CONTRACT #14
RFS # 317.86-027
FA # 05-16228

Finance & Administration
Benefits Administration

VENDOR:
United HealthCare Services Co.
of the River Valley, Inc.
(Tri-Cities area)

RECEIVED
JUN 24 2010
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: Brian Haile, Deputy Executive Director, Benefits Administration

DATE: June 24, 2010

RE: Amendment # 4 to CIGNA Health Maintenance Organization (HMO) Contract for Nashville # 31786-00011
Amendment # 5 to UnitedHealthcare Services Company of the River Valley, Inc. Health Maintenance Organization (HMO) for Knoxville # 31786 – 00006
Amendment # 5 to UnitedHealthcare Services Company of the River Valley, Inc. Health Maintenance Organization (HMO) for Tri-Cities # 31786 - 00005

This is a request for a start date of August 1, 2010 for the amendments to these three contracts. These amendments add funding to continue Per Member Per Month (PMPM) administrative fee payments and for any risk share payments owed to the Contractor by the State for members of the State, Local Education and Local Government Insurance Plans. The PMPM fees continue at the 2010 fee schedule rate for all three Plans.

These amendments are not provided with the requested sixty day advance. The funding balance remaining in the three contracts requires the addition of the funds sooner than 60 days to continue to make the administrative payments on these three contracts. The funding balances were incorrectly stated during the transition from the STARS accounting system to the new Edison system and this discrepancy was only recently discovered. Benefits Administration has added appropriate financial oversight to ensure that this type of error is not repeated.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358
*Original Contract Number:	FA–05–16229–00	*Original RFS Number:	317.86 - 027
Edison Contract Number: *(if applicable)*	Edison ID # 3637	Edison RFS Number: *(if applicable)*	31786 – 00005
*Original Contract Begin Date:	January 1, 2005	*Current End Date:	January 31, 2012
Current Request Amendment Number: *(if applicable)*		5	
Proposed Amendment Effective Date: *(if applicable)*		August 1, 2010	
*Department Submitting:		Finance & Administration	
*Division:		Benefits Administration	
*Date Submitted:		June 24, 2010	
*Submitted Within Sixty (60) days:		No	
If not, explain:		Benefits Administration delayed this amendment in the hope that an increase to the maximum liability would not be necessary. However, due to the risk share payment being paid from the contract, an amendment increasing the maximum liability is required.	
*Contract Vendor Name:		United HealthCare Services Co. of the River Valley, Inc. – **TriCities Service Area**	
*Current Maximum Liability:		$10,100,000.00	

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010
$567,138.00	$1,551,095.00	$1,848,933.00	$2,100,000.00	$2,111,434.00	$921,400.00

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010
$189,358.00	$1,551,095.00	$1,949,259.00	$1,922,089.00	$2,320,188.00	$1,865,928.76

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from

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	employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims, and administrative expenses, etc.), and can only be utilized for that purpose.
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local Government insurance committees have the authority to enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in Department ID 3178600002 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	FY 2007 expenditures exceeded the allocation. Funding to pay the overage was acquired from funding availability rolled forward from FY 2005.

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:	$10,100,000.00		*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
August 2009 – Amendment # 4	Extends term, defines PMPM Adm. Fee for CY 2010, defines target claims/trends costs for CY 2010, carves out pharmacy April 2010, defines the Contractor's responsibilities for claims during run out period.
January 1, 2009 – Amendment # 3	Extended term, added Edison responsibilities
June 2008 – Revision	Re-allocation of funds
February 2008 – Revision	Re-allocation of funds
November 2007 – Revision	Re-allocate funds to establish retiree funds codes 51,

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	52 and 53 as required by Comprehensive Annual Financial Report (CAFR) of the State of Tennessee.
November 1, 2007 – Amendment # 2	Extension to 12.31.08, increased maximum liability to $15,600,000, added payment methodology for CY 2008, added Target Claims Cost for CY 2008, updated Contacts (Section E.2.), added Edison requirements, and changed Contractor name.
June 2007 – Revision	Re-allocation of funds
May 2007 – Revision	Re-allocation of funds
March 2007 – Revision	Re-allocation of funds
August 2006 – Revision	Re-allocation of funds
November 2005 – Revision	Corrected cost center from 62 to 64
October 2005 – Amendment # 1	Clarified Contractor responsibilities in Section A.5.13.
Method of Original Award: *(if applicable)*	RFP
*What were the projected costs of the service for the entire term of the contract prior to contract award?	$5,000,000.00

Supplemental Documentation Required for Fiscal Review Committee

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

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

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

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

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

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

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

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

United - Tri-Cities	(As of 6/7/10)	
STARS contract #:	FA0616229	
Edison contract #:		3,637.00

Expenditures

2005	189,358.00
2006	1,551,095.00
2007	1,949,259.00
2008	1,922,089.00
2009 STARS	1,371,032.00
2009 Edison	949,156.00
2010	1,865,928.76
Total Expenditures	9,608,559.76

Need to Complete CY 2010 Contract and Risk Share:

$1.3 million

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786- 00005 (formerly31786-027)	3637	FA-05-16229-00	5

Contractor

UnitedHealthcare Services Co. of the River Valley, Inc.
TriCities Service Area

Contractor Federal Employer Identification or Social Security #

☐ **C-** or ☒ **V-** 36-3355110

Amendment Purpose/ Effects

Amendment # 5 adds additional funding required for administrative, per member per month (PMPM) expenditures associated with the contract and for any risk share payments owed to the Contractor by the State.

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s)
January 1, 2005	January 31, 2012	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138.00		$567,138.00
2006			$1,551,095.00		$1,551,095.00
2007			$1,848,933.00		$1,848,933.00
2008			$2,100,000.00		$2,100,000.00
2009			$2,111,434.00		$2,111,434.00
2010			$1,871,400.00		$1,871,400.00
2011			$1,350,000.00		$1,350,000.00
TOTAL:			**$11,400,000.00**		**$11,400,000.00**

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

— COMPLETE FOR AMENDMENTS —

END DATE AMENDED? ☒ YES ☐ NO

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2005	$567,138.00	$0.00
2006	$1,551,095.00	$0.00
2007	$1,848,933.00	$0.00
2008	$2,100,000.00	$0.00
2009	$2,111,434.00	$0.00
2010	$1,221,400.00	$650,000.00
2011	$700,000.00	$650,000.00
TOTAL:	**$10,100,000.00**	**$1,300,000.00**

Agency Contact & Telephone #

Marlene Alvarez – Manager of Procurement & Contracting
Tennessee Department of Finance & Administration, Benefits Administration
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)

Speed Code	Account Code
Multiple funds apply	78901000

— OCR USE —	**Procurement Process Summary** (non-competitive, FA- or ED-type only) The original contract (FA-05-16229) was procured through the RFP process.

AMENDMENT FIVE
TO FA–05–16229 (Edison ID # 3637)

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and UnitedHealthcare Services Co. of the River Valley, 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 Eleven Million Four Hundred Thousand Dollars ($11,400,000.00). The Per Member Per Month (PMPM) Administrative Fees 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. PMPM Administrative Fees include, but are not limited to, all applicable taxes, fees, overheads, profit, 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 PMPM Administrative Fees 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 on the date of final approval by the appropriate State officials in accordance with applicable Tennessee State laws and regulations. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

UNITEDHEALTHCARE SERVICES CO. OF THE RIVER VALLEY, 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

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED
Commissioner of Finance & Administration

1) RFS #	31786 – 00005
2) Procuring Agency :	Finance & Administration, Benefits Administration
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Self insured Health Maintenance Organization (HMO) – **TriCities service area.**
4) Contractor :	United HealthCare Services Co. of the River Valley, Inc.
5) Contract #	Edison Contract ID # 3637 (FA–05–16229–00)
6) Contract Start Date :	January 1, 2005
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	January 31, 2012
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	$10,100,000.00
PROPOSED AMENDMENT INFORMATON	
9) Amendment #	# 5
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	August 1, 2010
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	January 31, 2012
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	$11,400,000.00
13) Approval Criteria : (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

Amendment # 5 adds additional funding increasing the maximum liability to the amount listed above in item # 12.

15) Explanation of Need for the Proposed Amendment :

Amendment # 5 adds additional funding required for administrative, per member per month (PMPM) expenditures associated with the contract and for any risk share payments owed to the Contractor by the State.

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

United HealthCare Services Co. of the River Valley, Inc.
408 N. Cedar Bluff, Suite 400
Knoxville, TN 37923

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 :

No procurement alternatives were sought as this is the final year administrative fees will be paid under this contract document. The Third Party Administrators (TPAs) RFP is currently being evaluated with contract awards pending approval by the State, Local Education and Local Government Insurance Committees to enable new vendors for this service by January 1, 2011.

21) Justification for the Proposed Non-Competitive Amendment :

The additional funds are required to pay monthly PMPM administrative fees and any risk share funds owed by the State to the current Contractor based on the annual reconciliation performed in the fall for the prior year's activities. The settlement date for the risk sharing agreement will be no later than nine (9) months from the end of each contract year. For example, year five (calendar year 2010) will be settled no later than September 30, 2011.

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

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman
Senators
Douglas Henry — Reginald Tate
Doug Jackson — Ken Yager
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives
Harry Brooks — Donna Rowland
Curtis Johnson — Tony Shipley
Steve McManus — Curry Todd
Mary Pruitt — Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee BK
Charles Curtiss, Vice-Chairman, Fiscal Review Committee CC

DATE: August 6, 2009

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 8/4/09)

RFS# 317.86-027
Department: Finance & Administration/Benefits Administration
Contractor: United HealthCare Services Co. of the River Valley, Inc.
Summary: The vendor is currently responsible for the provision of self-insured Health Maintenance Organization (HMO) services for the Tri-Cities area. The proposed amendment carves out the pharmacy benefit option as of April 1, 2010, extends the current contract for an additional 25 months through January 31, 2012, and increases the maximum liability by $1,000,000.
Maximum liability: $9,100,000
Maximum liability w/amendment: $10,100,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Laurie Lee, Executive Director, Benefits Administration
Mr. Robert Barlow, Director, Office of Contracts Review

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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: John Anderson, Director of Public Sector Plans, Benefits Administration

Date: July 8, 2009

RE: **Amendments to extend the three (3) United Healthcare Services Co. of the River Valley, Inc. contracts through Jan. 31, 2012 adds Contractor responsibilities for the transition to a Pharmacy Benefits Manager. Contract numbers include FA-05-16227 (Edison # 3635), FA-05-16228 (Edison # 2033, and FA-05-16229 (Edison # 3637)**

The three (3) enclosed contract amendments extend the contracts between the State, Local Education and Local Government Insurance Committees and United HealthCare Services Co. of the River Valley for an additional two (2) years and one (1) month. The first year (2010) continues the provision of administrative service for the HMO plan options, and the last thirteen (13) months of this contract amendment provides for the payment of claims during the "run out period". These amendments were approved by the Committees on March 31, 2009. The original contracts, secured through a competitive procurement, contain provisions under Section B.2 Term Extension for an initial three (36 year term with two (2) one (1) year extensions. This amendment extends beyond the five (5) year term. A rule exception has been requested and approved by the Commissioner of Finance and Administration, under separate cover, to allow for this amendment. The contract amendments are the same for each contract with the exception that they cover different HMO service areas (Tri-cities, Knoxville and Chattanooga). There is no increase in the administrative fees for 2010, which remain at $13.00 PMPM. Once the State exercises its option to transition to a separate Pharmacy Benefits Manager effective April 1, 2010, fees will be reduced to $12.44 PMPM. All three amendments require an increase in the maximum liability. Additional language within each contract amendment addresses the Contractor's responsibilities for the transition to one Pharmacy Benefits Manager (PBM). The Request for Proposals for the PBM is currently under review within the Department of Finance and Administration.

The base contract for each of the three regions is included as are the prior amendments, all revisions to the contract summary sheets, the signed non-competitive amendment request and the supplemental documentation required for the Fiscal Review Committee.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

***Contact Name:**	Marlene Alvarez	***Contact Phone:**	615.253.8358
***Contract Number:**	FA–05–16229–00 Edison ID # 3637	***RFS Number:**	31786 – 00005
***Original Contract Begin Date:**	January 1, 2005	***Current End Date:**	December 31, 2009
Current Request Amendment Number: *(if applicable)*		4	
Proposed Amendment Effective Date: *(if applicable)*		December 31, 2009	
***Department Submitting:**		Finance & Administration	
***Division:**		Benefits Administration	
***Date Submitted:**		July 8, 2009	
***Submitted Within Sixty (60) days:**		Yes	
***If not, explain*:**			
***Contract Vendor Name:**		United HealthCare Services Co. of the River Valley, Inc. – **TriCities Service Area**	
***Current Maximum Liability:**		$9,100,000	

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***Current Contract Allocation by Fiscal Year:**
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010
$567,138.00	$1,551,095.00	$1,848,933.00	$2,100,000.00	$2,111,434.00	$921,400.00

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010
$567,138.000	$1,551,095.00	$1,949,259.00	$1,922,089.00	$2,320,188.00	N/A

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims, and administrative expenses, etc.), and can only be utilized for that purpose.
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local Government insurance committees have the authority to enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the

Supplemental Documentation Required for Fiscal Review Committee

	purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in Department ID 3178600002 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	FY 2007 expenditures exceeded the allocation. Funding to pay the overage was acquired from funding availability rolled forward from FY 2005.

***Contract Funding Source/Amount:**	**State:** N/A	**Federal:**	N/A
Interdepartmental:	$9,100,000	***Other:***	N/A
If "*other*" please define:			

Dates of All Previous Amendments or Revisions: (*if applicable*)	**Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)**
January 1, 2009 – Amendment # 3	Extended term, added Edison responsibilities
June 2008 – Revision	Re-allocation of funds
February 2008 – Revision	Re-allocation of funds
November 2007 – Revision	Re-allocate funds to establish retiree funds codes 51, 52 and 53 as required by Comprehensive Annual Financial Report (CAFR) of the State of Tennessee.
November 1, 2007 – Amendment # 2	Extension to 12.31.08, increased maximum liability to $15,600,000, added payment methodology for CY 2008, added Target Claims Cost for CY 2008, updated Contacts (Section E.2.), added Edison requirements, and changed Contractor name.
June 2007 – Revision	Re-allocation of funds
May 2007 – Revision	Re-allocation of funds
March 2007 – Revision	Re-allocation of funds
August 2006 – Revision	Re-allocation of funds
November 2005 – Revision	Corrected cost center from 62 to 64
October 2005 – Amendment # 1	Clarified Contractor responsibilities in Section A.5.13.

Method of Original Award: (*if applicable*)	RFP
Include a detailed breakdown of the actual	See attached – "UHC Tri-Cities Payments

Supplemental Documentation Required for Fiscal Review Committee

expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. ***(if applicable)***	Since Inception as of June 30, 2009"
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. ***(if applicable)***	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. ***(if applicable)***	This contract is in the fifth year of the term of the contract. The actual expenditures anticipated for the current year and the extension year of the contract are attached and are based on estimated member enrollment.

UHC TRICITIES PAYMENTS SINCE INCEPTION

as of June 30, 2009

STARS Contract Number: FA0516229

Edison Contract Number: 3637

Fiscal Year	Total Payments
2005	567,138.00
2006	1,551,095.00
2007	1,949,259.00
2008	1,922,089.00
2009	2,320,188.00
Total	8,309,769.00

Estimated Future Membership (Total Members) and Corresponding Contractor's Administrative Fees for CY 2009 & 2010

		UNITED CHATTANOOGA		UNITED KNOXVILLE		UNITED TRI CITIES		
STATE PLAN:		Estimated monthly members	Admin fees ($13.00 2009 ($12.44 as of 4/2010)	Estimated monthly members	Admin fees ($13.00 2009 ($12.44 as of 4/2010)	Estimated monthly members	Admin fees ($13.00 2009 ($12.44 as of 4/2010)	TOTAL
	Jan-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Feb-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Mar-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Apr-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	May-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Jun-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Jul-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Aug-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Sep-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Oct-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Nov-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Dec-09	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Jan-10	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Feb-10	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Mar-10	5,000	$ 65,000.00	13,500	$ 175,500.00	7,500	$ 97,500.00	266,500
	Apr-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	May-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Jun-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Jul-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Aug-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Sep-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Oct-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Nov-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
	Dec-10	5,000	$ 62,200.00	13,500	$ 167,940.00	7,500	$ 93,300.00	256,140
			$ 1,144,800.00		$ 3,090,960.00		$ 1,717,200.00	
LOCAL EDUCATION PLAN:		Estimated monthly members	Admin fees ($13.00 2009 ($12.44 2010)	Estimated monthly member	Admin fees ($13.00 2009 ($12.44 2010)	Estimated monthly member	Admin fees ($13.00 2009 ($12.44 2010)	TOTAL
	Jan-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Feb-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Mar-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Apr-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	May-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Jun-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Jul-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Aug-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Sep-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Oct-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Nov-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Dec-09	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Jan-10	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Feb-10	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Mar-10	950	$ 12,350.00	7,500	$ 97,500.00	4,900	$ 63,700.00	123,200
	Apr-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	May-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Jun-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Jul-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Aug-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Sep-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Oct-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Nov-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
	Dec-10	950	$ 11,818.00	7,500	$ 93,300.00	4,900	$ 60,956.00	118,468
			$ 217,512.00		$ 1,717,200.00		$ 1,121,904.00	
OCAL GOVERNMENT PLAN:		Estimated monthly members	Admin fees ($13.00 2009 ($12.44 2010)	Estimated monthly member	Admin fees ($13.00 2009 ($12.44 2010)	Estimated monthly member	Admin fees ($13.00 2009 ($12.44 2010)	TOTAL
	Jan-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Feb-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Mar-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Apr-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	May-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Jun-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Jul-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Aug-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Sep-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Oct-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Nov-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Dec-09	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Jan-10	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Feb-10	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Mar-10	550	$ 7,150.00	1,000	$ 13,000.00	525	$ 6,825.00	22,225
	Apr-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	May-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Jun-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Jul-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Aug-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Sep-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Oct-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Nov-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
	Dec-10	550	$ 6,842.00	1,000	$ 12,440.00	525	$ 6,531.00	21,357
			$ 125,928.00		$ 228,960.00		$ 120,204.00	
:ONTRACT GRAND TOTALS:			$ 1,995,240.00		$ 6,753,120.00		$ 3,967,458.00	

(These are the estimated admin fee pmts only; does not include the value of any payments under the risk share arrangements)

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED
Commissioner of Finance & Administration

1) **RFS #**	31786 – 00005 (formerly 317.86-027)
2) **Procuring Agency :**	Finance & Administration, Benefits Administration
EXISTING CONTRACT INFORMATON	
3) **Service Caption :**	Self insured Health Maintenance Organization (HMO) – **TriCities service area**.
4) **Contractor :**	United HealthCare Services Co. of the River Valley, Inc.
5) **Contract #**	FA–05–16229–00 (Edison Contract ID # 3637)
6) **Contract Start Date :**	January 1, 2005
7) **CURRENT Contract End Date :** (if ALL options to extend the contract are exercised)	December 31, 2009
8) **CURRENT Maximum Cost :** (if ALL options to extend the contract are exercised)	$9,100,000
PROPOSED AMENDMENT INFORMATON	
9) **Amendment #**	4
10) **Amendment Effective Date :** (attached explanation required if < 60 days after F&A receipt)	December 31, 2009
11) **PROPOSED Contract End Date :** (if ALL options to extend the contract are exercised)	January 31, 2012
12) **PROPOSED Maximum Cost :** (if ALL options to extend the contract are exercised)	$10,100,000
13) **Approval Criteria :** (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

Amendment 4 extends term to January 31, 2012; defines the PMPM Administrative Fee for CY 2010; defines the Target Claims/Trend Costs for CY 2010; carves out the pharmacy benefit as of April 2010; and defines the Contractor's responsibilities for claims during the last thirteen months of the contract.

15) Explanation of Need for the Proposed Amendment :

Amendment 4 extends the contract with United Healthcare to provide administrative services to the state sponsored HMO plan serving the TriCities service area for an additional twenty-five (25) month period (1/1/10 through 01/31/12). It includes a 4% reduction in the administrative fees, a reduction in the risk sharing arrangement to a favorable, guaranteed trend of 8%, and adds funds to the contract. It also carves out the pharmacy benefit option from the contract as of April 2010 (or as designated by Benefits Administration) and defines the Contractor's responsibilities during the last thirteen (13) months of the contract (the "run-out period").

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

United HealthCare Services Co. of the River Valley, Inc.
408 N. Cedar Bluff, Suite 400
Knoxville, TN 37923

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 :

Benefits Administration and the State Insurance Committees are in agreement with the extension of the contract with the reduced administrative fee and favorable change in the risk sharing trend factor negotiated with the Contractor. A contract extension also removes the Contractor's responsibility for administrating the pharmacy benefits. The term extension is appropriate and in the best interest of the State and its' employees. .

21) Justification for the Proposed Non-Competitive Amendment :

The reduction of 4% in the present administrative fees and carve out of the pharmacy benefits in addition to the favorable modification of the risk sharing arrangement negotiated with the Contractor are acceptable to the State. The extension of the contract for the additional period is also necessary in order to provide Benefits Administration and the State Insurance Committees the time necessary to implement new plan redesigns for plan year 2011.

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 7/6/09

REQUEST: RULE EXCEPTION

APPROVED
Commissioner of Finance & Administration Date:

RFS #:	31786 – 00005 (formerly 317.86-027)

INFORMATION ABOUT THE EXCEPTION(S) REQUESTED

SUBJECT RULE NUMBER(S):

"0620-3-3-.07(5)" for an exception permitting a contract term greater than five (5) years

DESCRIPTION OF EXCEPTION(S):

The department seeks a rule exception to amend the contract to a period commencing on January 1, 2005 and ending on January 31, 2012 (a 85-month period).

JUSTIFICATION: (compelling rationale for and validation of rule exception request)

Section A.5.13. in Amendment # 4 to the contract specifies:

> For the time period beginning January 1, 2011, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for medical services rendered or medical supplies purchased during the prior term period of this contract with no additional administrative cost to the State. Incurred claims shall be processed for the last thirteen (13) months of the term of the contract with no additional administrative cost to the State. The Contractor shall continue to provide services to any covered participant, should this contract terminate or be canceled, who is hospitalized on the effective date of termination or cancellation. Said coverage shall discontinue when the member is discharged from the hospital. In addition, during the last 13 months of the Contract (or the run out period), the Contractor is responsible for working with the State to settle the risk sharing arrangement for the contract year of 2010 per section C.4 of this contract.

Therefore, it is necessary to extend the contract end date by thirteen (13) months (the run out period) to ensure that the Contractor is able to provide the required services with no additional administrative costs to the State and to settle the risk sharing arrangement.

INFORMATION REGARDING THE APPLICABLE CONTRACT

CONTRACTOR:	United Healthcare Services Co. of the River Valley, Inc.
SERVICE INVOLVED:	Self-insured Health Maintenance Organization (HMO) – **TriCities service area.**
BEGIN DATE:	January 1, 2005
END DATE (including ALL options for term extension):	January 31, 2012
MAXIMUM LIABILITY (including ALL options for term extension):	$10,100,000.
AGENCY HEAD REQUEST SIGNATURE: (signed by the procuring agency head or authorized signatory)	M. D. Fox Jr.
SIGNATURE DATE:	1/1/09

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786- 00005 (formerly31786-027)	3637	FA-05-16229-00	4

Contractor

UnitedHealthcare Services Co. of the River Valley, Inc.
TriCities Service Area

Contractor Federal Employer Identification or Social Security #
☐ C- or ☒ V- 36-3355110

Amendment Purpose/ Effects

Amendment extends term to January 31, 2012; defines the PMPM Administrative Fee for CY 2010; defines the Target Claims/Trend Costs for CY 2010; carves out the pharmacy benefit as of April 2010; and defines the Contractor's responsibilities for claims during the last thirteen months of the contract term ("run-out period").

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s)
January 1, 2005	January 31, 2012	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138.00		$567,138.00
2006			$1,551,095.00		$1,551,095.00
2007			$1,848,933.00		$1,848,933.00
2008			$2,100,000.00		$2,100,000.00
2009			$2,111,434.00		$2,111,434.00
2010			$1,221,400.00		$1,221,400.00
2011			$700,000.00		$700,000.00
TOTAL:			$10,100,000.00		$10,100,000.00

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

— COMPLETE FOR AMENDMENTS —

END DATE AMENDED? ☒ YES ☐ NO

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2005	$567,138.00	$0.00
2006	$1,551,095.00	$0.00
2007	$1,848,933.00	$0.00
2008	$2,100,000.00	$0.00
2009	$2,111,434.00	$0.00
2010	$921,400.00	$300,000.00
2011	$0.00	$700,000.00
TOTAL:	$9,100,000.00	$1,000,000.00

Agency Contact & Telephone #

Marlene Alvarez – Manager of Procurement & Contracting
Tennessee Department of Finance & Administration, Benefits Administration
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)

Speed Code	Account Code
Multiple funds apply	78901000

RECEIVED
OCT 15 2009
FISCAL REVIEW

— OCR USE —	**Procurement Process Summary** (non-competitive, FA- or ED-type only) The original contract (FA-05-16229) was procured through the RFP process.

CY09-576

NON-AMD123008

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

PER AUTHORIZED/CERTIFIED SIGNATURE BELOW

Commissioner of Finance & Administration

1) **RFS #**	31786 – 00005 (formerly 317.86-027)
2) **Procuring Agency :**	Finance & Administration, Benefits Administration
EXISTING CONTRACT INFORMATON	
3) **Service Caption :**	Self insured Health Maintenance Organization (HMO) – **TriCities service area.**
4) **Contractor :**	United HealthCare Services Co. of the River Valley, Inc.
5) **Contract #**	FA–05–16229–00 (Edison Contract ID # 3637)
6) **Contract Start Date :**	January 1, 2005
7) **CURRENT Contract End Date :** (if ALL options to extend the contract are exercised)	December 31, 2009
8) **CURRENT Maximum Cost :** (if ALL options to extend the contract are exercised)	$9,100,000
PROPOSED AMENDMENT INFORMATON	
9) **Amendment #**	4
10) **Amendment Effective Date :** (attached explanation required if < 60 days after F&A receipt)	December 31, 2009
11) **PROPOSED Contract End Date :** (if ALL options to extend the contract are exercised)	January 31, 2012
12) **PROPOSED Maximum Cost :** (if ALL options to extend the contract are exercised)	$10,100,000
13) **Approval Criteria :** (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

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United HealthCare Services Co. of the River Valley, Inc.
408 N. Cedar Bluff, Suite 400
Knoxville, TN 37923

OCR
JUL 08 2009
RECEIVED

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 :

Benefits Administration and the State Insurance Committees are in agreement with the extension of the contract with the reduced administrative fee and favorable change in the risk sharing trend factor negotiated with the Contractor. A contract extension also removes the Contractor's responsibility for administrating the pharmacy benefits. The term extension is appropriate and in the best interest of the State and its' employees. .

21) Justification for the Proposed Non-Competitive Amendment :

The reduction of 4% in the present administrative fees and carve out of the pharmacy benefits in addition to the favorable modification of the risk sharing arrangement negotiated with the Contractor are acceptable to the State. The extension of the contract for the additional period is also necessary in order to provide Benefits Administration and the State Insurance Committees the time necessary to implement new plan redesigns for plan year 2011.

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 2/6/09

AMENDMENT FOUR
TO FA-05-16229 (Edison ID # 3637)

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and UnitedHealthcare Services Co. of the River Valley, 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 A.3.2. is deleted in its entirety and replaced with the following:

   A.3.2. Retail and Mail Order Claims Adjudication – the Contractor shall:

   - Adjudicate and process all electronic point of sale and paper retail and mail order pharmacy claims incurred through March 31, 2010 or as otherwise determined by the State in strict accordance with the State Pharmacy Benefits as contained in the State Plan Document (Appendix 7.3 of RFP #317.86-027).
   - Maintain an integrated retail and mail order electronic point-of-sale claims system that shall have edits to verify eligibility, covered drug benefits, and claim accuracy. Mail order facilities shall have the capacity to process the volume of member subscriptions within the Contractor's defined performance standards.
   - Provide in a timely manner to the State, according to the State's policy for recovery of claims, information on pharmacy claims due to overpayment.
   - Have the ability to refill mail order prescriptions online through the website, by telephone, or by mail, subject to compliance with all applicable federal and state laws and regulations.

2. The text of Contract Section A.5.13. is deleted in its entirety and replaced with the following:

   A.5.13. For the time period beginning January 1, 2011, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for medical services rendered or medical supplies purchased during the prior term period of this contract with no additional administrative cost to the State. Incurred claims shall be processed for the last thirteen (13) months of the term of the contract with no additional administrative cost to the State. The Contractor shall continue to provide services to any covered participant, should this contract terminate or be canceled, who is hospitalized on the effective date of termination or cancellation. Said coverage shall discontinue when the member is discharged from the hospital. In addition, for the period January 1, 2011through January 1, 2012 of the Contract, the Contractor is responsible for working with the State to settle the risk sharing arrangement for the contract year of 2010 per section C.4 of this contract.

3. The text of Contract Section A.8.7. is deleted in its entirety and replaced with the following:

   A.8.7 Quarterly submit health and medical claims data to the State's healthcare data management vendor during the term of this contract. Data shall be submitted in the format detailed in Appendix 7.7, of RFP #317.86-027. The Contractor shall ensure that all claims processed for payment have complete ICD-9 and CPT4 codes and valid provider identifications.

   For each quarter of the contract term, and any extensions thereof, claims data must meet the quality standards detailed in Contract Attachment A, Performance Guarantee # 9), as determined by the State's healthcare claims data management vendor (currently Thomson Reuters).

The cost of the initial claims data conversion to the format of the State's data management vendor shall be borne by the Contractor. Thomson Reuters currently charges a maximum of $30,000 per conversion. Furthermore, any changes associated with data formats supplied to the State's data management vendor, which are Contractor-initiated or are due to meeting compliance with new regulations, and which result in costs or fees, such costs or fees shall be payable by the Contractor.

Claims data are to be submitted to the State's data management vendor no later than the last day of the month following the end of each calendar quarter. Failure to submit data by the deadline will result in an assessment against the Contractor in the amount of $100 per day for the first and second working days past the compliance date, and $500.00 for each working day thereafter, to a maximum of $10,000 per quarter.

4. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. This Contract shall be effective for the period commencing on January 1, 2005 and ending on January 31, 2012. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

5. 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 Ten Million One Hundred Thousand Dollars ($10,100,000). The Per Member Per Month (PMPM) Administrative Fees 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. PMPM Administrative Fees include, but are not limited to, all applicable taxes, fees, overheads, profit, 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 PMPM Administrative Fees 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.

6. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the PMPM Administrative Fees herein for service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The State shall compensate the Contractor monthly for the services outlined in this contract, at the PMPM rates indicated in the following table, based upon the number of members certified by the State to the Contractor. Monthly payments will be made for each month extending from and including January 2005 to December 2010.

PMPM Administrative Fee

PMPM 2005	PMPM 2006	PMPM 2007	PMPM 2008	PMPM 2009	PMPM 1/1-3/31/2010	PMPM 4/1-12/31/2010

State Plan	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$12.44
Local Education Plan	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$12.44
Local Government Plan	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$12.44

There will be no PMPM Administrative Fee paid to the Contractor for the time period January 1, 2011 through January 31, 2012 of this Contract.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed services for the amount stipulated.

7. The text of Contract Section C.4. is deleted in its entirety and replaced with the following:

C.4. Risk Free Corridor will mean a range between Five percent (5%) above and Five percent (5%) below the targeted HMO cost level. Within this range the Contractor is neither penalized nor rewarded for Plan financial performance. Calculation of the Risk Free Corridor will be determined by calculating the figures 5% below and 5% above the Target Cost (see Section C.4.1. following).

C.4.1. Target Claims Cost: The Contractor agrees to the Target Claims/Trend Cost contained in this Contract. Calculation of the Target Claims Cost, for use in determining Risk Sharing Percentages (Section C.4.3 below), will be as follows:

- The State, Local Education, and Local Government weighted HMO Cost PMPM claims will be totaled, for each year as indicated below.

Year	Claims, by plan	**For claims incurred during...**	**And paid during...**
2005	State, Local Education, and Local Government weighted HMO Cost Per Member Per Month (PMPM) claims	January 1, 2005 through December 31, 2005	January 1, 2005 through June 30, 2006
2006		January 1, 2006 through December 31, 2006	January 1, 2006 through June 30, 2007
2007		January 1, 2007 through December 31, 2007	January 1, 2007 through June 30, 2008
2008		January 1, 2008 through December 31, 2008	January 1, 2008 through June 30, 2009
2009		January 1, 2009 through December 31, 2009	January 1, 2009 through June 30, 2010
2010		January 1, 2010 through December 31, 2010	January 1, 2010 through June 30, 2011

- The HMO PMPM cost for each year will be adjusted to arrive at the Target Year PMPM cost by multiplying that cost by the Contractor's Guaranteed Trend Factor contained in the following table.
- Pharmacy claims will be excluded from the 2010 Contract year.

Contract Year	Contractor's Guaranteed Claims Trend Adjustment
2005	30%
2006	30%
2007	30%
2008	15%
2009	9%
2010	9%

C.4.2. Guaranteed Trend under Contract Extension. If this Contract is extended, per Section B.2, the Guaranteed Claims Trend Percentage Adjustment (reference Section C.4.1) shall be no greater than the Guaranteed Claims Trend Percentage Adjustment for the calendar year prior to the termination year.

C.4.3. Risk Sharing Percentages/Maximum Risk Limits

- The State will pay the Contractor additional Administrative fees of 40% of the difference between Actual incurred PMPM claims cost and Administrative fees and (the Target incurred PMPM claims cost minus Five percent (5%) plus Administrative fees), multiplied by the sum of the number of members enrolled during each month of the calendar year. Payments by the State to the Contractor under this provision shall not exceed $3.00 Per Member Per Month (PMPM) per year through contract year 2010.
- The Contractor will refund to the State Administrative fees of 60% of the excess of the Actual incurred PMPM claims cost and Administrative fees and (the Target incurred PMPM claims cost plus Five percent (5%) plus Administrative fees) multiplied by the sum of the number of members enrolled during each month of the calendar year. Payments by the Contractor to the State under this provision shall not exceed $5.00 Per Member Per Month (PMPM) per year through contract year 2010.

C.4.4. The settlement date for the risk sharing agreement will be no later than Nine (9) months from the end of EACH contract year through contract year 2010 with the final settlement for the year 2010 to occur on or before September 30, 2011.

C.4.5. Should the State elect to modify the benefits as provided in the HMO option, the State and Contractor shall mutually agree to appropriately modify the risk sharing arrangement based on the impact of these changes on the claims experience for the year the changes are implemented.

8. The following provision is added as Contract Section A.3.9.:

A.3.9. Effective April 1, 2010, or on an alternate date as determined by the State, the State will exercise the option contained in Section A.3.8. of this Contract and carve out the pharmacy benefit. The Contractor will no longer be responsible for administering the pharmacy benefits, except for pharmacy claims incurred prior to 12:00 A.M. on April 1, 2010, or on an alternate date as determined by the State.

9. The following provision is added as Contract Section A.3.10.:

A.3.10. Effective April 1, 2010, or on an alternate date as determined by the State, the Contractor shall begin to accept, as indicated by the State, daily or weekly pharmacy claims data feeds from the State's pharmacy benefits manager via secure medium during the term of the contract. The data shall be in the format specified by the State.

10. The following provision is added as Contract Section A.3.11.:

A.3.11 At the State's request, the Contractor shall provide current member pharmacy data, via secure medium, to the State's new pharmacy benefit manager, within thirty (30) days of the request. The data may include, but is not limited to, current prior authorizations, overrides, and open refills (mail and retail).

The revisions set forth herein shall be effective December 31, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

UNITEDHEALTHCARE SERVICES CO. OF THE RIVER VALLEY, INC:

Aug. 26, 2009

CONTRACTOR SIGNATURE **DATE**

Garland G. Scott, CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

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

8/31/09

M.D. GOETZ, JR., CHAIRMAN **DATE**

CY09-577

060206

REQUEST: RULE EXCEPTION

APPROVED
PER AUTHORIZED/CERTIFIED SIGNATURE BELOW
Commissioner of Finance & Administration
Date:

RFS #:	31786 – 00005 (formerly 317.86-027)

INFORMATION ABOUT THE EXCEPTION(S) REQUESTED

SUBJECT RULE NUMBER(S):

"0620-3-3-.07(5)" for an exception permitting a contract term greater than five (5) years

DESCRIPTION OF EXCEPTION(S):

The department seeks a rule exception to amend the contract to a period commencing on January 1, 2005 and ending on January 31, 2012 (a 85-month period).

JUSTIFICATION: (compelling rationale for and validation of rule exception request)

Section A.5.13. in Amendment # 4 to the contract specifies:

> For the time period beginning January 1, 2011, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for medical services rendered or medical supplies purchased during the prior term period of this contract with no additional administrative cost to the State. Incurred claims shall be processed for the last thirteen (13) months of the term of the contract with no additional administrative cost to the State. The Contractor shall continue to provide services to any covered participant, should this contract terminate or be canceled, who is hospitalized on the effective date of termination or cancellation. Said coverage shall discontinue when the member is discharged from the hospital. In addition, during the last 13 months of the Contract (or the run out period), the Contractor is responsible for working with the State to settle the risk sharing arrangement for the contract year of 2010 per section C.4 of this contract.

Therefore, it is necessary to extend the contract end date by thirteen (13) months (the run out period) to ensure that the Contractor is able to provide the required services with no additional administrative costs to the State and to settle the risk sharing arrangement.

INFORMATION REGARDING THE APPLICABLE CONTRACT

CONTRACTOR:	United Healthcare Services Co. of the River Valley, Inc.
SERVICE INVOLVED:	Self-insured Health Maintenance Organization (HMO) – **TriCities service area.**
BEGIN DATE:	January 1, 2005
END DATE (including ALL options for term extension):	January 31, 2012
MAXIMUM LIABILITY (including ALL options for term extension):	$10,100,000.
AGENCY HEAD REQUEST SIGNATURE: (signed by the procuring agency head or authorized signatory)	M. D. Fox III
SIGNATURE DATE:	7/1/09

OCR

JUL 08 2009

RECEIVED

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives
Curt Cobb
Curtis Johnson
Gerald McCormick
Mary Pruitt
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*

Sen. Douglas Henry, Vice-Chairman
Senators
Bill Ketron
Doug Jackson
Paul Stanley
Reginald Tate
Jamie Woodson
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

CC
BK

DATE: November 14, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 11/12/08)

RFS# 317.86-027
Department: Finance & Administration/Benefits Administration
Contractor: United Healthcare Services Co. of the River Valley, Inc.
Summary: This vendor is responsible for providing self-insured Health Maintenance Organization (HMO) services for the Tri-Cities area. The proposed amendment changes references from TIS to Edison, includes subscriber and member rates for CY09, extends the current contract for an additional year through December 31, 2009, and increases the maximum liability by $2,000,000.
Maximum liability: $7,100,000
Maximum liability w/amendment: $9,100,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Laurie Lee, Executive Director, Benefits Administration
Mr. Robert Barlow, Director, Office of Contracts Review

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358
*Contract Number:	FA-05-16229	*RFS Number:	317.86-027
*Original Contract Begin Date:	01.01.2005	*Current End Date:	12.31.2008
Current Request Amendment Number: (*if applicable*)		3	
Proposed Amendment Effective Date: (*if applicable*)		01.01.2009	
*Department Submitting:		Finance & Administration	
*Division:		Benefits Administration	
*Date Submitted:		October 2, 2008	
*Submitted Within Sixty (60) days:		Yes	
If not, explain:			
*Contract Vendor Name:		UnitedHealthcare Services Co. of the River Valley, Inc. – TriCities Service Area	
*Current Maximum Liability:		$7,100,000.	

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Contract Summary Sheet)

FY: **2005**	FY: **2006**	FY: **2007**	FY: **2008**	FY: **2009**	FY: **2010**
$567,138	$1,551,095	$1,848,933	$2,100,000	$1,032,834	

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: **2005**	FY: **2006**	FY: **2007**	FY: **2008**	FY: **2009 YTD**	FY: **2010**
$567,138.00	$1,551,095	$1,949,259.00	$1,922,089.00	$318,682.00	

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	**Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims, and administrative expenses, etc.), and can only be utilized for that purpose.**
IF surplus funds have been carried forward, please give the reasons and provide the	**Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local**

Supplemental Documentation Required for Fiscal Review Committee

authority for the carry forward provision:	**Government insurance committees have the authority to enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in allotment code 317.86 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).**
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:	$7,100,000		*Other:*	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
October 2005 – Amendment # 1	Deleted and replaced section A.5.13.
November 2005 – Revision	Corrected cost center from 62 to 64
August 2006 – Revision	Re-allocation of funds
March 2007 – Revision	Re-allocation of funds
May 11, 2007 – Revision	Re-allocation of funds
June 13, 2007 – Revision	Re-allocation of funds
November 1, 2007 – Amendment # 2	Extension to 12.31.08, increased maximum liability to $15,600,000, added payment methodology for CY 2008, added Target Claims Cost for CY 2008, updated Contacts (Section E.2.), added Edison requirements, and changed Contractor name.

Supplemental Documentation Required for Fiscal Review Committee

November 2007 – Revision	Re-allocate funds to establish retiree funds codes 51, 52 and 53 as required by Comprehensive Annual Financial Report (CAFR) of the State of Tennessee.
February 2008 – Revision	Re-allocation of funds
June 2008 – Revision	Re-allocation of funds
Method of Original Award: *(if applicable)*	RFP

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OCT 03 2008
FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-3590 or (800) 253-9981
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: John Anderson, Director of Public Sector Plans, Benefits Administration

Date: October 2, 2008

RE: **Amendments to extend the three (3) United Healthcare Services Co. of the River Valley, Inc. contracts for one year in addition contractor responsibilities for the transmission of enrollment through Edison. Contract numbers include FA-05-16227, FA-05-16228, and FA-05-16229**

The three (3) enclosed contract amendments extend the contracts between the State, Local Education and Local Government Insurance Committees and United HealthCare Services Co. of the River Valley for one additional calendar year. These amendments were approved by the Committees on July 31, 2008. The original contracts, secured through a competitive procurement, contain provisions under Section B.2 Term Extension that provide for these extensions. The contract amendments are the same for each contract, except they are for different HMO service areas (Tri-cities, Knoxville and Chattanooga). There is no increase in the administrative fees, which remain at $13.00 PMPM. The Tri-cities and Knoxville amendments require an increase in the maximum liability, and the Chattanooga contract extension maximum liability is sufficient to cover the one year extension. Additional language within each contract amendment addresses the Contractor's responsibilities under the new Edison System.

The base contract is included as are the prior amendments, all revisions to the contract summary sheets, the signed non-competitive amendment request and the supplemental documentation required for the Fiscal Review Committee.

Thank you for your consideration of this request.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.	
1) RFS #	317.86-027
2) State Agency Name :	Finance and Administration
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Self insured Health Maintenance Organization (HMO) administrative services in the Tri-Cities area.
4) Contractor :	UnitedHealthcare Services Co. of the River Valley, Inc.
5) Contract #	FA-05-16229-00
6) Contract Start Date :	January 1, 2005
7) Current Contract End Date IF all Options to Extend the Contract are Exercised :	December 31, 2008
8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :	$7,100,000.00
PROPOSED AMENDMENT INFORMATON	
9) Proposed Amendment #	# 3
10) Proposed Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	January 1, 2009
11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :	December 31, 2009
12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :	$9,100,000
13) Approval Criteria : (select one)	☒ use of Non-Competitive Negotiation is in the best interest of the state
	☐ only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

The amendment extends the contract with United Healthcare to provide administrative services to the state sponsored HMO plan serving the Tri-Cities service area for one additional year (1/1/09 through 12/31/09) at no additional increase in the administrative fees, and risk sharing arrangement to a favorable guaranteed trend of 9%. Also adds the Contractor's responsibilities for the transfer of plan enrollment information between the state's Edison system.

15) Explanation of Need for the Proposed Amendment :

The option to extend the contract for an additional year was included within the original contract, and the Contractor has agreed to maintain the administrative fees at the amount in effect during the calendar year 2008 for calendar year 2009. The amendment continues the provision of the HMO plan option for the Tri-Cities service area. Also, it is necessary to define the Contractor's responsibilities for the interface with the state's Edison system.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

UnitedHealthcare Services Co. of the River Valley, Inc., 408 North Cedar Bluff Rd., Suite 400, Knoxville, TN, 37923

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

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

Benefits Administration is in agreement with the continuation of the contract with the present administrative fee and favorable change in the risk sharing trend factor negotiated with the Contractor. Benefits Administration considers a term extension appropriate and in the best interest of the state and its' employees.

21) Justification for the Proposed Non-Competitive Amendment :

The continuation of the present administrative fees and the favorable modification of the risk sharing arrangement negotiated with the Contractor are acceptable to the State, and the Contractor has accepted the data interface requirements between Edison.

REQUESTING 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)

Agency Head Signature	**Date** 8/29/08

FAX/EMAIL TRANSMITTAL

to Request OIR Procurement Endorsement

TO :	**Jane Chittenden, Director** **OIR Procurement & Contract Management**	**FAX # 741-6164**
FROM :	**Marlene D. Alvarez, Procurement & Contracting Manager**	**FAX # 253-8556**
DATE :	**September 24, 2008**	
RFS #	**317.86-027**	
RE :	**Procurement Endorsement — UnitedHealthCare Services Co. of the River Valley, Inc. (TriCities Service Area), amendment transfer Contractor responsibilities from Tennessee Insurance System (TIS) to Edison**	

INFORMATION SYSTEMS PLAN PROJECT: N/A

NUMBER OF FAX PAGES (including cover) : 1

The nature and scope of service detailed in the attached service procurement document(s) appears to require Office for Information Resources (OIR) review and support, because the procurement involves information technology or information systems services.

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call **Marlene D. Alvarez** at **615-253-8358**.

Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thank you for your help.

Attachment(s)

Must include the entire contract or amendment document and where applicable, the non-competitive contract or amendment request form. The original contract and any prior amendments that were applied to the same section of the contract must be provided with an amendment. Electronic copies of the contract, amendments, and request form without signature are acceptable.

RFP documents must be provided in electronic form.

OIR Endorsement :

Mark Bengel (gc) 10/2/08

OIR Chief Information Officer **Date**

UNITED HEALTHCARE TRI-CITIES PAYMENTS

UNITED HEALTHCARE TRI-CITIES FY 2005

	STATE	LOCAL EDUCATION	LOCAL GOV'T	COMBINED TOTAL
Jan-05	69,511.00	18,902.00	5,213.00	$ 93,626.00
Feb-05	69,706.00	18,928.00	5,772.00	$ 94,406.00
Mar-05	69,875.00	18,993.00	5,759.00	$ 94,627.00
Apr-05	70,174.00	19,279.00	5,668.00	$ 95,121.00
May-05	69,966.00	19,279.00	5,954.00	$ 95,199.00
Jun-05	69,108.00	19,006.00	6,045.00	$ 94,159.00
Total FY 2005	$ 418,340.00	$ 114,387.00	$ 34,411.00	$ 567,138.00

UNITED HEALTHCARE TRI-CITIES FY 2006

	STATE	LOCAL EDUCATION	LOCAL GOV'T	COMBINED TOTAL
Jul-05	70,044.00	19,292.00	5,590.00	$ 94,926.00
Aug-05	71,045.00	19,487.00	5,434.00	$ 95,966.00
Sep-05	70,317.00	20,176.00	5,499.00	$ 95,992.00
Oct-05	72,527.00	20,072.00	5,694.00	$ 98,293.00
Nov-05	71,721.00	20,514.00	5,811.00	$ 98,046.00
Dec-05	73,515.00	20,839.00	4,771.00	$ 99,125.00
Jan-06	87,100.00	65,494.00	6,825.00	$ 159,419.00
Feb-06	87,230.00	66,508.00	7,670.00	$ 161,408.00
Mar-06	88,023.00	66,235.00	7,267.00	$ 161,525.00
Apr-06	87,503.00	66,534.00	7,631.00	$ 161,668.00
May-06	87,334.00	66,443.00	7,657.00	$ 161,434.00
Jun-06	88,777.00	66,898.00	7,618.00	$ 163,293.00
Total FY 2006	$ 955,136.00	$ 518,492.00	$ 77,467.00	$ 1,551,095.00

UNITED HEALTHCARE TRI-CITIES FY 2007

	STATE		LOCAL EDUCATION		LOCAL GOV'T		COMBINED TOTAL
	Active	Retired	Active	Retired		Retired	
Jul-06	86,554.00	2,184.00	62,946.00	3,549.00	7,501.00	39.00	$ 162,773.00
Aug-06	86,567.00	2,288.00	62,361.00	3,978.00	7,280.00	39.00	$ 162,513.00
Sep-06	86,580.00	2,340.00	63,843.00	4,121.00	7,384.00	26.00	$ 164,294.00
Oct-06	88,504.00	2,275.00	63,973.00	4,238.00	7,592.00	26.00	$ 166,608.00
Nov-06	87,373.00	1,911.00	63,492.00	4,251.00	7,852.00	13.00	$ 164,892.00
Dec-06	86,892.00	2,171.00	63,245.00	4,186.00	8,203.00	13.00	$ 164,710.00
Jan-07	87,581.00	3,471.00	57,863.00	4,797.00	8,164.00	13.00	$ 161,889.00
Feb-07	87,958.00	2,314.00	57,720.00	4,056.00	7,982.00	13.00	$ 160,043.00
Mar-07	87,737.00	2,210.00	57,720.00	4,108.00	8,138.00	-	$ 159,913.00
Apr-07	87,607.00	2,223.00	58,136.00	4,290.00	8,268.00	-	$ 160,524.00
May-07	87,711.00	2,132.00	57,941.00	4,030.00	8,281.00	-	$ 160,095.00
Jun-07	88,972.00	2,275.00	57,525.00	4,381.00	7,852.00	-	$ 161,005.00
Total FY 2007	$ 1,050,036.00	$ 27,794.00	$ 726,765.00	$ 49,985.00	$ 94,497.00	$ 182.00	$ 1,949,259.00

UNITED HEALTHCARE TRI-CITIES FY 2008

	STATE		LOCAL EDUCATION		LOCAL GOV'T		COMBINED TOTAL
	Active	Retired	Active	Retired	Active	Retired	
Jul-07	$ 88,491.00	$ 2,288.00	$ 57,291.00	$ 4,329.00	$ 7,891.00	$ -	$ 160,290.00
Aug-07	$ 88,101.00	$ 2,314.00	$ 57,460.00	$ 4,134.00	$ 7,592.00	$ -	$ 159,601.00
Sep-07	$ 88,530.00	$ 2,301.00	$ 58,266.00	$ 4,394.00	$ 7,501.00	$ -	$ 160,992.00
Oct-07	$ 88,829.00	$ 2,340.00	$ 58,799.00	$ 4,602.00	$ 7,540.00	$ 39.00	$ 162,149.00
Nov-07	$ 89,154.00	$ 2,327.00	$ 57,902.00	$ 4,576.00	$ 7,566.00	$ 13.00	$ 161,538.00
Dec-07	$ 88,530.00	$ 2,353.00	$ 58,409.00	$ 4,407.00	$ 7,371.00	$ 13.00	$ 161,083.00
Jan-08	$ 89,414.00	$ 2,379.00	$ 57,421.00	$ 4,407.00	$ 6,071.00	$ 13.00	$ 159,705.00
Feb-08	$ 88,634.00	$ 2,470.00	$ 57,525.00	$ 4,342.00	$ 6,032.00	$ 13.00	$ 159,016.00
Mar-08	$ 88,504.00	$ 2,613.00	$ 58,032.00	$ 4,355.00	$ 6,032.00	$ 13.00	$ 159,549.00
Apr-08	$ 91,182.00	$ 2,431.00	$ 56,732.00	$ 4,394.00	$ 5,993.00	$ 13.00	$ 160,745.00
May-08	$ 89,908.00	$ 2,548.00	$ 56,277.00	$ 4,290.00	$ 5,876.00	$ 13.00	$ 158,912.00
Jun-08	$ 89,414.00	$ 2,626.00	$ 55,835.00	$ 4,550.00	$ 6,071.00	$ 13.00	$ 158,509.00
Total FY 2008	$ 1,068,691.00	$ 28,990.00	$ 689,949.00	$ 52,780.00	$ 81,536.00	$ 143.00	$ 1,922,089.00

UNITED HEALTHCARE TRI-CITIES FY 2009

	STATE		LOCAL EDUCATION		LOCAL GOV'T		COMBINED TOTAL
	Active	Retired	Active	Retired	Active	Retired	
Jul-08	90,896.00	2,587.00	55,705.00	4,563.00	6,136.00	39.00	$ 159,926.00
Aug-08	90,090.00	2,665.00	55,432.00	4,628.00	5,863.00	78.00	$ 158,756.00
FYTD Total	$ 180,986.00	$ 5,252.00	$ 111,137.00	$ 9,191.00	$ 11,999.00	$ 117.00	$ 318,682.00

GRAND TOTAL $ **6,308,263.00**

CONTRACT SUMMARY SHEET

021908

RFS #	Contract #
317.86-027	FA-05-16225
State Agency	**State Agency Division**
Finance & Administration	Benefits Administration
Contractor Name	**Contractor ID # (FEIN or SSN)**
UnitedHealthcare Services Co. of the River Valley, Inc.	☐ C- or ☒ V- 36-3355110

RECEIVED JAN 13 2009 FISCAL REVIEW

Service Description

Self insured Health Maintenance Organization (HMO) – Tri-Cities service area. Amendment extends term, administrative fee continues at present rate. Adds Edison responsibilities.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2009	Vendor	

Mark Each TRUE Statement

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	63	891	51, 52, 53, 55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138		$567,138
2006			1,551,095		1,551,095
2007			1,848,933		1,848,933
2008			2,100,000		2,100,000
2009			2,111,434		2,111,434
2010			921,400		921,400
TOTAL:			$9,100,000		$9,100,000

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	$567,138	
FY: 2006	1,551,095	
FY: 2007	1,848,933	
FY: 2008	2,100,000	
FY: 2009	1,032,834	$1,078,600
FY: 2010		$921,400
TOTAL:	$7,100,000	$2,000,000
End Date:	December 31, 2008	December 31, 2009

State Agency Fiscal Contact & Telephone #

Maureen Abbey, Director – Office of Business and Finance
312 Rosa L. Parks Avenue, Suite 2000
Nashville, TN 37243-1102
615.741.6070

State Agency Budget Officer Approval

Mau Abbey

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

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

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

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

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

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

DIR/RCM 12/3/08

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	64	891	55				$533,000
317.86	64	891	55				$637,000
317.86	64	891	56				$375,000
317.86	64	891	56				$392,000
317.86	64	891	58				$75,334
317.86	64	891	51				$17,000
317.86	64	891	51				$18,600
317.86	64	891	52				$30,000
317.86	64	891	52				$31,000
317.86	64	891	53				$2,500
TOTAL							$2,111,434

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2010

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	64	891	55				$537,100
317.86	64	891	56				$338,200
317.86	64	891	58				$5,300
317.86	64	891	58				
317.86	64	891	51				$19,000
317.86	64	891	52				$21,300
317.86	64	891	53				$500
TOTAL							$921,400

AMENDMENT THREE
TO FA-05-16229-00

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and UnitedHealthcare Services Co. of the River Valley, 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 A.7.5. is deleted in its entirety and replaced with the following:

   A.7.5. The Contractor shall respond to all inquiries in writing from the Division of Benefits Administration within one (1) week after receipt of said inquiry. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State immediately as to when the response can be furnished to the State.

2. The text of Contract Section A.8. is deleted in its entirety and replaced with the following:

   A.8. DATA AND SPECIFIC REPORTING REQUIREMENTS

   The Contractor shall:

   A.8.1. Maintain an electronic data interface, via internet access, with the State of Tennessee's Edison System, for the purpose of accessing State member eligibility information. The Contractor is responsible for providing the hardware and software necessary for access. When the Contractor requires the exchange of Protected Health Information (PHI) with the State of Tennessee, the State recommends the use of second level authentication. This is accomplished using the State's standard software product which supports Public Key Infrastructure (PKI). The Contractor will agree to design a solution, in coordination with the State, to connect to the State's SFTP server using a combination of the password and the authentication certificate. Additionally, federal standards require encryption of all electronic protected health data at rest as well as during transmission. The State of Tennessee uses public key encryption with Advanced Encryption Standard (AES) to encrypt PHI. If the State adopts a different or additional encryption standard or tool in the future, the Contractor is expected, with adequate notice, to cooperate with the State to maintain the security of protected information according to all applicable State and Federal standards.

   Furthermore, the Contractor must adhere to the privacy and security regulations required by the Health Insurance Portability & Accountability Act of 1996 (HIPAA).

   A.8.1.1 Notwithstanding the requirement to maintain eligibility data, the Contractor is not authorized to initiate data changes to the system without the State's approval, as detailed below. This prohibition shall include, but not necessarily be limited to: initiation, termination, and/or changes of coverage.

   A.8.2. Maintain, in its computer system, in-force eligibility and enrollment records of all State plan participants. Specific additional obligations, relative to this requirement, are the following:

   A.8.2.1. **Weekly Enrollment Update:** To ensure that State plan participants' enrollment records remain accurate and complete, the Contractor commits to the following:

   - to receive, via secure medium (see A.8.1.) weekly enrollment data electronic transfer files from the State, in the State's Edison 834 transaction formats, for participants who are maintained in the State's Edison System (See attachment D of this contract), for participants who are maintained in the State's Edison System

[files will include full population records for all participants and will be in the format of ANSI ASC X12.84, Benefit Enrollment and Maintenance (834), version 004010X095A1, with a few fields being customized by the state];

- to complete each of the following tasks by the indicated deadline:

Required Task	Deadline	Penalty for missed deadline
1. Systematically process and update, via computer programs, the Contractor's database, utilizing the State's weekly enrollment file records	within three (3) working days of receipt of the files from the State	$100.00 per day for the first (1st) and second (2nd) working days out of compliance; $500.00 per working day thereafter
2. Resolve all mismatches identified by the processing of the weekly files; "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.	within six (6) working days of receipt of the files from the State	$100.00 per day for the first (1st) and second (2nd) working days out of compliance; $500.00 per working day thereafter

- and to complete and submit to the State, the *Weekly File Transmission Statistics Report* (format to be provided by the State), within seven (7) working days of receipt of the weekly files.

The Contractor shall also require of its subcontractors, as applicable, to maintain Weekly Enrollment Updates on a timely basis.

NOTE: Section A.8.2.1 shall be monitored by the State as Performance Guarantee # 7 (see Contract Attachment A).

A.8.2.2. **Enrollment Data Match**: Upon request by the State, not to exceed two (2) times annually, the Contractor shall submit to the State, via secure medium, its full file of State enrollees, by which the State will conduct a data match against the State's Edison database. The purpose of this data match will be to determine the extent to which the Contractor is maintaining its data base of State members, as required by Section A.8.2.1.

Data will be sent by the Contractor to the State in a format specified by the State. Failure by the Contractor to submit records, and in the proper format, within fourteen (14) calendar days of the request from the State, shall result in a penalty of $10,000 per request.

Results of this match will be communicated to the Contractor, including any requirements – and associated timeframes – for resolving the discrepancies identified by the data match. Failure by the Contractor to resolve the discrepancies, within the specified timeframe(s) will result in a penalty to the Contractor of $10,000.

For the purpose of the requirements of this section, "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.

A.8.3. Maintain a duplicate set of all records relating to the benefit payments in electronic medium, usable by the State and Contractor for the purpose of disaster recovery. Such duplicate records are to be stored at a secure fire, flood, and theft- protected facility located away from the storage location of the originals. The duplicate data processing records shall be updated, at a minimum, on a daily basis and retained for a period of 60 days from the date of creation. Upon notice of termination or cancellation of this contract, the original and the duplicate data processing records medium, and the information they contain shall be conveyed to the State on or before the effective date of termination or cancellation.

A.8.4. Reconcile, within ten (10) working days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

A.8.5. Maintain the benchmarks required by each of the provisions contained in Contract Attachment A, Performance Guarantees, through the entire contract term.

A.8.6. Annually provide the State with a GeoNetworks® report showing service and geographic access (see Contract Attachment A: Performance Guarantee # 8). The State shall review the network structure and shall inform the Contractor in writing of any deficiencies the State considers to deny reasonable access to health care. The State and Contractor shall then mutually develop a plan of action to correct said deficiencies within sixty (60) days from the date the Contractor was first notified of the problem.

A.8.7. Submit health and medical claims data to the State's healthcare data management vendor and to the Department of Finance and Administration, Office for Information Resources on a quarterly basis or more frequently as mutually agreed to by both parties during and following the term of this contract, until all claims incurred during the term of this contract have been paid. Data shall be submitted in the format detailed in Appendix 7.7, of RFP #317.86-027. The Contractor shall ensure that all claims processed for payment have complete ICD-9 and CPT4 codes and valid provider identifications.

For each quarter of the contract term, and any extensions thereof, claims data must meet the quality standards detailed in Contract Attachment A, Performance Guarantee # 9, as determined by the State's healthcare claims data management vendor.

The cost of the initial claims data conversion to the format of the State's data management vendor shall be borne by the Contractor. The current vendor currently charges a maximum of $30,000 per conversion. Furthermore, any changes associated with data formats supplied to the State's data management vendor, which are Contractor-initiated or are due to meeting compliance with new regulations, and which result in costs or fees, such costs or fees shall be payable by the Contractor.

Claims data are to be submitted to the State's data management vendor no later than the last day of the month following the end of each calendar quarter. Failure to submit data by the deadline will result in an assessment against the Contractor in the amount of $100 per day for the first and second working days past the compliance date, and $500 for each working day thereafter, to a maximum of $10,000 per quarter.

3. The text of Contract Section A.9. is deleted in its entirety and replaced with the following:

A.9. **SUBMIT MANAGEMENT REPORTS**

The Contractor shall submit hard copy reports, of the type, at the frequency, and containing the detail described in Contract Attachment B. Reporting shall continue for the twelve (12) month period following termination of the contract. If agreed between the Contractor and the State, these reports shall also be submitted in an electronic format. Where available, the Contractor shall provide identical reports in the aggregate for comparable employer groups to enable the State's comparison of its program utilization and claim costs with other employer groups.

4. The text of Contract Section A.10. is deleted in its entirety and replaced with the following:

A.10. **SERVICES PROVIDED BY THE STATE**

The State shall provide enrollment records. These records shall include enrollment data for participants' status and information concerning covered dependents. The Contractor's

computer system shall be compatible or have the capability to utilize the eligibility information provided by the State, in the State's proprietary transaction formats.

5. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. This Contract shall be in effect commencing on January 1, 2005 and ending on December 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified term.

6. 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 Nine Million One Hundred Thousand Dollars, ($9,100,000). The Per Member Per Month (PMPM) Administrative Fees 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. PMPM Administrative Fees include, but are not limited to, all applicable taxes, fees, overheads, profit, 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 PMPM Administrative Fees 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.

7. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the PMPM Administrative Fees herein for service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The State shall compensate the Contractor monthly for the services outlined in this contract, at the PMPM rates indicated in the following table, based upon the number of members certified by the State to the Contractor. Monthly payments will be made for each month extending from and including January 2005 to December 2009.

PMPM Administrative Fee

	PMPM 2005	PMPM 2006	PMPM 2007	PMPM 2008	PMPM 2009
State Plan	$13.00	$13.00	$13.00	$13.00	$13.00
Local Education Plan	$13.00	$13.00	$13.00	$13.00	$13.00
Local Government Plan	$13.00	$13.00	$13.00	$13.00	$13.00

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed services for the amount stipulated.

8. The text of Contract Section C.4. is deleted in its entirety and replaced with the following:

C.4. Risk Free Corridor will mean a range between Five per cent (5%) above and Five per cent (5%) below the targeted HMO cost level. Within this range the Contractor is neither

penalized nor rewarded for Plan financial performance. Calculation of the Risk Free Corridor will be determined by calculating the figures 5% below and 5% above the Target Cost (see Section C.4.1 following).

C.4.1. Target Claims Cost: The Contractor agrees to the Target Claims/Trend Cost contained in this Contract. Calculation of the Target Claims Cost, for use in determining Risk Sharing Percentages (Section C.4.3 below), will be as follows:

- The State, Local Education, and Local Government weighted HMO Cost PMPM claims will be totaled, for each year as indicated below.

Year	Claims, by plan	**For claims incurred during...**	**And paid during...**
2005	State, Local Education, and Local Government weighted HMO Cost Per Member Per Month (PMPM) claims	January 1, 2005 through December 31, 2005	January 1, 2005 through June 30, 2006
2006		January 1, 2006 through December 31, 2006	January 1, 2006 through June 30, 2007
2007		January 1, 2007 through December 31, 2007	January 1, 2007 through June 30, 2008
2008		January 1, 2008 through December 31, 2008	January 1, 2008 through June 30, 2009
2009		January 1, 2009 through December 31, 2009	January 1, 2009 through June 30, 2010

- The HMO PMPM cost for each year will be adjusted to arrive at the Target Year PMPM cost by multiplying that cost by the Contractor's Guaranteed Trend Factor contained in the following table.

Contract Year	Contractor's Guaranteed Claims Trend Adjustment
2005	30%
2006	30%
2007	30%
2008	15%
2009	9%

9. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

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 Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance & Administration

Benefits Administration Division
312 Rosa L Parks Avenue, Suite 2600
Nashville, TN 37243
Email: Marlene.alvarez@state.tn.us
Telephone: 615.253.8358
FAX: 615.253.8556

The Contractor:

Kristen Gasnow, Strategic Account Executive - Major Accounts
UnitedHealthcare Services Co. of the River Valley, Inc.
408 N. Cedar Bluff, Suite 400
Knoxville, TN 37923
Email: kristen_L_Gasnow@uhc.com
Telephone: 865.769.1538
FAX: 800.984.1768

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

10. Contract Attachment A is deleted in its entirety and replaced with the new Contract Attachment A attached hereto.

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

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

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment C, 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.

12. The following provision is added as Contract Section E.11.:

E.11. 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.

13. Contract Attachment C attached hereto is added as a new Contract Attachment.

14. Contract Attachment D attached hereto is added as a new Contract Attachment.

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

IN WITNESS WHEREOF:

UNITEDHEALTHCARE SERVICES CO. OF THE RIVER VALLEY, INC:

11/21/08

CONTRACTOR SIGNATURE DATE

GARLAND Scott, CEO of The MidSouth

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. 12-2-08

M.D. GOETZ, JR., CHAIRMAN MDA DATE

APPROVED:

PER AUTHORIZED SIGNATURE ABOVE DEC 11 2008

M. D. GOETZ, JR., COMMISSIONER DATE
DEPARTMENT OF FINANCE AND ADMINISTRATION

John G. Morgan 12/15/08

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

ATTACHMENT A
PERFORMANCE GUARANTEES

The Contractor shall pay to the State the indicated total dollar penalty upon notification by the State that an amount is due, through the life of the contract.

1. Claims Payment Dollar Accuracy	
Guarantee	Average quarterly financial accuracy will be 95% or higher.
Definition	Absolute value of financial errors divided by the total paid value of audited dollars paid.
Penalty	$5,000.00 for each full percentage point below 95% for each contracted quarter.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured quarterly; reported and reconciled annually.
2. Claims Turnaround Time	
Guarantee	The average quarterly claims payment turnaround time will not be greater than: - 14 calendar days for 90% of **non-investigated (clean)** claims; and - 30 calendar days for 96% of **all** claims.
Definition	Definition: Measured from the date the claim is received in the office to the date processed, including weekends and holidays. Any claims that include COB and subrogation will be excluded when calculating compliance with the "investigated claims" performance standard.
Penalty	**Non-Investigated Claims (clean)**: $1,000.00 for each full percentage point below the required minimum standard of 90% within 14 days. Quarterly Guarantee. **All Claims**: $1,000.00 for each full percentage point below the required minimum standard of 96% within 30 days. Quarterly Guarantee.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured quarterly; reported and reconciled annually.
3. Telephone Response Time	
Guarantee	Ninety-five percent (95%) of incoming member services calls will be answered by a member services representative in an average of 30 seconds or less.
Definition	Response time is defined as the amount of time elapsing between the time a call is received into the phone system and when a live member services representative answers the phone.
Penalty	$1,000.00 for each full second over the 30 second benchmark. Quarterly guarantee.
Measurement	Based on Contractor's internal telephone support system reports. Measured quarterly; reported and reconciled annually.
4. Member Satisfaction	
Guarantee	The level of overall customer satisfaction, as measured annually by a State approved Member Satisfaction survey(s), will be equal to or greater than 85% in the first year of the Contract, and 90% in all subsequent year(s) within the contract term.
Definition	Member Satisfaction will be measured utilizing the standard "overall satisfaction" question from the NCQA CAHPS Adult Member Satisfaction Survey, or other State approved survey question, as may later be deemed necessary.
Penalty	$50,000.00 Annual guarantee.
Measurement	The Contractor will be determined to have achieved compliance in the first year of the contract if 85% of all responses are positive. The compliance benchmark for all subsequent years shall be 90%. Measured, reported, and reconciled annually.
5. Management Reporting	
Guarantee	All quarterly management reports (see Contract Attachment B) will be delivered by the 45th day subsequent to the end of each reporting period.
Definition	See above.
Penalty	$1,000.00 for every day that reports are late. Semi-annually.
Measurement	Measured semi-annually; reconciled annually.

6. Member Handbooks and Provider Network Directories Distributed	
Guarantee	Member Handbooks and Provider Network Directories will be distributed prior to annual transfer period.
Definition	(see above)
Penalty	Should either of the above listed documents not be distributed as required, the total penalty shall be $10,000.00 per year in which the standard is not met.
Measurement	Annual guarantee; measured, reported, and reconciled annually.

7. Weekly Enrollment Update (see Contract Section A.8.2.1)	
Guarantee	All Weekly Eligibility file processing and mismatch deadlines will be met as detailed at A.8.2.1.
Definition	See A.8.2.1
Penalty	See A.8.2.1
Measurement	Measured and reported weekly; reconciled annually.

8. Provider/Facility Network Accessibility		
Guarantee	As measured by the GeoNetworks® Provider & Facility Network Accessibility Analysis, the Contractor's provider and facility network will assure that 95% of all State, Local Education, and Local Government Plan members will have the Access Standard indicated.	
Definition	**Provider Group**	**Access Standard**
	PCPs (Internal Medicine, General or Family Practitioners)	2 physicians within 30 miles
	Obstetricians/Gynecologists	1 physician within 30 miles
	Pediatricians	1 physician within 30 miles
	Hospitals	1 facility within 45 miles
Penalty	$25,000.00 if ANY of the above listed standards is not met, either individually or in combination.	
Measurement	Annual guarantee: Measured, reported and reconciled annually.	

9. Claims Data Quality		
Guarantee	As measured by the State's current vendor for Claims Data Management, the Contractor's data submission to said vendor must meet the following Data Quality measures.	
Definition	***Measure***	***Benchmark***
	Gender	Data missing for </= (less than or equal to) 3% of claims
	Date of birth	Data missing for </= 3% of claims
	Outpatient diagnosis coding	Data invalid or missing for </= 5% of outpatient claims
	Outpatient provider type missing	Data missing for </= 1.5% of outpatient claims
Penalty	$2,500.00 if ANY of the above listed standards is not met, either individually or in combination. Quarterly Guarantee.	
Measurement	Measured and reported by the State's Claims Data Management vendor quarterly; reconciled annually.	

10. Member ID Card Distribution

Guarantee	Member ID cards must be distributed (defined as "mailed") to a minimum of 90% of plan members, by December 20, for those members whose enrollment information is received from the State by the Contractor by December 1, preceding the January 1 start date, for each contract year.
Definition	(see above)
Penalty	Should the above standard not be met, the total amount shall be $15,000.00 per year in which the standard is not met.
Measurement	Measured, reported, and reconciled annually.

ATTACHMENT C

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-05-16229-00
CONTRACTOR LEGAL ENTITY NAME:	United Healthcare Services Co. of the River Valley, Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	36-3355110

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.

Gerhard Scott

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.

Gerhard Scott CEO MidSouth

PRINTED NAME AND TITLE OF SIGNATORY

11-25-08

DATE OF ATTESTATION

ATTACHMENT D
EDISON 834 FILE VALUES

Special Notes:
Items highlighted in yellow indicate TN specific values. Due to the variety of coverage codes required by the State of TN, it was necessary to add custom values to the 834 mapping document. The coverage code of E1D could include Spouse dependents. The coverage code of IND will be used for Dependent Only coverage. The Relationship of '38' denotes a Child claimed on Income Tax. Any dependent with a Relationship of '38' and a "F" in INS09 is not a Student. All dependents in Edison will have the student flag turned on (INS09 = "F") until age 19. At age 19 and greater, only students (with the exception of the Relationship '38') will have INS09 = "F". The REF03, REF04 and HD11 fields contain TN Specific information that is not defined on the PeopleSoft delivered 834. REF04 is defined as a Group Element field, so the budget code is preceded by "zz:"

FIELD NAME	BN_834_ FIELD_ VALUE	EFFDT	BN_834_ FLD_DESCR1	BN_834_ FIELD_ MAPPD	BN_834_ FLD_DESCR2	DATA_T YPE_CD	DEFAULT _EDI_CD
COBRA_EVE NT_CLASS	RED	1/1/1900 0:00	Reduction in Hours	2	Reduction of work hours	Y	N
COBRA_EVE NT_CLASS	OVG	1/1/1900 0:00	Overage	7	Ineligible Child	Y	N
COBRA_EVE NT_CLASS	MIL	1/1/1900 0:00	Military Leave	1	Termination of Employment	Y	N
COBRA_EVE NT_CLASS	MED	1/1/1900 0:00	Medicare Entitlement	3	Medicare	Y	N
COBRA_EVE NT_CLASS	RET	1/1/1900 0:00	Retired	1	Termination of Employment	Y	N
COBRA_EVE NT_CLASS	DEP	1/1/1900 0:00	Married Dependent	7	Ineligible Child	Y	N
COBRA_EVE NT_CLASS	DEA	1/1/1900 0:00	Death	4	Death	Y	N
COBRA_EVE NT_CLASS	GMC	1/1/1901 0:00	Gross Misconduct - Not Eligible	1	Termination of employment	N	N
COBRA_EVE NT_CLASS	TER	1/1/1900 0:00	Termination	1	Termination of Employment	Y	N
COBRA_EVE NT_CLASS	DIV	1/1/1900 0:00	Divorce	5	Divorce	Y	N
COVRG_CD	C	1/1/1901 0:00	Employee plus 1	E1D	Employee and One Dependent	N	N

COVRG_CD	7	1/1/1900 0:00	Dom Partner Adult+Child (ren)	E6D	Employee and Two or More Dependents	Y	N
COVRG_CD	6	1/1/1900 0:00	Domestic Partner Child (ren)	E5D	Employee and One or More Dependents	Y	N
COVRG_CD	5	1/1/1900 0:00	Domestic Partner Adult	E1D	Employee and One Dependent	Y	N
COVRG_CD	4	1/1/1900 0:00	Family	E6D	Employee and Two or More Dependents	Y	N
COVRG_CD	3	1/1/1900 0:00	Employee + Dependents	E5D	Employee and One or More Dependents	Y	N
COVRG_CD	2	1/1/1900 0:00	Employee + Spouse	ESP	Employee and Spouse	Y	N
COVRG_CD	1	1/1/1900 0:00	Employee Only	EMP	Employee Only	Y	N
COVRG_CD	G	1/1/1901 0:00	Employee plus 2	E2D	Employee plus two dependents	N	N
COVRG_CD	F	1/1/1901 0:00	2 Dependent Coverage	TWO	2 Dependent Coverage	N	N
COVRG_CD	H	1/1/1901 0:00	Generic Coverage Code	EHD	Generic coverage code for all Family Members	N	N
COVRG_CD	I	1/1/1901 0:00	Multiple Dependents Only	DEP	Multiple Dependents Only	N	N
COVRG_CD	D	1/1/1901 0:00	Split	ECH	Split	N	N
COVRG_CD	B	1/1/1901 0:00	Family	FAM	Family	N	N
COVRG_CD	A	1/1/1901 0:00	Single	EMP	Employee Only	N	N
COVRG_CD	E	1/1/1901 0:00	Dependent only	IND	Dependent Only	N	N
EMPL_STATUS	T	1/1/1900 0:00	Terminated	TE	Terminated	Y	N
EMPL_STATUS	A	1/1/1900 0:00	Active	FT	Full time active employee	Y	N

EMPL_STATUS	V	1/1/1900 0:00	Terminated Pension Pay Out	TE	Terminated	Y	N
EMPL_STATUS	W	1/1/1900 0:00	Short Work Break	FT	Full time active employee	Y	N
EMPL_STATUS	X	1/1/1900 0:00	Retired-Pension Administration	RT	Retired	Y	N
EMPL_STATUS	U	1/1/1900 0:00	Terminated With Pay	TE	Terminated	Y	N
EMPL_STATUS	D	1/1/1900 0:00	Deceased	TE	Terminated	Y	N
EMPL_STATUS	L	1/1/1900 0:00	Leave of Absence	L1	Leave of Absence	Y	N
EMPL_STATUS	P	1/1/1900 0:00	Leave With Pay	L1	Leave of Absence	Y	N
EMPL_STATUS	Q	1/1/1900 0:00	Retired With Pay	RT	Retired	Y	N
EMPL_STATUS	R	1/1/1900 0:00	Retired	RT	Retired	Y	N
EMPL_STATUS	S	1/1/1900 0:00	Suspended	FT	Full time active employee	Y	N
MAR_STATUS	W	1/1/1900 0:00	Widowed	W	Widowed	Y	N
MAR_STATUS	U	1/1/1900 0:00	Unknown	R	Unknown	Y	N
MAR_STATUS	S	1/1/1900 0:00	Single	I	Single	Y	N
MAR_STATUS	M	1/1/1900 0:00	Married	M	Married	Y	N
MAR_STATUS	H	1/1/1900 0:00	Head of Household	U	Head Of Household	Y	N
MAR_STATUS	E	1/1/1900 0:00	Separated	S	Separated	Y	N
MAR_STATUS	D	1/1/1900 0:00	Divorced	D	Divorced	Y	N
MAR_STATUS	C	1/1/1900 0:00	Common-Law	U	Common-Law	Y	N
PLAN_TYPE	1X	1/1/1901 0:00	Wellness	WELL	Wellness	N	Y
PLAN_TYPE	1Z	1/1/1901 0:00	Mental Health Substance	AK	Mental Health Substance	N	Y

			Abuse		Abuse		
PLAN_TYPE	10	1/1/1900 0:00	Medical	HLT	Health	Y	Y
PLAN_TYPE	11	1/1/1900 0:00	Dental	DEN	Dental	Y	Y
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	HLT	Health	Y	Y
PLAN_TYPE	13	1/1/1900 0:00	Major Medical	MM	Major Medical	Y	Y
PLAN_TYPE	14	1/1/1900 0:00	Vision	VIS	Vision	Y	Y
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	HLT	Health	Y	Y
PLAN_TYPE	16	1/1/1900 0:00	Domestic Partner Dental	DEN	Dental	Y	Y
PLAN_TYPE	17	1/1/1900 0:00	Domestic Partner Vision	VIS	Vision	Y	Y
PLAN_TYPE	10	1/1/1900 0:00	Medical	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	FAC	Facility	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	HE	Hearing	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	HMO	Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	MOD	Mail Order Drug	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	PDG	Prescription Drug	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	POS	Point of Service (POS)	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	11	1/1/1900 0:00	Dental	DCP	Dental Capitation	Y	N

					(DMO)		
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	DEN	Dental	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	FAC	Facility	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	HMO	Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	MOD	Mail Order Drug	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	PDG	Prescription Drug	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	POS	Point Of Service (POS)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	FAC	Facility	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	HE	Hearing	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	HMO	Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	MOD	Mail Order Drug	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	PDG	Prescription Drug	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	POS	Point Of Service (POS)	Y	N

PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	16	1/1/1900 0:00	Domestic Partner Dental	DCP	Dental Capitation (DMO)	Y	N
PLAN_TYPE	1V	1/1/1901 0:00	Medicare Supplement	SUP	Medicare Supplement	N	Y
PLAN_TYPE	1Y	1/1/1901 0:00	Employee Assistance Program	AG	Employee Assistance Program	N	Y
RELATIONSHIP	CN	1/1/1901 0:00	Natural Child	19	Child	N	N
RELATIONSHIP	CS	1/1/1901 0:00	Step Child	19	Child	N	N
RELATIONSHIP	A	1/1/1900 0:00	Aunt	06	Uncle or Aunt	Y	N
RELATIONSHIP	B	1/1/1900 0:00	Brother	14	Brother or Sister	Y	N
RELATIONSHIP	D	1/1/1900 0:00	Daughter	19	Child	Y	N
RELATIONSHIP	E	1/1/1900 0:00	Employee	38	Collateral Dependent	Y	N
RELATIONSHIP	FA	1/1/1900 0:00	Father	03	Father or Mother	Y	N
RELATIONSHIP	FI	1/1/1900 0:00	Father-in-Law	13	Mother-in-law or Father-in-law	Y	N
RELATIONSHIP	FR	1/1/1900 0:00	Friend	38	Collateral Dependent	Y	N
RELATIONSHIP	GC	1/1/1900 0:00	Grandchild	05	Grandson or Granddaughter	Y	N
RELATIONSHIP	GF	1/1/1900 0:00	Grandfather	04	Grandfather or Grandmother	Y	N
RELATIONSHIP	GM	1/1/1900 0:00	Grandmother	04	Grandfather or Grandmother	Y	N
RELATIONSHIP	M	1/1/1900 0:00	Mother	03	Father or Mother	Y	N
RELATIONSHIP	MI	1/1/1900 0:00	Mother-in-Law	13	Mother-in-law or Father-in-law	Y	N
RELATIONSHIP	N	1/1/1900 0:00	Neighbor	38	Collateral Dependent	Y	N

RELATIONS HIP	NA	1/1/1900 0:00	Domestic Partner Adult	53	Life Partner	Y	N
RELATIONS HIP	ND	1/1/1900 0:00	Domestic Partner Daughter	38	Collateral Dependent	Y	N
RELATIONS HIP	NE	1/1/1900 0:00	Nephew	07	Nephew or Niece	Y	N
RELATIONS HIP	NI	1/1/1900 0:00	Niece	07	Nephew or Niece	Y	N
RELATIONS HIP	NS	1/1/1900 0:00	Domestic Partner Son	38	Collateral Dependent	Y	N
RELATIONS HIP	O	1/1/1900 0:00	Other	38	Collateral Dependent	Y	N
RELATIONS HIP	R	1/1/1900 0:00	Other Relative	38	Collateral Dependent	Y	N
RELATIONS HIP	RO	1/1/1900 0:00	Roommate	38	Collateral Dependent	Y	N
RELATIONS HIP	S	1/1/1900 0:00	Son	19	Child	Y	N
RELATIONS HIP	SI	1/1/1900 0:00	Sister	14	Brother or Sister	Y	N
RELATIONS HIP	SP	1/1/1900 0:00	Spouse	01	Spouse	Y	N
RELATIONS HIP	T	1/1/1900 0:00	Estate	31	Court Appointed Guardian	Y	N
RELATIONS HIP	U	1/1/1900 0:00	Uncle	06	Uncle or Aunt	Y	N
RELATIONS HIP	X	1/1/1900 0:00	ExSpouse	25	Ex-spouse	Y	N
RELATIONS HIP	XC	1/1/1900 0:00	Recognized Child	19	Child	Y	N
RELATIONS HIP	XD	1/1/1900 0:00	Foster Daughter	10	Foster Child	Y	N
RELATIONS HIP	XS	1/1/1900 0:00	Foster Son	10	Foster Child	Y	N
RELATIONS HIP	CT	1/1/1901 0:00	Child claimed on income tax	38	Child	N	N
RELATIONS HIP	CG	1/1/1901 0:00	Grandchild	05	Grandson or Granddaughter	N	N
RELATIONS	CL	1/1/1901	Legal Guardian	19	Child	N	N

HIP		0:00					
RELATIONS HIP	SD	1/1/1901 0:00	Special Decision	19	Child	N	N
SMOKER	Y	1/1/1900 0:00	Smoker - Yes	T	Tobacco Use	Y	N
SMOKER	N	1/1/1900 0:00	Smoker - No	U	Unknown	Y	N
TIMEZONE	ADT	1/1/1900 0:00	DST Atlantic Time (Canada)	TD	Atlantic Daylight Time	Y	N
TIMEZONE	WEST	1/1/1900 0:00	West Europe Time, Berlin, Rome, Paris	01	Equivalent to ISO P01	Y	N
TIMEZONE	AKDT	1/1/1900 0:00	DST Alaska Time	AD	Alaska Daylight Time	Y	N
TIMEZONE	AKST	1/1/1900 0:00	Alaska Time	AS	Alaska Standard Time	Y	N
TIMEZONE	ARST	1/1/1900 0:00	Arabian Time, Abu Dhabi, Muscat	04	Equivalent to ISO P04	Y	N
TIMEZONE	AST	1/1/1900 0:00	Atlantic Time (Canada)	TS	Atlantic Standard Time	Y	N
TIMEZONE	AZDT	1/1/1900 0:00	DST Azores Time, Cape Verde Is.	UT	Universal Time Coordinate	Y	N
TIMEZONE	AZST	1/1/1900 0:00	Azores Time, Cape Verde Is.	24	Equivalent to ISO M01	Y	N
TIMEZONE	BST	1/1/1900 0:00	Bangkok Time, Hanoi, Jakarta	07	Equivalent to ISO P07	Y	N
TIMEZONE	CASST	1/1/1900 0:00	Central Asia Time, Almaty, Dhaka	06	Equivalent to ISO P06	Y	N
TIMEZONE	CAUDT	1/1/1900 0:00	DST Central Australia, Adelaide	10	Equivalent to ISO P10	Y	N
TIMEZONE	CAUST	1/1/1900 0:00	Central Australia, Adelaide	09	Equivalent to ISO P09	Y	N
TIMEZONE	CDT	1/1/1900 0:00	DST Central Time	CD	Central Daylight Time	Y	N
TIMEZONE	CPST	1/1/1900 0:00	Central Pacific, Magadan, Solomon Is.	11	Equivalent to ISO P11	Y	N

TIMEZONE	CST	1/1/1900 0:00	Central Time	CS	Central Standard Time	Y	N
TIMEZONE	DST	1/1/1900 0:00	Dateline Time, Eniwetok, Kwajalein	13	Equivalent to ISO M12	Y	N
TIMEZONE	EDT	1/1/1900 0:00	DST Eastern Time	ED	Eastern Daylight Time	Y	N
TIMEZONE	EKDT	1/1/1900 0:00	DST Ekaterinburg Time	06	Equivalent to ISO P06	Y	N
TIMEZONE	EKST	1/1/1900 0:00	Ekaterinburg Time	05	Equivalent to ISO P05	Y	N
TIMEZONE	EST	1/1/1900 0:00	Eastern Time	ES	Eastern Standard Time	Y	N
TIMEZONE	GFTDT	1/1/1900 0:00	DST GFT Time, Athens, Istanbul, Minsk	03	Equivalent to ISO P03	Y	N
TIMEZONE	GFTST	1/1/1900 0:00	GFT Time, Athens, Istanbul, Minsk	02	Equivalent to ISO P02	Y	N
TIMEZONE	GMDT	1/1/1900 0:00	DST GMT, London, Dublin, Lisbon, Edinburgh	01	Equivalent to ISO P01	Y	N
TIMEZONE	GMT	1/1/1900 0:00	GMT, London, Dublin, Lisbon, Edinburgh	GM	Greenwich Mean Time	Y	N
TIMEZONE	HST	1/1/1900 0:00	Hawaiian Time	HT	Hawaii-Aleutian Time	Y	N
TIMEZONE	IRDT	1/1/1900 0:00	DST Iran Time, Tehran	04	Equivalent to ISO P04	Y	N
TIMEZONE	IRST	1/1/1900 0:00	Iran Time, Tehran	03	Equivalent to ISO P03	Y	N
TIMEZONE	IST	1/1/1900 0:00	India Time, Bombay, Calcutta, New Delhi	05	Equivalent to ISO P05	Y	N
TIMEZONE	MADT	1/1/1900 0:00	DST Mid-Atlantic Time	24	Equivalent to ISO M01	Y	N
TIMEZONE	MAST	1/1/1900 0:00	Mid-Atlantic Time	23	Equivalent to ISO M02	Y	N

TIMEZONE	MDT	1/1/1900 0:00	DST Mountain Time	MD	Mountain Daylight Time	Y	N
TIMEZONE	MST	1/1/1900 0:00	Mountain Time	MS	Mountain Standard Time	Y	N
TIMEZONE	NDT	1/1/1900 0:00	DST Newfoundland Time	ND	Newfoundland Daylight Time	Y	N
TIMEZONE	NST	1/1/1900 0:00	Newfoundland Time	NS	Newfoundland Standard Time	Y	N
TIMEZONE	NZDT	1/1/1900 0:00	DST New Zealand Time, Auckland, Wellington	13	Equivalent to ISO M12	Y	N
TIMEZONE	NZST	1/1/1900 0:00	New Zealand Time, Auckland, Wellington	12	Equivalent to ISO P12	Y	N
TIMEZONE	PDT	1/1/1900 0:00	DST Pacific Time, Tijuana	PD	Pacific Daylight Time	Y	N
TIMEZONE	PST	1/1/1900 0:00	Pacific Time, Tijuana	PS	Pacific Standard Time	Y	N
TIMEZONE	RDT	1/1/1900 0:00	DST Russian Time, Moscow, St. Petersburg, Volgogra	04	Equivalent to ISO P04	Y	N
TIMEZONE	RST	1/1/1900 0:00	Russian Time, Moscow, St. Petersburg, Volgograd	03	Equivalent to ISO P03	Y	N
TIMEZONE	SAEST	1/1/1900 0:00	SA Eastern Time, Buenos Aires, Georgetown	22	Equivalent to ISO M03	Y	N
TIMEZONE	SDT	1/1/1900 0:00	DST Sydney Time, Canberra, Melbourne	11	Equivalent to ISO P11	Y	N
TIMEZONE	SMST	1/1/1900 0:00	Samoa Time, Midway Island	14	Equivalent to ISO M11	Y	N
TIMEZONE	SST	1/1/1900 0:00	Sydney Time, Canberra, Melbourne	10	Equivalent to ISO P10	Y	N

TIMEZONE	TST	1/1/1900 0:00	Tokyo Time	09	Equivalent to ISO P09	Y	N		
TIMEZONE	WAUST	1/1/1900 0:00	West Australia Time, Perth	08	Equivalent to ISO P08	Y	N		
TIMEZONE	WEDT	1/1/1900 0:00	DST West Europe Time, Berlin, Rome, Paris	02	Equivalent to ISO P02	Y	N		
TIMEZONE	AFST	1/1/1900 0:00	Afghanistan Time, Kabul	04	Equivalent to ISO P04	Y	N		
	CSA	1/1/1901	Central State Active	CSA Central State Active	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	FIR	1/1/1901	Full Time Irregular Officer Cd	FIR Full Time Irregular Officer Cd	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	FML	1/1/1901	FML Benefits Billing	FML FML Benefits Billing	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	GA1	1/1/1901	Local Gov Active Prem Level 1	GA1 Local Gov Active Prem Level 1	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	GA2	1/1/1901	Local Gov Active Prem Level 2	GA2 Local Gov Active Prem Level 2	Edison Benefit Program Code and Description	Y	2000	REF	REF03

	GA3	1/1/1901	Local Gov Active Prem Level 3	GA3 Local Gov Active Prem Level 3	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	HED	1/1/1901	Higher Education	HED Higher Education	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	OLA	1/1/1901	Offline Actives	OLA Offline Actives	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	OLC	1/1/1901	Offline Closed	OLC Offline Closed	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	PAR	1/1/1901	Part Time Non-1450 Hours	PAR Part Time Non-1450 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	PTN	1/1/1901	Local Education 25 Hours	PTN Local Education 25 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	PTP	1/1/1901	Part Time 1450 Hours	PTP Part Time 1450 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RCS	1/1/1901	Retiree Central State	RCS Retiree Central State	Edison Benefit Program Code and Description	Y	2000	REF	REF03

	RG1	1/1/1901	Local Gov Retiree Prem Level 1	RG1 Local Gov Retiree Prem Level 1	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RG2	1/1/1901	Local Gov Retiree Prem Level 2	RG2 Local Gov Retiree Prem Level 2	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RG3	1/1/1901	Local Gov Retiree Prem Level 3	RG3 Local Gov Retiree Prem Level 3	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RGF	1/1/1901	Retiree Grandfathered	RGF Retiree Grandfathered	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RSS	1/1/1901	Loc Ed Retiree Support Staff	RSS Loc Ed Retiree Support Staff	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RTE	1/1/1901	Loc Ed Retiree Teacher	RTE Loc Ed Retiree Teacher	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	SUR	1/2/1901	Survivor Benefit Program	SUR Survivor Benefit Program	Edison Benefit Program Code and Description	Y	2000	REF	REF03

	TEA	1/1/1901	Local Education	TEA Local Education	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	WCP	1/1/1901	Worker's Compensation	WCP Worker's Compens ation	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	Y	1/1/1901	Payment Indicator	Y	Payment Indicator	Y	2300	HD	HD11
	N	1/1/1901	Payment Indicator	N	Payment Indicator	Y	2300	HD	HD11
	Range 01000 thru 99929	1/1/1901	Budget Code	Range 01000 thru 99929	Budget Code	Y	2000	REF	REF04

CONTRACT SUMMARY SHEET

021908

RFS #	Contract #
317.86-027 Revision	FA-05-16229-
State Agency	**State Agency Division**
Finance & Administration	Benefits Administration
Contractor Name	**Contractor ID # (FEIN or SSN)**
UnitedHealthcare Services Co. of the River Valley, Inc.	☐ C- or ☒ V- 36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – Tri-Cities service area

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2008	Vendor	

Mark Each TRUE Statement

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	63	891	51, 52, 53, 55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138		$567,138
2006			1,551,095		1,551,095
2007			1,848,933		1,848,933
2008			2,100,000		2,100,000
2009			1,032,834		1,032,834
TOTAL:			$7,100,000		$7,100,000

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	$567,138	
FY: 2006	1,551,095	
FY: 2007	1,848,933	
FY: 2008	2,100,000	
FY: 2009	1,032,834	
TOTAL:	$7,100,000	
End Date:	December 31, 2008	

State Agency Fiscal Contact & Telephone #

John Anderson
26th Fl., WRS Tennessee Tower, 312 Eighth Ave. No.
Nashville, TN 37243

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

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

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

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

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

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

OCR
JUN 29 2008

OIR-PCN
6-19-08

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229-
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	64	891	55				$1,035,000
317.86	64	891	55				$35,000
317.86	64	891	56				$850,000
317.86	64	891	56				($40,000)
317.86	64	891	58				$125,000
317.86	64	891	51				$35,000
317.86	64	891	52				$50,000
317.86	64	891	52				$5,000
317.86	64	891	53				$5,000
TOTAL							$2,100,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	64	891	55				$343,000
317.86	64	891	55				$190,000
317.86	64	891	56				$425,000
317.86	64	891	56				($50,000)
317.86	64	891	58				$220,334
317.86	64	891	58				($145,000)
317.86	64	891	51				$17,000
317.86	64	891	52				$25,000
317.86	64	891	52				$5,000
317.86	64	891	53				$2,500
TOTAL							$1,032,834

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
317.86-027 Revision	FA-05-16229-
State Agency	**State Agency Division**
Finance & Administration	Insurance Administration
Contractor Name	**Contractor ID # (FEIN or SSN)**
UnitedHealthcare Services Co. of the River Valley, Inc.	☐ C- or ☒ V- 36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – Tri-Cities service area

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2008		

Mark, if Statement is TRUE

☒ Contractor is on STARS as required

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	64	891	51, 52, 53, 55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138		$567,138
2006			1,551,095		1,551,095
2007			1,848,933		1,848,933
2008			2,100,000		2,100,000
2009			1,032,834		1,032,834
TOTAL:			$7,100,000		$7,100,000

OCR RELEASED
FEB 05 2008
TO ACCOUNTS

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	$567,138	
FY: 2006	1,551,095	
FY: 2007	1,848,933	
FY: 2008	1,032,834	$1,067,166
FY: 2009		$1,032,834
TOTAL:	5,000,000	$2,100,000
End Date:	12-31-07	12-31-08

State Agency Fiscal Contact & Telephone #

John Anderson
13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Nashville, TN 37243

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership

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

Contractor Selection Method

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

Procurement Process Summary

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229-
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	64	891	55				$685,000
317.86	64	891	55				$350,000
317.86	64	891	56				$850,000
317.86	64	891	58				$475,000
317.86	64	891	58				($350,000)
317.86	64	891	51				$35,000
317.86	64	891	52				$50,000
317.86	64	891	53				$5,000
TOTAL							$2,100,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	64	891	55				$343,000
317.86	64	891	56				$425,000
317.86	64	891	58				$220,334
317.86	64	891	51				$17,000
317.86	64	891	52				$25,000
317.86	64	891	53				$2,500
TOTAL							$1,032,834

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
317.86-027 Revision	FA-05-16229-
State Agency	**State Agency Division**
Finance & Administration	Insurance Administration
Contractor Name	**Contractor ID # (FEIN or SSN)**
UnitedHealthcare Services Co. of the River Valley, Inc.	☐ C- or ☒ V- 36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – Tri-Cities service area

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2008		

Mark, if Statement is TRUE

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	64	891	51, 52, 53, 55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138		$567,138
2006			1,551,095		1,551,095
2007			1,848,933		1,848,933
2008			2,100,000		2,100,000
2009			1,032,834		1,032,834
TOTAL:			$7,100,000		$7,100,000

OCR RELEASED NOV 13 2007 TO ACCOUNTS

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	$567,138	
FY: 2006	1,551,095	
FY: 2007	1,848,933	
FY: 2008	1,032,834	$1,067,166
FY: 2009		$1,032,834
TOTAL:	5,000,000	$2,100,000
End Date:	12-31-07	12-31-08

State Agency Fiscal Contact & Telephone #

John Anderson
13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Nashville, TN 37243

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership

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

Contractor Selection Method

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

Procurement Process Summary

NOV 1 [illegible]

NOV 09 2007

CONTRACT SUMMARY SHEET UPPLEMENT

Contract Number	FA-05-16229-
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62 4	891	55				720,000
317.86	62	891	55				($35,000)
317.86	62	891	56				900,000
317.86	62	891	56				($50,000)
317.86	62	891	58				480,000
317.86	62	891	58				($5,000)
317.86	62	891	51				$35,000
317.86	62	891	52				$50,000
317.86	62	891	53				$5,000
TOTAL							$2,100,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				360,000
317.86	62	891	55				($17,000)
317.86	62	891	56				450,000
317.86	62	891	56				($25,000)
317.86	62	891	58				222,834
317.86	62	891	58				($2,500)
317.86	62	891	51				$17,000
317.86	62	891	52				$25,000
317.86	62	891	53				$2,500
TOTAL							$1,032,834

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives
Curt Cobb
Curtis Johnson
Gerald McCormick
Mary Pruitt
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley

Sen. Douglas Henry, Vice-Chairman
Senators
Doug Jackson
Bill Ketron
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*
Reginald Tate
Jamie Woodson

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

cc
BK

DATE: August 29, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 8/28/07)

RFS# 317.86-027
Department: Finance and Administration
Division: Insurance Administration
Contractor: United HealthCare Services Co. of the River Valley, Inc. (formerly John Deere Healthcare, Inc.) – Tri-Cities Area
Summary: The vendor is currently responsible for providing self-insured Health Maintenance Organization (HMO) services. The proposed amendment extends the term of the contract for an additional year, effective through December 31, 2008, increases the maximum liability by $2,100,000, reflects the name change, reduces the guaranteed trend factor and adds e-mail as a communication device. It also requires the vendor to convert relevant electronic data to the new Edison HIPAA compliant formats and procedures.
Maximum liability: $5,000,000
Maximum liability with amendment: $7,100,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Mr. Richard Chapman, Executive Director
Mr. Robert Barlow, Director, Office of Contracts Review

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION
312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman

Date: August 9, 2007

RE: Amendment for UnitedHealthcare Services Co. of the River Valley, Inc. Tri-Cities Area

Please find attached a Non-Competitive Amendment request to add language to the existing contract with UnitedHealthcare Services Co. of the River Valley, Inc. signed by Commissioner Goetz. The amendment to this contract provides for the extension of the term through December 31, 2008 and continuation at the current rate of compensation. Under the risk sharing arrangement, the guaranteed trend factor will be revised to 15% for calendar year 2008. For the first three years of the contract the guaranteed trend factor was equal to 30% for each year. The option to extend the contract for up to an additional two years was included in the original contract.

Additionally, the amendment adds responsibilities for the Contractor regarding data interface with the Edison project. The amendment also updates the name of the company reflecting the acquisition of John Deere Health, Inc. by UnitedHealthcare Services Co. of the River Valley, Inc.

The base contract and amendment # 1 are included as is a draft of amendment # 2 for your review.

Thank you for your consideration of this request.

RECEIVED
AUG 10 2007
FISCAL REVIEW

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.	
1) **RFS #**	317.86-027
2) **State Agency Name :**	Finance and Administration
EXISTING CONTRACT INFORMATON	
3) **Service Caption :**	Self insured Health Maintenance Organization (HMO) administrative services in the Tri-Cities area.
4) **Contractor :**	John Deere Health, Inc. name change to UnitedHealthcare Services Co. of the River Valley, Inc.
5) **Contract #**	FA-05-16229-00
6) **Contract Start Date :**	January 1, 2005
7) **Current Contract End Date IF all Options to Extend the Contract are Exercised :**	December 31, 2007
8) **Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :**	$5,000,000
PROPOSED AMENDMENT INFORMATON	
9) **Proposed Amendment #**	# 2
10) **Proposed Amendment Effective Date :** (attached explanation required if date is < 60 days after F&A receipt)	November 1, 2007
11) **Proposed Contract End Date IF all Options to Extend the Contract are Exercised :**	December 31, 2009
12) **Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :**	$9,300,000
13) **Approval Criteria :** (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

Extends the contract term for an additional year at the current premium rates, revises the risk sharing arrangement, updates the Contractor's name and adds additional responsibilities for the Contractor regarding data interface with the Edision project.

15) Explanation of Need for the Proposed Amendment :

The option to extend the term was included in the original contract and the Contractor has agreed to maintain premiums in the amount

in effect during calendar year 2007 for calender year 2008. The Edision interface must be implemented by January 1, 2008.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

UnitedHealthcare Services Co. of the River Valley, Inc., 408 North Cedar Bluff Rd., Suite 400, Knoxville, TN, 37923

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

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

At this time, Benefits Administration is agreeable to the continuation of the current premium rate and the risk sharing trend factor negotiated with the Contractor and considers a term extension appropriate and in the best interest of plan participants.

21) Justification for the Proposed Non-Competitive Amendment :

The premium continuation and modest risk sharing modification negotiated with the Contractor are acceptable to the State and the Contractor is willing to accept the data interface requirements wtih Edison for no additional fee.

REQUESTING 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)

Agency Head Signature	**Date** 8/6/07

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
317.86-027	FA-05-16229-02
State Agency	**State Agency Division**
Finance & Administration	Insurance Administration
Contractor Name	**Contractor ID # (FEIN or SSN)**
UnitedHealthcare Services Co. of the River Valley, Inc.	☐ C- or ☒ V- 36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – Tri-Cities service area

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2008		

Mark if Statement is TRUE

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	64	891	55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			$567,138		$567,138
2006			1,551,095		1,551,095
2007			1,848,933		1,848,933
2008			2,100,000		2,100,000
2009			1,032,834		1,032,834
TOTAL:			$7,100,000		$7,100,000

OCR RELEASED
OCT 30 2007
TO ACCOUNTS

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	$567,138	
FY: 2006	1,551,095	
FY: 2007	1,848,933	
FY: 2008	1,032,834	$1,067,166
FY: 2009		$1,032,834
TOTAL:	5,000,000	$2,100,000
End Date:	12-31-07	12-31-08

State Agency Fiscal Contact & Telephone #

John Anderson
13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Nashville, TN 37243

State Agency Budget Officer Approval

Funding Certification (certification required by T.C.A. § 9-4-5113 that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred).

Contractor Ownership

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

Contractor Selection Method

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

Procurement Process Summary

RECEIVED
AUG 27 2008
FISCAL REVIEW

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229-
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				720,000
317.86	62	891	56				900,000
317.86	62	891	58				480,000
TOTAL							$2,100,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				360,000
317.86	62	891	56				450,000
317.86	62	891	58				222,834

AMENDMENT TWO
TO CONTRACT NUMBER FA-06-16229-00

This Contract Amendment is made and entered by and between the State of Tennessee, State, Local Education and Local Government Insurance Committees, hereinafter referred to as the "State", and John Deere Health Care, 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 B.1. is deleted in its entirety and replaced with the following:

   B.1. This Contract shall be in effect commencing on January 1, 2005 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified term.

2. 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 Seven Million One Hundred Thousand Dollars, ($7,100,000). The Per Member Per Month (PMPM) Administrative Fees 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. PMPM Administrative Fees include, but are not limited to, all applicable taxes, fees, overheads, profit, 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 PMPM Administrative Fees detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

   C.3. Payment Methodology. The Contractor shall be compensated based on the PMPM Administrative Fees herein for service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The State shall compensate the Contractor monthly for the services outlined in this contract, at the PMPM rates indicated in the following table, based upon the number of members certified by the State to the Contractor. Monthly payments will be made for each month extending from and including January 2005 to December 2008.

PMPM Administrative Fee

	PMPM 2005	PMPM 2006	PMPM 2007	PMPM 2008
State Plan	$13.00	$13.00	$13.00	$13.00
Local Education Plan	$13.00	$13.00	$13.00	$13.00
Local Government Plan	$13.00	$13.00	$13.00	$13.00

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed services for the amount stipulated.

4. The text of Contract Section C.4.1. is deleted in its entirety and replaced with the following:

C.4.1. Target Claims Cost: The Contractor agrees to the Target Claims/Trend Cost contained in this Contract. Calculation of the Target Claims Cost, for use in determining Risk Sharing Percentages (Section C.4.3 below), will be as follows:

- The State, Local Education, and Local Government weighted HMO Cost PMPM claims will be totaled, for each year as indicated below.

Year	Claims, by plan	**For claims incurred during...**	**And paid during...**
2005	State, Local Education, and Local Government weighted HMO Cost Per Member Per Month (PMPM) claims	January 1, 2005 through December 31, 2005	January 1, 2005 through June 30, 2006
2006		January 1, 2006 through December 31, 2006	January 1, 2006 through June 30, 2007
2007		January 1, 2007 through December 31, 2007	January 1, 2007 through June 30, 2008
2008		January 1, 2008 through December 31, 2008	January 1, 2008 through June 30, 2009

- The HMO PMPM cost for each year will be adjusted to arrive at the Target Year PMPM cost by multiplying that cost by the Contractor's Guaranteed Trend Factor contained in the following table.

Contract Year	Contractor's Guaranteed Claims Trend Adjustment
2005	30%
2006	30%
2007	30%
2008	15%

5. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

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, Manager of Procurement and Contracting
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Ave. No., 26th Floor WRS Tennessee Tower
Nashville, TN 37243-0295
Telephone # : 615-253-8358
Fax # : 615-253-8556
Email Address: marlene.alvarez@state.tn.us

The Contractor:

Craig Petersen, Regional Marketing Director
UnitedHealthcare Services Co. of the River Valley, Inc.
408 North Cedar Bluff Rd., Suite 400
Knoxville, TN 37923

Phone #: 865-769-1556
Fax #: 865-690-2741
Email Address: Craig_M_Petersen@uhc.com

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

6. The following provision is added as Contract Section A.8.7.:

A.8.7 The Tennessee Insurance System (TIS) is targeted for replacement by the State's Enterprise Resource Planning (ERP) system (operating under the name Edison) on December 31, 2007. This date is subject to change at the State's discretion. The Contractor, in support of this transition, will be required to:

- participate in meetings (phone or on-site), if any, intended for the purpose of planning for the transition and
- convert its electronic data interface with TIS, the Weekly Eligibility Update (Section A.8.2.1), the Quarterly Eligibility Data Reconciliation (Section A.8.2.2), and the State of Tennessee Eligibility Data Match (Section A.8.2.3), to the new Edison HIPAA compliant formats and procedures prior to the Edison "go-live" date.

7. The following provision is added as Contract Section E.11.:

E.11. Contractor Name. All references to "John Deere Healthcare, Inc." shall be deleted and replaced with "UnitedHealthcare Services Co. of the River Valley, Inc."

The revisions set forth herein shall be effective November 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

UNITEDHEALTHCARE SERVICES CO. OF THE RIVER VALLEY, INC.:

9-14-07

GARLAND SCOTT, III, CEO OF THE MIDSOUTH **DATE**

GARLAND SCOTT, III CEO of the Midsouth

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

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

9-28-07

M. D. GOETZ, JR., CHAIRMAN **DATE**

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

OCT 22 2007

M. D. GOETZ, JR., COMMISSIONER — DATE
DEPARTMENT OF FINANCE AND ADMINISTRATION

10/26/07

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY — DATE

CONTRACT SUMMARY SHEET

RFS Number:	317.86-027 Revision as of 6/13/07	Contract Number:	FA-05-16229-00
State Agency:	Finance & Administration	Division:	Insurance Administration

Contractor	Contractor Identification Number	
John Deere Health, Inc.	☒ V- ☐ C-	36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

Contract Begin Date	Contract End Date
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	64	891	55, 56, 58	☐ on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			567,138		$567,138
2006			1,551,095		$1,551,095
2007			1,988,933		$1,988,933
2008			892,834		$892,834
Total:			$5,000,000		$5,000,000

CFDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: John Anderson Address: 13th Fl., WRS Tennessee Tower Phone: 312 Eighth Ave. No. Nashville, TN 37243		Is the Contractor a VENDOR? (per OMB A-133)	X
		Is the Fiscal Year Funding STRICTLY LIMITED?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor on STARS?	X
		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractors Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →		
FY: 2005		
FY: 2006		
FY: 2007		
FY: 2008		
FY:		
Total:		

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that 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.

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				$726,524
317.86	62	891	55				125,000
317.86	62	891	55				85,000
317.86	62	891	55				140,000
317.86	62	891	56				809,287
317.86	62	891	56				($2,000)
317.86	62	891	58				103,122
317.86	62	891	58				$2,000
TOTAL							$1,988,933

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				$360,000
317.86	62	891	56				310,000
317.86	62	891	58				222,834
TOTAL							$892,834

Marlene Alvarez - John Deere Tri-cities

From: Marilyn Tidwell
To: Alvarez, Marlene; Anderson, John.G
Date: 6/13/2007 2:07 PM
Subject: John Deere Tri-cities

I am still having problems with John Deere Tri-Cities. My encumbrance in stars for local government is short by $1,557.00. There is $6,295.00 showing at the balance and my payment is $7,852.00. There is an overage of $32,000 in fund 56.

Can you move $2,000 from fund 56 to 58 so that my premium admin fee will process? All help is appreciated.

Marilyn Tidwell
Accounting Technician II
Marilyn.Tidwell@state.tn.us
615-532-1350
Fax # 615-741-8196
State of Tennessee
Insurance Administration

This transmission, regardless of modality, contains confidential information and may be subject to protection under the law, including the Health Insurance Portability and Accountability Act (HIPAA). If you are not the intended recipient, or an authorized agent for the intended recipient, you are hereby notified that use, such as but not limited to disclosure, copying, or distribution, is PROHIBITED! Please destroy any and all copies immediately and notify the sender of this erroneous receipt.

CONTRACT SUMMARY SHEET

RFS Number:	317.86-027 Revision as of 5/11/07	Contract Number:	FA-05-16229-00
State Agency:	Finance & Administration	Division:	Insurance Administration

Contractor	Contractor Identification Number	
John Deere Health, Inc.	☒ V- ☐ C-	36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

Contract Begin Date	Contract End Date
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	64	891	55, 56, 58	☐ on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			567,138		$567,138
2006			1,551,095		$1,551,095
2007			1,988,933		$1,988,933
2008			892,834		$892,834
Total:			$5,000,000		$5,000,000

CFDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: John Anderson Address: 13th Fl., WRS Tennessee Tower Phone: 312 Eighth Ave. No. Nashville, TN 37243		Is the Contractor a VENDOR? (per OMB A-133)	X
		Is the Fiscal Year Funding STRICTLY LIMITED?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor on STARS?	X
		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractors Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →		
FY: 2005		
FY: 2006		
FY: 2007		
FY: 2008		
FY:		
Total:		

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that 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.

MAY 22

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229-00
Fiscal Year	2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				$1,076,524
317.86	62	891	55				$10,000
317.86	62	891	56				$809,287
317.86	62	891	58				$103,122
317.86	62	891	58				($10,000)
TOTAL							$1,988,933

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229-00
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				$360,000
317.86	62	891	56				$310,000
317.86	62	891	58				$222,834

CONTRACT SUMMARY SHEET

RFS Number:	317.86-027 Revision	Contract Number:	FA-05-16229-00
State Agency:	Finance & Administration	Division:	Insurance Administration

Contractor	Contractor Identification Number	
John Deere Health, Inc.	☒ V- ☐ C-	36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

Contract Begin Date	Contract End Date
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	64	891	55, 56, 58	☐ on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			567,138		$567,138
2006			1,551,095		$1,551,095
2007			1,988,933		$1,988,933
2008			892,834		$892,834
Total:			$5,000,000		$5,000,000

CFDA #

State Fiscal Contact

Name: John Anderson
Address: 13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Phone: Nashville, TN 37243

Procuring Agency Budget Officer Approval Signature

Check the box ONLY if the answer is YES:	
Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Is the Contractor a VENDOR? (per OMB A-133)	X
Is the Fiscal Year Funding STRICTLY LIMITED?	
Is the Contractor on STARS?	X
Is the Contractor's FORM W-9 ATTACHED?	
Is the Contractors Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →		
FY: 2005		
FY: 2006		
FY: 2007		
FY: 2008		
FY:		
Total:		

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that 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.

PROCESSED
MAR 16
DIRECTOR OF ACCOUNTS

CONTRACT S MMARY SHEET S PPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				$726,524
317.86	62	891	55				125,000
317.86	62	891	55				85,000
317.86	62	891	55				140,000
317.86	62	891	56				934,287
317.86	62	891	56				($125,000)
317.86	62	891	58				188,122
317.86	62	891	58				($85,000)
TOTAL							$1,988,933

CONTRACT S MMARY SHEET S PPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				$360,000
317.86	62	891	56				450,000
317.86	62	891	56				($140,000)
317.86	62	891	58				222,834
TOTAL							$892,834

011503

CONTRACT SUMMARY SHEET

RFS Number:	317.86-027 Revision	Contract Number:	FA-05-16229-00
State Agency:	Finance & Administration	Division:	Insurance Administration Paul Hauser 741-9896

Contractor	Contractor Identification Number	
John Deere Health, Inc.	☒ V- ☐ C-	36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

F:\Contracts\!VENDORS\JDH 2005\Contract Administration\TriCities\K Summary\summary - TriC 1-1-05.doc

Contract Begin Date	Contract End Date
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	~~62~~ 64 MA	891	55, 56, 58	☐ on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			567,138		$567,138
2006			1,551,095		$1,551,095
2007			1,848,933		$1,848,933
2008			1,032,834		$1,032,834
Total:			$5,000,000		$5,000,000

CFDA #

State Fiscal Contact

Name: John Anderson
Address: 13th Fl., WRS Tennessee Tower
Phone: 312 Eighth Ave. No.
Nashville, TN 37243

Procuring Agency Budget Officer Approval Signature

Check the box ONLY if the answer is YES:	
Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Is the Contractor a VENDOR? (per OMB A-133)	X
Is the Fiscal Year Funding STRICTLY LIMITED?	
Is the Contractor on STARS?	X
Is the Contractor's FORM W-9 ATTACHED?	
Is the Contractors Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →		
FY: 2005		
FY: 2006		
FY: 2007		
FY: 2008		
FY:		
Total:		

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that 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.

AUG 2 2006
DIRECTOR OF

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				726,524
317.86	62	891	56				934,287
317.86	62	891	58				188,122
TOTAL							$1,848,933

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-05-16229
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				360,000
317.86	62	891	56				450,000
317.86	62	891	58				222,834
TOTAL							$1,032,834

F:\Contracts\!VENDORS\JDH 2005\Contract Administration\TriCities\K Summary\summary - TriC 1-1-05.doc
December 20, 2004

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
317.86-027 REVISION	FA05-16229
State Agency	**State Agency Division**
Finance & Administration	Insurance Administration Paul Hauser 741-9896
Contractor Name	**Contractor ID # (FEIN or SSN)**
John Deere Health, Inc.	☐ C- or ☒ V- 36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

F:\Contracts\I VENDORS\JDH 2005 - HMO\Contract Administration\TriCities\K Summary\summary - TriC 1-1-06.doc

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2007		

Mark If Statement Is TRUE

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	~~62~~ 64	891	55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			3,500,000		3,500,000
2006			500,000		500,000
2007			500,000		500,000
2008			500,000		500,000
TOTAL:			5,000,000		5,000,000

RELEASED TO ACCOUNTS DIVISION NOV 1 8 2005 BY OFFICE OF FINANCE REVIEW

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	3,500,000	
FY: 2006	500,000	
FY: 2007	500,000	
FY: 2008	500,000	
TOTAL:	5,000,000	
End Date:	12-31-07	12-31-07

State Agency Fiscal Contact & Telephone #

John Anderson
13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Nashville, TN 37243

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership

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

Contractor Selection Method

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

Procurement Process Summary

RECEIVED 2005 Office of Review

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
317.86-027	FA05-16229-01

State Agency	State Agency Division
Finance & Administration	Insurance Administration Paul Hauser 741-9896

Contractor Name	Contractor ID # (FEIN or SSN)	
John Deere Health, Inc.	☐ C- or ☒ V-	36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

F:\Contracts\!VENDORS\JDH 2005 - HMO\Contract Administration\TriCities\K Summary\summary - TriC 1-1-06.doc

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2007		

Mark, if Statement is TRUE

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	62	891	55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			3,500,000		3,500,000
2006			500,000		500,000
2007			500,000		500,000
2008			500,000		500,000
TOTAL:			5,000,000		5,000,000

OCR RELEASED OCT 1 0 2005 TO ACCOUNTS

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	3,500,000	
FY: 2006	500,000	
FY: 2007	500,000	
FY: 2008	500,000	
TOTAL:	5,000,000	
End Date:	12-31-07	12-31-07

State Agency Fiscal Contact & Telephone #

John Anderson
13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Nashville, TN 37243

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

PROCESSED OCT 21 2005 DIRECTOR OF ACCOUNTS

RECEIVED 2005 OCT -6 AM 9:15 COMPTROLLER OF THE TREASURY OFFICE OF INFORMATION RESOURCES MANAGEMENT

Contractor Ownership

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

Contractor Selection Method

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

Procurement Process Summary

AMENDMENT ONE
TO CONTRACT NUMBER FA05-16229

This contract, by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee, hereinafter referred to as the State, and John Deere Health Care, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.5.13 in its entirety and insert the following in its place:

   A.5.13 Upon conclusion of this contract, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for medical services rendered or medical supplies purchased during the period of this contract with no additional administrative cost to the State. Incurred claims shall be processed for up to thirteen (13) months past the Contract termination date. The Contractor shall continue to provide services to any participant who is covered, should this contract terminate or be canceled, who is hospitalized on the effective date of termination or cancellation. Said coverage shall discontinue when the member is discharged from the hospital.

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

IN WITNESS WHEREOF:

JOHN DEERE HEALTH CARE, INC.:

Doug Haaland, VP Southeast Operations — Date: 9/23/05

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

M. D. Goetz, Jr., Chair — Date: 10-5-05

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner — Date: OCT - 6 2005

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury — Date: 10/6/05

F:\Contracts\!VENDORS\JDH 2005 - HMO\Contract Administration\TriCities\Amdt #1 (triC).doc
September 15, 2005

011503

CONTRACT SUMMARY SHEET

RFS Number:	317.86-027	Contract Number:	tbd FA-05-16229-00
State Agency:	Finance & Administration	Division:	Insurance Administration Paul Hauser 741-9896

Contractor	Contractor Identification Number	
John Deere Health, Inc.	☒ V- ☐ C-	36-3355110

Service Description

Self insured Health Maintenance Organization (HMO) – TriCities service area

F:\Contracts\I VENDORS\JDH 2005\Contract Administration\TriCities\K Summary\summary - TriC 1-1-05.doc

Contract Begin Date	Contract End Date
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	62	891	55, 56, 58	☐ on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			3,500,000		3,500,000
2006			500,000		500,000
2007			500,000		500,000
2008			500,000		500,000
Total:			$5,000,000		$5,000,000

CFDA #	

State Fiscal Contact

Name: John Anderson
Address: 13th Fl., WRS Tennessee Tower
312 Eighth Ave. No.
Phone: Nashville, TN 37243

Procuring Agency Budget Officer Approval Signature

Check the box ONLY if the answer is YES:	
Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Is the Contractor a VENDOR? (per OMB A-133)	X
Is the Fiscal Year Funding STRICTLY LIMITED?	
Is the Contractor on STARS?	X
Is the Contractor's FORM W-9 ATTACHED?	
Is the Contractors Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →	12-31-07	
FY: 2005	3,500,000	
FY: 2006	500,000	
FY: 2007	500,000	
FY: 2008	500,000	
FY:		
Total:	$5,000,000	

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that 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.

PROCESSED
JAN
DIRECTOR OF ACCOUNTS

RECEIVED
DEC 30 2004
Office of Contracts Review

RECEIVED
2005 JAN -6 AM 10:03
CONTRACT ADMINISTRATION

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	tbd
Fiscal Year	2005

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				2,625,000
317.86	62	891	56				700,000
317.86	62	891	58				175,000
TOTAL							$3,500,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	tbd
Fiscal Year	2006

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				375,000
317.86	62	891	56				100,000
317.86	62	891	58				25,000
TOTAL							$500,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	tbd
Fiscal Year	2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				375,000
317.86	62	891	56				100,000
317.86	62	891	58				25,000
TOTAL							$500,000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	tbd
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	62	891	55				375,000
317.86	62	891	56				100,000
317.86	62	891	58				25,000
TOTAL							$500,000

F:\Contracts\!VENDORS\JDH 2005\Contract Administration\TriCities\K Summary\summary - TriC 1-1-05.doc
December 20, 2004

CONTRACT
BETWEEN THE STATE OF TENNESSEE, STATE INSURANCE COMMITTEE, LOCAL EDUCATION INSURANCE COMMITTEE, LOCAL GOVERNMENT INSURANCE COMMITTEE, AND JOHN DEERE HEALTH CARE, INC.

This Contract, by and between the State of Tennessee, State, Local Education, and Local Government Insurance Committees, hereinafter referred to as the "State" and John Deere Health Care, Inc., hereinafter referred to as the "Contractor," is for the delivery of Self insured Health Maintenance Organization (HMO) services, including administrative services, claims adjudication, utilization management services, and network access to an HMO for the TriCities geographic service area in Tennessee; and as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation. The Contractor's address is:

John Deere Health Care
1300 River Drive, Suite 200
Moline, IL 61265

The Contractor's place of incorporation or organization is Illinois.

The Contractor's Federal Employee Tax Identification Number is 36-3355110.

A SCOPE OF SERVICES

The Contractor agrees to provide administrative services for the State's self-insured HMO option for employees, retirees and their survivors, as well as eligible dependents, who elect to participate in the HMO offered by the Contractor, hereinafter referred to as "subscribers", "participants", or "members", in accordance with RFP #317.86-027 and its clarifications; the Contractor's Technical proposal in response to RFP #317.86-027; the Contractor's Cost Proposal in response to RFP #317.86-027; and this agreement (Collectively referred to as the "Contract").

Definitions:

- **"Subscribers"** are defined as eligible employees, retirees, and individuals qualified under The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA), who are enrolled in the HMO sponsored by the State, Local Education, and Local Government Insurance Committees. This definition specifically excludes eligible subscribers who: a) elect not to be covered under the benefit options; or b) are enrolled in either the Preferred Provider Organization (PPO) option; one of the Point of Service (POS) options; or another HMO option, each of which is contracted separately by the State; or c) are dependents of covered employees under (a) or (b) above.
- **"Members"** are defined as eligible employees and their dependents; retirees and their dependents and survivors; and individuals qualified under The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) and their dependents; who are enrolled in the HMO sponsored by the State, Local Education, and Local Government Insurance Committees. This definition specifically excludes eligible subscribers who: a) elect not to be covered under the benefit options; or b) are enrolled in either the Preferred Provider Organization (PPO) option; one of the Point of Service (POS) options; or another HMO option, each of which is contracted separately by the State; or c) are dependents of covered employees under (a) or (b) above.
- **"Participant"** refers to any individual accessing services under the HMO option.

A.1 HEALTH MAINTENANCE ORGANIZATION NETWORK

A.1.1 The Contractor shall maintain and administer a health maintenance organization (HMO) for the TriCities service area, as defined in A.1.2 below, for members, in accordance with this contract. The Contractor further agrees to maintain under contract, participation by health care providers including but not limited to primary care physicians, specialist physicians, nurse practitioners/physician assistants, hospitals (all levels primary, secondary and tertiary), Centers of Excellence for high risk cost procedures, nursing homes, laboratories, pharmacies and all other health care facilities, services and providers necessary to

provide high quality, cost effective services, adequate distribution, and reasonable access from a geographic and service standpoint throughout the service area(s). The Contractor must have physicians under contract, as participant primary care physicians, for the provision and coordination of medical care for members.

A.1.1.1 As required by Contract Attachment A, Performance Guarantee #8 (Provider/Facility Network Accessibility), the State shall monitor network access. The Contractor shall, in writing, report to the State any actions it intends to take to correct any deficiencies highlighted by annual network reports.

A.1.2 The TriCities Service Area shall be defined as consisting of the following counties: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, Washington

The State reserves the authority to negotiate with the awarded Contractor expansion of the service areas – at the rates established in Contract Section C.3 – by adding counties in which the Contractor has providers and facilities under contract. Such expansion may occur in any or all of the following counties, as later mutually agreed.

Possible Expansion Counties	Clay, Cumberland, Dekalb, Lincoln, Macon, Marshall, Moore, Putnam, Trousdale

A.1.3 The Contractor shall maintain a network of Centers of Excellence for the provision of high cost/high risk and specialized procedures. Centers of Excellence criteria shall be based on price, quantity, quality, and outcome, for the network as described in the Contractor's Proposal.

A.1.4 The Contractor shall report to the State within five working days of the end of each contract quarter any changes in the designation of network hospitals, physicians, and other health care providers, but no less than thirty (30) calendar days prior to the removal of a hospital, clinic or ambulatory surgery center from the network. See also **Section A.9**.

A.1.5 The Contractor shall notify affected participants in writing 30 days before their network primary care provider terminates or is terminated from the network.

A.1.6 The Contractor cannot take action to disenroll network primary care providers or hospital providers for one (1) year beginning each January 1, following the State's annual transfer period, except for good reason, which may include: inability to negotiate continuance of its provider agreement; provider failure in the credentialing/re-credentialing process; non-compliance with contract requirements; provider request for disenrollment; member complaints; suspicion of provider impairment; loss of license or exclusion from participation in Medicare or Medicaid pursuant to Sections 1128 or 1156 of the Social Security Act.

A.1.7 The Contractor, following review and approval by the State, shall, on an annual basis, print and distribute a combination benefits information/provider directory booklet, describing and outlining HMO benefits and exclusions, and the Contractor's network of providers Distribution shall be made to every subscriber. The number of booklets printed shall be for 125% of the number of subscribers. At the discretion of the State, the directory may include provider name, specialty, address and phone number and can be organized in geographic areas as small as counties. Said booklets shall be updated and distributed to subscribers' homes at least annually. The costs associated with printing and distribution of said booklets are the sole responsibility of the Contractor. Upon mutual agreement of the State and the Contractor, electronic means may be utilized to inform members of the network of providers.

A.1.8 The Contractor shall maintain the capability to respond to inquiries from participants concerning participation by providers in the network, by specialty and by county. Such capabilities shall be by toll-free telephone and up-to-date web based directory of providers including provider search capability.

A.1.9 The Contractor shall ensure that the State and its health benefits participants financially benefit from any contracts maintained between the Contractor and health care providers. All special pricing considerations and financial incentives shall accrue to the State and participants.

A.1.10 The Contractor shall contract only with providers who are duly licensed to provide such medical services. In addition, the Contractor shall require that all providers maintain all licenses and accreditations in existence at the time of selection as a network provider in order to continue their status as a network provider. The Contractor shall perform on a continuous basis, appropriate provider credentialing as described in the Contractor's Proposal that assures the quality of network providers. Re-credentialing of network providers must be performed at least every three years.

A.1.11 The Contractor shall maintain communication with providers to ensure a high degree of continuity in the provider base and ensure that the providers are familiar with the program requirements. There must be provisions for face-to-face contact in addition to telephone and written contact. Additionally the Contractor must review and assess the practice patterns of network providers, share its findings with network providers and take measures to maintain an efficient and effective network.

A.1.12 The Contractor shall notify all network providers of and enforce compliance with all provisions relating to utilization management procedures.

A.1.13 The Contractor shall require all network providers to file claims associated with their services directly with the Contractor on behalf of participants.

A.1.14 The Contractor shall maintain a written procedure to identify providers who participate in the network and who establish a pattern of referral to non-network providers, establish criteria for the evaluation of such instances and annually provide information to the State concerning the procedures, criteria and written results of any reviews it conducts.

A.1.15 The Contractor will quarterly notify the State in writing any adjustments to fee schedules, facility per diems, capitated arrangements, or other provider payment arrangements, and the manner in which such adjustments will influence claims payments.

A.1.16 The Contractor shall allow for periodic review to be performed by the Division of State Audit, Office of the Comptroller of the Treasury, or other qualified entity(ies) designated by the State, to ensure that all rebates, discounts, special pricing considerations and financial incentives have accrued to the State and participants and that all costs incurred are in accordance with the Contract. The Contractor shall provide the auditor access to all information necessary to perform the examination.

A.1.17 The Contractor shall cooperate fully with audits the State may conduct of care management to include clinical processes and programs, internal audits, provider networks, and other aspects of the program the State deems appropriate (at the State's expense). The State may select any qualified person(s) or organization(s) to conduct the audits. To the extent allowed by applicable law, the State agrees that persons or organizations conducting audits of the Contractor shall be prohibited from disclosing confidential patient records or proprietary or confidential information reasonably designated as such by the Contractor.

A.2 CARE AND HEALTH MANAGEMENT SERVICES

A.2.1 The Contractor shall provide for methods of assuring the appropriateness of inpatient care. Such methodologies may include any of the following: pre-admission counseling, outreach education to patients scheduled for elective admissions, pre-admission certification and length of stay assignments for all non-emergency admissions; admission review for urgent and/or emergency admissions, on a retroactive basis when necessary, in order to determine if the admission is medically necessary, and if the requested length of stay for the admission is reasonable based upon the diagnosed medical necessity. The aforementioned services should be included as required and appropriate for all hospital admissions. Pre-admission certification should not be employed for admissions for the normal delivery of children. Prospective review procedures may also include pre admission testing criteria and criteria for same day surgery procedures. If inpatient hospital pre-admission certification is utilized, authorization or denial must occur within one business day of the request. The Contractor shall also develop criteria for Centers of Excellence referrals and follow-up.

A.2.2 The Contractor shall maintain a concurrent review program to monitor and review continued inpatient hospitalization and length of stay, regarding their appropriateness and medical necessity. In addition, the Contractor shall have a process in place to determine for emergency admissions, based upon medical criteria, if and when a patient is able to be transferred to a network facility, if presently in a non-

network facility. On-site concurrent hospitalization review should occur in 95% of the cases at the most frequently utilized hospitals by HMO participants. Appeals of requests for continued hospitalization denials must be promptly processed and involve physician-to-physician contact.

A.2.3 The Contractor shall require all network providers to abide by its established medical management requirements (see **Contract Section A.2.6**). Should a participant utilize a network provider and that provider does not comply with the medical management requirements, then the participant and the State shall be held harmless for all payments due to the network provider.

A.2.4 The Contractor shall maintain a case management program for Plan members (see **Contract Section A.2.6**), and must utilize the procedures and criteria to identify unique or complex cases, so that the benefit from intensive medical case management may be made available to Plan members.

A.2.5 The Contractor shall maintain and operate a formalized discharge planning program.

A.2.6 The Contractor shall submit to the State, at contract implementation, two (2) written copies of its medical management/case management procedures. Additionally, the Contractor shall notify the State, in writing, within thirty (30) days of any changes, revisions, additions and/or deletions in these procedures.

A.2.7 The Contractor shall maintain an internal quality assurance program. The Contractor shall submit to the State, at contract implementation, a summary of the plan indicating areas addressed and methodology employed.

A.2.8 The Contractor shall utilize a system for the development and use of clinical practice guidelines, protocols or pathways incorporating national criteria and local physician input. The Contractor shall also develop specialty care and outpatient case management protocols within 60 days of contract implementation.

A.2.9 The Contractor must be accredited by one of the following: the National Committee for Quality Assurance (NCQA); the Joint Commission on Accreditation of Health Care Organizations (JCAHO); URAC (doing business as American Accreditation HealthCare Commission); or other accrediting organization acceptable to the State. If such accreditation is through NCQA, the Contractor shall annually submit to the State its HEDIS report card.

A.2.10 The Contractor, in consultation with the State, must implement disease management and health promotion and prevention programs within 60 days of contract implementation. The Contractor shall develop and implement disease management programs for high cost, high prevalence diseases in the State-sponsored population, designed to optimize the health status of members therefore reducing the need for high cost medical intervention. The program shall include a statistically valid methodology designed to measure the impact on health status of participating members, and the Contractor shall provide the State with the results of the analysis of the program's impact at least 18 months after implementation. The State reserves the right to review and comment on the programs. Failure to provide programs acceptable to the State will result in an assessment against the Contractor for payment to the State in the amount of $20,000 for each year of the contract term in which the Contractor fails to establish such disease management programs.

A.3 **PHARMACY**

The Contractor shall provide the following required programs and service components for the retail and mail order pharmacy benefits.

A.3.1 Administrative and Account Management Support – the Contractor shall:

- Provide qualified licensed pharmacy personnel and actuarial input to assist the State in the analysis of the impact of pharmacy program, and policy and plan design changes.
- Collaborate with the State in proactively identifying opportunities to improve the quality of service, cost effectiveness and operational efficiency of the pharmacy benefits.
- Provide quarterly reviews of pharmacy network adequacy, Plan performance, service levels and other factors that focus on managing pharmacy benefit cost.

A.3.2 Retail and Mail Order Claims Adjudication – the Contractor shall:

- Adjudicate and process all electronic point of sale and paper retail and mail order pharmacy claims incurred during the term of the contract in strict accordance with the State Pharmacy Benefits as contained in the State Plan Document **(Appendix 7.3 of RFP #317.86-027)**.
- Maintain an integrated retail and mail order electronic point-of-sale claims system that shall have edits to verify eligibility, covered drug benefits, and claim accuracy. Mail order facilities shall have the capacity to process the volume of member subscriptions within the Contractor's defined performance standards.
- Provide in a timely manner to the State, according to the State's policy for recovery of claims, information on pharmacy claims due to overpayment.
- Have the ability to refill mail order prescriptions online through the website, by telephone, or by mail, subject to compliance with all applicable federal and state laws and regulations.

A.3.3 Mail Order Customer Service – the Contractor shall:

- Provide a toll-free telephone number dedicated to the pharmacy mail-order program.
- Provide special telephone services for member consultations with a registered pharmacist.
- Provide a pharmacy claims appeal process consistent with the State appeals process.
- Provide a web site for plan members providing access to pharmacy plan benefits, retail pharmacy network, Preferred Drug List (PDL), drugs requiring Prior Authorization, drugs dispensed with limitations, link to mail-order, and, if available, a secure site for members to access their pharmacy claims.

A.3.4 Retail Network – the Contractor shall:

- Provide a comprehensive network with member access to retail pharmacies, which contractually agree through point-of-sale electronic transmission to verify eligibility, submit member claims electronically, agree not to waive co-payments or deductibles, and agree to accept the Contractor's reimbursement as payment in full for covered prescription drugs allowing no balance billing.
- Provide participating pharmacies with a toll-free telephone service number.
- Maintain a pharmacy audit program in order to ensure pharmacy compliance with the program.
- Require its network retail pharmacies who have agreed with the Contractor's terms and conditions for mail order pharmacy, upon members' requests, to provide three month drug supplies via US Postal Service, in a manner consistent with the State's mail order pharmacy policy.

A.3.5 Formulary/Preferred Drug List (PDL) and Utilization Review – the Contractor shall:

- Implement and maintain a Formulary/ PDL for the retail and mail order program that is designed to maximize the prescribing and dispensing of safe and clinically and cost effective drugs within each therapeutic class. Changes in the PDL which would adversely effect a member's ability to obtain medication, or the amount of copayment charged a member, for a medication they are currently taking, shall be communicated to the State and affected plan member 60 days prior to the change implementation date, unless a shorter notification time is mutually agreed to by the Contractor and the State.
- Provide a Prospective Utilization Review program for the retail and mail order programs allowing pharmacists access to patient prescription drug profile and history in order to identify potentially adverse events, including but not limited to the following:
  - Drug to drug interaction
  - Duplicate therapy
  - Known drug sensitivity
  - Over utilization
  - Maximum daily dosage
  - Early refill indicators.
  - Suspected fraud
- Provide for clinical pharmacist follow-up to dispensers and prescribers in order to share relevant information from the drug utilization review analysis.
- Provide a Retrospective Utilization Review program to track provider prescribing habits and identify those who practice outside of their peer norms as well as identify patients who may be abusing prescription drugs or visiting multiple providers.
- Have the ability to lock a member suspected of abusing the system into just one network pharmacy.

A.3.6 Therapeutic Substitution and Generic Dispensing Program – the Contractor shall:

- Provide a Therapeutic Substitution program with provisions for appropriate contact to prescribing physician in order to advise them of the potential saving resulting from substituting a costlier drug with a lower cost medically appropriate alternative drug. Results of the program should be reported to the State on annual basis.
- Provide a Generic Dispensing program designed to maximize the acceptance and use of medically appropriate generic drugs under the retail and mail service program. The program shall target physicians, pharmacists and plan members. Results of the program should be reported to the State on annual basis.

A.3.7 Pharmacy Rebates and Audits – the Contractor shall:

- Apply a monthly pharmacy rebate credit to claims payments, reflecting rebates obtained on behalf of the State as a result of the use of pharmaceuticals by members of the State-sponsored Plans. Such credits shally be fully auditable per the requirements hereunder.
- With provision by the State of 30 days notice, and with execution of any applicable third party confidentiality agreements, submit to examination and audit of applicable pharmacy benefit data by the State, and/or the State's authorized representative(s), during the term of this contract and for three years after final contract payment (longer if required by law). For the purpose of this requirement, Contractor shall include its parents, affiliates, subsidiaries and subcontractors.
- With provision by the State of 30 days notice, and with execution of any applicable third party confidentiality agreements, fully disclose rebates received by the Contractor, its affiliates, subsidiaries, or subcontractors on behalf of the State, including line item detail by National Drug Code number and line item detail by pharmaceutical manufacturer. The Contractor will, upon request by the State, disclose any administrative fees or other reimbursements received in connection with any rebates, discounts, fee reductions, incentive programs, or the like received by Contractor as a result of the State's volume of pharmaceutical use or on behalf of the State. In addition, Contractor will, upon request by the State, disclose fees or other reimbursements received in connection with any grants, educational programs or other incentive programs received by the Contractor on behalf of the State.
- With execution of any applicable third party confidentiality agreements and upon 30 days notice from the State, provide access to audit the pharmacy rebate program, including but not limited to rebate contracts, special discounts, fee reductions, incentive programs or the like with pharmacy manufactures and program financial records as necessary to perform accurate and complete audit of rebates received by the State. At the State's discretion, the State or a qualified designated representative may perform such audit. The State is responsible for the cost of such audits.

The State shall bear the cost of its authorized third party representative for conducting rebate audits.

A.3.8 Pharmacy Benefit Carve Out: The State reserves the authority to "carve out" the pharmacy benefit during the term of the contract upon a 120-day notice to the Contractor. If the State notifies the Contractor of its intention to exercise this option, the Contractor shall remain responsible for the payment of incurred pharmacy claims up to the effective date of the carve out of the pharmacy benefit.

A.4 BEHAVIORAL HEALTH

A.4.1 The Contractor is responsible for working directly with the State's "carve-out" Employee Assistance Program (EAP)/Mental Health and Substance Abuse (MHSA) program contractor. The Contractor **is not** responsible for providing benefits or paying claims for mental health and substance abuse services. Coordination by the Contractor shall include the following:

- Assistance in the co-management of medical/psychiatric disorders to include co-funding arrangements and consultations when necessary between medical staff.
- Assistance in the identification of claims appropriate for medical and MHSA.
- Payment of claims for all prescriptions for psychotropic medications written by EAP/MHSA contractor network physicians.
- Inclusion of EAP/MHSA summary plan document information in HMO summary plan information including MHSA benefits and how to access benefits by the toll free number.
- Other activities necessary for the appropriate coordination of benefits and claims payment of medical and MHSA benefits.

A.5 CLAIMS PROCESSING

A.5.1 The Contractor shall process all medical claims in strict accordance with the State of Tennessee, Standard Health Maintenance Organization Benefits (see **Appendix 7.3 of RFP #317.86-027**), its clarifications and revisions. The Contractor may not modify these benefits during the term of this contract without the approval of the State.

A.5.2 The Contractor shall ensure that the majority of claims filed by network providers will be paperless for the members. Network providers will have the responsibility through their contract with the Contractor to submit claims directly to the Contractor.

A.5.3 Ensure that the electronic data processing (EDP) environment (hardware and software), data security, and internal controls meet all present standards, and will meet all future standards, required by the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191. Said standards shall include the requirements specified under each of the following HIPAA subsections:

- Electronic Transactions and Code Sets
- Privacy
- Security
- National Provider Identifier
- National Employer Identifier
- National Individual Identifier
- Claims attachments
- National Health Plan Identifier
- Enforcement

The Contractor shall maintain an EDP and electronic data interface (EDI) environment that meets the requirements of RFP #317.86-027 and meets the privacy and security requirements of the Health Insurance Portability and Accountability Act of 1996. The Contractor must have a disaster recovery plan for restoring the application software and current master files and for hardware backup if the production systems are destroyed.

The EDP environment (hardware and software), physician and data security, and internal controls, must meet present standards, and will meet all future standards, required by the American Institute of Certified Public Accountants. Said standards shall include:

- Physical security, at minimum, consisting of a data storage vault with limited access to authorized personnel and a computer room having controlled access.
- Data security, at a minimum, consisting of fully operational internal accounting controls.
- Document control, at minimum, providing for automated security of all State documents and data to ensure complete segregation from the data and documents of other carrier customers.

A.5.3.1 To maintain the privacy of personal health information, the Contractor shall provide to the State a method of securing email for daily communications between the State and the Contractor.

A.5.4 The Contractor shall confirm eligibility of each participant as claims are submitted, on the basis of the eligibility information provided by the State, which applies to the period during which the charges were incurred. The Contractor shall process said claims, in an accurate manner, either filed directly by Participants and/or the provider(s), in accordance with the Performance Guarantees contained in Contract Attachment A. The Contractor shall provide services to participants who elect HMO coverage. Participation shall be for twelve (12) months, unless the participant's coverage has been terminated, or the participant's place of residence AND place of work are relocated outside the service area.

A.5.5 The State shall determine all Plan policies and benefits (see **Appendix 7.3 of RFP #317.86-027**) . Should the Contractor have a question on policy determinations, benefits, or operating guidelines required for proper performance of the Contractor's responsibilities, the Contractor shall request a determination in writing. The State will then respond in writing making a determination within thirty (30) days. The Contractor shall then act in accordance with such policy determinations and/or operating guidelines.

A.5.5.1 The State shall have the sole responsibility for and authority to clarify and/or revise the benefits available under this program. It is understood between the parties that the program cannot and does not cover all medical situations. In a case where the benefits are not referenced or are not clear, the Contractor shall immediately advise the Division of Insurance Administration in writing, as

to the exception along with the Contractor's recommendation. Such matters are to be resolved by the State, Local Education and Government Insurance Committees or their representative.

A.5.6 To ensure the efficient and timely processing of claims and the adequate capture of data, the Contractor shall provide participants with identification cards. Identification cards shall contain unique identifiers for each member; such identifier shall NOT be the member's Federal Social Security Number. The cost of these items shall be borne by the Contractor. The State reserves the ability to review any claim forms and identification cards prior to issuance for use. Contractor shall update eligibility and shall mail participant I.D. cards no later than 14 days from receipt of the new enrollment or change in enrollment.

A.5.7 The Contractor shall produce coordination of benefits (COB) savings (excluding Medicare COB) within a reasonable amount (defined as between 1.5 and 2%) of incurred claims per calendar year.

A.5.8 The Contractor shall institute subrogation based on a mutually agreeable process between the Contractor and the State. Such process shall include:

- A defined process for the recovery of monies received through subrogation;
- Notification, upon request by the State, of the status of cases under review for subrogation; and
- Identification to the State of all subrogation subcontractors and, upon request by the State, copies of said subcontracts.

The State authorizes the Contractor to retain administrative fees, on a per patient basis, of no more than 5% of the gross recoveries received. The Contractor may retain an additional 20% of the gross recoveries, when such recoveries are made by subrogation subcontractor(s). The Contractor shall understood that recovery of subrogation claims includes claims paid as a result of work related illnesses or injuries relative to worker's compensation claims.

A.5.9 In order to ensure coordination between the State and Contractor regarding Medicare Secondary Payer (MSP) claims issues, the Contractor is required to respond within 31 days to requests by the State to investigate MSP claims issues.

A.5.10 The Contractor shall determine eligible expenses, which are medically necessary. The Contractor must have on staff medically trained personnel whose primary duties are to assist in evaluating claims for medical necessity.

A.5.11 The Contractor shall have a process in place based on the most appropriate up to date clinical and pharmacological information for determining those procedures and services that are considered experimental/investigative.

A.5.12 The Contractor shall notify the State within sixty (60) days of a retroactive termination of all claims paid on behalf of the effected plan member during the period covering the retroactivity. The State will notify the Contractor to initiate the recovery of claims.

A.5.13 Upon conclusion of this contract, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for medical services rendered or medical supplies purchased during the period of this contract with no additional administrative cost to the State.

A.5.14 The Contractor is expected to assist the State in identifying fraud and perform fraud investigations of members and providers, in consultation with the State, for the purpose of recovery of overpayments due to fraud. Reviews must include all possible actions necessary to locate and investigate cases of potential, suspected, or known fraud and abuse. In the event the Contractor discovers evidence that an unusual transaction has occurred that merits further investigation, the Contractor shall simultaneously inform the Division of Insurance Administration and the Division of State Audit, in the Office of the Comptroller of the Treasury. The State will review the information and inform the Contractor whether it wishes the Contractor to:

- discontinue further investigation if there is insufficient justification; or
- continue the investigation and report back to the Division of Insurance Administration and the Division of State Audit; or
- continue the investigation with the assistance of the Division of State Audit; or

- discontinue the investigation and turn the Contractor's findings over to the Division of State Audit for its investigation.

A.6 CLAIMS PAYMENT AND RECONCILIATION PROCESS

A.6.1 For the payment of all claims incurred by members under this contract, the Contractor shall issue payments in the form of checks and/or Automated Clearing House (ACH) electronic funds transfer against the Contractor's own bank account. Claims payments are consolidated at the provider level, with one check being issued to the provider per week and are not consolidated at the employer level. The Contractor will utilize a subcontractor Personix, to print and mail the checks. This subcontractor is responsible to Contractor for maintaining the security and quality controls over the design, printing and mailing of the checks. Contract shall perform on site visits to ensure adequate controls are maintained.

A.6.2 The State shall fund the Contractor for the total issue amount of the payments, net of cancellations, voids or other payment credit adjustments, weekly, provided the Contractor's payment process includes timely delivery of checks and settlement of ACH transactions if utilized. Contractor shall bill the State for the prior week's claims paid on a check issued basis on the following Monday. Capitated provider payments are included on one of the weekly billings at a one-month lag. The State shall within two (2) days of request for payment wire transfer the funds to the Contractor's designated bank account. The Contractor acknowledges and agrees that since the State intends to fund payments at the time of issuance, the State shall not maintain a separate bank account or an escrow account with the Contractor or to otherwise pre-fund an account.

A.6.3 The Contractor further acknowledges the State will monitor and age the outstanding check balance and the Contractor agrees, upon request of the State, to conduct a review and/or cancel-reissue of stale dated outstanding items. In a format mutually agreed to, the Contractor on a monthly basis, shall provide a de-identified detailed listing of the payment activity, including payment identifiers, payee names, payment amounts, plan group (State, Local Education and Local Government) an associated claim numbers, balancing to the required funding amount for that month. Said listing shall enable the State to reconcile the payment detail to the required funding amount, while providing related payment information needed to record the necessary accounting entries by expense classifications. The Contractor shall further provide a monthly Employer Expense Summary Report reconciling to the monthly billing.

A.6.4 The Contractor shall issue all related Internal Revenue Service (IRS) Form 1099 reports, submit required 1099 information directly to the IRS and maintain responsibility in matters relating to such information provided to payees and to the IRS, including the payment of any penalties or fees related to such 1099 reporting.

A.6.5 Overpayments resulting from the negligent, reckless, or willful acts or omissions of the Contractor, its officers, agents or employees shall be the responsibility of the Contractor, regardless of whether or not such overpayments can be recovered by the Contractor. The Contractor shall repay the State the amount of any such overpayment within thirty (30) calendar days of discovery of the overpayment. Overpayments due to provider fraud or fraud of any other type, other than fraud by employees or agents of the Contractor, will not be considered overpayments for purposes of this Section. The Contractor agrees to assist in identifying fraud and make reasonable efforts, in consultation with the State, to recover overpayments due to fraud. The State will not hold the Contractor responsible for overpayments caused by the State's errors or errors caused by any other agency or department of the State of Tennessee; however, the Contractor shall assist the State in recovery of such overpayments. The requirement that the Contractor assist the State in identifying or recovering overpayments as provided in this Section does not require the Contractor to become a party to any legal proceeding as a result thereof.

A.7 CUSTOMER AND ADMINISTRATIVE SERVICES

A.7.1 The Contractor shall maintain a full service staff to respond to inquiries, correspondence, complaints, and problems, and to assist with State employee meetings. The Contractor shall answer, in writing, within ten (10) calendar days all written inquiries from participants concerning requested information, including the status of claims submitted and benefits available through the HMO option, its clarifications and revisions.

A.7.2 The Contractor, upon request by the State, shall review and comment on proposed revisions to the HMO option benefits. When so requested, the Contractor shall comment in regard to:

- Industry practices; and
- The overall cost impact to the program; and
- Any cost impact to the Contractor's fee; and
- Impact upon utilization management performance standards; and
- Necessary changes in the Contractor's reporting requirements; and
- System changes.

A.7.3 The Contractor shall maintain a formal grievance procedure, by which participants and providers may appeal: decisions regarding benefits administration; medical necessity determinations; and disputes arising from the utilization management program. At contract implementation, the Contractor shall provide to the State two (2) written copies of this grievance procedure. The State reserves the right to review the procedure and make recommendations, where appropriate. The State sponsors an appeal process available to member participants of self insured plan options.

A.7.4 The Contractor shall have the appropriate qualified professionals available to participate in the State appeal process and to be available to attend the State appeals meetings when requested by the State. The State appeals process is available to plan members after the Contractor's appeal process has been exhausted. The Contractor shall have a qualified individual available to provide support to the State Appeals Coordinator in the research and development of appeals.

A.7.5 The Contractor shall respond to all inquiries in writing from the Division of Insurance Administration within one (1) week after receipt of said inquiry. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State immediately as to when the response can be furnished to the State.

A.7.6 The Contractor shall maintain statewide, toll-free phone lines manned by qualified benefit specialists and for the exclusive purpose of participant inquiries. These phone lines shall be operated in accordance with details provided in the Contractor's proposal, and perform consistent with the Performance Guarantees in Contract Attachment A.

A.7.7 The Contractor shall designate an individual with overall responsibility for administration of this contract. This person shall be at the Contractor's executive level and shall designate the following positions to interface directly with the State: (1) Program Director (external and marketing operations); and (2) Program Director (internal and administrative functions). Said designees shall be responsible for the coordination and operation for all aspects of the contract.

A.7.8 The Contractor, at the request of either party, shall meet with representatives of the State periodically, but no less than quarterly, to discuss any problems and/or progress on matters outlined by the State. The Contractor shall have in attendance, when requested by the State, a Program Director and representatives from its organizational units required to respond to topics indicated by the State's agenda. The Contractor shall provide information to the State concerning its efforts to develop cost containment mechanisms and improve administrative activities, as well as trends in the provision of group health care benefits. The Contractor shall provide advice, assistance and information to the State regarding applicable existing and proposed Federal and State laws and regulations affecting managed care entities. The Contractor shall also provide information to the State administrative personnel regarding the administration of the benefit, internal procedures for billing and reconciliation of transactions and the provision of health care treatment and other administrative matters.

A.7.9 The Contractor shall assist the State in the education and dissemination of information regarding the HMO Plan option. This assistance may include but not be limited to:

- written information;
- audio/video presentations;
- attendance at meetings, workshops, and conferences; and
- training of State Insurance Benefit Analyst and Insurance Preparers on Contractor's administrative and benefits procedures.

Any on-site visits shall require the prior approval of the State.

A.7.10 The Contractor shall, in consultation with and following approval by the State, print and distribute all plan descriptive booklets, identification cards, primary care physician selection cards, letters, administrative forms and manuals pertaining to or sent to the State's members. Additionally the Contractor must develop and print annual employee benefit booklets detailing the benefits, procedures for accessing services, and other information helpful to the State's members. The number to be printed shall be in sufficient quantities for the State's members and shall be mailed to members' homes with the provider directory.

Failure to have any of the above communications materials approved by the State before release shall result in an assessment of $1000 per occurrence. The State shall notify the Contractor of any such occurrence. Any amounts due for the contractor's noncompliance with this pre-approval provision shall be paid annually upon request by the State. The cost of printing and distributing descriptive booklets, identification cards, and administrative forms and manuals shall be the responsibility of the Contractor. This provision excludes enrollment forms, which are the State's responsibility.

A.7.11 With regard to the above, exemption of incidental pieces such as newsletters and health promotional pieces will be considered by the State if the Contractor guarantees that pieces will be generic in nature and do not address State Plan eligibility issues or specific coverage issues.

A.7.12 The Contractor shall provide advice and assistance with regard to questions regarding effective dates, benefit levels, premiums and cessation of coverage as requested by the State, individual participants, and providers.

A.7.13 The Contractor shall perform, following review and approval by the State, customer satisfaction surveys. The survey shall be conducted no more frequently than once during each calendar year at a time mutually agreed upon by the State and the Contractor and shall involve a statistically valid random sample of participants. The State reserves the right to review and mandate changes in the survey it feels are necessary to obtain valid, reliable, unbiased results. Those changes may include, but are not limited to, changes in the research design, units of analysis or observation, study dimension, sample size, sample frame, sample method, coding, or evaluation method. Based upon the results of the survey, the Contractor and the State shall jointly develop an action plan to correct problems or deficiencies identified through this activity.

A.7.14 The Contractor shall not modify the HMO services or benefits provided to members during the term of this contract without the consent of the State.

A.7.15 The Contractor shall annually verify eligibility of dependents 19 to 24 years of age according to State eligibility guidelines, and report the results to the State. The Contractor is responsible for sending a follow-up letter if no response is received from the initial verification letter.

A.7.16 The Contractor shall determine medical eligibility of incapacitated dependents according to State eligibility guidelines, and report the results to the State.

A.8 **DATA AND SPECIFIC REPORTING REQUIREMENTS**

The Contractor shall:

A.8.1 Maintain an electronic data interface, via internet access, with the State's Tennessee Insurance System (TIS), for the purpose of accessing State member eligibility information. The Contractor is responsible for providing the hardware and software necessary for access.

A.8.1.1 Notwithstanding the requirement to maintain eligibility data, the Contractor is not authorized to initiate data changes to the system without the State's approval, as detailed below. This prohibition shall include, but not necessarily be limited to: initiation, termination, and/or changes of coverage.

A.8.2 Maintain, in its computer system, in-force eligibility records of all State plan participants. Specific additional obligations, relative to this requirement, are the following:

A.8.2.1 **Weekly Eligibility Update:** To ensure that State plan participants' eligibility records remain accurate and complete, the Contractor commits to the following:

- to accept, via secure medium (to be mutually agreed by the Contractor and the State) weekly eligibility data electronic transfer files from the State, in the State's proprietary transaction formats, for participants who are maintained in the State's TIS system (files will include recent adds, changes, and terminations; see **Appendix 7.6 of RFP #317.86-027**);
- to complete each of the following tasks by the indicated deadline:

Required Task	Deadline	Penalty for missed deadline
1. systematically process and update, via computer programs, the Contractor's database, utilizing the State's weekly eligibility file records	within three (3) working days of receipt of the files from the State	$100.00 per day for the first (1st) and second (2nd) working days out of compliance; $500.00 per working day thereafter
2. resolve all mismatches identified by the processing of the weekly files; "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.	within six (6) working days of receipt of the files from the State	$100.00 per day for the first (1st) and second (2nd) working days out of compliance; $500.00 per working day thereafter

- and to complete and submit to the State, the *Weekly Eligibility Update Report* (sample provided in **Appendix 7.6 of RFP #317.86-027**), within seven (7) working days of receipt of the weekly files.

  The Contractor shall also require of its subcontractors, as applicable, to maintain Weekly Eligibility Updates on a timely basis.

  NOTE: Section A.8.2.1 shall be monitored by the State as Performance Guarantee #7.a (see Contract Attachment A).

A.8.2.2 **Quarterly Eligibility Data Reconciliation:** To ensure that State plan participants' eligibility records remain accurate and complete, the Contractor commits to the following:

- to accept, via secure medium (to be mutually agreed by the Contractor and the State) quarterly eligibility data electronic transfer files from the State, in the State's proprietary transaction formats, for participants maintained in the State's TIS system (see **Appendix 7.6 of RFP #317.86-027**);
- to complete each of the following tasks by the indicated deadline:

Required Task	Deadline	Penalty for missed deadline
1. systematically compare, via computer programs, the State's full file of State enrollees quarterly to the Contractor's database of State members	within five (5) working days of receipt of the file from the State	$100.00 per day for the first (1st) and second (2nd) working days out of compliance; $500.00 per working day thereafter
2. resolve all mismatches identified by the reconciliation processing of the quarterly files; "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.	within ten (10) working days of receipt of the files from the State	$100.00 per day for the first (1st) and second (2nd) working days out of compliance; $500.00 per working day thereafter

- and to complete and submit to the State the *Quarterly Eligibility Data Reconciliation Report* (sample provided in **Appendix 7.6 of RFP #317.86-027**), within eleven (11) working days of receipt of the quarterly files.

  The Contractor shall also require of its subcontractors, as applicable, to maintain Quarterly Eligibility Updates on a timely basis.

  NOTE: Section A.8.2.2 shall be monitored by the State as Performance Guarantee #7.b (see Contract Attachment A).

A.8.2.3 **State of Tennessee Eligibility Data Match**: Upon request by the State, not to exceed two (2) times annually, the Contractor shall submit to the State its full file of State enrollees, by which the State will conduct a data match against the State's TIS database. The purpose of this data match

will be to determine the extent to which the Contractor is maintaining its data base of State members, as required by **Sections A.8.2.1 and A.8.2.2.**

Data will be sent by the Contractor to the State via tape or electronic transmission in a format specified by the State. Failure by the Contractor to submit records, and in the proper format, within fourteen (14) calendar days of the request from the State, shall result in a penalty of $10,000 per request.

Results of this match will be communicated to the Contractor, including any requirements – and associated timeframes – for resolving the discrepancies identified by the data match. Failure by the Contractor to resolve the discrepancies, within the specified timeframe(s) will result in a penalty to the Contractor of $10,000.

For the purpose of the requirements of this section, "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.

A.8.2.4 **CMS Quarterly Data Match:** The Contractor shall enter into an agreement with the Centers for Medicare and Medicaid Services (CMS) providing for a quarterly data match of Contractor's full file of State enrollees against CMS Medicare files for purpose of determining primary payers.

A.8.3 Maintain a duplicate set of all records relating to the benefit payments in electronic medium, usable by the State and Contractor for the purpose of disaster recovery. Such duplicate records are to be stored at a secure fire, flood, and theft- protected facility located away from the storage location of the originals. The duplicate data processing records shall be updated, at a minimum, on a daily basis and retained for a period of 60 days from the date of creation. Upon notice of termination or cancellation of this contract, the original and the duplicate data processing records medium, and the information they contain shall be conveyed to the State on or before the effective date of termination or cancellation.

A.8.4 Reconcile, within ten (10) working days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

A.8.5 Annually provide the State with a GeoNetworks® report showing service and geographic access (see **Contract Attachment A: Performance Guarantee #8).** The State shall review the network structure and shall inform the Contractor in writing of any deficiencies the State considers to deny reasonable access to health care. The State and Contractor shall then mutually develop a plan of action to correct said deficiencies within sixty (60) days from the date the Contractor was first notified of the problem.

A.8.6 Quarterly submit health and medical claims data to the State's healthcare data management vendor during and following the term of this contract, until all claims incurred during the term of this contract have been paid. Data shall be submitted in the format detailed in **Appendix 7.7, of RFP #317.86-027**. The Contractor shall ensure that all claims processed for payment have complete ICD-9 and CPT4 codes and valid provider identifications.

For each quarter of the contract term, and any extensions thereof, claims data must meet the quality standards detailed in Contract Attachment A, Performance Guarantee #9), as determined by the State's healthcare claims data management vendor (currently Medstat).

The cost of the initial claims data conversion to the format of the State's data management vendor shall be borne by the Contractor. Medstat currently charges a maximum of $30,000 per conversion. Furthermore, any changes associated with data formats supplied to the State's data management vendor, which are Contractor-initiated or are due to meeting compliance with new regulations, and which result in costs or fees, such costs or fees shall be payable by the Contractor.

Claims data are to be submitted to the State's data management vendor no later than the last day of the month following the end of each calendar quarter. Failure to submit data by the deadline will result in an assessment against the Contractor in the amount of $100 per day for the first and second working days past the compliance date, and $500.00 for each working day thereafter, to a maximum of $10,000 per quarter.

A.9 **SUBMIT MANAGEMENT REPORTS**

The Contractor shall submit hard copy reports, of the type, at the frequency, and containing the detail described in Contract Attachment B. Reporting shall continue for the twelve (12) month period following termination of the contract. If agreed between the Contractor and the State, these reports shall also be submitted in an electronic format. Where available, the Contractor shall provide identical reports in the aggregate for comparable employer groups to enable the State's comparison of its program utilization and claim costs with other employer groups.

Generate and deliver to the State, within five working days of the end of each contract quarter, a Quarterly Network Changes Report (see **Section A.1.4**).

A.10 SERVICES PROVIDED BY THE STATE

A.10.1 The State shall provide eligibility records. These records shall include changes in participants' status and information concerning covered dependents. The Contractor's computer system shall be compatible or have the capability to utilize the eligibility information provided by the State, in the State's proprietary transaction formats.

A.10.2 The State shall provide on-line access, or other access deemed mutually acceptable, to all eligibility information maintained by the State and instructions required to interpret such information. The Contractor, at its expense, will provide and maintain the necessary software, phone lines, modems, CRTs and other equipment required for this purpose.

B CONTRACT TERM

B.1 This Contract shall be in effect commencing on January 1, 2005 and ending on December 31, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified term.

B.2 Term Extension. The State reserves the right to extend this Contract for two additional one year periods, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the Contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon rates provided for in the original contract.

C PAYMENT TERMS AND CONDITIONS

C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Five Million Dollars, ($5,000,000). The per member per month (PMPM) Administrative Fees 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. PMPM Administrative Fees include, but are not limited to, all applicable taxes, fees, overheads, profit, 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 PMPM Administrative Fees 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 PMPM Administrative Fees in Section C.3 and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase for any reason unless amended.

C.3 Payment Methodology. The Contractor shall be compensated based on the PMPM Administrative Fees herein for service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The State shall compensate the Contractor monthly for the services outlined in this contract, at the per member per month (PMPM) rates indicated in the following table,

based upon the number of members certified by the State to the Contractor. Monthly payments will be made for each month extending from and including January 2005 to December 2007.

PMPM Administrative Fee

	PMPM 2005	PMPM 2006	PMPM 2007
State Plan	$13.00	$13.00	$13.00
Local Education Plan	$13.00	$13.00	$13.00
Local Government Plan	$13.00	$13.00	$13.00

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed services for the amount stipulated.

C.3.1 Payment under Term Extension. If this Contract is extended per Section B.2, the increase in Per Member Per Month payment to the Contractor, for each additional year, may, if requested by the Contractor, increase at a rate no greater than the Medical Care Cost component of the Consumer Price Index for the calendar year prior to the termination year.

C.4 Risk Free Corridor will mean a range between Five per cent (5%) above and Five per cent (5%) below the targeted HMO cost level. Within this range the Contractor is neither penalized nor rewarded for Plan financial performance. Calculation of the Risk Free Corridor will be determined by calculating the figures 5% below and 5% above the Target Cost (see Section C.4.1 following).

C.4.1 Target Claims Cost: The Contractor agrees to the Target Claims/Trend Cost contained in the Cost Proposal (Attachment 6.4, Part B, incorporated by reference). Calculation of the Target Claims Cost, for use in determining Risk Sharing Percentages (Section C.4.3 below), will be as follows:

- The State, Local Education, and Local Government weighted HMO Cost PMPM claims will be totaled, for each year as indicated below.

Year	Claims, by plan	For claims incurred during...	And paid during...
2005	State, Local Education, and Local Government weighted HMO Cost Per Member Per Month (PMPM) claims	January 1, 2005 through December 31, 2005	January 1, 2005 through June 30, 2006
2006		January 1, 2006 through December 31, 2006	January 1, 2006 through June 30, 2007
2007		January 1, 2007 through December 31, 2007	January 1, 2007 through June 30, 2008

- The HMO PMPM cost for each year will be adjusted to arrive at the Target Year PMPM cost by multiplying that cost by the Contractor's Guaranteed Trend Factor contained in the following table.

Contract Year	Contractor's Guaranteed Claims Trend Adjustment
2005	30%
2006	30%
2007	30%

C.4.2 Guaranteed Trend under Contract Extension. If this Contract is extended, per Section B.2, the Guaranteed Claims Trend Percentage Adjustment (reference Section C.4.1) shall be no greater than the Guaranteed Claims Trend Percentage Adjustment for the calendar year prior to the termination year.

C.4.3 Risk Sharing Percentages/Maximum Risk Limits

- The State will pay the Contractor additional Administrative fees of 40% of the difference between Actual incurred PMPM claims cost and Administrative fees and (the Target incurred PMPM **claims** cost minus Five per cent (5%) plus Administrative fees), multiplied by the sum of the number of members enrolled during each month of the calendar year. **Payments by the State to the Contractor under this provision shall not exceed $3.00 Per MemberPer Month (PMPM) per year during the term of the contract.**

- The Contractor will refund to the State Administrative fees of 60% of the excess of the Actual incurred PMPM claims cost and Administrative fees and (the Target incurred PMPM claims cost plus Five per cent (5%) plus Administrative fees) multiplied by the sum of the number of members enrolled during each month of the calendar year. **Payments by the Contractor to the State under this provision shall not exceed $5.00 Per MemberPer Month (PMPM) per year during the term of the contract.**

C.4.4 The settlement date for the risk sharing agreement will be no later than Nine (9) months from the end of EACH contract year. For example, year one (calendar year 2005) will be settled no later than September 30, 2006.

C.5 Performance Guarantees. The Contractor agrees to be bound by the provisions contained in Contract Attachment A, Performance Guarantees, and to pay amounts due upon notification and demonstrate of Contractor non-compliance by the State.

C.5.1 Performance Guarantees under Contract Extension. If this Contract is extended, per Section B.2, the Performance Guarantees shall remain unchanged for the years extended.

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

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

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

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

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

D STANDARD TERMS AND CONDITIONS

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 written amendment executed by all parties hereto, and approved by the Commissioner of Finance and Administration and the Comptroller of the Treasury.

D.3 Termination for Convenience. The Contract may be terminated by either party, with the following notification requirements: the Contractor shall give written notice to the State at least Two Hundred Seventy (270) days before the effective date of termination; the State shall give written notice to the Contractor at least Ninety (90) days before the effective date of termination.

Should the State exercise this provision, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the Contractor exercise this provision, the State shall have no liability to the Contractor except for service which can be effectively used by the State. The final decision as to what these services are, shall be determined by

the State. In the event of disagreement, the Contractor may file a claim with the Tennessee Claims Commission in order to seek redress.

D.4 Termination for Cause. If the Contractor fails to fulfill 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 pertaining to Conflicts of Interest and Nondiscrimination (Sections D.6 and D.7).

Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

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

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

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

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

D.12 Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint ventures, 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 taxes incident to this Contract.

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

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

D.15 State and Federal Compliance. The Contractor shall comply with all applicable State and Federal Laws and regulations in the performance of this contract.

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

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

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

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

E SPECIAL TERMS AND CONDITIONS

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

The State:	**The Contractor:**
Paul Hauser, RFP Coordinator Tennessee Department of Finance & Administration Division of Insurance Administration 312 Eighth Ave. No., 13th Floor WRS Tennessee Tower Nashville, TN 37243-0295 Phone: 615-741-9896 Fax: 615-741-8196 Email: paul.c.hauser@state.tn.us	Craig Peterson, Regional Mktg Dir. John Deere Health Care 408 No. Cedar Bluff Rd., Suite 400 Knoxville, TN 37923 ph) 865-769-1556 fax) 865-690-2741 email) PetersenCraigM@johndeere.com

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

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 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.

(2) 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. 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 Performance Guarantee penalties against the Contractor for any failure to perform which ultimately results in a Partial Default with said Performance Guarantee penalties 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.

(3) 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 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.

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.

E.5 Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.6 Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical.

E.7 Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

a. The Contract document and its attachments and any authorized amendments
b. All Clarifications and addenda made to the Contractor's Proposal
c. Request for Proposal #317.86-027 and its associated amendments
d. Technical Specifications provided to the Contractor
e. The Contractor's Proposal, submitted in response to RFP #317.86-027

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.8 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.9 HIPAA Compliance. The State and the Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

a. The Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.
b. The Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the contract so that both parties will be in compliance with HIPAA.
c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and the Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.10 Date/Time Hold Harmless. As required by *Tennessee Code Annotated*, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

IN WITNESS WHEREOF:

JOHN DEERE HEALTH CARE, INC.:

Doug E Haaland 12/17/04

Doug Haaland, VP, Southeast Operations **Date**

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

M. D. Goetz, Jr. 12-21-04

M. D. Goetz, Jr., Chairman **Date**

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr. IPW JAN - 5 2005

M. D. Goetz, Jr., Commissioner **Date**

COMPTROLLER OF THE TREASURY:

John G. Morgan 1/7/05

John G. Morgan, Comptroller of the Treasury **Date**

Contract Attachment A
Performance Guarantees

The Contractor shall pay to the State the indicated total dollar penalty upon notification by the State that an amount is due, through the life of the contract.

1. Claims Payment Dollar Accuracy	
Guarantee	Average quarterly financial accuracy will be 95% or higher.
Definition	Absolute value of financial errors divided by the total paid value of audited dollars paid.
Penalty	**$5000** for each full percentage point below 95% for each contracted quarter.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured quarterly; reported and reconciled annually.
2. Claims Turnaround Time	
Guarantee	The average quarterly claims payment turnaround time will not be greater than: - 14 calendar days for 90% of **non-investigated (clean)** claims; and - 30 calendar days for 96% of **all** claims.
Definition	Definition: Measured from the date the claim is received in the office to the date processed, including weekends and holidays. Any claims that include COB and subrogation will be excluded when calculating compliance with the "investigated claims" performance standard.
Penalty	**Non-Investigated Claims (clean)**: **$1000** for each full percentage point below the required minimum standard of 90% within 14 days. Quarterly Guarantee. **All Claims**: **$1000** for each full percentage point below the required minimum standard of 96% within 30 days. Quarterly Guarantee.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured quarterly; reported and reconciled annually.
3. Telephone Response Time	
Guarantee	Ninety-five percent (95%) of incoming member services calls will be answered by a member services representative in an average of 30 seconds or less.
Definition	Response time is defined as the amount of time elapsing between the time a call is received into the phone system and when a live member services representative answers the phone.
Penalty	$1000 for each full second over the 30 second benchmark. Quarterly guarantee.
Measurement	Based on Contractor's internal telephone support system reports. Measured quarterly; reported and reconciled annually.
4. Member Satisfaction	
Guarantee	The level of overall customer satisfaction, as measured annually by a State approved Member Satisfaction survey(s), will be equal to or greater than 85% in the first year of the Contract, and 90% in all subsequent year(s) within the contract term.
Definition	Member Satisfaction will be measured utilizing the standard "overall satisfaction" question from the NCQA CAHPS Adult Member Satisfaction Survey, or other State approved survey question, as may later be deemed necessary.
Penalty	**$50,000**. Annual guarantee.
Measurement	The Contractor will be determined to have achieved compliance in the first year of the contract if 85% of all responses are positive. The compliance benchmark for all subsequent years shall be 90%. Measured, reported, and reconciled annually.
5. Management Reporting	
Guarantee	All quarterly management reports (see Contract Attachment B) will be delivered by the 45th day subsequent to the end of each reporting period.
Definition	See above.
Penalty	**$1000** for every day that reports are late. Semi-annually.
Measurement	Measured semi-annually; reconciled annually.
6. Member Handbooks and Provider Network Directories Distributed	
Guarantee	Member Handbooks and Provider Network Directories will be distributed prior to annual transfer period.
Definition	(See above)
Penalty	Should either of the above listed documents not be distributed as required, the total penalty shall be **$10,000** per year in which the standard is not met.
Measurement	Annual guarantee; measured, reported, and reconciled annually.

7.a. Weekly Eligibility Update (see Contract Section A.8.2.1)		
Guarantee	All Weekly Eligibility file processing and mismatch deadlines will be met as detailed at A.8.2.1.	
Definition	See A.8.2.1	
Penalty	See A.8.2.1	
Measurement	Measured and reported weekly; reconciled annually.	
7.b. Quarterly Eligibility Data Reconciliation (see Contract Section A.8.2.2)		
Guarantee	All Quarterly Eligibility data processing and file mismatch resolution deadlines will be met as detailed at A.8.2.2.	
Definition	See A.8.2.2	
Penalty	See A.8.2.2	
Measurement	Measured and reported quarterly; reconciled annually.	
8. Provider/Facility Network Accessibility		
Guarantee	As measured by the GeoNetworks® Provider & Facility Network Accessibility Analysis, the Contractor's provider and facility network will assure that 95% of all State, Local Education, and Local Government Plan members will have the Access Standard indicated.	
Definition	**Provider Group**	**Access Standard**
	PCPs (Internal Medicine, General or Family Practitioners)	2 physicians within 30 miles
	Obstetricians/Gynecologists	1 physician within 30 miles
	Pediatricians	1 physician within 30 miles
	Hospitals	1 facility within 45 miles
Penalty	**$25,000** if ANY of the above listed standards is not met, either individually or in combination.	
Measurement	Annual guarantee: Measured, reported and reconciled annually.	
9. Claims Data Quality		
Guarantee	As measured by the State's Claims Data Management vendor (Medstat), the Contractor's data submission to Medstat must meet the following Data Quality measures.	
Definition	*Measure*	*Benchmark*
	Gender	Data missing for </= (less than or equal to) 3% of claims
	Date of birth	Data missing for </= 3% of claims
	Outpatient diagnosis coding	Data invalid or missing for </= 5% of outpatient claims
	Outpatient provider type missing	Data missing for </= 1.5% of outpatient claims
Penalty	**$2500** if ANY of the above listed standards is not met, either individually or in combination. Quarterly Guarantee.	
Measurement	Measured and reported (by Medstat) quarterly; reconciled annually.	
10. Tennessee Insurance System Interface		
Guarantee	Contractor's interface with the Tennessee Insurance System (TIS) will be fully operational by January 31, 2005.	
Definition	Fully operational with the TIS interface shall mean that electronic files received by the Contractor from the State of Tennessee via 3490 cartridge tape, email, Internet web posting, compact disc, or any other acceptable electronic medium will be processed and the data loaded directly into the Contractor's production database. The production database will be the source of reference for the Contractor's business processes, including but not limited to claims processing and customer service.	
Penalty	Should the TIS interface not be fully operational – as defined above – within the allotted time, the Contractor shall pay to the State of Tennessee a penalty of **$500** per day, for every day out of compliance, until the interface is fully operational.	
Measurement	Measured and reported beginning February 1, 2005, and continuing – as necessary – until the interface is fully operational. Reconciled upon final recognition of operational status.	
11. Member ID Card Distribution		
Guarantee	Member ID cards must be distributed (defined as "mailed") to a minimum of 90% of plan members, by December 20, for those members whose enrollment information is received from the State by the Contractor, by December 1, preceding the January 1 start date, for each contract year.	
Definition	(see above)	
Penalty	Should the above standard not be met, the total amount shall be **$15,000** per year in which the standard is not met.	
Measurement	Measured, reported, and reconciled annually.	

Contract Attachment B
Management Reporting Requirements

As required by Contract Section A.9, the Contractor shall submit Management Reports by which the State can assess the HMO program's general activity and usage, as well as treatment and success tendencies. Reports shall be submitted in hard copy medium, and shall be of the type and at the frequency indicated below. Management Reports shall include:

1) **Performance Guarantee Tracking**, as detailed at Contract Attachment A (each component to be submitted at the frequency indicated), shall include:
   - Status report narrative
   - Detail report on each performance measure by appropriate time period

2) **Paid Claims Data by Quarter**, including 30 day run-out, and demonstrating Year-to-Date totals. All data should be broken out by Plan (State, Local Education, and Local Government).
   - Number of Employee Months
   - Number of Member Months
   - Total Paid Medical Expenses
   - Inpatient data:

o Admissions per 1000 members, for:	▪ Medical/Surgical ▪ Maternity ▪ Other ▪ Total
o Days per 1,000 Members, for:	▪ Medical/Surgical ▪ Maternity ▪ Other ▪ Total
o Average Length of Stay	

   - Outpatient data:

o Distribution of Dollars paid for Outpatient Services (expressed as percentages), for:	▪ Medical ▪ Surgery/ Diagnostic/Therapeutic ▪ Anesthesia ▪ Other ▪ Total

   - Enrollment analysis, indicating:

o Distribution of Dollars paid for Outpatient Services (expressed as percentages), for:	▪ Medical ▪ Surgery/ Diagnostic/Therapeutic ▪ Anesthesia ▪ Other ▪ Total
o Month 1, Month 2, Month 3 of the current quarter, and YTD, for:	▪ Number of Employees ▪ Number of Members ▪ Members per Employee ▪ Number of Patients ▪ Average Age of Employee ▪ Average Age of Member

   - Prescription drug utilization:
     - o Number of Prescriptions
     - o Total Cost
     - o Average Cost per Prescription
     - o Average Cost per member per month
   - Top 10 Drugs by Number of Claims, demonstrating:
     - o Drug Name
     - o Number of Prescriptions
     - o Brand Name or Generic
   - Top 10 Drugs by Cost, demonstrating:
     - o Drug Name
     - o Number of Prescriptions
     - o Brand Name or Generic

3) **Quarterly Network Changes Update Report**, submitted electronically.