thousand dollars (\$26,000) per occurrence
6	Failure to maintain an weekly average Speed of Answer at or below the target described in Contract Section A.7.b.	one thousand dollars (\$1,000) for each second above the threshold, as reported on weekly reports
7	For weekly periods beginning ten (10) days after the Call Center's go-live date specified in Contract Section A.5.a.(2), failure to maintain a weekly average Speed of Answer at or below the target described in Contract Section A.7.c.	one thousand dollars (\$1,000) for each second above the threshold, as reported on weekly reports
8	Failure to maintain a weekly Blocked Call average at or below the target described in Contract Section A.7.d.	one thousand dollars (\$1,000) for each percentage point above the threshold, as reported on weekly reports
9	For weekly periods beginning ten (10) days after the Call Center's go-live date specified in Contract Section A.5.a.(2), failure to maintain a weekly Abandoned Call	one thousand dollars (\$1,000) for each percentage point above the threshold, as reported on weekly

	Description of Selected Contract Non-Compliance	Liquidated Damage Amount
	average at or below the target described in Contract Section A.7.e.	reports
10	Failure to achieve a positive error rate below one (1.0) percent as described in Contract Section A.7.g.	five thousand dollars (\$5,000) per error or occurrence over and above the acceptable threshold (For example, for a sample of 300, the acceptable threshold would be 3 errors, so if a review resulted in the identification of 6 errors, the Contractor would owe liquidated damages in the amount of: $(6 - 3) \times \$5,000 = \$15,000$)
11	Inclusion of a member's dependent on the Termination/Suspension Report described in Contract Section A.6.c., after the member provided a form of valid verification for such dependent that was on the State's table of acceptable documents	one thousand dollars (\$1,000) per occurrence
12	Failure to adjudicate all extension, exemption, exception and reconsideration requests received by the Contractor on or before the date specified in Section A.5.a.(2).	one thousand dollars (\$1,000) per request not adjudicated on or before the specified date
13	Failure to obtain State consent before approving an extension of time request allowing a member to submit documentation beyond the completion date specified in Section A.5.a.(2).	one thousand dollars (\$1,000) per occurrence
14	Approval of an exemption or exception request that does not comport with the State-approved protocol.	one thousand dollars (\$1,000) per occurrence