

CONTRACT #12
RFS # 318.65-205
FA # 06-16559-00

Finance & Administration
Bureau of TennCare

VENDOR:
QSource Center for Healthcare
Quality



STATE OF TENNESSEE
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

RECEIVED

AUG 14 2009

FISCAL REVIEW

August 14, 2009

Mr. Jim White, Director
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

Attention: Ms. Leni Chick

RE: Bureau of TennCare Contract Amendments

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee, Amendment #4 to QSource Center for Healthcare Quality and Amendment #3 to ACS State Healthcare, LLC.

QSource Center for Healthcare Quality is the current contractor for the provision of External Quality Review of TennCare Managed Care Organizations (MCOs). This Amendment extends the end date to this competitively procured contract from September 30, 2009 to September 30, 2010, and provides funding based on funding rates submitted in the RFP Cost Proposal. This contract extension is resulting from standard state extension language in the original Request for Proposal and resulting contract.

ACS State Healthcare, LLC is a competitively awarded contract that provides a Call Center for TennCare enrollees to address their concerns regarding assistance in receiving necessary medical care, gathering information as specified by TennCare for follow-up and resolution of medical issues and appeals. Per state standard language in Request for Proposal released by TennCare and resulting contract, this amendment extends the term of the contract for an additional year and provides funding to support this term extension.

The Bureau of TennCare would greatly appreciate the consideration and approval of these contract amendments by the Fiscal Review Committee.

Sincerely,

Scott Pierce
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner
Alma Chilton, Contract Coordinator

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Scott Pierce	*Contact Phone:	507-6415		
*Contract Number:	FA-06-16559-00	*RFS Number:	318.65-205		
*Original Contract Begin Date:	October 1, 2005	*Current End Date:	September 30, 2009		
Current Request Amendment Number: <i>(if applicable)</i>	4				
Proposed Amendment Effective Date: <i>(if applicable)</i>	September 30, 2010				
*Department Submitting:	Department of Finance and Administration				
*Division:	Bureau of TennCare				
*Date Submitted:	August 14, 2009				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>	This contract with QSource Center for Healthcare Quality for the provision of managed care external quality review resulted from a competitive procurement. Since the language for availability of term extension and increase of maximum liability was included in the Request for Proposal and resulting contract, it was not considered by TennCare to be a non competitive amendment and was not submitted to Fiscal Review for review and approval. Upon submission to FR staff, TennCare was informed that if there had ever been a non competitive amendment to a contract, then it would be considered non competitive for the remaining life of the contract.				
*Contract Vendor Name:	QSource Center for Healthcare Quality				
*Current Maximum Liability:	\$10,748,376.00				
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY
\$1,939,779.00	\$2,676,282.00	\$2,676,282.00	\$2,754,423.00	701,610.00	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report) Attached					
FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY
\$ 1,742,248.00	\$2,891,813.00	\$ 2,460,751.00	\$2,733,084.00	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		N/A. Payments are based on monthly rates for services and there have been no surplus of funds.			

Supplemental Documentation Required for Fiscal Review Committee

IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		N/A. Payments are based on monthly rates for services and there have been no surplus of funds.		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		Contract expenditures have not exceeded contract allocation. Due to end of year accrual of funds, amounts listed by FY were earned in one FY and actually paid out of accrual year. The expenditures do not exceed the allocated maximum liability.		
*Contract Funding Source/Amount:	State:	\$2,687,098.00	Federal:	\$8,061,278.00
Interdepartmental:			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)		
Amendment #1 – December 21, 2006		Scope modification to add the provision of comprehensive quality assurance and quality improvement program for elderly and disabled Home and Community Based Services (HCBS) programs in Tennessee. The elderly and disabled waiver programs include the Statewide HCBS Waiver for the Elderly and Disabled and the Program of All-inclusive Care for the Elderly (PACE) Program. Maximum Liability Increase.		
Amendment #2 – July 3, 2007		Scope modifications to strengthen reporting language relating to reporting procedures and timelines not in the original RFP.		
Funding Revision – October 24, 2007		Object Code Correction		
Amendment #3 – October 1, 2008		Contract Term Extension of 1 year per language in the RFP and provision of additional funding for the 12 month extension based upon the monthly rates submitted in the RFP Cost Proposal.		
Method of Original Award: (if applicable)		Request for Proposal		

Pursuant to the request from the Fiscal Review Committee regarding additional information relative to contracts, the following responses are relevant to QSource Center for Healthcare Quality, Amendment #4 and are submitted to Fiscal Review for consideration.

**Supplemental Documentation Required for
Fiscal Review Committee**

- (1) **A detailed breakdown of the actual expenditures anticipated in each year of the contract, including specific line items, the source of funds (federal, state, or other--if other, please specify source), and the disposition of any excess funds.**

Payments to QSource are paid at the following funding source:

25% State - 75% Federal

All payments to QSource are based on monthly rates as submitted in Request for Proposal Cost Proposal and those as revised in amendment #1 to provide HCBS quality assurance and quality improvement program for elderly and disabled as stated below:

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

SERVICE UNIT/MILESTONE	AMOUNT
General Administration and Operation (inclusive of all required and ad hoc activities, data analysis, and reports)	\$215,531.00/month
Effective January 1, 2007 – December 31, 2007	
Quality Assurance and Quality Improvement Services for Home and Community Based Elderly and Disabled in Tennessee	\$14,985.00/month

Extension Rate Should Contract be Renewed

SERVICE UNIT/MILESTONE	AMOUNT
General Administration and Operation (inclusive of all required and ad hoc activities, data analysis, and reports)	<u>\$233,870.00</u> per month

Supplemental Documentation Required for Fiscal Review Committee

- (2) **A detailed breakdown in dollars of any savings that the department anticipates will result from this contract, including but not limited to, reduction in positions, reduced equipment costs, travel, or any other item related to the contract.**

Effective October 1, 2005, this competitively procured contract was put in place to provide federally required external quality review of TennCare's Managed Care Organizations. This amendment represents the final extension year as provided in the Request for Proposal. It does not represent a savings due to reduction in positions, equipment costs, travel, or any other item related to the contract.

- (3) **A detailed analysis in dollars of the cost of obtaining this service through the proposed contract as compared to other options.**

This competitively procured contract was put in place to provide federally required external quality review of TennCare's Managed Care Organizations. There is no other viable option for provision of these services than through professional service contract.

Document Number FA0616559

			Funding	2009	2008	2007	2006	Total
			Year:	Expenditures	Expenditures	Expenditures	Expenditures	
Department	Division	Process Date						
318	65	12/13/2005					\$215,531.00	\$215,531.00
318	65	12/27/2005					\$215,531.00	\$215,531.00
318	65	1/30/2006					\$215,531.00	\$215,531.00
318	65	3/7/2006					\$215,531.00	\$215,531.00
318	65	3/16/2006					\$215,531.00	\$215,531.00
318	65	5/5/2006					\$215,531.00	\$215,531.00
318	65	6/1/2006					\$215,531.00	\$215,531.00
318	65	6/22/2006					\$215,531.00	\$215,531.00
318	65	8/15/2006				\$215,531.00		\$215,531.00
318	65	9/8/2006				\$215,531.00		\$215,531.00
318	65	11/8/2006				\$431,062.00		\$431,062.00
318	65	11/27/2006				\$215,531.00		\$215,531.00
318	65	12/29/2006				\$215,531.00		\$215,531.00
318	65	1/23/2007				\$215,531.00		\$215,531.00
318	65	3/2/2007				\$230,516.00		\$230,516.00
318	65	4/3/2007				\$230,516.00		\$230,516.00
318	65	5/3/2007				\$230,516.00		\$230,516.00
318	65	5/17/2007				\$230,516.00		\$230,516.00
318	65	6/26/2007				\$230,516.00		\$230,516.00
318	65	7/10/2007				\$230,516.00		\$230,516.00
318	65	8/13/2007			\$230,516.00			\$230,516.00
318	65	9/18/2007			\$230,516.00			\$230,516.00
318	65	10/26/2007			\$230,516.00			\$230,516.00
318	65	11/14/2007			\$230,516.00			\$230,516.00
318	65	12/19/2007			\$230,516.00			\$230,516.00
318	65	1/24/2008			\$230,516.00			\$230,516.00
318	65	2/13/2008			\$215,531.00			\$215,531.00
318	65	3/26/2008			\$215,531.00			\$215,531.00
318	65	4/16/2008			\$215,531.00			\$215,531.00
318	65	5/30/2008			\$215,531.00			\$215,531.00
318	65	6/18/2008			\$215,531.00			\$215,531.00

		Funding Year:	2009 Expenditures	2008 Expenditures	2007 Expenditures	2006 Expenditures	Total
318	65	8/15/2008	\$215,531.00				\$215,531.00
318	65	9/9/2008	\$215,531.00				\$215,531.00
318	65	9/25/2008	\$215,531.00				\$215,531.00
318	65	10/30/2008	\$215,531.00				\$215,531.00
318	65	12/1/2008	\$233,870.00				\$233,870.00
318	65	2/11/2009	\$467,740.00				\$467,740.00
318	65	2/24/2009	\$233,870.00				\$233,870.00
318	65	3/31/2009	\$233,870.00				\$233,870.00
318	65	5/19/2009	\$233,870.00				\$233,870.00
318	65	5/22/2009	\$233,870.00				\$233,870.00
318	65	7/2/2009	\$233,870.00				\$233,870.00
Total			\$2,733,084.00	\$2,460,751.00	\$2,891,813.00	\$1,724,248.00	\$9,809,896.00

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED:

1) RFS #	318.65-205	
2) State Agency Name	Department of Finance and Administration, Bureau of TennCare	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Provision of External Quality Review of TennCare MCOs	
4) Contractor :	QSource Center for Healthcare Quality	
5) Contract #	FA-06-16559-00	
6) Contract Start Date :	October 1, 2005	
7) <u>Current Contract End Date IF all Options to Extend the Contract are Exercised :</u>	September 30, 2009	
8) <u>Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :</u>	\$10,748,376.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed Amendment #</u>	4	
10) <u>Proposed Amendment Effective Date</u> (attached explanation required if date is < 60 days after F&A receipt)	October 1, 2009	
11) <u>Proposed Contract End Date IF all Options to Extend the Contract are Exercised :</u>	September 30, 2010	
12) <u>Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :</u>	\$13,554,816.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) <u>Description of the Proposed Amendment Effects & Any Additional Service :</u>		
<p>The amendment extends the end date to this competitively procured contract from September 30, 2009 to September 30, 2010, and provides funding based on funding rates submitted in RFP Cost Proposal. This contract extension is resulting from standard state extension language in original Request for Proposal and resulting contract.</p>		
15) <u>Explanation of Need for the Proposed Amendment :</u>		

Mandatory federal reporting guidelines require that TennCare have in place an independent external authority review of TennCare MCOs. The contract with QSource Center for Healthcare Quality was competitively procured and TennCare has been pleased with their overall performance of these services. This amendment provides for final year of contract extension as well as funding to support these services as submitted in the Cost Proposal submitted as part of Request for Proposal process.

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

Albert J. Grobmyer III, M.D., Chief Executive Officer
QSource Center for Healthcare Quality
3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115

17) Documentation of Office for Information Resources Endorsement:
(required only if the subject service involves information technology; N/A to THDA requests)

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:

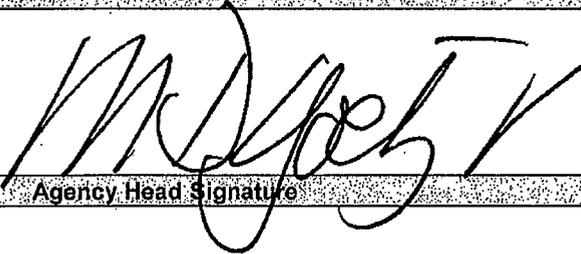
This contract was competitively procured by the State with resulting contract beginning October 1, 2005. The original RFP and resulting contract has term extension language that provides for extension of services and mechanism based on submitted Cost Proposal to fund this contract. Due to fact that a previous amendment resulted in language changes, this contract amendment is considered as non-competitive. Since this is the last available extension to this contract, the Bureau of TennCare has already begun work with program staff to develop new RFP for these services so that a new contract can be in place by October 1, 2010.

21) Justification for the Proposed Non-Competitive Amendment:

This contract was competitively procured by the State with resulting contract beginning October 1, 2005. The original RFP and resulting contract has extension language that provides for extension of services and funding mechanism based on submitted Cost Proposal to fund this contract. QSource Center for Healthcare Quality has provided excellent external quality review and oversight to the Bureau of TennCare relative to the Managed Care Organizations. The Bureau of TennCare would appreciate favorable review and approval of this amendment that extends these services.

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

8/14/09

Date

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
318.65-205-10	FA-06-16559-04

State Agency	State Agency Division
Department of Finance and Administration	Bureau of TennCare

Contractor Name	Contractor ID # (FEIN or SSN)
QSource Center for Healthcare Quality	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 620924699 00

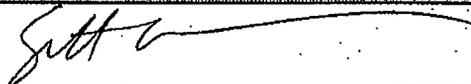
Service Description
External Quality Review of TennCare MCO/BHO/DBM and HCBS

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
October 1, 2005	September 30, 2010	Vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark if Statement is TRUE	
<input checked="" type="checkbox"/> Contractor is on STARS as required	<input checked="" type="checkbox"/> 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
318.65	042	083	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$484,950.00	\$1,454,829.00			\$1,939,779.00
2007	\$669,070.00	\$2,007,212.00			\$2,676,282.00
2008	\$669,070.00	\$2,007,212.00			\$2,676,282.00
2009	\$688,606.00	\$2,065,817.00			\$2,754,423.00
2010	\$701,610.00	\$2,104,830.00			\$2,806,440.00
2011	\$175,402.00	\$526,208.00			\$701,610.00
TOTAL	\$3,388,708.00	\$10,166,108.00			\$13,554,816.00

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Scott Pierce 507-6415
2006	\$1,939,779.00		State Agency Budget Officer Approval 
2007	\$2,676,282.00	\$0.00	
2008	\$2,676,282.00	\$0.00	
2009	\$2,754,423.00	\$0.00	
2010	\$701,610.00	\$2,104,830.00	
2011		\$701,610.00	
TOTAL	\$10,748,376.00	\$2,806,440.00	
End Date	09/30/2009	09/30/2010	

Contractor Ownership				
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

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

Procurement Process Summary

**AMENDMENT #4
TO FA-06-16559-00
BETWEEN THE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE CENTER FOR HEALTHCARE QUALITY**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State or TennCare, and QSource Center for Healthcare Quality, hereinafter referred to as the Contractor, 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. Contract Term. This Contract shall be effective for the period commencing on October 1, 2005 and ending on September 30, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period

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 Thirteen Million Five Hundred Fifty-four Thousand Eight Hundred Sixteen Dollars (\$13,554,816.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

3. The text of the contract is amended by adding the following new language as 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 D, 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.
4. The text of the contract is amended by adding the following new language as Section E.31.
- E.31. 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.

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

IN WITNESS WHEREOF:

QSOURCE CENTER FOR HEALTHCARE QUALITY:

Dawn Fitzgerald, Chief Executive Officer

DATE

**DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:**

M. D. Goetz, Jr., Commissioner

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:

JUSTIN P. WILSON, COMPTROLLER

DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

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

CONTRACTOR SIGNATURE

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

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

CONTRACT SUMMARY SHEET

8-8-05

RFS	Contract
318.65-205	FA-06-16559-03
State/Agency	State Agency/Division
Department of Finance and Administration	Bureau of TennCare
Contractor Name	Contractor ID# (FEIN or SSN)
QSource Center for Healthcare Quality	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 620924699 00

Service Description
External Quality Review of TennCare MCO/BHO/DBM and HCBS

Contract Begin Date	Contract End Date	SUBRECIPIENTS VENDOR	CEDA
October 1, 2006	September 30, 2009	Vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark if Statement is TRUE

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

Allegation Code	Contract Center	Object Code	Fund	Funding Source Code	Funding Subgrant Code
318.65	042	083	11		

Year	State	Federal	Other	TOTAL
2006	\$484,950.00	\$1,454,829.00		\$1,939,779.00
2007	\$669,070.00	\$2,007,212.00		\$2,676,282.00
2008	\$669,070.00	\$2,007,212.00		\$2,676,282.00
2009	\$688,806.00	\$2,065,817.00		\$2,754,423.00
2010	\$175,402.00	\$526,208.00		\$701,610.00
TOTAL	\$2,687,098.00	\$8,061,278.00		\$10,748,376.00

Year	Base Contract	Amendment	Total
2006	\$1,939,779.00		\$1,939,779.00
2007	\$2,676,282.00	\$0.00	\$2,676,282.00
2008	\$2,676,282.00	\$0.00	\$2,676,282.00
2009	\$649,593.00	\$2,104,830.00	\$2,754,423.00
2010		\$701,610.00	\$701,610.00
TOTAL	\$7,941,936.00	\$2,806,440.00	\$10,748,376.00

State Agency Fiscal Contact & Telephone
Scott Pierce 507-6415

State Agency Budget Officer Approval
Scott Pierce

Contract Dates
09/30/2008 09/30/2009

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

JUL 29 2008
RECEIVED

**AMENDMENT #3
TO FA-06-16559-00
BETWEEN THE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE CENTER FOR HEALTHCARE QUALITY**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State or TennCare, and QSource Center for Healthcare Quality, hereinafter referred to as the Contractor, 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. Contract Term. This Contract shall be effective for the period commencing on October 1, 2005 and ending on September 30, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period

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 Ten Million, Seven Hundred Forty-Eight Thousand Three Hundred Seventy-Six Dollars (\$10,748,376.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

The revisions set forth herein shall be effective October 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

QSOURCE CENTER FOR HEALTHCARE QUALITY:



Dawn Fitzgerald, Chief Executive Officer

8/14/08

DATE

DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:

M.D. Goetz Jr / 59

8/14/08

M. D. Goetz, Jr., Commissioner

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz Jr / 59

8/18/2008

M. D. GOETZ, JR., COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY

John G. Morgan

8/21/08

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



**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. Donna Rowland
Curtis Johnson David Shepard
Gerald McCormick Curry Todd
Mary Pruitt Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*

Sen. Douglas Henry, Vice-Chairman

Senators

Doug Jackson Reginald Tate
Bill Ketron Jamie Woodson
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

M E M O R A N D U M

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

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

DATE: May 22, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 5/21/07)

cc
BK

RFS# 318.65-205

Department: Finance & Administration/Bureau of TennCare

Contractor: QSource Center for Healthcare Quality

Summary: The vendor currently provides external quality review for the MCOs, BHOs, and Dental Benefits Manager (DBM). This amendment adds language which increases the reporting requirements. The term remains the same, effective through September 30, 2008, with the option to extend for an additional two one-year terms.

Maximum liability: \$7,941,936

Maximum liability with amendment: \$7,941,936

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

cc: Mr. Darin Gordon, Deputy Commissioner, Bureau of TennCare
Mr. Robert Barlow, Director, Office of Contracts Review



RECEIVED

MAY 14 2007

FISCAL REVIEW

STATE OF TENNESSEE
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

May 7, 2007

Mr. Jim White, Director
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

Attention: Ms. Leni Chick

RE: Bureau of TennCare
Contracts Submitted for Fiscal Review

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #2 to QSource Center for HealthCare Quality, RFS 318.65-205. This competitively bid contract is being amended to strengthen reporting requirements and timelines. There is no term extension or additional funding associated with this amendment.

Additionally, the Managed Care Organizations for West and East Tennessee are being amended to provide the following modifications to current MCO language: (1) Clarify National Provider Identification (NPI) requirement consistent with CMS requirements; (2) Revise Network Adequacy Language to be consistent with Middle TN CRA; (3) Revise Department of Education language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (4) Clarify LEP provisions and Teen Newsletter requirement; (5) Modify reporting relative to PCP and emergency room visits, emergency department utilization, disease management and case management, nurse triage 24/7 line, remove Quality Improvement Activity (QIA) Grid due to NCAQ Accreditation being achieved, and NCQA Reports; (6) Add language for consistency with NCQA requirements; (7) Revise risk target evaluation periods from quarterly to annual, revise and clarify methodology for Targets and Bonus potential; (8) Extend term of agreement through June 30, 2008 to align with State Fiscal Year and add funding to support extension of term, and (9) Housekeeping revisions made for consistency throughout the Agreement.

The Managed Care Organizations for Middle Tennessee are being amended to includes the following modifications: (1) Clarify National Provider Identification (NPI) requirements consistent with CMS requirements; (2) Revise language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (3) Clarify LEP provisions and Teen Newsletter requirements; (4) Modify reporting as it relates to PCP and emergency room visits; emergency department utilization, disease management and case management, nurse triage 24/7 line, and NCQA Reports; (5) Add language for consistency

with NCQA requirements, and (6) Housekeeping revisions made for consistency throughout the agreement.

The three Behavioral Health Organizations (BHOs) are being amended to provide the following modifications to BHO language: (1) Clarifies National Provider Identification (NPI) requirements consistent with CMS requirements; (2) Revise language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (3) Clarifies LEP provisions and Teen Newsletter requirement; (4) Strengthens reporting as it relates to case management services, inpatient reports, payment for out of plan emergency providers, cost and utilization, and satisfaction and outcome performance measures; (5) Clarifies language to require all provider agreements be approved in advance by TDCI; (6) Modification of mandatory evaluation time language to be consistent with Tennessee Code Annotated §33-7-303(b).; (7) Extends the term of the contract for an additional year and provides funding to support term extension, and (8) Housekeeping revisions made for consistency throughout the agreement.

The Bureau of TennCare would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Pierce", followed by a long horizontal line extending to the right.

Scott Pierce
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner
Alma Chilton

REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

MAY 14 2007

FISCAL REVIEW

APPROVED

Commissioner of Finance & Administration
Date:EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED

1) RFS #	318.65-205
2) State Agency Name :	Department of Finance and Administration, Bureau of TennCare
EXISTING CONTRACT INFORMATION	
3) Service Caption :	External Quality Review of TennCare MCO/BHO/DBM
4) Contractor :	QSource Center for Healthcare Quality
5) Contract #	FA-06-16559-00
6) Contract Start Date :	October 1, 2005
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2008
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$7,941,936.00
PROPOSED AMENDMENT INFORMATION	
9) Proposed Amendment #	2
10) Proposed Amendment Effective Date (attached explanation required if date is < 60 days after F&A receipt)	January 1, 2007
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2008
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$7,941,936.00
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service
14) Description of the Proposed Amendment Effects & Any Additional Service :	
This amendment proposes no additional services for the Contractor to provide, however, it strengthens and supports reporting procedures and timelines. Additionally, specific language stipulates that designated staff assignments be delegated for the purpose of EQRO services as contained in this contract.	
15) Explanation of Need for the Proposed Amendment :	

The Bureau of TennCare is mandated by the Centers of Medicaid and Medicare Services (CMS) to provide comprehensive quality assurance and quality improvement programs, as well as External Quality Review. The language in this amendment provides for additional accountability by the Contractor by requiring timely and more detail specific reporting of these services.

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

Albert J. Grobmyer III, M.D., Chief Executive Officer
QSource Center for Healthcare Quality
3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115

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 :

A Request for Proposal was released in July, 2005, to identify a contractor for External Quality Review for MCOs/BHOs and the DBM, at which time QSource Center for Healthcare Quality was awarded the contract. The language in this amendment was not part of the original procurement process, therefore this amendment is considered non-competitive.

21) Justification for the Proposed Non-Competitive Amendment :

After going through the competitive RFP process to identify a reliable, consistent contractor to perform External Quality Review for MCOs/BHOs/DBM, the Bureau of TennCare has now identified a need to incorporate stronger reporting language in this contract. The language in this amendment was not part of the original procurement process, therefore this amendment is considered non-competitive. No additional funding is required to support the reporting language included in this amendment.

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)



5/2/07

Agency Head Signature

Date

CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
318.65-205		FA-06-16559-02	
State Agency		State Agency Division	
Department of Finance and Administration		Bureau of TennCare	
Contractor Name		Contractor ID # (FEIN or SSN)	
QSource Center for Healthcare Quality		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 620924699 00	
Service Description			
External Quality Review of TennCare MCO/BHO/DBM and HCBS			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
October 1, 2005	September 30, 2008	Vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark if Statement is TRUE					
<input checked="" type="checkbox"/> Contractor is on STARS as required			<input checked="" type="checkbox"/> 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
318.65	042	083	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$484,950.00	\$1,454,829.00			\$1,939,779.00
2007	\$669,070.00	\$2,007,212.00			\$2,676,282.00
2008	\$669,070.00	\$2,007,212.00			\$2,676,282.00
2009	\$162,400.00	\$487,193.00			\$649,593.00
TOTAL	\$1,985,490.00	\$5,956,446.00			\$7,941,936.00

OCR RELEASED

JUL 06 2007

agency

TO ACCOUNTS

COMPLETE FOR AMENDMENTS ONLY		
FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	\$1,939,779.00	
2007	\$2,676,282.00	\$0.00
2008	\$2,676,282.00	\$0.00
2009	\$649,593.00	\$0.00
TOTAL	\$7,762,116.00	\$0.00
End Date	09/30/2008	

State Agency Fiscal Contact & Telephone #
Scott Pierce 507-6415
State Agency Budget Officer Approval
<i>Scott Pierce</i>
Funding Certification (certification required by O.A. § 2-4-511.5 that there is no balance in the appropriation from which the obligated expenditure is required to be paid, and is not otherwise responsible to pay obligations previously incurred)
RECEIVED
AUG 28 2008

Contractor Ownership					
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged	
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged		
Contractor Selection Method					
<input checked="" type="checkbox"/> RFP		<input type="checkbox"/> Competitive Negotiation		<input type="checkbox"/> Alternative Competitive Method	
<input type="checkbox"/> Non-Competitive Negotiation		<input type="checkbox"/> Government		<input type="checkbox"/> Other	
Procurement Process Summary					

JUL - 9

DIRECTOR OF REVENUE

OCR

JUL 29 2008

RECEIVED

**AMENDMENT #2
TO FA-06-16559-00
BETWEEN THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE CENTER FOR HEALTHCARE QUALITY**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State or TennCare, and QSource Center for Healthcare Quality, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.1.2.3.C. in its entirety and replace with the following:

A.1.2.3.C. Perform analysis of existing and new Federal and State policies, procedures and regulations to determine their impact on the EQRO components of the TennCare program, and related State and Contractor-performed functions; analysis shall include a review of portions of the Federal Register that would impact the Bureau of TennCare. By January 1st of each year, annually provide a written impact analysis to the State with analysis of alternatives and recommendations for changes and enhancements to support the requirements; research and report annually on activities that other Medicaid EQROs have implemented.

2. Delete Section A.1.2.4.B in its entirety and replace with the following:

A.1.2.4.B. Performing an annual quality survey of each MCC to determine contractual compliance, preparing a written report of findings, and forwarding said report to the State no later than 30 days after completion of the survey, unless otherwise agreed to in writing by the State. An annual survey shall be done to include measures that have been removed from accreditation standards, contractual requirements that are not fully duplicated in the NCQA survey or the ANA, and all criteria related to TennCare Court cases. Timelines associated with the annual quality survey include but are not limited to:

- By January 31st Contractor shall submit the proposed review criterion to the State for approval.
- By March 2nd, Contractor shall present the proposed schedule for the annual quality survey to the State for approval.
- Appointments with the MCCs shall be scheduled 30 days in advance of visit.
- The State shall be notified of any changes to the approved appointment schedule immediately.
- An MCC specific draft report of the survey findings along with recommendations for improvement shall be provided to the State thirty (30) days from each MCC's onsite survey. The recommendations for improvement should include specific information the plans can utilize to make appropriate changes and, when appropriate, other state and national best practices. The final report shall be submitted to the State sixty (60) days following the review of each MCC.

The Contractor shall develop review criteria to assess contract compliance and compliance with current industry, Federal, and State requirements for Medicaid managed care. Criteria must include, but not be limited to review of enrollee rights and protections, quality assessment and performance improvement, structure and operation standards, measurement and improvement standards and compliance with the appeal process. The survey process shall include: document review, interviews with key MCC personnel, and an assessment of the adequacy of information management systems. Review, analysis, and recommendations for improvement of the MCC Structure and overall integration of the health care delivery system shall include but not be limited to, review and assessment of the following documents/activities listed below. After a health plan is NCQA accredited

all of the following requirements will not have to be reviewed if the criteria for each area has been fully reviewed by NCQA. Any deletions from the survey must be approved by TennCare.

1. MCC Structure
 - a. Quality Improvement Program Description (QIPD)
 - b. Utilization Management Program Description (UMPD)
 - c. The associated work plans for the QIPD and UMPD
 - d. The annual evaluation of the MCC Quality Improvement Program
 - e. Adequacy of MCC's material resources and staffing
 - f. Oversight of Quality Program by the MCC's governing body
2. Appropriate documentation of all committee meetings, i.e., Quality, Credentialing, and Peer Review
3. Oversight of all MCC's initial and recredentialing processes to include:
 - a. Onsite credentialing file review
 - b. Review of committee minutes
 - c. Timeliness of credentialing/recredentialing process
 - d. Incorporation of quality assessment (Site visit and medical record documentation practices)
 - e. Assessment of quality of care and service issues which may include but not be limited to physician/provider specific confirmed and trended quality of care and service concerns, appeals data, over/under utilization data, and pharmacy utilization data
 - f. MCC's process for medical record review of primary care physicians and high volume specialists
4. MCO/BHO Clinical Practice Guidelines
 - a. Adoption, annual review, and dissemination of clinical practice guidelines to all appropriate network providers (at least four for MCOs and two for the BHOs)
 - b. Guidelines shall be relevant to the MCC/BHO population
 - c. Proof of annual measurement of at least two (2) indicators against each guideline is required
5. Audited Health Employer Data and Information Systems (HEDIS) and Consumer Assessment of Health Plan Surveys (CAHPS) data by MCC to validate opportunities for improvement and areas where meaningful improvement has been achieved (Customer Satisfaction survey for DBM)
6. MCO/BHO Quality Improvement Activities
 - a. Clinical QIAs (at least three (3))
 - b. Service QIAs (at least two (2))
7. MCO/BHO Disease Management Programs for the following components: (at a minimum Diabetes and Maternity Management Programs are required by the State for MCOs)
 - a. Relevance to MCO/BHO population
 - b. Consistency with nationally recognized clinical practice guidelines
 - c. Assessment of member adherence to treatment plans
 - d. Systematic identification of eligible population, initially and at least annually thereafter
 - e. Program materials clearly provide information to members about how to use the services, how they were identified for participation, and how to opt in or out of the program
 - f. Annual measurement of participation rates
 - g. Interventions provided to enrollees based on stratification
 - h. Providers are informed and educated about the program
 - i. Program effectiveness is measured using at least one performance measure that is relevant, quantitative, population based, uses valid methodology, and has been analyzed against a benchmark or goal
8. MCC mechanism for identifying potential under/over utilization trends within provider network and actions taken when performance falls below established

- standards
- 9. MCC process for review and update of medical necessity criteria
- 10. MCC process to ensure continuity and coordination of care
- 11. MCO/BHO case management services
 - a. Selection criteria
 - b. Available resources
 - c. Penetration rate
 - d. Turn-over rate (length of time in case management)
 - e. Frequency of enrollee contact
 - f. Evidence of network physician/provider participation
- 12. MCC UM denial files
- 13. MCO/BHO Home health denials – the number of files reviewed shall be of sufficient number to produce a statistically valid review
- 14. Adequacy of MCC provider networks
 - a. Compliance with required access standards
 - b. Compliance with required wait time standards
 - c. Analysis of open/closed panels by MCC
 - d. Compliance with established standards for appointment availability
- 15. MCC compliance with Call Center Standards
 - a. Member Services
 - i. Call answer timeliness
 - ii. Call abandonment rate
 - b. Health Services (Prior Authorization)
 - i. Call answer timeliness
 - ii. Call abandonment rate
 - iii. Percent of calls returned within 24 hours
- 17. Appeal overturn rate by MCC
- 18. Accuracy and timeliness of MCC claims payment
- 19. Comparative analysis of MCC provider satisfaction survey results
- 20. MCC operational and departmental policies and procedures
- 21. Analysis of MCC communication to enrollees and providers outlining member rights and responsibilities
- 22. Verification of MCC commitment to improve patient safety
- 23. Annual comparative analysis of MCC compliance with EPSDT requirements to include:
 - a. Identification of best practices
 - b. Evidence of enrollee and provider educational outreach by individual MCC
- 24. Evaluation of the timeliness and appropriateness of triage and referrals for behavioral health to include a review of written protocols.

3. Add the following to A.1.2.4.C.:

28. Review and assess MCC compliance with the current IEP process.

4. Delete A.1.2.4.F in its entirety.

5. Delete A.1.2.4.N. in its entirety and replace with the following:

A.1.2.4.N. Hosting quarterly meetings with MCCs and interrelated oversight agencies to inform them of pertinent/current issues. A list of dates and places for the quarterly meetings for the upcoming year shall be sent to TennCare no later than January 15th. In conjunction with TennCare, efforts shall be made to secure speakers to discuss pertinent topics and continuing education credits shall be offered to relevant health

plan participants for at least one meeting a year.

6. Delete the first paragraph of A.1.2.5 and replace with the following:

The Contractor shall prepare for each key activity a draft report, an executive summary, and a full written report detailing findings and recommendations for each MCC. Reports shall identify best practices and opportunities for improvement, as well as recommendations specific to each MCC program. Unless otherwise specified all reports shall be submitted to the State in both hard copy and electronic format. The number of hard copy reports and the electronic format shall be determined for each report and shall be mutually agreed upon by the Contractor and the State.

7. Delete A.1.2.5.E. in its entirety.
8. Add the following language to Section A.1.2.5:

A.1.2.5.N. A detailed report of activities performed during each month, in a format designated by TennCare, shall be submitted to TennCare along with each monthly invoice.

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



**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

Harry Brooks Mary Pruitt
Curt Cobb Donna Rowland
Dennis Ferguson David Shepard
Frank Niceley Curry Todd
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*

Sen. Don McLeary, Vice-Chairman
Senators

Mae Beavers David Fowler
Jim Bryson Steve Southerland
Steve Cohen
Douglas Henry, *ex officio*
Lt. Governor John S. Wilder, *ex officio*

M E M O R A N D U M

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

FROM: Charles Curtiss, Chairman *cc*

DATE: December 13, 2006

SUBJECT: **Contract Comments**
 (Contract Services Subcommittee Meeting 12/12/06)

RFS# 318.65-205

Department: Finance & Administration/Bureau of TennCare

Contractor: QSource Center for Healthcare Quality

Summary: The vendor currently provides external quality review for the MCOs, BHOs, and Dental Benefits Manager (DBM). This amendment will extend the services to the Long Term Care program which will include comprehensive quality assurance and improvement programs for elderly and disabled Home and Community Based Services (HCBS) programs. The amendment increases the maximum liability by \$179,820. The term remains the same, effective through September 30, 2008, with the option to extend for an additional two one-year terms.

Maximum liability: \$7,762,116

Maximum liability with amendment: \$7,941,936

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

cc: Mr. Darin Gordon, Deputy Commissioner, Bureau of TennCare
 Mr. Robert Barlow, Director, Office of Contracts Review

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration
Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	318.65-205	
2) State Agency Name :	Department of Finance and Administration, Bureau of TennCare	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	External Quality Review of TennCare MCO/BHO/DBM	<div style="font-size: 2em; font-weight: bold;">RECEIVED</div> <div style="font-size: 1.5em; font-weight: bold;">DEC 01 2006</div> <div style="font-size: 2em; font-weight: bold;">FISCAL REVIEW</div>
4) Contractor :	QSource Center for Healthcare Quality	
5) Contract #	FA-06-16559-00	
6) Contract Start Date :	October 1, 2005	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2008	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$7,762,116.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	1	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	January 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2008	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$7,941,936.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state	
	<input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
The Contractor shall provide comprehensive quality assurance and quality improvement program for elderly and disabled Home and Community Based Services (HCBS) programs in Tennessee. The elderly and disabled waiver programs include the Statewide HCBS Waiver for the Elderly and Disabled and the Program of All-inclusive Care for the Elderly (PACE) Program.		
15) Explanation of Need for the Proposed Amendment :		

The Bureau of TennCare is mandated by the Centers of Medicaid and Medicare Services (CMS) to provide comprehensive quality assurance and quality improvement programs for the elderly and disabled and Home and Community Based Services (HCBS) programs in Tennessee. Onsite reviews, home visits and office visits are required to gather quality assurance data and conduct surveys.

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

Albert J. Grobmyer III, M.D., Chief Executive Officer
QSource Center for Healthcare Quality
3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115

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 :

A Request for Proposal was released in July, 2005, to identify a contractor for External Quality Review for MCOs/BHOs and DBM, at which time QSource Center for Healthcare Quality was awarded the contract. Due to the fact that their expertise is in External Quality Review, TennCare felt it was in the best interest of the Long Term Care Program to amend existing contract to include quality assurance and quality improvement for this program for a period of one year, at which time an RFP will have been developed and a contract awarded to perform long-term care services.

21) Justification for the Proposed Non-Competitive Amendment :

After going through the competitive process to identify reliable, consistent contractor to perform External Quality Review for MCOs/BHOs/DBM, TennCare feels it is appropriate to use this contractor for long-term services as well. TennCare has identified a significant need for a comprehensive quality assurance and quality improvement program for elderly and disabled Home and community Based Services programs in Tennessee. The Bureau would greatly appreciate the approval of this amendment by the Fiscal Review Committee.

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

10/2/06

Date

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
318.65-205	FA-06-16559-01

State Agency	State Agency Division
Department of Finance and Administration	Bureau of TennCare

Contractor Name	Contractor ID # (FEIN or SSN)
QSource Center for Healthcare Quality	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 620924699 00

Service Description
External Quality Review of TennCare MCO/BHO/DBM and HCBS

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
October 1, 2005	September 30, 2008	Vendor	93.778 Dept. of Health & Human Services/Title XIX

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
318.65	042	083	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$484,950.00	\$1,454,829.00	<div style="border: 2px solid black; padding: 5px; width: fit-content; margin: auto;"> <p style="margin: 0;">OCR RELEASED</p> <p style="margin: 0;">DEC 27 2006</p> <p style="margin: 0;">TO ACCOUNTS</p> </div>		\$1,939,779.00
2007	\$669,070.00	\$2,007,212.00			\$2,676,282.00
2008	\$669,070.00	\$2,007,212.00			\$2,676,282.00
2009	\$162,400.00	\$487,193.00			\$649,593.00
TOTAL:	\$1,985,490.00	\$5,956,446.00			\$7,941,936.00

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	\$1,939,779.00	
2007	\$2,586,372.00	\$89,910.00
2008	\$2,586,372.00	\$89,910.00
2009	\$649,593.00	\$0.00
TOTAL:	\$7,762,116.00	\$179,820.00
End Date:	09/30/2008	09/30/2008

State Agency Fiscal Contact & Telephone #
Scott Pierce 507-6415

State Agency Budget Officer Approval

Funding Certification (certification, required by F.C.A.C. § 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
 DEC 20 AM 10:28
 TOLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

28

DIRECTOR OF ACCOUNTS

**AMENDMENT #1
TO FA-06-16559-00
BETWEEN THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE CENTER FOR HEALTHCARE QUALITY**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State or TennCare, and QSource Center for Healthcare Quality, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following language to Section A, Scope of Services:
 - A.9. The Contractor shall provide a comprehensive quality assurance and quality improvement (QA/QI) program for elderly and disabled Home and Community Based Services (HCBS) programs in Tennessee. The elderly and disabled programs include the Statewide HCBS Waiver for the Elderly and Disabled and the Program of All-inclusive Care for the Elderly (PACE) Program.
 - A.10. The Contractor shall provide ongoing support and technical assistance to the State and HCBS programs to integrate a quality improvement model approach with existing quality assurance activities provided through the Tennessee Commission on Aging and Disability and the PACE Program, administered by Alexian Brothers.
 - A.11. The Contractor will conduct a comprehensive Quality Assurance review of the Statewide HCBS Waiver for the Elderly and of the PACE Program within the contract period. The review will be conducted through desk, field, and onsite audits using data collection tools collaboratively developed by the Contractor and TennCare.
 - A.12. The Contractor will provide a comprehensive summary report of QA/QI review findings that is consistent with applicable Federal standards referenced in Version 3.3 of the Application for 1915 (c) Home and Community Based Waiver for waiver and PACE Program compliance. The report will cover all reporting standards and elements for HCBS and PACE programs associated with annual site surveys, will compare the quality of health care and service provided, per standards, identify areas for improvement, and monitor improvements over time.
 - A.13. The Contractor will provide periodic follow up and technical assistance to HCBS and PACE Program contractors as indicated by the results of the evaluation and any resultant Corrective Action Plans.
 - A.14. On a rolling annual basis the universe of all HCBS and PACE Program plan enrollees available from the TennCare files will be randomly selected and downloaded to the Contractor's EQRO server. The Contractor will perform quality checks on the eligible population of enrollees before the sample set is drawn. Quality control checks on the sample population will include verification of unique enrollee identification, unique health care service provider, and relevant inclusion/ exclusion criteria.
 - A.15. The Contractor will randomly select a statistically valid 5% stratified random sample of enrollees from the TennCare claims file for each HCBS and PACE Program contractor, with a minimum of 5 selected per program. The Statewide plan 5% random sample will be a sample across the total program and supplemented as needed to ensure at least a 5% or minimum of 5 case sample representation for each HCBS and PACE Program contractor service area.

- A.16. At the State's request, the Contractor will select an over sample to replace any records included in the initial sample that fail to meet sampling criteria. Unique enrollees will be defined by the combination enrollee ID and enrollee address. Any errors in using this approach to unique beneficiary selection will be documented for future selections.
- A.17. The Contractor will use data collection tools collaboratively developed by the TennCare Department of Long Term Care and Contractor in conducting annual quality surveys. When finalized, the data collection tools will be converted to an electronic format developed in Microsoft Access® or similar application designed specifically for HCBS annual quality surveys. The tool will include all applicable review standards and will capture details pertaining to level of compliance in meeting each element as well as allow for use of a scoring system. Additionally, any comments the reviewer has regarding how the HCBS contractor met or did not meet the intent of the standard and strengths or opportunities for improvement are captured.
- A.18. The Contractor will conduct enrollee home visits and onsite HCBS and PACE Program contractor office visits to gather quality assurance data. The survey process includes:
- a. Onsite and desk review of HCBS and PACE Program QA plans, policies and procedures, educational outreach materials, employee training programs, and adequacy of staffing and resources,
 - b. Onsite medical record review for all sampled enrollees that includes documentation of care plans, eligibility and required standards for enrollee service,
 - c. Onsite interviews with HCBS and PACE Program contractor personnel, and
 - d. Field interviews with enrollees and/or caretakers.
- A.19. The Contractor will process each HCBS and PACE Program plan surveys as follows:
- a. TennCare will request and/or provide extract files to Contractor who will select files from TennCare data provided and generate a list of enrollee home visits for each HCBS and PACE Program contractor along with a hard copy home visit data collection tool for each enrollee included in the sample.
 - b. The Contractor will contact the enrollee/enrollee caretaker to schedule the home visit.
 - c. Prior to making the home visit, the Contractor will request a copy of the enrollee's plan of care from the HCBS and PACE Program contractor and enrollee specific billing data from TennCare to validate services provided for the enrollee during the preceding year.
 - d. During the home visit, the surveyor will review with the patient/patient caretaker each applicable component listed on the worksheet. The surveyor will document on the worksheet each finding under the appropriate category of "yes", "no", or "not applicable". Enrollee home modifications will be inventoried onsite, as appropriate, using home modification billing data. In the event a component is responded to or evaluated negatively on the quality assurance worksheet, the surveyor will provide justification for the determination in the comment section on the worksheet. Discrepancies in inventoried versus billed modifications will be noted.
 - e. After completion of each HCBS and PACE Program's enrollee home visits, the surveyor will visit the HCBS and PACE Program contractor site to compare his/her home visit findings with the patient's medical record to ascertain if the record contains documentation that any noted concerns are being addressed by the HCBS and PACE Program contractor. The surveyor will also conduct a multi-

component record review covering the previous 12 months to ensure appropriate documentation is maintained and to assist in assessing service delivery.

- f. The surveyor will then conduct an administrative review that will include plan policies, procedures, QA/QI plans, complaints and appeals handling, personnel qualifications and enrollee survey data.
 - g. At the completion of the survey, the surveyor will conduct an exit conference to provide an overview of the program evaluation findings.
- A.20. The Contractor shall provide reports to TennCare that assess HCBS and PACE Program contractor compliance with waiver and PACE program requirements, compare the quality of health care and service to enrollees, identify areas for improvement, and monitor improvements over time. The Contractor will simultaneously submit a draft report to each HCBS and PACE Program contractor and TennCare within 30 days of the conclusion of each HCBS and PACE Program contractor review. HCBS and PACE Program contractors will be provided 30 days to comment on the report. An extension to the 30-day comment period will be considered with approval from TennCare. A revised final draft, incorporating contractor comments as appropriate, will be provided to TennCare within 15 days of receipt of the plan's comments. A final report will be submitted by the Contractor within 80 days of the conclusion of each HCBS and PACE Program contractor's onsite survey. Within 80 days of the conclusion of all HCBS and PACE Program contractor audits, the Contractor will provide a comprehensive final report on all Elderly and Disabled HCBS waiver and PACE program contractors surveyed during the contract year.
- A.21. The reports for each HCBS and PACE Program contractor will be provided in electronic and hard copy formats. The following sections will be included in each quality survey report.
- a. Executive Summary
 - b. Methodology
 - c. Evaluation and Scoring
 - d. Strengths (Best Practices) and Opportunities for Improvement (Weaknesses)
 - e. Recommendations for Corrective Action and Follow-up
- A.22. The Contractor shall conduct the HCBS and PACE Program Quality Review by using three data collection tools: an administrative review tool, medical record review tool, and home visit tool. Applicable tools for use by Contractor will be developed by Contractor in conjunction with TennCare staff.
- A.23. The Contractor shall ensure each individual plan report includes a summary of strengths and opportunities for improvement associated with each element of the survey. The Contractor will assure that the annual report includes all applicable components gathered through the survey process to facilitate CMS 373-Q and 372 Reporting.
- A.24. In the event an HCBS and PACE Program contractor has not demonstrated satisfactory level of performance, as identified by the contractor and TennCare's mutually agreed system of evaluation, the HCBS and PACE Program contractor will be required to provide a corrective action plan (CAP) to TennCare designed to improve performance in those areas of poor compliance. In certain circumstances when key evaluation elements are found to be deficient but the overall or standard score is acceptable, the Contractor may recommend to TennCare that a Corrective Action Plan (CAP) be requested to assure that appropriate actions are taken to correct the deficiencies. TennCare may request the CAP from the HCBS and PACE Program contractor, or the Contractor may request it on TennCare's behalf. Once TennCare receives and reviews the corrective action plan, the CAP is forwarded to the Contractor for external review.

- A.25. The Contractor will complete a thorough evaluation of each CAP which is sent to TennCare with specific recommendations. The evaluation will address the following elements:
- a. Does the HCBS and PACE Program contractor CAP address the identified recommendation?
 - b. Does the HCBS and PACE Program contractor CAP meet the intent of the identified standard?
 - c. Does the HCBS and PACE Program contractor describe proposed actions to monitor improvement in deficient areas?
 - d. Is a realistic completion date identified?
 - e. Does the HCBS and PACE Program contractor identify a person responsible for actions described in the CAP?
 - f. Based on the quality and content of the CAP, is there a need for either a desk review or focused onsite review?
- A.26. The Contractor will track the status of each CAP on an ongoing basis using a tracking tool. The tool will be used to track deadlines and determine that they have been met in a timely fashion. Other necessary actions are tracked as well through the tool.
- A.27. At the direction of TennCare, the Contractor shall provide other quality review activities, beyond the annual quality survey, which may warrant corrective action.
- A.28. The Contractor shall work with TennCare and the HCBS and PACE Program contractors to evaluate CAPs and provide technical assistance to those HCBS and PACE Program contractors when satisfactory performance is not demonstrated for specified activities. When an HCBS and PACE Program contractor submits an External Quality Review related CAP which does not fully address the issue or does not sufficiently outline steps the plan will take to correct deficiencies, the Contractor will work with TennCare to identify the best possible next step interventions. At TennCare's direction, the Contractor will contact the HCBS and PACE Program contractor to discuss the portions of the CAP the State deems in need of refinement and provide technical assistance to the contractor so that a revised CAP can be implemented. Such assistance may be telephonic, in writing, or onsite, depending upon the degree of the deficiency and the plan's need for direction and guidance.
- A.29. When a contractor fails to meet TennCare performance expectations for two consecutive years, the Contractor will deem the HCBS and PACE Program contractor's CAP ineffectual and implement an intensified monitoring program. This program will include at a minimum:
- a. Quarterly review of written progress reports
 - b. Evaluation of data monitoring reports
 - c. Technical assistance
- Should the results of the intensified review fail to result in measurable progress on the part of the Plan, the Contractor will recommend to TennCare that further intervention will be required.
- A.30. The Contractor will host an educational meeting for the Elderly and Disabled HCBS and PACE Program contractors. The meeting will be held in Nashville, a central location for the contractors. This meeting shall provide multiple benefits that include;
- a. all HCBS and PACE Program contractors receive a consistent message,
 - b. HCBS and PACE Program contractors have an opportunity to network and build relationships, and
 - c. a non-competitive collaborative philosophy is fostered.

These meetings will be designed to result in improved outcomes for the HCBS contractors through an educational approach that addresses topics related to waiver requirements, TennCare policy, sharing of contractor best practices, quality of care studies, and continuing education. The Contractor shall seek input from TennCare and the HCBS and PACE Program contractors in planning meeting agendas.

A.31. The following deliverables and timelines shall be provided by the Contractor:

Key Deliverable	Due Date
Annual Work Plan, draft audit tool and protocol development with State	January 2007
Final PACE Audit Tool and Protocol to State for Approval	February 2007
Begin PACE Plan Survey	February 2007
Conclude PACE Plan Survey	March 2007
Annual Meeting with State/HCBS Plans	March 2007
Draft PACE Plan Report to Plan/State	March 2007
Final PACE Plan Report	April 2007
Final Statewide Audit Tool and Protocol to State for Approval	March 2007
Conduct Statewide Annual Survey	May - June 2007
Draft Statewide Plan Annual Report to Plan/State	July 2007
Final Statewide Plan Annual Report to State	August 2007
Submit Overall Annual Report to State	September 2007
Transition Phase for Contract Turnover or Year 2 planning	October 2007

A.32. The State will keep the Contractor informed of any negotiated or directed changes to its HCBS and PACE Program waiver and associated requirements.

2. Delete Section C.1 in its entirety and replace with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seven Million Nine Hundred Forty-One Thousand Nine Hundred Thirty-Six Dollars (\$7,941,936.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

3. Delete Section C.3 in its entirety and replace with the following:

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

project milestones defined in Section A. The Contractor shall be compensated based upon satisfactory completion and submission of the milestones below at the following Service Rates:

<u>SERVICE UNIT/MILESTONE</u>	<u>AMOUNT</u>
General Administration and Operation (inclusive of all required and ad hoc activities, data analysis, and reports)	\$215,531.00/month
Effective January 1, 2007 – December 31, 2007	
Quality Assurance and Quality Improvement Services for Home and Community Based Elderly and Disabled in Tennessee	\$14,985.00/month

Extension Rate Should Contract be Renewed

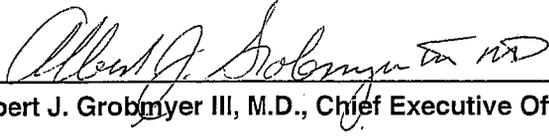
<u>SERVICE UNIT/MILESTONE</u>	<u>AMOUNT</u>
General Administration and Operation (inclusive of all required and ad hoc activities, data analysis, and reports)	<u>\$233,870.00</u> per month

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

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

IN WITNESS WHEREOF:

QSOURCE CENTER FOR HEALTHCARE QUALITY:



10-20-06

Albert J. Grobmyer III, M.D., Chief Executive Officer

DATE

DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:



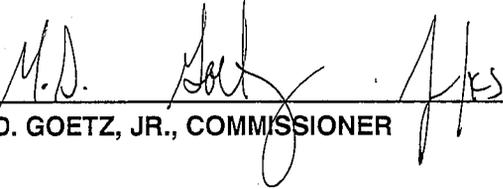
12-12-06

M. D. Goetz, Jr., Commissioner

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:



12/19/06

M. D. GOETZ, JR., COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:



12-21-06

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



STATE OF TENNESSEE
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

RECEIVED
DEC 01 2006
FISCAL REVIEW

November 29, 2006

Mr. Jim White, Director
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

Attention: Leni Chick:

RE: Bureau of TennCare Contracts Submitted for Fiscal Review

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #6 to the Electronic Data Systems Corporation and EDS Information Service, L.L.C., RFS 318.65-080. This competitively bid contract provides Development, Implementation and Replacement of the TennCare Management Information System (TCMIS). This amendment comprises two major components of service, the extension of the current contract Facility Management of the TCMIS and additional services outside the scope of the original contract. The extension of current Facility Management services comprises 40% of the total amendment expenditures. These services include all of the daily operational components required to provide Medicare/Medicaid and Fee for service health care to the 1.1 million Tennessee residents enrolled in TennCare. In order to maintain these services to TennCare enrollees during the development, procurement and implementation of the required replacement contract for our current facility manager (EDS), we requested the extension of the current contract services in order to prepare for this transition. The remaining 60% of the expenditures include two categories of additional components to the Facility Management contract. The first addresses the federally mandated requirement that all health care providers within the United States possess a unique National Provider Identification (NPI) number. The Code of Federal Regulations requires the implementation of NPI by May 27, 2007. This requires TennCare to modify all systems in order to identify all providers using the NPI. This modification to our systems is funded by 90% Federal Funds Participation. The second component of additional services identifies areas outside the scope of services specifically listed in the original contract. These ancillary components of the amendment indirectly address areas TennCare is responsible for adhering to judicial decrees, as well as improved operational efficiencies.

Additionally, TennCare is submitting for review amendment #1 to QSource Center for Healthcare Quality, RFS 318.65-205, the competitively bid contractor providing External Quality Review of TennCare Managed Care Organizations, Behavioral Health Organization and the Dental Benefits Manager. This amendment provides an additional component of comprehensive quality assurance and quality improvement including elderly and disabled Home and Community Based (HCBS) programs in Tennessee. The elderly and disabled waiver programs include the Statewide HCBS Waiver for the Elderly and Disabled as well as the Program of All-Inclusive Care for the Elderly (PACE) Program. TennCare's Long Term Care Program is mandated by the Centers of Medicaid and Medicare Services (CMS) to provide quality assurance and quality improvement programs. We feel it is in the best interest of the State to rely on an already established contractor to perform these critical oversight functions until a competitively awarded contractor can be identified solely for the elderly and disabled. Funding to support this one year amendment is \$179,820.00.

The following Managed Care Organizations (MCOs) are being amended to provide extension of term as well as funding to support this extension. Additionally, the amendment provides the following modifications to current MCO language: (1) Fraud and Abuse language clarification, incorporating CMS requirements as they relate to enrollee hospice care; (2) In response to request from Fiscal Review, incorporates revisions to requirements of current Conflict of Interest language; (3) clarification of Systems Requests including Disaster Recovery Plan; (4) Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," includes language prohibiting the MCO or any provider from smoking tobacco products within any indoor premises in which services are provided pursuant to individuals under the age of eighteen (18) years; (5) Prohibition of Illegal Immigrants, per 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 services to the state of Tennessee and (6) revised reimbursement requirements for non-participating emergency providers in accordance with the Deficit Reduction Act.

Volunteer State Health Plan, Inc. (TennCare Select)	RFS 318.66-026	FA-02-14632-16
Volunteer State Health Plan, Inc.	RFS 318.66-028	FA-02-14859-19
Memphis Managed Care Corp (TLC)	RFS 318.66-030	FA-02-14861-02
Unison Health Plan of TN, Inc.	RFS 318.66-017	FA-02-14858-12
Preferred Health Plan	RFS 318.66-032	FA-02-14863-11
John Deere	RFS 318.66-029	FA-02-14860-11
Windsor Health Plan of TN, Inc. (term extension for 3 mos. only)	RFS 318.66-033	FA-02-14864-11
UAHC Health Plan of TN, Inc. (term extension for 6 mos. only)	RFS 318.66-027	FA-02-14862-12

The following two new competitively awarded Middle Tennessee MCOs are being amended to include the following modifications: (1) Require submission of Fraud and Abuse Compliance Plan for review and approval; (2) Clarification of reimbursement requirements of Hospice benefit package; (3) additional reporting requirements to support utilization activities; (4) clean up language of Deficit Reduction Act (payment requirements for out-of-plan emergency services) to refer to rules for payment terms in accordance with DRA; (5) Clarification of TPL/Subrogation reporting; addition of PCP, MRI, CT, and PET reporting; (6) Strengthen/Broaden language to require notice of any legal action against MCC or parent company; (7) Clarify that State does not have liability for costs beyond administrative fee, including liquidated damages, penalties, etc. (8) added State's language as required by new legislation that prohibits illegal immigrants from performing services of state contracts, and (9) revisions made for consistency throughout the agreement.

United HealthCare Plan of the River Valley, Inc.	RFS 318.66-051	FA-07-16937-01
AMERIGROUP Tennessee, Inc.	RFS 318.66-052	FA-07-16936-01

In addition to the amendments listed above, TennCare is also submitting for review the following Behavioral Health Organization (BHO) amendments that provides the following modifications to BHO language: (1) New reporting requirements for Institutions for Mental Disease (IMD); (2) Additional language reinforcing requirements for EPSDT outreach and responsibility of the BHOs for services delegated to their providers; (3) Add requirement of Fraud and Abuse Compliance Plan for review and approval; (4) Clean up Deficit Reduction Act language to refer to rules for payment terms in accordance with DRA; (5) Revise Conflict of Interest language to be consistent with Middle TN RFP Pro Forma in accordance with agreed upon language with Fiscal Review; (6) Clarification of TPL reporting and IS/Disaster recovery reporting; (7) strengthen language to require notice of any legal action against MCC or parent company; (8) added language mandated by new legislation prohibiting use of illegal immigrants for performance of state contracts; (9) clarify that state has no liability for costs beyond administrative fee,

Mr. Jim White
Page 3

including liquidated damages, penalties, etc.; (10) general housekeeping revisions made for consistency throughout the agreement.

Premier Behavioral Health Systems Of Tennessee, LLC	RFS 318.66-022	FA-01-14662-17
Tennessee Behavioral Health, Inc.	RFS 318.66-023	FA-01-14661-16
Tennessee Behavioral Health, Inc. (East Tennessee Region)	RFS 318.66-050	FA-05-16089-07

The Bureau of TennCare would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,



Scott Pierce
Chief Financial Officer

Cc: Darin J. Gordon, Deputy Commissioner
Alma Chilton

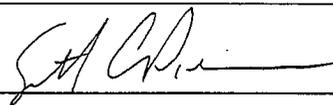
CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
318.65-205		FA-06-16559-CC	
State Agency		State Agency Division	
Department of Finance and Administration		Bureau of TennCare	
Contractor Name		Contractor ID # (FEIN or SSN)	
QSource Center for Healthcare Quality		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 620924699 00	
Service Description			
External Quality Review of TennCre MCO/BHO/DBM			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
October 1, 2005	September 30, 2008	V	93.778 Dept. of Health & Human Services/Title XIX

Mark, if Statement is TRUE

<input checked="" type="checkbox"/> Contractor is on STARS as required		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required	
Allotment Code	Cost Center	Object Code	Fund
318.65	042	134 083	11
FY	State	Federal	Interdepartmental
2006	\$484,950.00	\$1,454,829.00	OCT 03 2005
2007	\$646,590.00	\$1,939,782.00	TO ACCOUNTS
2008	\$646,590.00	\$1,939,782.00	
2009	\$162,400.00	\$487,193.00	
TOTAL:	\$1,940,530.00	\$5,821,586.00	\$7,762,116.00

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Scott Pierce 507-6415
			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)
TOTAL:			OCT - 3 2005
End Date:			DIRECTOR OF ACCOUNTS

Contractor Ownership			
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> OTHER minority/disadvantaged

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

Procurement Process Summary

The Bureau of TennCare released Request for Proposal for External Quality Review Contractor. QSource responded with an appropriate proposal and cost proposal proportionate to services being provided.

RECEIVED
 SEP 28 AM 11:30
 COMPTROLLER'S OFFICE
 OFFICE OF MANAGEMENT SERVICES

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE CENTER FOR HEALTHCARE QUALITY**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the "State" and QSource Center for Healthcare Quality, hereinafter referred to as the "Contractor," is for the provision of External Quality Review of TennCare Managed Care Organizations, Behavioral Health Organizations, and Dental Benefit Manager as further defined in the "SCOPE OF SERVICES."

The Contractor is a nonprofit corporation.

The Contractor's address is:

3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115

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

A. SCOPE OF SERVICES:

The services to be provided under this contract include multiple tasks and deliverables that are consistent with the following:

- Applicable Federal External Quality Review (EQR) regulations and protocols for Medicaid Managed Care Organizations
- State specific requirements related to Federal court orders, including *Grier, John B,* and *Newberry*
- Contractor Risk Agreements (CRA) with TennCare Managed Care Contractors (MCCs) including the Managed Care Organizations, Behavioral Health Organizations, and the Dental Benefit Manager.

This contract will allow the State to be compliant with Federal EQR regulations and rules and to measure MCC specific compliance with State specific Federal court orders and the TennCare Section 1115 Waiver. The specifications for deliverables required in this contract may evolve from year to year in response to program changes such as MCC participation or enrollment levels, changes to the TennCare waiver, court orders, or CRA, or changes in Federal or State requirements. Amendments to this contract may be required to reflect such aforementioned changes. The Contractor will be required to perform all tasks and functions identified in the contract according to specified levels of quality and comprehensiveness as determined by the State.

The Contractor shall, under the direction of the State, conduct the TennCare/TennCare Partner's Program External Quality Review Organization (EQRO) functions during the term of this contract and provide for an orderly transition of the EQRO functions to any new Contractor, or the State, at the end of the contract period. The Contractor will provide services in accordance with the TennCare Section 1115 Demonstration Waiver and related amendments which can be found on the Bureau of TennCare's website at <http://www.state.tn.us/tenncare/>.

A.1 CONTRACT PHASES AND REQUIREMENTS

The general scope of work required under this contract and the relative responsibilities of the State and the Contractor, including milestones and deliverables for each of the three phases are defined in subsequent sections. The Contractor shall perform the Contractor tasks according to the schedule below, which is subject to revision by the State.

Contract Start Date and
Transition Phase Begins
Turnover

October 1, 2005
September 1, 2008

A.1.1 Transition Phase

During the final month of the current EQRO Contract, the new Contractor will receive assistance in the transition of the TennCare EQRO functions from the State and current Contractor.

A.1.1.1 State Responsibilities

- A. Monitor the implementation of the turnover plan and schedule prepared by the previous Contractor and monitor and assist with the transfer (turnover) of the EQRO functions from the previous Contractor.
- B. Ensure that State staff and previous Contractor staff are available for orienting the Contractor in the operation of the EQRO functions.
- C. Review and approve turnover progress reports from the previous Contractor which document the completion of each turnover task to ensure that the transition phase progresses on schedule.

A.1.1.2 Contractor Responsibilities

Operations under the new Contract shall begin October 1, 2005. The Contractor shall be responsible for conducting all reviews scheduled after the end of September 2005. Beginning October 1, 2005, the Contractor shall be responsible for producing all regularly scheduled monthly, quarterly and annual reports including those for the month and quarter ending September 2008.

- A. Key staff shall be available onsite in Nashville, Tennessee on September 15, 2005 to receive documents, software, and orientation from the previous Contractor including, but not limited to, the procedures for the EQRO periodic reviews of managed care organizations, special reviews of managed care organizations, participation in various committees, ad hoc report generation and analysis, and the operation and maintenance of EQRO Systems.
- B. Review operating procedures and receive training on all software used to support the EQRO functions.
- C. Receive and review all files, data, and other materials from the previous EQRO Contractor.
- D. Review the inventory of all work in progress by the previous Contractor and its projected status at the end of the contract.

A.1.2 Operations and Maintenance Phase

During the Operations and Maintenance Phase, the Contractor shall carry out the responsibilities related to the EQRO functions and perform all Contractor functions not specifically excluded or defined as State responsibilities. General and specific responsibilities for both the State and the Contractor are defined in this section. The Operations and Maintenance Phase under this Contract shall begin October 1, 2005. The Contractor shall be responsible for conducting all reviews scheduled after the end of September 2005. Beginning October 1, 2005, the Contractor shall be responsible for producing all regularly scheduled reports including those for the month and quarter ending September 2008.

A.1.2.1 General State Responsibilities

The State shall be responsible for the overall management and general administration of the TennCare Program including establishment of policy and approval of overall administrative procedures.

The State's responsibilities include:

- A. Establishing and interpreting program policy
- B. Establishing and interpreting medical policy
- C. Authorizing administrative procedures
- D. Monitoring of overall program performance

- E. Contracting with managed care organizations, behavioral health organizations, and dental benefit manager
- F. Reviewing changes in federal regulations and devising methods to comply with the changes
- G. Approval of contractual arrangements for TennCare programs
- H. Preparing budgets for the TennCare program
- I. Liaison with the Legislature, other State agencies, and the public
- J. Coordination of cases of fraud and noncompliance investigation with the Contractor, providers, recipients, legal authorities, and the Federal Government
- K. Performing fiscal audits of the Contractor
- L. Operating and maintaining an administrative structure sufficient to assure Contractor compliance with contractual responsibilities
- M. Providing for liaison and communications with the Contractor in connection with mutual contractual responsibilities
- N. Establishing, monitoring, and managing receivable accounts to recover program funds owed by providers, enrollees and other third parties
- O. Providing the Contractor with the names of individuals, who are authorized to act on the behalf of the State with respect to this Contract, together with a description of their respective responsibilities and authorities
- P. Administering this Contract and providing direction as required to facilitate Contractor operations
- Q. Making EQR results available to interested parties upon request. Information released must comply with Federal HIPAA regulations regarding confidentiality of protected health information.

A.1.2.2 Specific State Responsibilities

- A. Provide interfaces with State and Federal agencies as necessary for the Contractor.
- B. Contract with MCCs.
- C. Provide Contractor with a list of primary interfaces from the State for each functional area.
- D. Perform all provider relations functions including training, response to inquiries (written and phone), and preparing and distributing manuals, bulletins, and training materials.
- E. Oversee Contractor's performance; approve Contractor's work plan annually, conduct periodic audits of Contractor's performance; monitor compliance with contract terms and conditions and all applicable State and Federal laws and regulations.
- F. Notify Contractor of all performance deficiencies; approve Contractor's corrective action plan.
- G. Direct Contractor to make ongoing modifications and enhancements to Contractor procedures if required to support program policy, rules and regulations; improve program and operational performance; resolve problems; and address overall program effectiveness and quality.
- H. Prepare specific requirements and definition (with Contractor assistance) for ongoing modifications and enhancements to the EQRO functions.
- I. Approve release of any reports, data, forms, files, or other information related to the Contract to any agency or entity outside the State.
- J. Provide Contractor with requirements for ad hoc data and report requests and approve specifications.
- K. Review and approve all deliverables; provide Contractor with identification of discrepancies that require corrective action; approve Contractor's corrective action plan.
- L. Provide Contractor with request requirements for "on request" processes
- M. Provide record retention and destruction guidelines.
- N. Impose any sanctions and/or other corrective action required on MCCs as a result of deficiencies and/or failure to comply with TennCare requirements.
- O. Provide Contractor with contact names, associated phone numbers and e-mail addresses for each MCC.

A.1.2.3 General Contractor Responsibilities

The Contractor shall perform the External Quality Review Organization functions in accordance with all Federal, State and TennCare requirements.

- A. Within 15 days of beginning the Operations and Maintenance Phase of the contract, the Contractor will develop a comprehensive work plan as a basis for executing the contract. The plan will outline key tasks and sub-tasks, with associated timeframes for completion and delivery assigned to each task, as deemed necessary to deliver the required work product to the State.
- B. Operate and maintain a system of internal controls (manual and automated), approved by the State, to safeguard access to data and ensure the integrity, completeness, and accuracy of the data, the processing, and the output products.
- C. Perform analysis of existing and new Federal and State policies, procedures and regulations to determine their impact on the EQRO components of the TennCare program, and related State and Contractor-performed functions; provide a written impact analysis to the State with analysis of alternatives and recommendations for changes and enhancements to support the requirements.
- D. Conduct training for State and Contractor personnel on a continuing basis to maintain satisfactory levels of proficiency for all Contractor functions.
- E. Operate and maintain an internal control program approved by the State to ensure accuracy of all EQRO functions and processing that meets the State's requirements; internal quality control program shall encompass all annual special reviews, studies, reports, and any other outputs that are produced.
- F. Develop the external quality review survey tools for surveying the MCC's based on current contractual procedures, applicable court orders, the TennCare 1115 Waiver, and State and Federal regulations. The plan shall include: specific compliance monitoring activities, a mechanism for obtaining background information from the State, MCC document review, conducting MCC interviews, the collection of accessory information, analyzing and compiling of findings by MCC and reporting evaluation results to the State. The Contractor shall advise the State on an ongoing basis of changes to improve and enhance the audits.
- G. Perform all the functions of the EQRO in accordance with State requirements and per State-approved standards and procedures.
- H. Conduct periodic and special quality reviews of the managed care organizations per the State's schedule and provide written reports of findings and recommendations for corrective action within the predefined time frame.
- I. Maintain internal records in such a fashion as to provide complete audit trails of activities, account for all transactions, and document all charges.
- J. Maintain disaster recovery procedures acceptable to the State.
- K. Implement and maintain processes and policies compliant with HIPAA regulations. Ensure the proper handling of protected health information.

A.1.2.4 Specific Contractor Responsibilities

The Contractor shall perform its TennCare EQRO functions in accordance with Federal and State laws, regulations and policies pertaining to Medicaid, including the Tennessee State Medicaid Plan, and policies and procedures pertaining to TennCare including the terms and conditions of the TennCare 1115 demonstration waiver. The Contractor shall maintain office space and personnel sufficient to fulfill all contractual obligations in Nashville Tennessee, at a location to be mutually agreed upon by the State and the Contractor.

In the event the Contractor has need of an interpretation of any laws, regulations and/or policies, the request will be made to the State. The State shall provide timely notification to the Contractor of all changes and/or amendments in Federal and State laws, regulations, policies, State Plan, the MCC Contractor Risk Agreements and the TennCare waiver which can reasonably be expected to affect the performance of the contract. The Contractor shall maintain, on a current and ongoing basis, a full and detailed knowledge of applicable Federal and State laws, regulations, policies, the State Medicaid Plan, the MCC Contractor Risk Agreements and the TennCare Waiver.

The Contractor's responsibilities as the External Quality Review Organization (EQRO) for the TennCare/TennCare Partner's Program shall include, but not be limited to:

- A. Providing and maintaining an administrative structure, including personnel of sufficient background, training, size, scope and authority to perform its contractual responsibilities to the satisfaction of the State. The Contractor will provide the State with the names of individuals who are authorized to act on behalf of the Contractor, together with a description of their

responsibilities, authorities, and the amount of time by each employee, devoted to the project in Full Time Equivalents (FTE's). The State shall have final rights to the hiring and termination of key employees. The Contractor's key personnel shall include a Physician Consultant, a Contract Manager, and sufficient resources to fulfill contractual obligations. The Contractor must prove access to a biostatistician and epidemiologist. Resumes for all key personnel were included in the Contractor's proposal.

- B. Performing an annual quality survey of each MCC to determine contractual compliance, preparing a written report of findings, and forwarding said report to the State no later than 30 days after completion of the survey, unless otherwise agreed to in writing by the State. If an organization is National Committee for Quality Assurance (NCQA) accredited, the Contractor will review the organization every three years for contractual compliance. Timelines associated with the annual quality survey include but are not limited to:
- By January 31st Contractor shall submit the proposed review criterion to the State for approval.
 - By March 2nd, Contractor shall present the proposed schedule for the annual quality survey to the State for approval.
 - Appointments with the MCCs shall be scheduled 30 days in advance of visit.
 - The State shall be notified of any changes to the approved appointment schedule immediately.
 - An MCC specific draft report of the survey findings along with recommendations for improvement shall be provided to the State thirty (30) days from each MCC's onsite survey. The final report shall be submitted to the State sixty (60) days following the review of each MCC.

The Contractor will develop review criteria to assess contract compliance and compliance with current industry, Federal, and State requirements for Medicaid managed care. Criteria must include, but not be limited to review of enrollee rights and protections, quality assessment and performance improvement, structure and operation standards, measurement and improvement standards and compliance with the appeal process. The survey process shall include: document review, interviews with key MCC personnel, and an assessment of the adequacy of information management systems. Review, analysis, and recommendations for improvement of the MCC Structure and overall integration of the health care delivery system shall include but not be limited to, review and assessment of the following documents/activities:

1. MCC Structure
 - a. Quality Improvement Program Description (QIPD)
 - b. Utilization Management Program Description (UMPD)
 - c. The associated work plans for the QIPD and UMPD
 - d. The annual evaluation of the MCC Quality Improvement Program
 - e. Adequacy of MCC's material resources and staffing
 - f. Oversight of Quality Program by the MCC's governing body
2. Appropriate documentation of all committee meetings, i.e., Quality, Credentialing, and Peer Review
3. Oversight of all MCC's initial and recredentialing processes to include:
 - a. Onsite credentialing file review
 - b. Review of committee minutes
 - c. Timeliness of credentialing/recredentialing process
 - d. Incorporation of quality assessment (Site visit and medical record documentation practices)
 - e. Assessment of quality of care and service issues which may include but not be limited to physician/provider specific confirmed and trended quality of care and service concerns, appeals data, over/under utilization data, and pharmacy utilization data
 - f. MCC's process for medical record review of primary care physicians and high volume specialists
4. MCO/BHO Clinical Practice Guidelines
 - a. Adoption, annual review, and dissemination of clinical practice guidelines to all appropriate network providers (at least four for MCOs and two for the BHOs)
 - b. Guidelines shall be relevant to the MCC/BHO population
 - c. Proof of annual measurement of at least two (2) indicators against each guideline is required

5. Audited Health Employer Data and Information Systems (HEDIS) and Consumer Assessment of Health Plan Surveys (CAHPS) data by MCC to validate opportunities for improvement and areas where meaningful improvement has been achieved (Customer Satisfaction survey for DBM)
6. MCO/BHO Quality Improvement Activities
 - a. Clinical QIAs (at least three (3))
 - b. Service QIAs (at least two (2))
7. MCO/BHO Disease Management Programs for the following components: (at a minimum Diabetes and Maternity Management Programs are required by the State for MCOs)
 - a. Relevance to MCO/BHO population
 - b. Consistency with nationally recognized clinical practice guidelines
 - c. Assessment of member adherence to treatment plans
 - d. Systematic identification of eligible population, initially and at least annually thereafter
 - e. Program materials clearly provide information to members about how to use the services, how they were identified for participation, and how to opt in or out of the program
 - f. Annual measurement of participation rates
 - g. Interventions provided to enrollees based on stratification
 - h. Providers are informed and educated about the program
 - i. Program effectiveness is measured using at least one performance measure that is relevant, quantitative, population based, uses valid methodology, and has been analyzed against a benchmark or goal
8. MCC mechanism for identifying potential under/over utilization trends within provider network and actions taken when performance falls below established standards
9. MCC process for review and update of medical necessity criteria
10. MCC process to ensure continuity and coordination of care
11. MCO/BHO case management services
 - a. Selection criteria
 - b. Available resources
 - c. Penetration rate
 - d. Turn-over rate (length of time in case management)
 - e. Frequency of enrollee contact
 - f. Evidence of network physician/provider participation
12. MCC UM denial files
13. MCO/BHO Home health denials – the number of files reviewed shall be of sufficient number to produce a statistically valid review
14. Adequacy of MCC provider networks
 - a. Compliance with required access standards
 - b. Compliance with required wait time standards
 - c. Analysis of open/closed panels by MCC
 - d. Compliance with established standards for appointment availability
15. MCC compliance with Call Center Standards
 - a. Member Services
 - i. Call answer timeliness
 - ii. Call abandonment rate
 - b. Health Services (Prior Authorization)
 - i. Call answer timeliness
 - ii. Call abandonment rate
 - iii. Percent of calls returned within 24 hours
17. Appeal overturn rate by MCC
18. Accuracy and timeliness of MCC claims payment
19. Comparative analysis of MCC provider satisfaction survey results
20. MCC operational and departmental policies and procedures
21. Analysis of MCC communication to enrollees and providers outlining member rights and responsibilities
22. Verification of MCC commitment to improve patient safety
23. Annual comparative analysis of MCC compliance with EPSDT requirements to include:
 - a. Identification of best practices

- b. Evidence of enrollee and provider educational outreach by individual MCC
 24. Evaluation of the timeliness and appropriateness of triage and referrals for behavioral health to include a review of written protocols.
- C. Performing an annual evaluation of each MCC's compliance with the Early and Periodic Screening Diagnosis and Treatment (EPSDT) requirements set forth in the Contractor Risk Agreement and as required by the *John B. Consent Decree*. The review shall include, but not be limited to, an assessment of each MCCs:
 1. Timely provision of medically necessary care
 2. Proof the MCC has aggressively and effectively informed enrollees of the TENNderCARE (EPSDT) program and services
 3. Network Adequacy Review
 4. Review and assess MCC practices in regards to making decisions about medical necessity, and identify any practices which are inconsistent with federal law.
 5. Review and assess the effectiveness of the MCC's practices and procedures in appropriately referring children from one level of screening or diagnoses to another as required to determine a child's physical health, behavioral health and developmental needs as to medically necessary services.
 6. Review the definition of "medically necessary" treatment being used by the MCC and ensure it is the correct definition for the TennCare population (definition from the CRA).
 7. Review appropriate information to determine that absolute service limits are not used by the MCC in the determination of coverage for the TENNderCARE (EPSDT) population.
 - a. Review for the inclusion of rehabilitation services
 - b. Review for the inclusion of maintenance services
 8. Review and assess the MCC's contractual compliance in providing appropriate continuation of services.
 9. Review the MCC prior authorization and utilization review processes to ensure that no prior authorization is required for periodic TENNderCARE (EPSDT) screenings.
 10. Review the MCC prior authorization and utilization review processes to assess decisions are appropriate.
 11. Review MCC prior authorization and utilization review files to determine if decisions are being made only by qualified personnel with education, training or experience in child and adolescent health.
 12. Review documentation to determine if that MCC is in compliance with the reasonable and promptness requirements of providing services as required within the MCC Contractor Risk Agreement.
 13. Review utilization management denial files to determine that MCCs provide all medically necessary covered services.
 14. Review MCC policy and documentation as to how the MCC provides each primary care provider seeing TENNderCARE (EPSDT) eligible members a quarterly supplemented listing of specialists to whom referrals may be made. Assess MCC compliance with the requirement.
 15. Review and assess the adequacy and effectiveness of MCC's case management activities for the TENNderCARE (EPSDT) population consistent with federal law.
 16. Review and assess the MCC's compliance with the requirement to provide transportation and non-emergent transportation for the TENNderCARE (EPSDT) population.
 17. Review and assess the protocols and procedures in place within the MCC for handling transportation referrals.
 18. Review necessary information to determine that the MCCs are not imposing blanket restrictions on the provision of transportation.
 19. Review and assess the MCC's coordination of children's health and education services and programs with other State agencies.
 20. Review MCC provider contracts to specifically determine if any provisions exist which would encourage violations of the TENNderCARE (EPSDT) mandate (*John B. Consent Decree*).
 21. Review and assess MCC's processes and ability to assist in scheduling appointments.
 22. Review and assess the MCC's processes and documentation of TENNderCARE (EPSDT) services declined.

23. Review and assess the MCC's processes/efforts for identifying and reaching out to children who have missed appointments or failed to receive TENNderCARE (EPSDT) screenings timely. Determine MCC compliance with all required outreach efforts.
 24. Review and assess the MCC's processes for identifying and reaching out to inform the illiterate, blind, deaf and LEP populations of TENNderCARE (EPSDT) programs.
 25. Review and assess the MCC's processes/efforts for informing families of the costs of services.
 26. Review and assess the MCC's criteria and process for identifying "at-risk" populations and special processes/information used for outreach to this population.
 27. Review and assess the MCC's criteria and process for notifying pregnant women of available EPSDT services for the unborn child and pregnant women if under 21 years of age.
- D. Performing an annual network adequacy review pursuant to Tennessee Code Annotated Section 56-32-231. Contractor shall establish a procedure to verify that each MCC is delivering the health benefits required by their Contract with the State, that each is delivering the benefits within the required time frames, and that each MCC has an adequate provider network to ensure the effective and efficient delivery of healthcare services to TennCare enrollees. The Contractor may use the National Committee for Quality Assurance (NCQA) standards or other nationally recognized standards that will produce a statistically valid review to evaluate the adequacy of each MCC network and benefit delivery compliance with the Contractor Risk Agreement. This review shall include, but not be limited to, the following specialties:
1. Primary Care Providers
 2. Selected High Volume Specialty Providers
 3. Dentists
 4. Mental Health Providers
- E. Performing a quarterly validation of the accuracy of the provider information reported by the MCCs. A survey tool shall be developed by the Contractor and approved by the State prior to implementation of the first quarterly telephonic survey and as necessary thereafter. A random sample large enough to produce statistically valid MCC specific results shall be drawn from the most current TennCare provider enrollment file each quarter. Providers included in the sample shall be active, inplan providers of the following specialty types:
1. Primary care providers and physician extenders
 2. Specialty care providers including, but not limited to, OB, Cardiology, Gastroenterology, Neurology, Neurosurgery, Oncology/Hematology, Ophthalmology, Orthopedics, Otolaryngology, and Urology
 3. All reported dental providers
 4. All vision providers
 5. All BHO providers
- Elements to be validated shall include, but should not be limited to, the following:
1. Verification of provider address and specialty
 2. Status of contract with MCC
 3. Panel age restrictions
 4. Telephone number
 5. Provides TENNderCARE (EPSDT) services (applies to all PCPs and OB/GYNs seeing children <21 years)
 6. Panel status (open/closed)
 7. Appointment availability for routine and urgent care
 8. Prenatal & delivery services (OB/GYN or prenatal providers)
- F. Analyzing TennCare and vital statistics data in order to produce an annual assessment of the impact of TennCare on Women's Health in Tennessee as required by TCA 3-15-510(d). (Previous report is available at TennCare's website <http://www.tennessee.gov/tenncare/women2001/women2001.pdf>)
- G. Preparing an annual comparative analysis of HEDIS and CAHPS results using audited data submitted to TennCare by each MCC. The Contractor shall identify opportunities for improvement and best practices within the MCCs. The Contractor shall also identify statewide opportunities for improvement.
- H. Completing an annual review and evaluation of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual

Evaluations to determine if the Program encompasses activities required to meet contract compliance and compliance with current industry, federal, and state requirements for Medicaid managed care programs.

- I. Performing validation of performance improvement projects (Quality Improvement Activity Review)
- J. Performing validation of MCC performance measures.
- K. Utilizing data files to analyze and summarize enrollment, utilization, and health outcome data for routine and ad hoc reporting.
- L. Developing and maintaining a list serve to be used as a communication tool by key personnel of the MCCs, the State, and the EQRO.
- M. Provide technical assistance to the MCCs as directed by the State regarding performance improvement.
- N. Hosting quarterly meetings with MCCs and interrelated oversight agencies to inform them of pertinent/current issues. The meetings shall provide an opportunity for training, discussion of TennCare contract or policy requirements, sharing of best practices, and continuing education.
- O. Providing and maintaining adequate liaison and communication with the State in connection with the Contractor's specified contractual responsibilities.
- P. Providing and maintaining books, records, claims, documents and other evidence pertaining to the Contract to the extent and in such detail as shall properly reflect conformance with the contract and make these available for inspection by the State or its designee.
- R. Providing the State with the documented costs in a plan to be approved by CMS to support the claim for Federal Financial Participation. The Contractor must be able to provide documentation to support wages, benefits and all other expenditure items.
- Q. Performing all EQRO operations activities and related systems maintenance/modifications on-site at the facilities in Nashville, Tennessee approved by the State.
- R. Identifying and informing the State of any procedure which may reduce the cost and/or increase the effectiveness of administering the EQRO function to the TennCare Program.
- S. Providing the State with the names of individuals, who are authorized to act on behalf of the Contractor, together with a description of their responsibilities and authorities.
- T. Participating in TennCare meetings such as TennCare Medical Director's Meetings, TENNderCARE (EPSDT) Coordinators Conference, and other such activities that may impact Contractor's role as EQRO as directed by the State.
- U. Performing all other activities not otherwise designated as State responsibilities, which are necessary for optimal operation of the EQRO functions

A.1.2.5 Contractor Reporting Responsibilities

For each key activity the Contractor shall prepare both an executive summary and a full written report detailing findings for each MCC. Reports shall identify best practices and opportunities for improvement, as well as recommendations specific to each MCC program. Unless otherwise specified all reports shall be submitted to the State in both hard copy and electronic format. The number of hard copy reports and the electronic format shall be determined for each report and shall be mutually agreed upon by the Contractor and the State.

- A. Annual External Quality Review Report. A draft report shall be due within 30 days following completion of each MCC's onsite review. The final report shall be due 60 days following completion of each MCC's onsite review. The report shall also assess MCC compliance with contractual and all EQR-related mandatory and optional activities, including but not limited to the methodology of how data was collected, aggregated, analyzed and conclusions drawn as to the quality, timeliness, effectiveness and access to the care furnished by the MCC. The report must utilize the following five point scoring or rating system for each component assessed as part of the survey:
 - 1. Fully Met = 100%
 - 2. Substantially Met = 80%
 - 3. Partially Met = 50%
 - 4. Minimally Met = 20%
 - 5. Not Met = 0%

The report of the quality review should include but not be limited to the following components:

- 1. A detailed assessment of the strengths and weaknesses of each MCC

2. Recommendations for improving the quality of care by the MCC
 3. Comparative information on all MCCs
 4. An assessment of the degree to which the MCC effectively addressed the recommendations for quality improvement made during the previous year's EQR
- B. Annual onsite assessment of each MCC's compliance with the Early and Periodic Screening Diagnosis and Treatment (EPSDT) requirements as defined in the Contractor Risk Agreement and the John B Consent Decree. A draft report shall be submitted to the State annually by July 15th. The final EPSDT report shall be submitted to the State annually by August 15th.
 - C. Network adequacy review reports are due annually by June 1 and shall be submitted directly to the Commissioner of the Department of Commerce and Insurance, the Comptroller of the Treasury, and the Director of the Bureau of TennCare.
 - D. Quarterly validation of the accuracy of the provider information reported by each of the MCCs shall be submitted to the State by the end of each calendar year quarter. The report shall include detail regarding all errors and discrepancies identified for each MCC during the survey process.
 - E. An annual report on the impact of TennCare on Women's Health in Tennessee as required by TCA 3-15-510(d) shall be submitted to the State annually by December 15, with the first report due December 15, 2006 to cover calendar year 2005.
 - F. Annual comparative analysis of MCC HEDIS and CAHPS results shall be submitted to the State annually by August 15th.
 - G. Annual review and evaluation report of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations shall be submitted to State by May 15th.
 - H. Report of annual evaluation of each MCO/BHO Performance Improvement Projects shall be submitted to the State annually by July 15th.
 - I. Report of annual validation of each MCO/BHO Performance Measures shall be submitted to the State annually by July 15th.
 - J. Production of ad hoc reports as requested by the State for such purposes as assessing the health care needs of the TennCare population or subsets of the population, identification of best practices and/or opportunities for improvement within contracted MCCs, or achieving compliance with State or Federal Regulations. Ad hoc reports shall be completed within a timeframe that is commensurate to the complexity of the report and shall be prepared at no additional cost to the State. The State and the Contractor shall develop and agree to the reporting timeframes on a report-by-report basis.
 - K. Annual EQR Technical Report utilizing the results of the annual network adequacy report, the annual quality survey, and information and results from the validation of PIPs and performance measures as required in accordance with 42 CFR 438.364. The Annual EQR Technical Report shall be submitted to the State by August 15th of each year. At a minimum the following should be included in the report:
 - a. A description of the manner in which the data from all activities conducted in accordance with 42 CFR 438.358 (validation of PIPs and performance measures and compliance with standards audit) were aggregated and analyzed and conclusions were drawn as to the quality, timeliness, and access to care furnished by the MCCs. The report must also include the following for each activity conducted in accordance with 42 CFR 438.364:
 - i. Objectives
 - ii. Technical methods of data collection
 - iii. Description of the data obtained
 - iv. Conclusions drawn from the data
 - b. An assessment of each MCC's strengths and weaknesses
 - c. Recommendations for improving quality of health care services
 - d. Comparative information as the State deems methodologically appropriate
 - e. An assessment of the degree to which each MCC has addressed effectively the recommendations for quality improvement made by the EQRO during the previous year
 - L. An annual cost allocation plan to be approved by TennCare and CMS to support the claim for Federal Financial Participation.
 - M. Monthly Health Care Policy Reports containing articles or summaries of information related to national and state issues and standards for Medicaid Managed Care populations, Section 1115 waivers, changes in requirements under the Balanced Budget Act 1997, etc. shall be provided to the State as new information emerges in order to keep the State totally informed and current. Reports may include information on best practices or other information that could improve the

financial stability of the TennCare Program and quality of care rendered to the TennCare population.

A.1.2.6 Contractor Quality Control Requirements

The Contractor shall develop and maintain a plan for quality control to be approved by the State including, but not limited to, reviewer training, inter-rater reliability testing, record over read of ten (10) percent, and determination of sample sizes needed in order to produce results that can be extrapolated to the entire universe being examined. The plan shall cover, at a minimum, the following areas:

- A. Annual quality reviews
- B. Special reviews
- C. Report development and generation
- E. Deliverable production
- F. Provider Network analysis

A.1.2.7 Detailed Procedures

The Contractor shall develop written detailed internal procedures for all reviews, audits, performance measurements, and surveys identifying all steps in each process. The style and level of detail should be aimed at the Contractor's staff and the detailed procedures for each activity must be approved by the State before that activity is initiated.

A.1.2.8 Contractor Staffing

The Contractor shall maintain sufficient professional and technical staff to carry out the duties and responsibilities of the EQRO function and agree to the following requirements:

- A. The Contractor warrants and represents that all persons assigned by it to the performance of this Contract shall be employees of the Contractor and shall be fully qualified to perform the work required herein. The Contractor shall include a similar provision in any contract with any subcontractor selected to perform work hereunder.
- B. The State shall have the absolute right to approve or disapprove the Contractor's and any subcontractor's key personnel assigned to this Contract, to approve or disapprove any proposed changes in key staff, or to require the removal or reassignment of any key Contractor employee or subcontractor personnel found unacceptable by the State.
- C. To the extent possible the Contractor shall notify the State in writing of any change in key personnel at least 30 days prior to the change. The Contractor shall upon request, provide the State with a resume of any members of its staff or a subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this Contract.

Personnel commitments made in the Contractor's proposal shall not be changed except as herein above provided, or due to the resignation of any named individual.

A.1.2.8.1 Annual, Follow up, and Special Review Staff

The Contractor shall be required to provide and maintain a staff of qualified health professionals on-site in Nashville, Tennessee sufficient to complete all regularly scheduled and specially requested quality reviews as described in this Contract. At a minimum, the Contractor shall provide and maintain an on-site staff of sufficient professionals at all times. The combined experience of this staff must include previous experience in healthcare quality assurance, management and improvement; knowledge and understanding of the NCQA Standards for Accreditation of Managed Care Organizations and Behavioral Health Organizations and the accreditation process; the current HEDIS technical specifications; familiarity with ICD, CPT and hospital revenue codes; practical or clinical health care experience; understanding of managed care plans; and knowledge of Medicaid, Medicare, or similar program, and understanding of the managed care organizations systems. The EQRO must have experience and expertise in the epidemiological and statistical measurement of health and service status indicators in defined populations. At a minimum access to a biostatistician and an epidemiologist is required.

At least two-thirds of the staff must have 5 or more years of relevant experience.

The review staff must be supervised by individuals with 5 or more years of experience in quality assurance management or review and at least 3 years of management experience.

A.1.2.8.2 Analysis and Technical Staff

In addition to the professional staff for the reviews, the Contractor shall provide sufficient analysis and technical staff with experience and expertise in the epidemiological and statistical measurement of health and service indicators, including behavioral health, in defined populations to support the requirements in this Contract. This must include in-depth understanding of the scope and methodologies of data collection, the interpretation of data, and the social and economic factors that affect the interpretation of the data. Contractor must ensure that activities are conducted in accordance with generally accepted principles of research design and statistical analysis in order to produce valid, reliable, and generalizable information. At a minimum, the Contractor shall provide staff with the skills and experience to perform the following functions:

- A. Conduct ongoing analysis of encounter and other data and provide the State with written reports of patterns of utilization, areas of potential over/under utilization, target for special reviews or investigation, and recommendations for improving the efficiency and quality of the TennCare program.
- B. Provide technical recommendations to TennCare regarding identified opportunities for improvement within the Managed Care Organizations assessed performance and methodology of reporting.
- C. Conduct periodic analysis of the quality of encounter and other data collected from the managed care organizations including testing samples of data, reviewing procedures and processes for capturing and maintaining data, and developing edits for data quality and consistency.
- D. Provide the State with current information on the development and implementation of quality assurance programs in other states, national standards and measures, industry practices and other information pertinent to the EQRO functions.
- E. Provide ad hoc and special reports as requested by the State.

A.1.2.8.3 Contractor Employee Incentive Programs

Prior to implementing any employee incentive system designed to increase processing productivity, the Contractor shall submit a detailed description of the incentive system to the State for approval. This description shall include but is not limited to monetary incentives, quality control reviews for accuracy, reasons that the incentive may be discontinued, assurances that accuracy will be maintained in accordance with this Contract, and progress reports to be submitted to the State relating to the incentive program.

A.1.3 TURNOVER PHASE

Prior to the conclusion of the Contract, or in the event of a termination for any reason, the Contractor shall provide assistance in the turnover of the TennCare EQRO functions to the State or the new Contractor. The Contractor shall be responsible for all work in progress as of the end of September, 2008. This includes report requests, analysis projects, special studies, and any other tasks which fall within the scope of work of this Contract and are currently in progress at the time of Transition.

A.1.3.1 State Responsibilities

- A. Review and approve the turnover plan and schedule to facilitate and organize the transfer of the EQRO functions to the State or the new Contractor.
- B. Make State staff and designated Contractor staff available for training the new Contractor in the operation of the EQRO functions.
- C. Review and approve Contractor's turnover progress reports which document the completion of each turnover task.

A.1.3.2 Contractor Responsibilities

- A. Prepare and submit a detailed written Turnover Phase plan within thirty (30) days of written request by the State.
- B. The plan shall define the turnover approach, define all tasks and subtasks, and provide a schedule for the turnover effort to achieve State requirements.
- C. Provide a current listing of all software used to support the EQRO functions.
- D. As requested, transfer all files, data, and other materials of the TennCare EQRO function to the State or its designated agent.
- E. Provide copies of all procedures for performing the functions of the EQRO
- F. Provide training to the State or its designated agent in the performance of all contract-related functions including, but not limited to, the procedures for the EQRO, periodic reviews of managed care organizations, and ad hoc report generation and analysis.
- G. Provide an estimated inventory of all work in progress and its projected status at the end of the contract within one (1) week after the beginning of the Turnover Phase.
- H. Update the work in progress inventory estimates weekly throughout the Turnover Phase.
- I. Provide a final, detailed inventory and accounting of all work in progress; and completed work.
- J. Prepare and submit a final report summarizing turnover task results and certifying the completion of all turnover responsibilities.
- K. Cooperate with the State and new Contractor to throughout the Turnover Phase to ensure a smooth transition.

A.2 OTHER GENERAL REQUIREMENTS

A.2.1 Flexibility

The Contractor must perform the EQRO functions so as to provide for sufficient flexibility to rapidly conform to changes in Federal and/or State law, regulations, policies, and priorities. In addition, the State expects to see increasing demands for information reporting and data analysis. The Contractor must be able to quickly and accurately respond to requests for information.

A.2.2 Technology and Methods – Maintenance, Upgrades, Changes and Rights:

The Contractor shall maintain the EQRO Systems, including but not limited to:

- A. Implementing new technologies and methods that are generally available (not in alpha test, beta test, or trials of any form unless explicitly approved by the State office of the CIO and TennCare office of the CIO) and will improve the Contractor's ability to meet reporting responsibilities. Such implementations of technologies and methods must be approved by TennCare, and if judged to be necessary by TennCare, the State.
- B. Implementing modifications to technologies and methods that are necessary to preserve any interoperability with State and TennCare systems and facilities necessary for the Contractor to meet EQRO reporting responsibilities. This includes maintaining communications with the State and TennCare sufficient to be aware of and prepared for any changes to the technological environment of the State and TennCare.
- C. Updating the EQRO Systems' components such that they are based on recent technologies and methods that are generally available in conformance with state standards and the State Architecture and supported by the suppliers and not subject to sunseting or termination of support for a period of not less than twelve (12) calendar months.

The Contractor may incorporate into the EQRO Systems any new technologies, methods, or products the contractor deems necessary or desirable with the approval, in advance, of TennCare, and if judged necessary by TennCare, the State.

EQRO Systems, and components thereof, incorporated in the EQRO Systems by any means such as, but not limited to, licenses for use or purchase for ownership, shall become the exclusive property of TennCare and the State upon termination of the Contract regardless of the reason for termination.

A.2.3 Security and Confidentiality

The Contractor shall provide physical site and data security sufficient to safeguard the operation and integrity of all TennCare-related data as specified and approved by the State. The Contractor shall also consider that all of the information, data, forms, and files are confidential and may not be released or used for any purpose other than carrying out the duties and responsibilities as defined in this Contract without the express consent of the State. The Contractor must ensure that all employees have access to information on a "need to know" basis and that all reasonable efforts are maintained to ensure confidentiality. Any subcontractors, vendors, and anyone other than an employee of the Contractor must not have access to the data or information related to this Contract without explicit State approval.

The Contractor shall ensure compliance with Federal and Tennessee State Law as related to confidentiality of information and security.

A.2.4 Security for On-Line Access

The Contractor shall restrict access to workstations, terminals, on-line functions, and files as designated by the State and as required to maintain confidentiality and security. Security shall be imposed at both workstation or terminal and operator levels. On-line access over unsecured communications paths or media must be secured in a manner acceptable to the State office of the CIO and TennCare office of the CIO.

A.2.5 Records Retention Requirements

The Contractor shall maintain historical records encounter data, reference files, and any other files as required for backup and recovery purposes to support the analysis and reporting processes and to support State and Federal audit trail requirements.

A.3 DATA PROCESSING STANDARDS INTRODUCTION

This section describes the general data processing standards which the Contractor shall continually meet during the Transition, Operations and Maintenance, and Turnover Phases of the EQRO Contract. These standards supplement the specific performance standards specified in this Contract.

A.3.1 System Standards

The Contractor must adhere to all applicable TennCare and State standards and architectures for hardware, operating systems, programming languages, software tools or other components proposed by Contractor for constituting the EQRO Systems. Any exceptions to these standards must be explicitly approved by TennCare office of the CIO and the State office of the CIO. All hardware and software proposed by Contractor for constituting the EQRO Systems must be reviewed and approved by TennCare office of the CIO and the State office of the CIO.

A.3.2 Reliability

At all times, the EQRO Systems shall continue to be protected against hardware, software, and human error. The system shall include appropriate checkpoint/restart capabilities and other features necessary to guarantee reliability and recovery, including telecommunications reliability and disaster recovery.

A disaster recovery plan that meets Office for Information Resources standards and is approved by the State shall be updated and maintained by the Contractor. The Contractor shall continually review the disaster recovery plan and make necessary updates to provide that the plan always contains accurate and up-to-date information. Specific requirements for disaster recovery are provided in Section A.3.7.

The Contractor shall follow change control procedures that minimize the possibility of human error. All changes must go through a rigorous testing and quality control procedure prior to implementation into production. The Contractor shall develop and follow production procedures that include verification, quality checking, and balancing for each job and for each report or other output. The Contractor must be able to demonstrate that sufficient positive measures are taken in every step of the processing to ensure the completeness and correctness of the results.

A.3.3 Documentation

The Contractor shall:

- A. Ensure that current documentation is maintained for all packaged software and custom-developed software constituting the EQRO Systems.

Minimum documentation requirements for packaged software are:

1. All vendor documentation regarding installation, configuration and operation of software,
2. Data model and definitions as specifically implemented for the State,
3. Full documentation of software configuration as installed for the State,
4. Documentation of any customizations for the State,
5. Import, export or interface specifications, and
6. Supporting documentation as required to support maintenance and operations.

Minimum documentation requirements for all custom-developed software including reports, queries, control files, parameters, and scripts are:

1. Data model and definitions,
2. Current program listings,
3. Program narrative,
4. Import, export or interface specifications,
5. Definitions of values used for codes and switches, and
6. Supporting documentation as required to support maintenance and operations.

- B. Ensure that operating documentation is maintained for all regularly performed data analyses and reporting processes executed.
- C. Ensure that layouts and data definitions are maintained, at a minimum, for all master files and all databases.

A.3.4 Documentation Updates

The Contractor shall, at all times, provide that all copies of the System Documentation are current and the Contractor shall incorporate all updates. Four (4) copies of the documentation and all updates shall be provided for the State. Each copy shall consist of hardcopy of all documents other than code and electronic copies of any documents that originated electronically such as but not limited to word processor files, spreadsheets, and entity relationship diagrams, electronic copies of all code that is necessary for building the EQRO system and appropriate for use in the environment in which the EQRO system is built, such as but not limited to, compiler input, commercially obtained code libraries, loader/binder inputs, and build scripts. The Contractor shall be responsible for maintaining and updating each of the State's copies.

A.3.5 Audit Requirements

The Contractor shall provide data, in a specified electronic media with State approved content and format, to the State within five (5) working days of receipt of request as required to support internal or external audits.

The Contractor must produce the source or hardcopy documentation and records which will substantiate information in the requested files, or which is missing from the above files, within ten (10) days of receipt of request from the State. Such documentation shall be made available to the State at the State's facility in Nashville, Tennessee.

Facilities used by the Contractor in delivery of services to the State will be subject to periodic review and audit by both State and Federal authorities. The Contractor will be required to provide reasonable access to facilities and personnel and will be responsible for responding to audit inquiries and findings.

A.3.6 Data Security

At all times, EQRO Systems and all data contained therein shall continue to be protected against unauthorized access. All systems and facilities shall include appropriate and reasonable access control measures and other features necessary to ensure security, including active monitoring and incident

response. The Contractor will be required to execute and enforce the provisions of the TennCare Business Associate Agreement. Contractor duties shall include, but not be limited to, the following:

- A. Maintain, in facilities used by the Contractor for the EQRO functions, system security software which prevents unauthorized access to the system and identifies any such attempts at access.
- B. Require all Contractor employees and all subcontractor personnel to sign relevant TennCare and State agreements for access to systems and data, acknowledging their duties with regard to security, confidentiality, and acceptable use, with copies maintained in their personnel files.
- C. Maintain complete confidentiality of all passwords and IDs used by Contractor employees and all subcontractor personnel. Employees shall not be permitted to share passwords or IDs among themselves except as explicitly authorized by the State. The Contractor shall ensure that only authorized personnel are granted access to systems or data and will maintain appropriate policy and procedure to ensure that access is revoked when no longer needed or appropriate for the performance of EQRO functions.
- D. Limit and control access to the facilities used for EQRO functions. Security measures shall include, but not be limited to, entry logs or identification badges. In addition, all server and shared data storage equipment shall be housed in space with controlled access, with doors locked at all times.
- E. Limit and appropriately protect data stored on personal computers, or other equipment not housed in locked space, with controlled access.
- F. Secure all data files (i.e. magnetic tapes and disks) controlled by the Contractor in a fireproof vault when not in use.
- G. Secure all reports, whether test or production, in printed or electronic format, which are not forwarded to the State and contain provider or enrollee information until properly disposed of. Disposition shall be in accordance with State requirements.
- H. Maintain backups of data and software per the disaster recovery plan and secured in the data storage vault. Off-site copies of these backups shall also be arranged. The confidentiality of data in offsite copies will be protected by technological means under the control of the Contractor and as approved by the State office of the CIO and TennCare office of the CIO.

A.3.7 Disaster Recovery

A disaster recovery plan that meets OIR standards and is approved by the State shall be updated and maintained by the Contractor. The Contractor shall continually review the disaster recovery plan and make necessary updates to provide that the plan always contains accurate and up-to-date information. The plan shall include, but not be limited to:

- A. Checkpoint/restart capabilities
- B. Retention and storage of backup files and software
- C. Hardware/network backup plan for the EQRO System
- D. Backup procedures for all schedule-critical manual operations in the event of a computer or telecommunications outage or a disaster at either the Metro Center site or the EQRO site
- E. Recovery procedures for loss of manual files and hardcopy documents
- F. Annual test of the disaster recovery plan

The Contractor shall be required to update, test and maintain the disaster recovery plan designed to minimize any disruption to the processing of State transactions. The disaster recovery plan shall address all processing, files, and software maintained on the EQRO System.

The disaster recovery plan and procedures shall, at a minimum, provide the following:

- A. Continued processing assuming the loss of the primary processing site.
- B. A detailed backup plan and procedures, including the off-site storage of crucial transaction and master files. The plan and procedures shall include a detailed schedule for backing up critical files and their rotation to an off-site storage facility.
- C. The maintenance of current system software, including source code, and documentation at an off-site location.
- D. The disaster recovery plan developed by the Contractor must be approved by the State and other applicable State agencies, likewise any changes to the disaster recovery plan must be approved by the State or other agencies approved by the State.

A.4 DATA COMMUNICATIONS

Network connectivity, including leasing of lines/capacity and the provision of communications devices, from the ingress/egress site(s), specified by TennCare and the State, to the ingress/egress site(s) specified by Contractor and approved by TennCare and the State, must be approved by TennCare and the State. The configuration of Contractor ingress/egress site(s), including but not limited to hardware and software, must be approved by TennCare and the State. For any facilities operated by the Contractor exclusively for the benefit of the State, all equipment involved in network connectivity become the property of TennCare and the State upon termination of the Contract regardless of the reason for termination. At termination of the Contract, regardless of the reason for termination, the Contractor will provide TennCare and the State, if so desired by TennCare and the State, the right to assume ownership of leases of lines/capacity for facilities operated exclusively for the benefit of the State.

TennCare will provide access to data and systems required for the performance of EQRO functions, in a manner consistent with current policy and procedures.

A.5 EQUIPMENT AND SOFTWARE

The Contractor shall be solely responsible for the State-owned or provided hardware and equipment that is used and controlled by the Contractor during the term of the Contract. Any hardware and related equipment needing to be replaced or repaired because of abuse, theft, or loss attributable to the Contractor or due to their negligence shall be at no cost to the State. The Contractor shall turnover all State-owned hardware and equipment at the termination of the Contract, regardless of the reason for termination, in satisfactory working condition.

All hardware and software proposed by Contractor for constituting the EQRO Systems and data communications with TennCare and the State must be approved by TennCare and the State. The acquisition of all such hardware and software is the responsibility of the Contractor unless otherwise authorized by TennCare and the State.

All hardware and software acquired by the Contractor to meet the responsibilities of the Contract shall become the exclusive property of TennCare and the State upon termination of the Contract regardless of the reason for termination.

A.5.1 Lease and Maintenance Agreements

The Contractor shall be responsible for obtaining and maintaining licenses and maintenance agreements for use of any software or hardware purchased or leased for this Contract that is in addition to the software or hardware currently in operation at the time the Contract commences. The Contractor shall ensure that all license and maintenance agreements remain in effect for twelve (12) months past the term of the Contract.

A.6 SUPPLIES AND FORMS

A.6.1 Computer Expendable Supplies

The Contractor shall provide all expendable supplies needed to support the EQRO operations at the Contractor's facility to include, but not be limited to diskettes, computer paper stock, laser printer paper, toner, printer ribbon, etc.

A.6.2 Inventory of Forms and Supplies

The Contractor shall provide and maintain, at all times, an inventory of all forms that are required to support the functions of the EQRO related to this Contract. The Contractor shall be responsible for providing and maintaining an adequate inventory of forms, supplies etc. to be available for use on October 1, 2005, the operational date of the contract.

A.6.3 Modifications to Forms

The Contractor shall provide and maintain the flexibility throughout the Contract, to modify the content or format of any form or document used in performing the EQRO functions and to develop and produce any other forms required by the State. All changes shall be made at the direction of and be approved by the State. The Contractor should consider this requirement when determining the level of inventories to be maintained.

A.7 LIABILITY INSURANCE

The Contractor shall independently obtain adequate liability insurance for hardware and related equipment. The Contractor may, with approval of the State, make other suitable arrangements to insure against loss or damage. In addition, the State shall approve the amount and type of protection provided by the Contractor. The State shall be the loss payee (beneficiary) for insurance obtained pursuant to this Section for State owned equipment and hardware.

A.8 COMPETENCY AND INDEPENDENCE REQUIREMENTS

- A. The Contractor must demonstrate experience with Medicaid recipients, policies, data systems and processes, MCC delivery systems and financing, Quality Assurance and Quality Integrity, research design and methodology.
- B. The Contractor must possess sufficient physical, technological and financial resources to conduct EQRO and EQR related activities as well as other clinical and non-clinical skills necessary to carry out the EQRO and EQR related activities and to oversee the work of any subcontractor.
- C. The Contractor must not review an entity it exerts control over the other through stock ownership, stock options, voting trusts, common management, or contractual relationships in which they: (i) deliver any health care service to Medicaid recipients, (ii) conduct, on the state's behalf, ongoing Medicaid managed care program operations related to oversight of the quality of MCC services, except for EQR related activities, (iii) have a present, or known future, direct or indirect financial relationship with an MCC that it will review as an EQRO. [Financial relationship means a direct or indirect ownership or investment interest (including an option or non-vested interest) in any entity. This direct or indirect interest may be in the form of equity, debt, or other means and includes any indirect ownership or investment interest no matter how many levels removed from a direct interest, or a compensation arrangement with an entity.]

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2005 and ending on September 30, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least thirty (30) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seven Million Seven Hundred Sixty-Two Thousand One Hundred Sixteen Dollars (\$7,762,116.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment

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

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

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

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

<u>SERVICE UNIT/MILESTONE</u>	<u>AMOUNT</u>
General Administration and Operation (inclusive of all required and ad hoc activities, data analysis, and reports)	<u>\$215,531.00</u> per month

Extension Rate Should Contract be Renewed

<u>SERVICE UNIT/MILESTONE</u>	<u>AMOUNT</u>
General Administration and Operation (inclusive of all required and ad hoc activities, data analysis, and reports)	<u>\$233,870.00</u> per month

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

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

C.5. 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.6. 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.7. **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.8. **Automatic Deposits.** The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.
- D. **STANDARD TERMS AND CONDITIONS:**
- D.1. **Required Approvals.** The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. **Modification and Amendment.** This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. **Termination for Convenience.** The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. **Termination for Cause.** If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. **Subcontracting.** The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract 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 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 venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

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

- D.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:
Deputy Commissioner
Department of Finance and Administration
Bureau of TennCare
310 Great Circle Road
Nashville, TN 37243
(615)-507-6482 (Phone)
(615) 741-0882 (Fax)

The Contractor:
Dawn FitzGerald, Chief Operating Officer
QSource Center for Healthcare Quality
3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115
(901) 273-2650 (Phone)
(901) 761-3786 (Fax)

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. Central Time. 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) Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's

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

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

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

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

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken

- (4) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice 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. **State Ownership of Work Products.** The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.
- E.7. **Performance Bond.** Upon approval of the Contract by all appropriate State officials in accordance with applicable State laws and regulations, the Contractor shall furnish a performance bond in the amount equal to One Million Dollars (\$1,000,000.00), guaranteeing full and faithful performance of all undertakings and obligations under this Contract for the initial Contract term and all extensions thereof. The bond shall be in the manner and form prescribed by the State and must be issued through a company licensed to issue such a bond in the State of Tennessee.

The Contractor shall obtain the required performance bond in form and substance acceptable to the State and provide it to the State no later than September 23, 2005. Failure to provide the performance bond prior to the deadline as required shall result in contract termination.

In lieu of a performance bond, a surety deposit, in the sum of One Million Dollars (\$1,000,000.00), may be substituted if approved by the State prior to its submittal.

- E.8. **State Interest in Equipment—Uniform Commercial Code Security Agreement.** The Contractor shall take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Contract, subject to the State's equitable interest therein, to the extent of its *pro rata* share, based upon the State's contribution to the purchase price. "Equipment" shall be defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000.00.

As authorized by the provisions of the terms of the Tennessee Uniform Commercial Code— Secured Transaction, found at Title 47, Chapter 9 of the *Tennessee Code Annotated*, and the provisions of the Tennessee Motor Vehicle Title and Registration Law, found at Title 55, Chapter 1 of the *Tennessee Code Annotated*, an intent of this Contract document and the parties hereto is to create and acknowledge a security interest in favor of the State in the equipment or motor vehicles acquired by the Contractor pursuant to the provisions of this Contract document. A further intent of this Contract document is to acknowledge and continue the security interest in favor of the State in the equipment or

motor vehicles acquired by the Contractor pursuant to the provisions of this program's prior year Contracts between the State and the Contractor.

The Contractor hereto grants the State a security interest in said equipment. This agreement is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the equipment herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Contractor hereby grants the State a security interest in said equipment. The Contractor agrees that the State may file this Contract or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Contractor agrees to execute and deliver to the State, upon the State's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Contract in such form as the State may require to perfect a security interest with respect to said equipment. The Contractor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the State may reasonably require. Without the prior written consent of the State, the Contractor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment, including replacements and additions thereto. Upon the Contractor's breach of any covenant or agreement contained in this Contract, including the covenants to pay when due all sums secured by this Contract, the State shall have the remedies of a secured party under the Uniform Commercial Code and, at the State's option, may also invoke the remedies herein provided.

The Contractor agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Contract. The Contractor shall maintain a perpetual inventory system for all equipment purchased with funds provided under this Contract and shall submit an inventory control report which must include, at a minimum, the following:

- a. Description of the equipment;
- b. Manufacturer's serial number or other identification number, when applicable;
- c. Consecutive inventory equipment tag identification;
- d. Acquisition date, cost, and check number;
- e. Percentage of state funds applied to the purchase;
- f. Location within the Contractor's operations where the equipment is used;
- g. Condition of the property or disposition date if Contractor no longer has possession;
- h. Depreciation method, if applicable; and
- i. Monthly depreciation amount, if applicable.

The Contractor shall tag equipment with an identification number which is cross referenced to the equipment item on the inventory control report. The Contractor shall inventory equipment annually. The Contractor must compare the results of the inventory with the inventory control report and investigate any differences. The Contractor must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Contractor shall notify the State, in writing, of any equipment loss describing reason(s) for the loss. Should the equipment be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the *pro rata* amount of the residual value at the time of loss based upon the State's original contribution to the purchase price.

The Contractor shall submit its inventory control report of all equipment purchased with the final invoice submitted under this Contract. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control.

Upon termination of the Contract, where a further contractual relationship is not entered into, or at another time during the term of the Contract, the Contractor shall request written approval from the State for any proposed disposition of equipment purchased pursuant to this Contract. All equipment shall be disposed of in such a manner as parties may agree from among alternatives approved by Tennessee Department of General Services and in accordance with any applicable federal laws or regulations.

- E.9. **State Furnished Property.** The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.10. **Workpapers Subject to Review.** The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.

E.11. **Lobbying.**

A. Definitions

- (1) Lobbying means to communicate, directly or indirectly, with any official in the legislative or executive branch, for pay or for any consideration, for the purpose of influencing any legislative action or administrative action. (T.C.A. § 3-6-102(13))
- (2) Public Official means any elected official, appointed official, or employee of:
 - (a) A federal, State or local unit of government in the U.S.
 - (b) A government corporation. (2 U.S.C.A. § 1602(15)(A) and (B))
- (3) Official in the Executive Branch means the governor, any member or the governor's staff, any member or employee of a state regulatory commission, including, without limitation, directors of the Tennessee Regulatory Authority, or any member or employee of any executive department or agency or other state body in the executive branch. (T.C.A. § 3-6-102(16))
- (4) Official in the Legislative Branch means any member, member-elect, any staff person or employee of the General Assembly or any member of a commission established by and responsible to the General Assembly or either house thereof who takes legislative action. This includes the Secretary or State, Treasurer, and Comptroller of the Treasury and any employee of such offices. (T.C.A. § 3-6-102(17))

B. The Contractor further certifies by signing this Agreement, to the best of its knowledge and belief, that Federal funds have not been used for lobbying in accordance with 45 CFR 93.100 and 31 U.S.C.A. 1352. Regardless of funding source, lobbyist compensation cannot be directly or indirectly contingent on 1) the passage or defeat of a bill related to TennCare or sister health departments, 2) the number of covered TENNCARE enrollees, 3) or the amount of TennCare reimbursement to a vendor. Certification from the CONTRACTOR must include the following:

- (1) No appropriated funds may be expended by the recipient of this Agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, an elected or appointed official or employee of the State of Tennessee, the General Accounting Office, Department of Health and Human Services, CMS or any other federal agency in connection with this Agreement or subcontractors, vendors, agents, providers, representatives and others with verbal or written agreements with the Contractor which receive reimbursement through this Agreement from the Contractor.
- (2) The Contractor must certify annually by filing a TennCare Disclosure of Lobbying Activities Form (Attachment C) with TennCare and the TennCare Oversight Committee that the Contractor is in compliance with all state and federal laws relating to conflicts of interest and lobbying. This form must be signed by the Chief Executive Officer of the Contractor or his/her designee and must be received by TennCare and the TennCare Oversight Committee no later than December 31 of each year beginning with December

31, 2005. The certification must include any and all subcontractors, vendors, agents, providers, representatives and others with verbal or written agreements with the Contractor which receive reimbursement through this Agreement from the Contractor. The certification must also include signed copies of any contracts or agreements as well as a list of individual entities who have been lobbied or influenced.

Failure by the Contractor to comply with the provisions herein shall result in termination of the Contract and/or liquidated damages as provided in Attachment A.

- E.12. **Public Funding Notice.** All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Contractor relative to this Contract shall include the statement, "This project is funded under an agreement with the State of Tennessee." Any such notices by the Contractor shall be approved by the State.
- E.13. **Prohibited Advertising.** The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.
- E.14. **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.15. **Copyrights and Patents.** The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State. The State shall give the Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.
- E.16. **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.

E.17. **Hold Harmless.** The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

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

E.18. **Tennessee Consolidated Retirement System.** The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

E.19. **Debarment and Suspension.** The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

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

E.20. **HIPAA Compliance.** The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the CONTRACT so that both parties will be in compliance with HIPAA.

- c. The State and the **Contractor** will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and **Contractor** in compliance with HIPAA. 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.21. TBI MFCU Access to Contractor and Provider Records
Office of TennCare Inspector General Access to Contractor, Provider, and Enrollee Records

Pursuant to the Health Insurance Portability and Accountability Act (HIPAA) privacy regulations, MFCU and TennCare OIG shall be health oversight agencies as defined at 45 C.F.R. §§ 164.501 and 164.512(d) and 65 F.R. § 82462. When acting in their respective capacities as health oversight agencies, MFCU and TennCare OIG do not need authorization to obtain enrollee protected health information (PHI). Because MFCU and TennCare OIG will request the information mentioned above for health oversight activities, "minimum necessary" standards do not apply to disclosures to MFCU or TennCare OIG that are required by law. See 45 C.F.R. §§ 164.502(b)(2)(iv), 164.502(b)(2)(v), and 164.512(d).

The Contractor shall immediately report to MFCU all factually based known or suspected fraud, abuse, waste and/or neglect of a provider or Contractor, including, but not limited to, the false or fraudulent filings of claims and/or the acceptance or failure to return money allowed or paid on claims known to be false or fraudulent. The Contractor shall not investigate or resolve the suspicion, knowledge or action without informing MFCU, and must cooperate fully in any investigation by MFCU or subsequent legal action that may result from such an investigation.

The Contractor and all its health care providers who have access to any administrative, financial, and/or medical records which relate to the delivery of items or services for which TennCare monies are expended, shall, upon request, make them available to MFCU or TennCare OIG. In addition, the MFCU must be allowed access to the place of business and to all TennCare records of any Contractor or health care provider, during normal business hours, except under special circumstances when after hour admission shall be allowed. MFCU shall determine any and all special circumstances.

The Contractor and its participating and non-participating providers shall report TennCare enrollee fraud and abuse to TennCare OIG. The Contractor and/or provider may be asked to help and assist in investigations by providing requested information and access to records. Shall the need arise, TennCare OIG must be allowed access to the place of business and to all TennCare records of any TennCare Contractor or health care provider, whether participating or non-participating, during normal business hours.

The Contractor shall inform its participating and non-participating providers that as a condition of receiving any amount of TennCare payment, the provider must comply with this Section of this Contract regarding fraud, abuse, waste and neglect.

- E.22. Ownership of Hardware and Software.** All software used on the EQRO LAN in conjunction with the performance of work under this Contract shall be turned over to the State at the end of this Contract. Licenses for such software must be transferred to the State and must be valid for a period of not less than six (6) months. Any computer hardware added to the EQRO LAN by the Contractor and used in conjunction with the performance of work under this Contract shall become the exclusive property of the State at the end of this contract.

E.23. Accounting Requirements

The Contractor shall establish and maintain an accounting system in accordance with generally accepted accounting principles.

The accounting system shall maintain records pertaining to the tasks defined in this Contract and any other costs and expenditures made under the Contract.

Specific accounting records and procedures are subject to State and Federal approval. Accounting procedures, policies, and records shall be completely open to State and Federal audit at any time during the Contract period and for six (6) years thereafter.

All reports and files, which include claims and capitation paid in any month, shall be balanced and reconciled prior to payment of the monthly operations fee to the Contractor.

The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records and documentation of the Contractor insofar as they relate to work performed or money received under this Contract shall be maintained in conformity with generally accepted accounting principles for a period of six (6) full years from the date of the final payment under this Contract, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the State, the Tennessee Comptroller of the Treasury, the Comptroller General of the United States, the Health Care Financing Administration, or their duly appointed representatives. The records shall be maintained in accordance with generally accepted accounting principles and at no less than those recommended in the Accounting Manual for Recipients of Grant Funds in Tennessee published by the Comptroller of the Treasury, State of Tennessee. All records shall be maintained during the pendency of such audit or during the pendency of any lawsuit involving this Contract.

Upon completion of any audit, a copy of the audit report shall be submitted immediately to the Tennessee Department of Finance and Administration.

E.24. Reporting Requirements

The Contractor shall maintain strict confidentiality of member and patient medical records and other similar records in accordance with the law and established ethical standards.

The Contractor agrees that the substance of this requirement shall be inserted in each subcontract hereunder. The Contractor further agrees to make excerpts or transcripts of the records described available at the State's offices in a reasonable time, upon request. The herein described records shall be made available at all reasonable times at the Contractor's general offices.

If such original documentation is not made available as requested, the Contractor agrees to provide transportation, lodging and subsistence, at no cost to the State or Federal government, for the State and/or Federal representatives to carry out their audit functions at the principal offices of the Contractor or other locations of such records.

All original applications, ballots, or claims processed under the Contract shall be retained unless otherwise notified by the State; copies of all claims shall be retained for at least three (3) years from the date of expiration or termination of the Contract; storage shall be in the State of Tennessee throughout this period.

Unless the State specifies in writing a shorter period of time, the Contractor agrees to preserve and make available all other pertinent books, documents, papers, and records of the Contractor involving transactions related to the Contract for a period of six (6) years from the date of expiration or termination of the Contract.

Records involving matters in litigation shall be retained for the greater of one (1) year following the termination of litigation including all appeals or six (6) years from the date of the expiration or termination of the Contract.

Authorized Federal and State representatives shall have access to and the right to examine and/or copy the items listed above during the Contract period and during the six (6) year post-contract period or until resolution. During the Contract period, the access to these items shall be provided at the Contractor's office in the Nashville area at all reasonable times. During the six (6) year post-contract period, delivery of and access to the listed items shall be at no cost to the State.

The provisions of this Section shall be incorporated in any subcontract of \$10,000 or more.

E.25 Award of Related Contracts

The State may undertake or award supplemental contracts for work related to the Tennessee TCMIS, EQRO functions, or any portion thereof. The Contractor shall be bound to cooperate fully with such other

Contractors and the State in all such cases. All subcontractors shall be required to abide by this provision as a condition of the Contract between the subcontractor and prime Contractor.

The Contractor shall not enter into any service contracts or agreements for electronic claims media or otherwise, without obtaining the prior written approval of the state and such approval shall not be unreasonably withheld. The State may reject any such contract or agreement if it determines it is not in the best interest of the State. The Contractor shall be responsible for the performance of all services and/or Contractor responsibilities.

E.26. State and Federal Compliance. The Contractor agrees to comply with all applicable federal and state laws and regulations, and court orders, including Constitutional provisions regarding due process and equal protection of the laws and including but not limited to:

E.26.a. Title 42 Code of Federal Regulations (CFR) Chapter IV, Subchapter C (with the exception of those parts waived under the TennCare Section 1115(a) waiver).

E.26.b. Title 45 CFR, Part 74, General Grants Administration Requirements.

E.26.c. All applicable standards, orders, or regulations issued pursuant to the Clean Air Act of 1970 as amended (42 U.S.C. 7401, et seq.).

E.26.d. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and regulations issued pursuant thereto, 45 C.F.R. Part 80.

E.26.e. Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e) in regard to employees or applicants for employment.

E.26.f. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicap in programs and activities receiving or benefiting from federal financial assistance, and regulations issued pursuant thereto, 45 C.F.R. Part 84.

E.26.g. The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 et seq., which prohibits discrimination on the basis of age in programs or activities receiving or benefiting from federal financial assistance.

E.26.h. Omnibus Budget Reconciliation Act of 1981, P.E.. 97-35, which prohibits discrimination on the basis of sex and religion in programs and activities receiving or benefiting from federal financial assistance.

E.26.i. Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 et seq., and regulations issued pursuant thereto, 28 C.F.R. Parts 35, 36.

E.26.j. Sections 1128 and 1156 of the Social Security Act relating to exclusion of providers for fraudulent or abusive activities involving the Medicare and/or Medicaid program.

E.26.k. Tennessee Consumer Protection Act, T.C.A. Section 47-18-101 et seq.

E.26.l. The CMS waiver and all Special Terms and Conditions which relate to the waiver.

E.26.m Executive Orders, including Executive Order 1 effective January 26, 1995.

E.26.n. The Clinical Laboratory Improvement Act (CLIA) of 1988.

E.26.o. Requests for approval of material modification as provided at TCA 56-32-201 etc .seq.

E.26.p. Title IX of the Education Amendments of 1972 (regarding education programs and activities)

E.26.q. The Rehabilitation Act of 1973

E.26.r. The Balanced Budget Act of 1997 Section 422.208 and 422.210

- E.26.s. EEO Provisions
- E.26.t. Copeland Anti-Kickback Act
- E.26.u. Davis-Bacon Act
- E.26.v. Contract Work Hours and Safety Standards
- E.26.w. Rights to Inventions Made Under a Contract or Agreement
- E.26x. Byrd Anti-Lobbying Amendment
- E.26.y. Debarment and Suspension

E.27. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

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

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

E. 28. Conflict of Interest

The Contractor warrants that during the term of this Agreement no payments shall be paid to the following:

- (1) any State or federal officer, including but not limited to
 - a. a member of the State Legislature, or
 - b. a member of Congress, or
 - c. any immediate family member of any State or federal officer; or
- (2) any State or federal employee or any immediate family member of a State or federal employee unless otherwise authorized by the Commissioner, Tennessee Department of Finance and Administration. Immediate family members may be exempted if State or federal officer or employee discloses such relationship to TennCare and the TennCare Oversight Committee. The applicability of this section includes, but is not limited to, any and all arrangements and/or agreements, written or verbal, that result in the Contractor making a payment or providing a gift in exchange for services or supplies.

The Contractor must certify annually by filing a TennCare Disclosure of Lobbying Activities Form (Attachment C) with TennCare and the TennCare Oversight Committee that the Contractor is in compliance with all state and federal laws relating to conflicts of interest and lobbying, having made diligent inquiry of all subcontractors and/or persons receiving payment or gifts from Contractor pursuant to this Agreement. This form must be signed by the Chief Executive Officer of the Contractor or his/her designee and must be received by TennCare and the TennCare Oversight Committee no later than December 31 of each year beginning with December 31, 2005. The certification must include any and all subcontractors, vendors, agents, providers, representatives and others with verbal or written agreements with the Contractor which receive reimbursement through this Agreement from the Contractor. The Chief Executive Officer acknowledges that he/she is responsible for ensuring that internal controls are in place to prevent and detect potential conflicts of interest and that due diligence was performed before providing certification of compliance. Any changes by the Contractor relating to the disclosure of conflicts of

interest or lobbying must be disclosed to TENNCARE within five (5) business days of the date of the change. (Refer to E.11 definitions of lobbying activities)

This Agreement may be terminated by TennCare if it is determined that the Contractor, its agents or employees offered or gave gratuities of any kind to any official, employee or immediate family member of an employee of the State of Tennessee, including a member of the State legislature. This Agreement may be terminated by TennCare if it is determined that gratuities of any kind were offered to or received by any of the aforementioned officials or employees from the Contractor, his agent, or employees.

Failure to comply with the provisions required herein shall result in liquidated damages in the amount of one-hundred ten percent (110%) of the total amount of compensation that was paid inappropriately and may be considered a breach of this Agreement as described in Section E.4 and Attachment A, Liquidated damages, and subject to termination of this Agreement.

The Contractor shall be responsible for maintaining adequate internal controls to detect and prevent conflicts of interest from occurring at all levels of the organization and include the substance of this clause in all agreements, subcontracts, provider agreements, and any and all agreements that result from this Agreement between Contractor and TennCare.

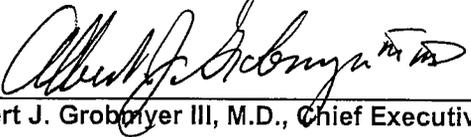
E.29. Offer of Gratuities

By signing this Agreement, the Contractor signifies that no member of or a delegate of Congress, nor any elected or appointed official or employee of the State of Tennessee, the General Accounting Office, Department of Health and Human Services, CMS, or any other federal agency has or will benefit financially or materially from this procurement. This Agreement may be terminated by TennCare if it is determined that gratuities of any kind were offered to or received by any of the aforementioned officials or employees from the Contractor, his agent, or employees and may result in termination of the Agreement and/or liquidated damages as provided in Attachment A of this Agreement.

E. 30. Exigency Extension. At the option of the State, the Contractor agrees to continue services for the Department when TennCare determines that there is a public exigency that requires the contracted services to continue. Continuation of services pursuant to this section shall be in three (3) month increments and the total of all public exigency extensions shall not exceed twelve (12) months. Thirty (30) days notice shall be given by TennCare before this option is exercised. During any periods of public exigency, the Contractor shall be reimbursed at the rate in place immediately prior to the exigency extension.

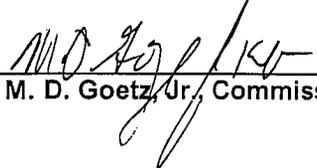
IN WITNESS WHEREOF:

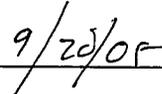
QSOURCE CENTER FOR HEALTHCARE QUALITY:


Albert J. Grobmyer III, M.D., Chief Executive Officer


Date

DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE


M. D. Goetz, Jr., Commissioner


Date

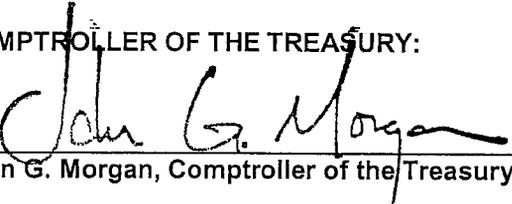
APPROVED:

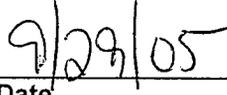
DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury


Date

ATTACHMENT A

It is acknowledged by TennCare and the Contractor that in the event of failure to meet the requirements provided in this Agreement and all documents incorporated herein, TennCare will be harmed. The actual damages which TennCare will sustain in the event of and by reason of such failure is uncertain, since it is extremely difficult and impractical to ascertain and determine. The parties, therefore, acknowledge that the Contractor shall be subject to damages and/or sanctions as described below. It is further agreed that the Contractor shall pay TennCare liquidated damages as directed by TennCare and not to exceed the fixed amount as stated below; provided however, that if it is finally determined that the Contractor would have been able to meet the Agreement requirements listed below but for TennCare's failure to perform as provided in this Agreement, the Contractor shall not be liable for damages resulting directly therefrom.

Performance Area	Definition	Penalty
<p>A. Contractor shall provide and maintain an administrative structure, including personnel of sufficient background, training, size, scope and authority to perform its contractual responsibilities to the satisfaction of the State. (A.1.2.4 A)</p>	<p>Failure to notify the State on the day the Transition Phase begins, the day the Operation and Maintenance Phase begins and when the Turnover Phase begins of staffing/FTEs/man hours of those assigned to the project. Failure to notify the State of staffing changes, including changes in key staff as noted within the contract.</p>	<p>\$250.00 per State business day</p>
<p>B. Contractor shall annually submit the proposed survey tool(s) for the Annual Quality Survey of the MCCs to the State (A.1.2.4 B)</p>	<p>Due Date for annual submission of proposed survey tool to State shall be January 31st.</p>	<p>\$500.00 per State business day</p>
<p>C. Contractor shall annually present the proposed schedule for the MCC Annual Quality Surveys to the State for approval (A.1.2.4 B)</p>	<p>Schedule defining the dates established (agreed to by the MCC) for the on-site Annual Quality Survey of each MCC shall be submitted to the State annually by March 2nd.</p>	<p>\$500.00 per day</p>
<p>D. Contractor shall perform an Annual Quality Survey of each MCC to determine contractual compliance, and compliance with current industry, Federal, and State requirements for Medicaid managed care. Contractor shall prepare a written report of findings which shall be delivered to the State. (A.1.2.4 B and A.1.2.5 A)</p>	<p>Completion of Annual Quality Survey and submission of draft and final reports to the State 30 and 60 days respectively, from the last day of the onsite review of each MCC. The State will use the established review schedule submitted for each MCC unless additional information is provided.</p>	<p>\$500.00 per State business day for each report which is delinquent.</p>
<p>E. Contractor shall perform an annual assessment of each MCC's compliance with the</p>	<p>Completion of the annual MCC EPSDT assessment and submission of MCC</p>	<p>\$500.00 per State business day for each report which is</p>

Performance Area	Definition	Penalty
Early and Periodic Screening Diagnosis and Treatment (TENNCARE EPSDT) requirements as defined in the Contractor Risk Agreement and the John B Consent Decree and shall prepare and submit a report thereof. (A.1.2.4 C & A.1.2.5 B)	specific EPSDT report to the State. The draft report shall be submitted annually by July 15 th . The final report shall be submitted annually by August 15 th .	delinquent.
F. Contractor shall perform an annual assessment of each MCC's network adequacy and submit reports thereof to the appropriate State agencies. Contractor shall establish a procedure to verify that each MCC is delivering the health benefits required by the Contractor Risk Agreement within the required time frames and that each MCC has an adequate provider network to ensure the effective and efficient delivery of healthcare services to TennCare enrollees and submit a report thereof. (A.1.2.4 D and A.1.2.5 C)	MCC specific reports shall be submitted to the appropriate State agencies annually by June 1 st . detailing findings of network adequacy assessment.	\$500.00 per State business day for each report which is delinquent.
G. Contractor shall perform a quarterly validation of the accuracy of the provider information reported by the MCCs and submit a report thereof. (A.1.2.4 E and A.1.2.5 D)	Report of the findings of the quarterly telephonic survey shall be submitted to the State by the last day of each calendar quarter.	\$500.00 per State business day for each report which is delinquent.
H. Contractor shall complete an Annual Women's Health Report which shall be submitted to the State. (A.1.2.4.F and A.1.2.5 E)	Comprehensive report of the Impact of TennCare on Women's Health in Tennessee shall be submitted to the State annually by December 15 th .	\$250.00 per State business day for each report which is delinquent
I. Contractor shall prepare an annual comparative analysis of HEDIS and CAHPS results using audited data submitted to TennCare by each MCC and submit a report thereof. (A.1.2.4 G and A.1.2.5 F)	Comprehensive Report comparing the HEDIS and CAHPS results for the MCCs shall be submitted to the State annually by August 15 th .	\$500.00 per State business day
J. Contractor shall complete an annual review and evaluation of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations and submit a report thereof. (A.1.2.4 H and A.1.2.5 G)	Report of the findings from a review of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations shall be submitted to the State annually by May 15 th .	\$500.00 per State business day for each report which is delinquent.

Performance Area	Definition	Penalty
K. Contractor shall perform a validation of performance improvement projects (QIAs) and submit a report thereof. (A.1.2.4 I and A.1.2.5 H)	Submission of MCO/BHO specific report validating the Performance Improvement Projects (QIAs) shall be submitted to the State annually by July 15 th .	\$500.00 per State business day for each report which is delinquent.
L. Contractor shall perform a validation of MCC performance measures annually and submit a report thereof. (A.1.2.4 J and A.1.2.5 I)	Report of validation of performance measures for each MCO/BHO shall be submitted to the State annually by July 15 th .	\$500.00 per State business day for each report which is delinquent
M. Annual Technical Report completed and report submitted to the State. (A.1.2.5 K)	Report includes all mandatory EQR activities and any optional activities selected by the State due annually by August 15 th .	\$500.00 per State business day for each report which is delinquent.
N. Annual Cost Allocation Plan (A.1.2.5.L)	Report to support claim for Federal Financial Participation. Contractor must be able to provide documentation to support wages, benefits, and other expenditure items shall be submitted to the State annually by October 15th. The first such report shall be submitted by October 15, 2005.	\$500.00 per State business day.
O. Ad hoc Reports as requested by the State (A.1.2.4 K and A.1.2.5 J)	The State and the Contractor shall mutually agree upon the due date for each ad hoc report requested.	\$500.00 per State business day for each report which is delinquent.
P. Failure to comply with Conflict of interest requirements (E.27).	As defined in this agreement.	110% of the total amount of compensation paid by Contractor to inappropriate individuals as described in this agreement and possible termination of this agreement.
Q. Failure to submit TennCare Disclosure of Lobbying Activities Form by Contractor (E.11)	As defined in this agreement	\$1000.00 per Sate business day for which the form is late.
R. Failure to comply with Offer of Gratuities constraints (E.28)	As defined in this agreement.	110% of the total benefit provided by the Contractor to inappropriate individuals and possible termination of the Agreement for Breach as described in this Agreement.

ATTACHMENT B

Acronyms/Definitions

The terms used in this Contract shall be given the meaning used in the Rules and Regulations of the Bureau of TennCare. However, the following terms when used in this Agreement, shall be construed and/or interpreted as follows, unless the context expressly requires a different construction and/or interpretation.

1. Access – an enrollee's ability to obtain medical care. The ease of access is determined by components such as the availability of medical services and their acceptability to the enrollee, the location of health care facilities, transportation, hours of operation, and cost of care.
2. (The) Act – The Social Security Act. Title XIX of the Act governs the federal Medicaid program.
3. Administrative Cost – All costs related to the administration of this Agreement.
4. Adverse Action - Any action taken by the MCC to deny, reduce, terminate, delay or suspend a covered service as well as any other acts or omissions of the MCC which impair the quality, timeliness or availability of such benefits.
5. Appeal Procedure - The process to resolve an enrollee's right to contest verbally or in writing, any adverse action taken by the MCC to deny, reduce, terminate, delay, or suspend a covered service as well as any other acts or omissions of the MCC which impair the quality, timeliness or availability of such benefits. The appeal procedure shall be governed by TennCare rules 1200-13-12-.11, 1200-13-13-.11, 1200-13-14-.11 and any and all applicable court orders. Complaint shall mean an enrollee's right to contest any other action taken by the MCC or service provider other than those that meet the definition of an adverse action.
6. Balanced Budget Act (BBA) – A congressional law and a set of statutes that amends and modifies Medicaid regulations. The rules can be found in 42 CFR Part 438, Subparts A-J.
7. Baseline Assessment Tool (BAT) – Tool provided by the National Committee for Quality Assurance to complete and forward to the approved Health Employer Data and Information Set auditing firm as the initial step in the HEDIS audit.
8. Behavioral Health Services – Generally recognized and accepted mental health and substance abuse services.
9. Benefits - A schedule of health care services to be delivered to enrollees covered in the Contractor Risk Agreement.
10. Best Practice Guidelines—Guidelines for provision of health and behavioral health services to children in state custody.
11. Best Practice Network (BPN)—A group of Best Practice Providers.
12. Best Practice Provider (BPP)—A provider (primary care, behavioral health, or dental) who has been determined by the state to have the interest, commitment, and competence to provide appropriate care for children in state custody, in accordance with the Remedial Plan and statewide Best Practice Guidelines, and who has agreed to be in the MCO network.
13. Behavioral Health Organization (BHO) - An entity which organizes and assures the delivery of mental health and substance abuse services.
14. Business Associate – A vendor as defined in 45 CFR 160.103 that provides a service or performs or assists in the performance of an activity, for or on behalf of the Covered Entity that involves the use or disclosure of protected health information (PHI). Any reference to Business Associate includes the Business Associate's employees, agents, officers, subcontractors, third party contractors, volunteers, or directors.

15. CRA – Contractor Risk Agreement, the Agreement between the MCCs and TennCare that outlines TennCare Benefits, the scope of work, fiscal agreement, etc.
16. Consumer Assessment of Health Plans Study (CAHPS) – A set of standardized surveys that measure patient satisfaction with experience of care. CAHPS is sponsored by the Agency for Health Care Quality.
17. Case Manager - An organization or a provider responsible for supervising or coordinating the provision of initial and primary care to patients; for initiating and/or authorizing referrals for specialty care; and for monitoring the continuity of patient care services.
18. Center of Excellence for Children in or at Risk of State Custody - Tertiary care academic medicine center designated by the state as possessing, or being in a position to quickly develop, expertise in pediatrics, child behavioral health issues (including aggression, depression, attachment disorders and sexualized behaviors), and the unique health care needs of children in or at risk of state custody.
19. Center of Excellence for AIDS – Integrated networks designated by the State as able to provide a standardized and coordinated delivery system encompassing a range of services needed by TennCare eligibles with HIV disease.
20. CFR - Code of Federal Regulations.
21. Children At Risk of State Custody - Children who are determined to belong in one of the following two groups:
22. Children at imminent risk of entering custody - Children who are at risk of entering state custody as identified pursuant to TCA 37-5-103(10).
23. Children at serious risk of entering custody - Children whom DCS has identified as a result of a CPS referral; or children whose parents or guardians are considering voluntary surrender (who come to the attention of DCS); and who are highly likely to come into custody as a result of being unable to access behavioral health services.
24. Clean claim - A claim received by the MCO for adjudication, and which requires no further information, adjustment, or alteration by the provider of the services in order to be processed and paid by the MCO.
25. Clinical Practice Guidelines - Systematically developed tools that help practitioners make decisions about appropriate health care for specific clinical circumstances. Such guidelines are usually evidence-based. **See practice guidelines.**
26. CMS - Centers for Medicare & Medicaid Services [formerly Health Care Financing Administration (HCFA)].
27. Community Service Area - one (1) or more counties in a defined geographical area in which the MCC is authorized to enroll and serve TennCare members in exchange for a monthly capitation fee.
 - a. The following geographical areas shall constitute the twelve (12) Community Service Areas in Tennessee:
 - b. Northwest CSA - Lake, Obion, Weakley, Henry, Dyer, Crockett, Gibson, Carroll and Benton
 - c. Southwest CSA - Lauderdale, Haywood, Madison, Henderson, Decatur, Tipton, Fayette, Hardeman, Hardin, Chester and McNairy
 - d. Shelby CSA - Shelby County
 - e. Mid-Cumberland CSA - Stewart, Montgomery, Robertson, Sumner, Trousdale, Houston, Dickson, Cheatham, Wilson, Humphreys, Williamson and Rutherford
 - f. Davidson CSA - Davidson County
 - g. South Central CSA - Perry, Hickman, Maury, Marshall, Bedford, Coffee, Wayne, Lewis, Lawrence, Giles, Lincoln and Moore

- h. Upper Cumberland CSA - Macon, Clay, Pickett, Smith, Jackson, Overton, Fentress, Dekalb, Putnam, Cumberland, White, Cannon, Warren and Van Buren
 - i. Southeast CSA - Franklin, Grundy, Sequatchie, Bledsoe, Rhea, Meigs, McMinn, Polk, Bradley and Marion
 - j. Hamilton CSA - Hamilton County
 - k. East Tennessee CSA - Scott, Campbell, Claiborne, Morgan, Anderson, Union, Grainger, Hamblen, Jefferson, Cocke, Sevier, Blount, Monroe, Loudon and Roane
 - l. Knox CSA - Knox County
 - m. First Tennessee CSA - Hancock, Hawkins, Sullivan, Greene, Washington, Unicoi, Carter and Johnson
28. Complaint – The process to resolve an enrollee’s right to contest any action taken by the MCC or service provider other than an adverse action. The MCC shall not treat anything as a complaint that falls within the definition of adverse action.
29. Covered Service - See Benefits.
30. Dental Benefits Manager (DBM) - An entity responsible for the provision and administration of dental services, as defined by TennCare.
31. Department of Children's Services (DCS) – The state agency responsible for child protective services, foster care, adoption, programs for delinquent youth, probation, aftercare, treatment and rehabilitation programs for identified youth, and licensing for all child-welfare agencies, except for child (day) care agencies and child support.
32. DCS Custody Children - Children who have been identified by DCS as belonging in one of the following groups:
- a. Children in the custody of DCS—Children in the legal and physical custody of DCS whose living arrangement is provided by DCS.
 - b. Children in the legal, but not physical, custody of DCS—Children who are in DCS’s legal custody but who reside with parents or guardians or other caretakers.
33. DHHS - United States Department of Health and Human Services.
34. Disenrollment - The discontinuance of a member's entitlement to receive covered services under the terms of this Agreement, and deletion from the approved list of members furnished by TennCare to the MCC.
35. Eligible Person - Any person certified by TennCare as eligible to receive services and benefits under the TennCare Program.
36. Emergency Medical Services (or Emergency Services) –Covered inpatient and outpatient services furnished by a qualified provider that are needed to evaluate or stabilize an emergency medical condition that is found to exist using the prudent layperson standard, including services for which the absence of immediate medical attention would not have had the outcomes specified in the definition of emergency medical condition; and emergency ambulance transport.
37. Emergency Medical Condition - A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in placing the health of the individual (or with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part.
38. Enrollee - Any person who has enrolled in the MCC's plan in accordance with the provisions of this Agreement. (See Member, also).
39. Enrollee Month - A month of health care coverage for a TennCare eligible enrolled in an MCO plan.

40. Enrollees with Special Health Care Needs – Enrollees with special health care needs shall refer to enrollees identified through the Department of Children's Services (DCS).
41. Enrollment - The process by which a person becomes a member of the MCC's plan.
42. EQRO Systems - the technological environment, consisting, of but not limited to, all hardware, software, firmware, network connectivity, and documentation of such, that is utilized and necessary for the collection, creation, and maintenance of data associated with EQRO reporting responsibilities, and the creation and maintenance of reports necessary to meet the EQRO reporting responsibilities.
43. Essential Hospital Services – Hospital services to which it is essential for an MCO to provide access. Essential Hospital services include, but are not limited to, neonatal, perinatal, pediatric, trauma and burn services.
44. Executive Oversight Committee - The committee designated by the state to have primary oversight responsibility for the implementation of a health service system for children in state custody, in accordance with the Remedial Plan and the EPSDT Consent Decree.
45. External Quality Review (EQR) - The review and evaluation by an External Quality Review Organization of information on quality, timeliness, and access to the health care and services that an MCO, or their contractor(s) furnish to Medicaid recipients.
46. External Quality Review Organization (EQRO) - An organization that meets the competence and independence requirements set forth in 42 CFR § 438.354, and performs external quality review, and other EQR-related activities as set forth in 42 CFR § 438.358, or both.
47. External Quality Review Protocols - A series of procedures or rules to monitor, measure, and document information on quality, timeliness, and access to the health care and services that an MCO or their contractors furnish to Medicaid recipients.
48. Facility – Any premises (a) owned, leased, used or operated directly or indirectly by or for the MCC or its affiliates for purposes related to this Agreement; or (b) maintained by a subcontractor or provider to provide services on behalf of the MCC.
49. Fee-for-Service - A method of making payment for health services based on a fee schedule that specifies payment for defined services.
50. Fixed Administrative Fee Payment - The fee which is paid by TennCare to a MCC for each enrollee covered under a plan for the administration of this Agreement and arrangement of medical services, whether or not the enrollee utilizes services during the payment period.
51. FTE - Full time equivalent position.
52. Grand Region – A defined geographical region that include specified Community Service Areas in which a MCC is authorized to enroll and serve TennCare members in exchange for a monthly capitation fee. The following Community Service Areas constitute the three (3) Grand Regions in Tennessee:
53.

<u>East Grand Region</u>	<u>Middle Grand Region</u>	<u>West Grand Region</u>
First Tennessee	Upper Cumberland	Northwest
East Tennessee	Mid Cumberland	Southwest
Knox	Davidson	Shelby
Southeast Tennessee	South Central	
Hamilton		
54. Health Maintenance Organization (HMO) - An entity certified by the Department of Commerce and Insurance under applicable provisions of Tennessee Code Annotated (T.C.A.) Title 56, Chapter 32.

55. HEDIS - Health Plan Employer Data and Information Set (HEDIS) – The most widely used set of performance measures used in the managed care industry, designed to allow reliable comparison of the performance of managed health care plans. HEDIS is developed and maintained by the National Committee for Quality Assurance.
56. HEDIS Compliance Audit - A comprehensive assessment by a HEDIS Certified Auditor using findings from the HEDIS Baseline Assessment Tool (BAT), from audits in prior years (if applicable) and the HEDIS logical measure groups to select a core set of measures from all MCO-reported measures. The auditor evaluates the core set of measures across all applicable domains described in the HEDIS specifications and extrapolates findings from the core set to all measures reported by the MCO.
57. HIPAA - Health Insurance Portability and Accountability Act of 1996, as codified at 42 USCA 1320d-d8
58. Home Health Services - Home health services are a mandatory benefit for individuals entitled to nursing facility services under the State's Medicaid plan. Services must be provided at a recipient's place of residence and must be ordered by a physician as part of a plan of care that the physician reviews every sixty days. Home health services must include nursing services, as defined in the State's Nurse Practice Act, that are provided on a part-time or intermittent basis by a home health agency, home health aide services provided by a home health agency, and medical supplies, equipment, and appliances suitable for use in the home. Physical therapy, occupational therapy, speech pathology, and audiology services are optional services States may choose to provide. To participate in the Medicaid program, a home health agency must meet the conditions of participation for Medicare.
59. Hospice - Services as described in Medicaid rule 1200-13-10 and the Code of Federal Regulations 42 CFR Part 418 which are provided to terminally ill individuals who elect to receive hospice services provided by a certified hospice agency.
60. IRS - Drugs that are Identical, Related or Similar to LTE drugs.
61. Institutes for Mental Diseases (IMD) - In 1988, P.L. 100-360 defined an institution for mental diseases as a hospital, nursing facility, or other institution of more than 16 beds primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. This definition is in §1905(i) of the Act and in 42 CFR 435.1009. The regulations also indicate that an institution is an IMD if its overall character is that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases.
62. Key Personnel – Vendor staff being proposed to do the work under this proposal.
63. Long-term care – the services of one of the following: a nursing facility (NF); An Intermediate Care Facility for the Mentally Retarded (ICF/MR), or a Home and Community-Based Services (HCBS) waiver program. (Services provided under a HCBS waiver program are considered to be alternatives to long-term care).
64. LTE - Drugs that the Food and Drug Administration (FDA) considers to be Less Than Effective because there is a lack of substantial evidence of effectiveness for all labeled indications and for which there is no compelling justification for their medical need.
65. MCC – Managed Care Contractor. Collectively this refers to all entities contracted to provide care to TennCare enrollees, including the managed care organizations, behavioral health organizations, and dental benefit manager.

66. MCO and BHO Coordination Agreement – An agreement between the MCO and BHO that specifies roles and responsibilities of each organization designed to assure care coordination, case management and continuity of care.
67. Managed Care Organization (“MCO”) - An HMO which participates in the TennCare program.
68. Marketing - Any activity conducted by or on behalf of the MCC where information regarding the services offered by the MCC is disseminated in order to persuade eligible persons to enroll or accept an application for enrollment in the MCC's plan operated pursuant to this Agreement.
69. Market Area - One (1) or more community service areas in which the MCC is authorized, by terms of this Agreement, to market eligible persons for enrollment in the MCC's plan.
70. Medical Loss Ratio – The percentage of capitation payment received from TennCare that is paid for medical expenses (covered medical services).
71. Medical Management Policies and Procedures – All policies and procedures related to the coordination and provision of services including, but not limited to:
- a. Utilization Management policies and procedures, including prior authorization policies and procedures
 - b. Referral and Exemption Requirements
 - c. Out of Area or Out of Plan Use policies and procedures
 - d. Transplant policies and procedures established in accordance
 - e. Prescription Drug Formulary
 - f. Prenatal Care policies and procedures
 - g. Quality Monitoring/Quality Improvement Program
 - h. Management of Medical Care and Coordination of Care policies and procedures
72. Medical Record - A single complete record kept at the site of the member's treatment(s), which documents all of the treatment plans developed, medical services ordered for the member and medical services received by the member.
73. Medically Necessary - Services or supplies provided by an institution, physician, or other provider that are required to identify or treat a TennCare enrollee's illness, disease, or injury and which are:
- a. Consistent with the symptoms or diagnosis and treatment of the enrollee's illness, disease, ailment, or injury; and
 - b. Appropriate with regard to standards of good medical practice; and
 - c. Not solely for the convenience of an enrollee, physician, institution or other provider; and
 - d. The most appropriate supply or level of services which can safely be provided to the enrollee. When applied to the care of an inpatient, it further means that services for the enrollee's medical symptoms or condition require that the services cannot be safely provided to the enrollee as an outpatient; and
 - e. When applied to enrollees under 21 years of age, services shall be provided in accordance with EPSDT requirements including federal regulations as described in 42 CFR Part 441, Subpart B, and the Omnibus Budget Reconciliation Act of 1989.
74. Member - A person who enrolls in the MCC's plan under the provisions of this Agreement with TennCare. (See Enrollee, also).
75. NAIC – National Association of Insurance Commissioners.
76. National Committee for Quality Assurance (NCQA) – A nonprofit organization committed to assessing, reporting on and improving the quality of care provided by organized delivery systems. Useful information on NCQA may be accessed at the NCQA website: www.ncqa.org

77. Non-Contract Provider - Any person, organization, agency, or entity that is not directly or indirectly employed by or under contract with the MCC or any of its subcontractors pursuant to the Agreement between the MCC and TennCare.
78. OIG – The agency formed outside of TennCare to help prevent, identify and investigate fraud and abuse within the healthcare system, most notably the TennCare system.
79. Out-of-Plan Services - Services provided by a non-contract provider.
80. Performance Improvement Project (PIP) – Activities conducted by managed care organizations designed to improve the quality of care or services received by Medicaid managed care recipients.
81. Performance Indicators – A preset criteria which involve the recipient or provider and show the outcomes and impact level of Contract performance on specified sets of the population.
82. Pharmacy Benefits Manager (PBM) – An entity responsible for the provision and administration of pharmacy services.
83. Post-stabilization Care Services - Non-emergency services subsequent to an emergency that a treating physician views as medically necessary to maintain the stabilized condition after an emergency medical condition has been stabilized or to improve or resolve the enrollee's condition. An MCOs financial responsibility for post stabilization care services shall end when one of the following are met:
 - a. A plan physician with privileges at the treating hospital assumes responsibility for the enrollee's care
 - b. A plan physician assumes responsibility for the enrollee's care through transfer
 - c. An MCO representative and the treating physician reach an agreement concerning the enrollee's care
 - d. The enrollee is discharged.
84. Practice Guidelines – Systematically developed descriptive tools or standardized specifications for care to assist practitioner and patient decisions about appropriate health care for specific clinical circumstances. Practice guidelines are typically developed through a formal process and are based on authoritative sources that include clinical literature and expert consensus. Practice guidelines may also be called **practice parameters, treatment protocols, clinical criteria, or clinical guidelines.**
85. Presumptive Eligibility - Temporary eligibility granted to a pregnant woman whose family income is at or below a specified percentage of the federal poverty level in order for the woman to receive prenatal care services.
86. Primary Care Physician - A physician responsible for supervising, coordinating, and providing initial and primary care to patients; for initiating referrals for specialist care; and for maintaining the continuity of patient care. A primary care physician is a physician who has limited his practice of medicine to general practice or who is a Board Certified or Eligible Internist, Pediatrician, Obstetrician/Gynecologist, or Family Practitioner.
87. Primary Care Provider - A primary care physician or registered professional nurse or physician assistant practicing in accordance with state law who is responsible for supervising, coordinating, and providing initial and primary care to patients; for initiating referrals for specialist care; and for maintaining the continuity of patient care.
88. Primary Treatment Center (PTC)—A center developed by DCS for the purpose of providing short-term evaluation and treatment to children who have just come into custody, children already in state custody, children who have been released from state custody and who have been recommitted, and children who are at imminent risk of entering custody.
89. Prior Authorization - The act of authorizing specific services or activities before they are rendered or activities before they occur.

90. Program Integrity – The Program Integrity unit is responsible for assisting with the prevention, identification and investigation of fraud and abuse within the health care system.
91. Protected Health Information (PHI) - information created or received by Business Associate from or on behalf of Covered Entity that relates to the provision of health care to an individual; the past, present, or future physical or mental health or condition of an individual; or past, present, or future payment for provision of health care to an individual. 45 CFR 160.103. PHI includes demographic information that identifies the individual or about which there is reasonable basis to believe, can be used to identify the individual. 45 CFR 160.103. PHI is information transmitted or held in any form or medium. 45 CFR 160.103. PHI does not include education records covered by the Family Educational Rights and Privacy Act, as amended, 20 USCA 1232g(a)(4)(B)(iv).
92. Provider - An institution, facility, agency, person, corporation, partnership, or association approved by TennCare which accepts as payment in full for providing benefits the amounts paid pursuant to a provider agreement with the MCC.
93. Provider Agreement - An agreement between an MCO and a provider or an MCO's subcontractor and a provider of health care services which describes the conditions under which the provider agrees to furnish covered services to the MCO's members.
94. Quality Assurance (QA) - A formal set of activities to review and affect the quality of services provided. Quality assurance includes quality assessment and corrective actions to remedy any deficiencies identified in the quality of direct patient, administrative and support services.
95. Quality Improvement (QI) – The effort to assess and improve the performance of a program or organization. Quality Improvement includes quality assessment and implementation of corrective actions to address any deficiencies identified. The ongoing process of responding to data gathered through quality monitoring efforts, in such a way as to improve the quality of health care delivered to individuals. This process necessarily involves follow-up studies of the measures taken to effect change in order to demonstrate that the desired change has occurred.
96. Quality Monitoring (QM) - The ongoing process of assuring that the delivery of health care is appropriate, timely, accessible, available, and medically necessary and in keeping with established guidelines and standards and reflective of the current state of medical knowledge.
97. Remedial Plan for Children in Custody—The Agreed Order entered into by the state to insure the proper coordination and delivery of health services for children in custody, pursuant to the EPSDT mandate of the Medicaid Act and in accordance with the EPSDT Consent Decree.
98. Routine Care – Non urgent medical care such as screenings, immunizations, or health assessments.
99. Seriously Emotionally Disturbed (SED) - This determination can only be made by a qualified provider on behalf of a minor child.
100. Serious Mental Illness (SMI) - This determination can only be made by a qualified provider on behalf of an adult.
101. Service Location - Any location at which an enrollee obtains any health care service covered by the MCC pursuant to the terms of this Agreement.
102. Service Site - The locations designated by the MCC at which members shall receive primary care provider and preventive services.
103. Shall - Indicates a mandatory requirement or a condition to be met.
104. Specialty Services – Includes Essential Hospital Services, services provided by a Center of Excellence, and specialty physician services.
105. State - State of Tennessee.

106. State Plan - The State Plan is a comprehensive statement submitted by the state Medicaid agency describing the nature and scope of its program and giving assurance that it will be administered in conformity with the specific requirements stipulated in the pertinent title of the Act, and other applicable official issuances of the Department of Health and Human Services (HHS). The State Plan contains all information necessary for the Department to determine whether the plan can be approved, as a basis for Federal Financial Participation (FFP) in the State program.
- The State Plan consists of written documents furnished by the State to cover each of its programs under the Act including the medical assistance program (Title XIX). After approval of the original plan by HHS, all relevant changes, required by new statutes, rules, regulations, interpretations, and court decisions, are required to be submitted currently so HHS may determine whether the plan continues to meet federal requirements and policies. Determinations regarding State Plans (including plan amendments and administrative practice under the plans) originally meet, or continue to meet, the requirements for approval based on relevant federal statutes and regulations. (may be accessed from the TennCare website <http://www.state.tn.us/tenncare/>)
107. Subcontract - An agreement entered into by the Contractor with any other organization or person who agrees to perform any administrative function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to TennCare under the terms of this Agreement, when the intent of such an agreement is to delegate the responsibility for any major service or group of services required by the TennCare/Contractor Agreement. This shall also include any and all agreements between any and all subcontractors for the purposes related to securing or fulfilling the Contractor's obligations to TennCare under the terms of this Agreement.
108. Subcontractor - Any organization or person who provides any function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to TennCare under the terms of this Agreement.
109. TennCare - The State of Tennessee and any entity authorized by statute or otherwise to act on behalf of the State of Tennessee in administering and/or enforcing the terms of this Agreement. Such entity(s) may include, but are not limited to, the TennCare Bureau, the Department of Health, the Department of Finance and Administration, the Department of Mental Health and Mental Retardation, the TennCare Division within the Tennessee Department of Commerce and Insurance and the Tennessee Bureau of Investigation, Medicaid Fraud Control Unit.
110. TennCare Medicaid Enrollee - an enrollee who qualifies and has been determined eligible for benefits in the TennCare program through Medicaid eligibility criteria as described in the Medicaid/TennCare Rules and Regulations.
111. TennCare Standard Enrollee - an enrollee who qualifies and has been determined eligible for benefits in the TennCare program through eligibility criteria designated as "TennCare Standard" as described in the February 12, 2002 TennCare Program Design and Waiver Modifications as submitted to CMS and the TennCare Rules and Regulations. (This eligibility category is scheduled to be disenrolled as part of the proposed TennCare Reform.
112. Tennessee Bureau of Investigation, Medicaid Fraud Control Unit (TBI MFCU) - The State agency responsible for the investigation of provider fraud and abuse in the State Medicaid Program.
113. Tennessee Department of Mental Health and Developmental Disabilities ("TDMHDD") - The State agency having the statutory authority to provide care for persons with mental illness and persons with developmental disabilities. For the

purposes of this Agreement, TDMHDD shall mean the State of Tennessee and any entity authorized by statute or otherwise to act on behalf of the State of Tennessee in administering and/or enforcing the terms of this Agreement.

114. Third Party Resource - Any entity or funding source other than the enrollee or his/her responsible party, which is or may be liable to pay for all or part of the cost of medical care of the enrollee.
115. Third Party Liability (TPL) – Any amount due for all or part of the cost of medical care from a third party.
116. Urgent Care – Any request for medical care or treatment with respect to which the application of the time periods for making non-urgent care determinations:
 - a. Could seriously jeopardize the life or health of the member or the member's ability to regain maximum function, based on a prudent layperson's judgment, or
 - b. In the opinion of a practitioner with knowledge of the member's medical condition, would subject the member to severe pain that cannot be adequately managed without the care or treatment that is the subject of the request.
117. Vendor – Organization/individual submitting a proposal in response to the RFP.
118. Vital MCC Documents – Consent forms and notices pertaining to the reduction, denial, delay, suspension or termination of services. All vital documents must be available in Spanish.

ATTACHMENT C
INSTRUCTIONS FOR COMPLETION OF LOBBYING
DISCLOSURE FORM FOR THE BUREAU OF TENNCARE

This disclosure form shall be filed with TennCare and the TennCare Oversight Committee annually by the reporting entity no later than December 31 of each year, beginning on December 31, 2005; however an ongoing duty exists to amend and update all filings. All TennCare-related lobbying relationships and/or contracts should be disclosed on a separate form. Disclosure is required if any portion of funds received under a contract, grant or other relationship with TennCare was paid to a lobbyist or lobbying entity as defined by Tenn. Code Ann. 3-6-102 and as further defined in Section 4-12 of the CRA. For those Contractors reliant on TennCare for greater than two-thirds of their total revenue in the previous fiscal year, all lobbying contracts will be presumed to be TennCare-related. This form has been designed consistent with federal regulations, 31 U.S.C. 1352 and 42 CFR 93.100. Refer to the implementing guidance provided by the Federal Office of Management and Budget for additional information.

1. Identify the type of lobbying relationship being disclosed (*e.g. ongoing, one-time*). Use a separate form for each lobbyist contract or relationship.
2. Identify the purpose of the lobbying relationship as quoted in the contractual agreement.
3. Identify the appropriate classification of this disclosure. Any material change to information previously reported should be disclosed in an amended form within five (5) business days.
4. Enter the full name, address, city, state and zip code of the reporting entity.
5. Enter the total reimbursement paid to lobbyist in the previous fiscal year.
6. Enter the full name, job title, address, city, state and zip code of the lobbying registrant engaged by the reporting entity identified in item 4.
7. Enter the full name(s) of the individual(s) performing services and include full address if different from item 6. Enter last name, first name, middle initial (MI), and job title.
8. Enter the full name(s), job title(s) of individuals lobbied, the subject matter of the lobbying activity(ies) and the total value of all gifts/remuneration received. (See Tenn.Code Ann. 3-6-102 and Section E.11 this Contract for a definition of relevant lobbying activities)
9. The certifying contractor or vendor Chief Executive Officer shall sign and date the affirmation, print his/her name, title, and telephone number.

LOBBYING DISCLOSURE Complete this form to disclose TennCare-related* lobbying relationships entered into or existing in the previous fiscal year. Each lobbying relationship/contract requires a separate form.		 State of Tennessee Bureau of TennCare
1. Type of Relationship: <i>(e.g., ongoing, one-time)</i>	2. Stated Purpose of the Relationship:	3. Report Type: a. Initial Filing b. Material Change For Material Change Only: Year _____ Quarter _____ Date of last Report _____
4. Name and Address of Reporting Entity:		5. Total Reimbursement Paid to Lobbyist: \$ _____
6. Name and Address of Lobbying Registrant: <i>(If individual, last name, first name, MI)</i>		7. Individuals Performing Services: <i>(Including address if different from No. 6)</i>
8. List of Individuals Lobbied: <i>(Including name, job title, subject matter of lobbying activity(ies) and total value of all gifts/remuneration received)</i>		
9. "I hereby affirm that to the best of my knowledge my organization and its sub-contractors remain in compliance with state contractual requirements barring payment to state officials." Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____		

* Disclosure is required if any portion of a lobbying relationship relates to TennCare. For those Contractors reliant on TennCare for greater than two-thirds of their total revenue in the previous fiscal year, all lobbying contracts will be presumed to be TennCare-related.
 ** Attach additional sheets if necessary. Include the name of the Reporting Entity and date on each additional sheet.