

**CONTRACT #5**  
**RFS # 318.66-026**  
**FA # 02-14632-00**

**Finance & Administration**  
**Bureau of TennCare**

**VENDOR:**  
**Volunteer State Health Plan,**  
**Inc. (TennCare Select)**



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

January 27, 2009

RECEIVED

JAN 30 2009

FISCAL REVIEW

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

Attention: Ms. Leni Chick

RE: Bureau of TennCare Contract Amendments  
Thomson Reuters (Healthcare), Inc. (formerly The Medstat Group, Inc.) – Amendment #3  
Electronic Data Systems, LLC – Amendment #8  
Volunteer State Health Plan, Inc. (TennCare Select) Amendment #19

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee, amendment #3 to Thomson Reuters (Healthcare), Inc. (formerly The Medstat Group, Inc.), the contractor identified to provide decision support services for the TennCare Program including Fraud and Abuse Detection and Investigation services. In an effort to reduce contractual obligations due to statewide revenue shortfalls in FY '09, TennCare is amending the contract to implement reduction in scope of services as well as renegotiated rates at a cost savings to the state.

The Bureau of TennCare is also submitting amendment #8 to Electronic Data Systems, LLC (EDS). EDS is a competitively bid contract that developed, implemented and replaced the TennCare Management Information System (TCMIS) and is currently working to transition a new contractor in place to assume TCMIS management. TennCare needs EDS to continue in their transition role for an additional three months to totally allow for complete transition, ensuring that claims management service is not interrupted. This amendment extends the term for three months to allow the new contractor to assume all duties associated with TCMIS services, as well as provides funding to support this extension. TennCare will not experience a period where the incumbent vendor and the winning bidder are simultaneously paid to operate the MMIS.

Also submitted for review by TennCare is amendment #19 to Volunteer State Health Plan, Inc. (TennCare Select.) This contractor is the managed care organization that provides TennCare covered services to children in state custody as well as other high risk enrollees and provides a safety net should other MCOs fail. This amendment provides for shared risk for the contractor, payment for performance measures, including EPSDT, Case Manager assignment, and also establishes a bonus pool for shared risk initiative. The establishment of partial risk arrangements with managed care entities allows the state to claim a more favorable federal matching rate as well as properly align incentives between the State and the managed care entity.

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Mr. Jim White  
Fiscal Review Committee  
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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", with a long horizontal flourish extending to the right.

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:	615-507-6415		
*Contract Number:	FA-02-14632-00	*RFS Number:	318.66-026		
*Original Contract Begin Date:	July 1, 2001	*Current End Date:	June 30, 2009		
Current Request Amendment Number: <i>(if applicable)</i>	19				
Proposed Amendment Effective Date: <i>(if applicable)</i>	March 1, 2009				
*Department Submitting:	Department of Finance and Administration				
*Division:	Bureau of TennCare				
*Date Submitted:	January 26, 2009				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>	The amendment adds a shared risk component to the contractor risk agreement and additional time was required for both the Managed Care Contractor and the State to review and discuss specific provisions within the amendment and their implications. By introducing a shared risk element to the contract, the State can claim the full Federal Funding Participation rate on administrative costs instead of the normal administrative match rate of 50%.				
*Contract Vendor Name:	Volunteer State Health Plan, Inc.				
*Current Maximum Liability:	\$982,177,305.90				
<b>*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)</b>					
FY: 2002	FY: 2003	FY: 2004	FY: 2005	FY 2006	FY 2007
\$18,599,868	\$33,079,942	\$63,490,156	\$116,014,894	\$175,496,222	\$175,496,222
FY: 2008	FY: 2009				
\$200,000,000	\$200,000,000	\$			
<b>*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)</b>					
FY: 2002	FY: 2003	FY: 2004	FY: 2005	FY 2006	FY 2007
\$290,556,541.35	\$413,769,656.17	\$811,750,972.40	\$990,250.679.53	\$904,108,515.31	\$929,733,206.66
FY: 2008	FY: 2009				
\$367,161,736.62	\$198,476,573.97				
<b>IF</b> Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A				
<b>IF</b> surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	N/A				
<b>IF</b> Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	TennCare is obligated by contract to reimburse the Managed Care Organization for medical claims paid by the plan to providers and pay an administrative capitation payment per member to cover administrative costs. The maximum liability amounts for this contract represent the payments made by the state to the plan to provide claims processing and other administrative services for each fiscal year. The contract payments reported for each fiscal year represent both the medical claims reimbursement payments and the administrative payments to the plan.				

## Supplemental Documentation Required for Fiscal Review Committee

*Contract Funding Source/Amount:		State:	\$426,390,720.35	Federal:	\$555,786,585.55
Interdepartmental:				Other:	
If "other" please define:					
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>			Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
November 1, 2002			Amendment #1 – Language Modification, including changes to MCO language; Term Extension; Maximum Liability Increase		
May 29, 2003			Amendment #2 - Language Modification, including changes to MCO language; Maximum Liability Increase		
July 1, 2003			Amendment #3 – Language Modification, including changes to MCO language		
November 14, 2003			Amendment #4 - Language Modification, including changes to MCO language; Maximum Liability Increase		
December 15, 2003			Amendment #5 - Language Modification, including changes to MCO language; Maximum Liability Increase		
January 1, 2004			Amendment #6 – Language Modification, including changes to MCO language; Term Extension; Maximum Liability Increase		
July 1, 2004			Amendment #7 – Language Modification, including changes to MCO language		
October 26, 2004			Amendment #8 - Language Modification, including changes to MCO language; Maximum Liability Increase		
January 1, 2005			Amendment #9 – Language Modification, including changes to MCO language; Term Extension; Maximum Liability increase		
May 18, 2005			Amendment #10 - Language Modification, including changes to MCO language; Maximum Liability Increase		
July 1, 2005			Amendment #11 – Language Modification, including changes to MCO language		
January 1, 2006			Amendment #12 – Language Modification, including changes to MCO language; Term Extension; Maximum Liability Increase		
March 30, 2006			Amendment #13 – Language Modification, including changes to MCO language; Maximum Liability Increase		
April 28, 2006			Amendment #14 – Language Modification, including changes to MCO language; Maximum Liability Increase		
July 1, 2006			Amendment #15 – Language Modification, including changes to MCO language; Maximum Liability Increase		
January 1, 2007			Amendment #16 - Language Modification, including changes to MCO language; Term Extension; Maximum Liability Increase		
July 1, 2007			Amendment #17 - Language Modification, including changes to MCO language; Term Extension; Maximum Liability Increase		
May 1, 2008			Amendment #18 – Language Modification, including changes to MCO language; Term Extension; Maximum Liability Increase		
Method of Original Award: <i>(if applicable)</i>				Non Competitive	

2002 TennCare Select Vendor payment

<b>Vendor Number</b>	<b>Vendor Suffix</b>	<b>Amount</b>
V621656610	00	290,556,541.35
	<b>Total</b>	<b>290,556,541.35</b>

## 2003 TennCare Select Vendor payment

Vendor Invoice	Warrant Number	Voucher	Amount
2002-69	P048785	091102NR2	9,392,524.07
2002-70	P055144	091702NR3	10,661,813.93
2002-71	P062257	092402NR4	7,105,264.99
2002-72	P068524	100102NR6	10,945,659.18
2002-73	P076150	100902NR3	8,681,617.84
2002-74	P083369	101502NR2	11,476,661.77
2002-75	P084274	101602NR2	652,206.19
2002-76	P089684	102202NR3	4,834,204.32
2002-77	P096569	102902NR4	15,849,505.83
2002-78	P102381	110502NR6	8,025,508.48
2002-79	P107483	111202NR5	12,226,470.95
2002-80	P116522	111902NR6	8,003,425.42
2002-81	P122933	112502NR2	10,523,735.41
2002-82	P128685	120302NR2	4,791,802.56
2002-83	P135702	121002NR4	12,182,299.13
2002-84	P145330	121702NR9	7,512,867.50
2002-85	P150215	122002NR1	11,070,533.38
2002-86	P155422	123102NR2	4,648,140.62
2003-01	P160508	010703NR5	10,357,303.58
2003-02	P170401	011403NR7	6,531,613.34
2003-03	P173689	012103NR3	9,669,481.84
2003-04	P179975	012803NR1	9,476,743.07
2003-06	P194464	021103NR5	8,234,543.23
2003-07	P202292	021803NR5	13,122,054.97
2003-08	P209638	022503NR3	8,191,323.02
2003-09	P216181	030403NR4	11,504,541.50
2003-10	P223739	031103NR4	8,245,497.34
2003-11	P232607	031803NR4	12,893,442.05
2003-12	P239494	032503NR6	7,425,841.02
2003-13	P246046	040103NR4	11,164,958.94
2003-14	P252368	040803NR7	7,709,575.34
2003-15	P253893	040903NR2	618,264.59
2003-16	P261104	041503NR6	12,491,593.75
2003-17	P266787	042203NR3	9,102,200.18
2003-18	P274218	042903NR4	10,904,296.01
2003-19	P280017	050603NR6	9,161,558.11
2003-20	P289403	051303NR3	12,467,903.24
2003-21	P295524	052003NR4	8,653,596.32

2003-22	P300931	052703NR4	10,678,761.95
2003-23	P308385	060303NR6	8,974,860.87
2003-24	P315549	061003NR4	12,942,681.44
2003-25	P324615	061703NR4	8,048,696.13
2003-25	P331612	062406NR2	15,661,878.76
2003-5	P186972	020403NR3	10,952,204.01
		<b>Total</b>	<b>413,769,656.17</b>

## 2004 TennCare Select Vendor payment

Vendor Invoice	Warrant Number	Voucher	Amount
2003-27	P339516	070103NR5	9,571,621.66
2003-28	P345419	070803NR4	12,901,141.70
2003-29	P356122	071503NR2	13,114,403.76
2003-30	P361788	072203NR4	10,612,921.84
2003-31	P367474	072903NR4	10,307,908.12
2003-36	P371129	080503NR9	13,384,066.87
2003-33	P377274	081203NR1	10,345,783.89
2003-34	P385856	081903NR6	11,143,261.05
2003-35	P394644	082793NR1	11,669,284.48
2003-36	P397991	090203NR3	11,586,532.73
2003-37	P404206	090903NR4	13,354,953.90
2003-38	P413180	091603NR6	12,633,269.91
2003-39	P420975	092403NR3	15,055,885.62
2003-40	P426714	093003NR6	15,798,808.77
2003-41	P432250	100703NR7	16,415,573.94
2003-41	P441025	101403NR2	(1,064,145.86)
2003-41-	P441025	101403NR2	1,064,145.86
2003-42	P441025	101403NR2	12,133,450.47
2003-42	P447099	102103NR6	44,179.16
2003-42-	P447099	102103NR6	48,915.83
2003-42--	P447099	102103NR6	(93,094.99)
2003-43	P447099	102103NR6	14,215,623.88
2003-43	P453627	102803NR4	20,944.70
2003-43-	P453627	102803NR4	1,039,913.89
2003-43--	P453627	102803NR4	(1,060,858.59)
2003-44	P453627	102803NR4	17,621,780.18
2003-44	P460688	110403NR4	190,334.85
2003-44-	P460688	110403NR4	1,388,563.91
2003-44--	P460688	110403NR4	(1,578,898.76)
2003-45	P460688	110403NR4	13,707,170.77
2003-45	P468670	111203NR2	187,475.89
2003-45-	P468670	111203NR2	797,122.56
2003-45--	P468670	111203NR2	(984,598.45)
2003-46	P468670	111203NR2	15,809,075.76
2003-47	P475333	111803NR4	13,929,696.52
2003-46	P483097	112503NR4	47,781.35
2003-46-	P483097	112503NR4	680,591.02
2003-46--	P483097	112503NR4	(728,372.37)
2003-47	P483097	112503NR4	39,309.50
2003-47-	P483097	112503NR4	638,481.33
2003-47--	P483097	112503NR4	(677,790.83)

2003-48	P483097	112503NR4	14,974,277.93
2003-48	P487383	120203NR5	22,442.87
2003-48-	P487383	120203NR5	554,454.74
2003-48--	P487383	120203NR5	(576,897.61)
2003-49	P487383	120203NR5	8,306,089.43
2003-49	P494604	120903NR4	16,059.06
2003-49-	P494604	120903NR4	158,530.34
2003-49--	P494604	120903NR4	(174,589.40)
2003-50	P494604	120903NR4	18,352,281.27
2003-50	P504141	121603NR6	37,740.06
2003-50-	P504141	121603NR6	664,415.90
2003-50--	P504141	121603NR6	(702,155.96)
2003-51	P504141	121603NR6	15,726,068.53
2003-51	P510184	122203NR4	86,270.36
2003-51-	P510184	122203NR4	1,144,550.20
2003-51--	P510184	122203NR4	(1,230,820.56)
2003-52	P510184	122203NR4	16,430,966.73
2003-52	P515582	123003NR4	27,506.84
2003-52-	P515582	123003NR4	592,937.23
2003-52--	P515582	123003NR4	(620,444.07)
2003-53	P515582	123003NR4	8,721,987.07
2003-53	P520061	010604NR6	18,625.59
2003-53-	P520061	010604NR6	92,378.82
2003-53--	P520061	010604NR6	(111,004.41)
2004-01	P520061	010604NR6	13,000,161.88
2004-01	P529928	011304NR3	21,753.95
2004-01-	P529928	011304NR3	597,456.99
2004-01--	P529928	011304NR3	(619,210.24)
2004-02	P529928	011304NR3	17,546,494.22
2004-02	P535078	012004NR7	63,928.89
2004-02-	P535078	012004NR7	121,655.31
2004-02--	P535078	012004NR7	(185,584.20)
2004-03	P535078	012004NR7	12,868,081.59
2004-03	P549037	020304NR2	10,921.60
2004-03-	P549037	020304NR2	(1,232,670.30)
2004-03--	P549037	020304NR2	1,221,748.70
2004-04	P549037	020304NR2	31,813.28
2004-04-	P549037	020304NR2	357,666.44
2004-04--	P549037	020304NR2	(389,479.72)
2004-05	P549037	020304NR2	16,260,359.96
2004-05	P556339	021004NR6	26,900.83
2004-05-	P556339	021004NR6	305,930.03
2004-05--	P556339	021004NR6	(332,830.86)
2004-06	P556339	021004NR6	18,970,284.89
2004-04	P541761	012704NR5	4,214,773.78
2004-04-	P541761	012704NR5	15,221,252.76
2004-06	P564496	021704NR7	13,238.83

2004-06-	P564496	021704NR7	142,442.76
2004-06--	P564496	021704NR7	(155,681.59)
2004-07	P564496	021704NR7	17,080,163.52
2004-07	P571198	022404NR5	27,734.97
2004-07-	P571198	022404NR5	264,361.31
2004-07--	P571198	022404NR5	(292,096.28)
2004-08	P571198	022404NR5	19,656,057.63
2004-08	P578797	030204NR4	61,776.64
2004-08-	P578797	030204NR4	198,077.82
2004-08--	P578797	030204NR4	(259,854.46)
2004-09	P578797	030204NR4	17,932,603.38
2004-09	P586386	030904NR5	11,330.72
2004-09-	P586386	030904NR5	191,673.51
2004-09--	P586386	030904NR5	(203,004.23)
2004-10	P586386	030904NR5	19,480,654.91
2004-10	P595341	031604NR4	24,364.27
2004-10-	P595341	031604NR4	213,986.50
2004-10--	P595341	031604NR4	(238,350.77)
2004-11	P595341	031604NR4	16,739,640.17
2004-11	P602609	032304NR2	6,301.60
2004-11-	P602609	032304NR2	247,131.18
2004-11--	P602609	032304NR2	(253,432.78)
2004-12	P602609	032304NR2	18,786,140.00
2004-13	P610025	033004NR5	16,268,602.11
2004-14	P616395	040604NR6	18,831,995.00
2004-15	P624541	041304NR3	19,185,757.42
2004-16	P631569	042004NR4	18,113,523.24
2004-17	P638012	042704NR4	16,946,800.75
2004-18	P645376	050404NR4	19,902,428.14
2004-19	P652258	051104NR3	18,259,754.23
2004-20	P661472	051804NR6	17,738,461.86
2004-20	P668376	052504NR8	(400.00)
2004-21	P668376	052504NR8	16,691,824.67
2004-20	Q001625	052704NR2	400.00
2004-22	Q004096	060104NR3	15,043,406.35
2004-23	Q011105	060804NR4	17,669,270.69
2004-24	Q020959	061504NR5	18,459,311.35
2004-25	Q027081	062204NR2	16,249,722.14
2004-26	Q036035	062904NR4	16,809,558.28
		<b>Total</b>	<b>811,750,972.40</b>

2005 TennCare Select Vendor payment

Vendor Invoice	Warrant Number	Voucher	Amount
2004-27	Q042367	070604NR4	13,805,308.23
2004-28	Q043815	070704NR3	1,101,601.81
2004-29	Q053375	071304NR3	17,536,614.77
2004-30	Q059096	072004NR7	17,140,846.34
2004-31	Q063466	072704NR5	21,768,665.01
2004-32	Q069516	080304NR5	17,137,689.89
2004-33	Q075332	081004NR4	20,267,480.86
2004-34	Q084930	081704NR7	18,850,281.71
2004-35	Q092202	082404NR1	17,899,784.19
2004-36	Q099296	083104NR6	19,478,023.19
2004-37	Q104552	090704NR3	18,189,723.57
2004-38	Q113644	091404NR3	16,131,772.44
2004-39	Q120552	092104NR4	19,026,751.60
2004-40	Q127527	092804NR4	20,018,213.38
2004-41	Q134297	100504NR2	18,684,861.89
2004-42	Q141101	101204NR4	18,865,004.09
2004-43	Q150261	101904NR4	15,540,616.56
2004-44	Q157406	102604NR3	25,601,222.15
2004-45	Q165051	110204NR3	18,651,988.03
2004-46	Q170459	110804NR3	17,706,671.30
2004-47	Q180475	111604NR3	16,498,772.25
2004-47B	Q183568	111804NR1	639,879.31
2004-47	Q186373	112204NR2	19,938,964.52
2004-48B	Q189943	112404NR1	853,051.24
2004-49	Q192986	113004NR4	12,286,193.56
2004-50	Q200656	120704NR3	23,229,410.67
2004-51	Q210927	121404NR5	22,942,631.44
2004-52	Q217109	122204NR2	23,469,595.61
2004-53	Q222329	122804NR3	7,384,351.21
2005-01	Q226563	010405NR3	16,083,818.43
2005-02	Q233515	011105NR3	19,578,867.41
2005-03	Q241962	011805NR4	19,607,510.32
2005-04	Q249534	012505NR4	25,823,785.87
2005-05	Q257430	020105NR1	21,368,292.95
2005-06	Q264106	020805NR3	21,654,011.13
2005-07	Q274350	021505NR5	19,863,749.95
2005-08	Q279857	022205NR6	20,615,380.60
2005-07	Q287730	030105NR2	1,089.22
2005-08	Q287730	030105NR2	(1,089.22)
2005-09	Q287730	030105NR2	22,193,003.63
2005-10	Q295874	030805NR4	21,216,557.65
2005-11	Q306182	031505NR2	21,699,893.04
2005-12	Q313549	032205NR2	18,831,307.75
2005-12	Q319248	032905NR4	17,992,341.46
2005-14	Q326639	040505NR3	19,659,202.06
2005-15	Q333302	041205NR1	18,677,731.22
2005-16	Q343240	041905CO6	19,104,939.58
2005-17	Q349882	042605NR2	26,598,290.01
2005-18	Q358432	050305NR1	20,929,323.29

2005-19	Q365115	051005NR2	21,641,385.00
2005-20	Q374441	051705NR4	20,077,386.14
2005-21	Q381801	052405NR2	20,658,158.17
2005-22	Q388730	053105NR2	18,712,519.87
2005-23	Q395119	060705NR4	18,369,808.05
2005-24	Q405289	061405NR4	20,951,295.23
2005-25	Q412166	062105NR3	19,675,061.20
2005-26	Q419968	062805NR2	19,720,981.74
		<b>Total</b>	<b>990,250,679.53</b>

## 2006 TennCare Select Vendor payment

Vendor Invoice	Voucher	Amount
2005-30	072605NR5	23,530,975.71
2006-04	012406NR2	21,749,449.95
2006-17	042506NR2	21,369,311.52
2005-49	120605NR2	20,606,440.88
2005-29	071905NR3	20,570,935.54
2005-27	070505NR2	20,221,130.26
2006-11	031406NR3	20,197,818.45
2006-26	062706NR3	19,986,895.01
2005-43	102505NR4	19,691,508.89
2005-33	081605NR4	19,498,944.07
2005-51	122005NR2	19,154,057.50
2005-32	080905NR3	19,095,632.45
2006-12	032106NR1	18,990,278.17
2005-47	112105NR2	18,925,878.75
2005-28	071205NR4	18,881,877.95
2006-06	020706NR3	18,556,398.83
2005-50	121305NR2	18,235,062.26
2005-35	083005NR3	18,196,655.52
2006-05	013106NR4	18,186,584.61
2005-46	111505NR4	18,153,665.40
2006-09	022806NR2	18,121,797.95
2006-19	050906NR4	18,120,001.07
2005-40	100405NR2	18,000,182.53
2005-31	080205NR3	17,928,609.59
2006-24	061306NR3	17,830,061.44
2005-45	110805NR1	17,805,545.42
2005-36	090605NR3	17,630,949.44
2005-44	110105NR1	17,567,158.81
2006-14	040406NR3	17,507,708.45
2005-34	082305NR4	17,383,004.25
2006-20	051606NR5	17,220,456.87
2006-03	011706NR4	17,051,015.51
2005-36	091305NR2	16,999,409.92
2006-08	022106NR5	16,983,748.18
2005-39	092705NR2	16,968,298.94
2006-10	030706NR2	16,953,239.25
2006-13	032806NR1	16,850,998.03
2005-42	101805NR1	16,609,270.69
2006-07	021406NR1	16,525,382.24
2006-21	052306NR3	16,260,689.37
2005-38	092005NR3	16,074,495.63

2006-18	050206NR1	16,042,283.90
2006-15	041106NR3	15,975,611.17
2006-15	041806NR4	15,448,206.81
2006-01	010306NR3	15,306,476.97
2006-25	062006NR2	15,305,684.66
2006-22	053006NR2	15,217,720.36
2006-02	011006NR4	14,563,137.47
2005-52	122705NR5	14,001,360.40
2005-41	101105NR1	13,601,677.80
2005-48	112905NR2	10,676,650.10
2005-45B	100905NR1	1,778,180.37
	<b>Total</b>	<b>904,108,515.31</b>

## 2007 TennCare Select Vendor payment

Vendor Invoice	Invoice Date	Voucher	Amount
2006-26		070306NR2	0.00
2006-27		070306NR2	16,262,352.83
2006-28		071106NR2	15,644,024.82
2006-29		071806NR1	17,005,130.42
2006-30		072606NR2	24,731,415.08
2006-31		080106NR3	16,996,699.73
2006-32	8/8/2006	080906NR2	17,248,515.67
2006-33	8/15/2006	081606NR3	16,577,975.95
2006-34	8/22/2006	082206NR2	17,614,658.55
2006-35	8/29/2006	083006NR3	18,917,975.73
2006-36	9/5/2006	090506NR4	17,210,552.58
2006-37	9/12/2006	091206NR3	13,301,832.88
2006-38	9/19/2006	091906NR3	20,320,994.67
2006-39	9/26/2006	092606NR3	22,180,915.29
2006-40	10/3/2006	100306NR5	23,463,094.52
2006-41	10/10/2006	101006NR2	17,651,414.72
2006-42		101706NR2	16,052,176.14
2006-43	10/24/2006	102406NR2	21,287,276.20
2006-44	10/31/2006	103106NR2	16,248,943.11
2006-45	11/7/2006	110706NR1	22,366,180.20
2006-46	11/14/2006	111406NR4	24,435,987.79
110306	8/23/2006	110606OT1	918,644.43
2006-47	11/20/2006	112006NR2	22,534,216.51
2006-48	11/28/2006	112806NR4	10,768,460.11
2006-49	12/5/2006	120506NR5	25,263,087.62
2006-50	12/12/2006	121206NR5	22,549,726.25
2006-51	12/19/2006	121906NR3	18,261,656.72
2006-52	12/27/2006	122706NR2	18,819,656.44
2007-01	1/2/2007	010207NR4	12,060,139.25
2007-02	1/9/2007	010907NR4	15,822,481.58
2007-03	1/16/2007	011607NR4	19,138,300.02
2007-04	1/23/2007	012307NR3	23,463,730.71
2007-05	1/30/2007	013007NR1	23,425,253.78
2007-06	2/6/2007	020607NR4	20,550,165.93
2007-07	2/13/2007	021307NR2	21,310,244.65
2007-08	2/20/2007	022007NR3	21,145,908.60
2007-09	2/27/2007	022707NR4	28,205,782.76
2007-10	3/6/2007	030607NR2	25,383,408.26
2007-11	3/12/2007	031307NR4	21,670,981.00
2007-12	3/20/2007	032007NR4	22,471,345.50
2007-13	3/27/2007	032707NR5	22,221,662.46
2007-14	4/3/2007	040307NR1	20,444,321.61
2007-15	4/9/2007	041007NR2	21,498,656.91
2007-16	7/16/2007	041707NR1	13,929,180.68
2007-17	4/24/2007	042407NR3	18,684,036.40
2007-18	4/30/2007	050107NR4	11,658,711.12
2007-19	5/8/2007	050807NR3	12,041,186.08
2007-20	5/14/2007	051507NR1	11,253,604.12
2007-21	5/21/2007	052207NR1	10,302,073.28
2007-22	5/29/2007	052907NR1	8,392,623.79
2007-23	6/4/2007	060507NR2	8,727,679.58
2007-24	6/11/2007	061207NR2	8,078,652.35
2007-25	6/18/2007	061907NR2	6,843,275.21
2007-26	6/26/2007	062607NR3	6,376,236.07
		<b>Total</b>	<b>929,733,206.66</b>

2008 TennCare Select Vendor payment

Vendor Invoice	Invoice Date	Voucher	Amount
TPL ADMIN FY08	3/24/2008	032408OT1	590,773.18
2008-01	7/2/2007	070207NR1	8,874,275.93
RATE ADJUST	7/5/2007	070507NR1	13,787,598.00
2008-02	7/9/2007	071007NR1	5,862,696.71
2008-03	7/17/2007	071707NR3	5,278,216.47
2008-04	7/23/2007	072407NR1	9,237,287.76
2008-05	7/31/2007	073107NR6	8,314,595.68
2008-06	8/6/2007	080607NR2	7,923,631.92
2008-07	8/13/2007	081407NR3	7,063,107.76
2008-08	8/20/2007	082107NR5	6,923,114.68
2008-09	8/28/2007	082807NR6	8,590,631.40
2008-10	9/4/2007	090407NR3	5,649,195.03
2008-11	9/10/2007	091107NR3	5,530,250.23
TPL ADMIN	9/14/2007	091407OT1	1,714,667.19
2008-12	9/17/2007	091807NR4	7,186,374.44
2008-13	9/25/2007	092507NR4	7,030,873.28
2008-14	10/2/2007	100207NR2	5,934,061.15
2008-15	10/8/2007	100907NR4	7,013,158.67
NCQA	10/2/2007	100507OT1	134,407.00
2008-16	10/15/2007	101607NR3	6,353,278.06
2008-17	10/22/2007	102307NR5	9,752,014.63
2008-18	10/29/2007	103007NR2	6,301,810.58
2008-19	11/5/2007	110607NR5	7,064,685.71
2008-20	11/13/2007	111307NR6	8,087,177.98
2008-21	11/19/2007	111907NR4	7,034,463.56
2008-22	11/26/2007	112607NR2	4,595,460.36
2008-23	12/4/2007	120407NR5	9,398,864.85
2008-24	12/10/2007	121107NR4	7,183,459.36
2008-25	12/17/2007	121807NR3	7,665,163.71
2008-26	12/26/2007	122607NR3	6,970,653.72
2008-27	1/2/2008	010208NR5	3,815,524.43
2008-28	1/7/2008	010807NR4	3,993,418.36
2008-29	1/14/2008	011508NR3	7,495,270.98
2008-30	1/22/2008	012208NR4	8,933,348.49
2008-31	1/28/2008	012908NR4	6,605,308.64
2008-32	2/5/2008	020508NR3	6,030,307.08
2008-33	2/11/2008	021208NR4	5,571,950.15
2008-34	2/19/2008	021908NR5	5,844,930.94
2008-35	2/25/2008	022608NR4	6,953,700.04
2008-36	3/3/2008	030408NR5	6,105,078.86
2008-37	3/11/2008	031108NR3	7,201,578.61
2008-38	3/17/2008	031808NR4	6,852,789.47
2008-39	3/24/2008	032508NR4	6,816,851.20
2008-40	3/31/2008	040108NR5	6,481,683.64
2008-41	4/8/2008	040808NR3	6,004,251.78
2008-42	4/15/2008	041508NR5	6,900,640.94

2008-43	4/22/2008	042208NR4	9,390,994.69
2008-44	4/29/2008	042908NR4	5,349,680.76
2008-45	5/5/2008	050608NR3	6,731,103.10
2008-46	5/13/2008	051308NR2	6,227,000.38
2008-47	5/20/2008	052008NR3	6,526,640.19
2008-48	5/27/2008	052708NR4	6,904,841.81
2008-49	6/3/2008	060308NR5	4,813,399.62
2008-50	6/10/2008	061008NR4	5,277,854.26
2008-51	6/17/2008	061708NR4	5,188,273.42
2008-52	6/23/2008	062408NR4	6,099,365.78
		<b>Total</b>	<b>367,161,736.62</b>

## 2009 TennCare Select Vendor payment

Vendor Invoice	Invoice Date	Voucher	Amount
2009-01	7/1/2008	070108NR6	5,986,282.95
2009-02	7/8/2008	070808NR3	4,800,054.49
2009-03	7/15/2008	071508NR4	6,566,145.02
2009-04	7/22/2008	072208NR3	9,821,585.86
2009-05	7/29/2008	072908NR5	8,610,756.69
2009-06	8/5/2008	080508NR4	6,121,801.15
2009-07	8/12/2008	081208NR5	6,328,280.50
2009-08	8/19/2008	081908NR5	5,318,991.16
2009-09	8/26/2008	082608NR5	7,835,975.09
2009-10	9/2/2008	090208NR3	5,618,636.59
2009-11	9/9/2008	090908NR5	8,130,376.17
2009-12	9/16/2008	091608NR4	5,880,753.84
2009-13	9/23/2008	092308NR5	6,958,441.00
2009-14		093008NR2	4,592,655.88
2009-15	10/7/2008	100708NR1	6,051,519.59
2009-16	10/14/2008	101408NR2	6,013,149.83
2009-17	10/21/2008	102108NR5	6,849,471.53
2009-18	10/28/2008	102808NR2	7,836,283.21
2009-19	11/4/2008	110408NR3	5,891,777.12
2009-20	11/12/2008	111208NR2	6,743,829.22
2009-21	11/18/2008	111808NR4	5,577,857.68
2009-22	11/24/2008	112408NR2	5,756,420.98
2009-23	12/2/2008	120208NR1	4,166,410.39
2009-24	12/9/2008	120908NR4	8,059,739.71
2009-25	12/16/2008	121608NR2	6,827,111.51
2009-26	12/22/2008	122208NR2	6,085,475.35
2009-27	12/29/2008	122908NR2	3,495,799.07
2009-28	1/6/2009	010609NR2	4,698,031.72
2009-29	1/13/2009	011309NR5	7,959,522.69
RA100297726	7/1/2008	100297726	477,013.77
RA100297728	7/1/2008	100297728	1,542,229.48
TPL Q3 FY 08	7/16/2008	071608OT2	334,113.75
TPL QTR 4 FY08	8/14/2008	081408OT1	147,383.65
CRA100356632	9/2/2008	100356632	(1,500.00)
RA100356632	9/2/2008	100356632	468,741.96
RA100356633	9/2/2008	100356633	1,565,625.31
RA100383426	9/30/2008	100383426	483,359.43
RA100383427	9/30/2008	100383427	1,562,143.69
CRA100417534	11/4/2008	100417534	(134,439.20)
RA100417534	11/4/2008	100417534	335,121.77

RA100417535	11/4/2008	100417535	1,567,488.89
RA100444525	12/2/2008	100444525	304,791.72
RA100444526	12/2/2008	100444526	1,571,396.22
RA100471378	12/29/2008	100471378	130,410.72
CRA100471378	12/29/2008	100471378	(500.00)
RA100471379	12/29/2008	100471379	1,531,752.01
CRA100323082	7/29/2008	100323082	(8,924.00)
RA100323082	7/29/2008	100323082	480,909.58
RA100323083	7/29/2008	100323083	1,536,319.23
		<b>Total</b>	<b>198,476,573.97</b>

# REQUEST: NON-COMPETITIVE AMENDMENT

**RECEIVED**

JAN 30 2009

**FISCAL REVIEW**

**APPROVED**

**Commissioner of Finance & Administration**

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

<b>RFS #</b>	318.66-026		
<b>STATE AGENCY NAME :</b>	Department of Finance and Administration, Bureau of TennCare		
<b>SERVICE CAPTION :</b>	Provides TennCare covered services to children in State custody and provides a safety net should other MCO's fail.		
<b>CONTRACT #</b>	FA-02-14632-00	<b>PROPOSED AMENDMENT #</b>	19
<b>CONTRACTOR :</b>	Volunteer State Health Plan, Inc.		
<b>CONTRACT START DATE :</b>	July 1, 2001		
<b>CURRENT, LATEST POSSIBLE END DATE :</b> (including ALL options to extend)	06/30/2009		
<b>CURRENT MAXIMUM LIABILITY :</b>	\$982,177,305.90		
<b>LATEST POSSIBLE END DATE WITH PROPOSED AMENDMENT :</b> (including ALL options to extend)	06/30/2009		
<b>TOTAL MAXIMUM COST WITH PROPOSED AMENDMENT :</b> (including ALL options to extend)	\$982,177,305.90		
<b>APPROVAL CRITERIA :</b> (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		
<b>ADDITIONAL REQUIRED REQUEST DETAILS BELOW</b> (address each item immediately following the requirement text)			
<b>(1) description of the proposed additional service and amendment effects :</b>			
This amendment provides the following modifications to current contract language: Shared Risk for Contractor, payment for Performance Measures, including EPSDT, Medical Service Budget Target, Case Manager Assignment, as well as establish bonus pool for shared risk initiative.			
<b>(2) explanation of need for the proposed amendment :</b>			

The establishment of partial risk arrangements with managed care entities allows the state to claim a more favorable federal matching rate as well as properly align incentives between the State and the managed care entity.

**(3) name and address of the proposed contractor's principal owner(s) :**  
(not required if proposed contractor is a state education institution)

BlueCross BlueShield 801 Pine St Chattanooga, TN 37402

**(4) documentation of OIR endorsement of the Non-Competitive procurement request :**  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**(6) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :**

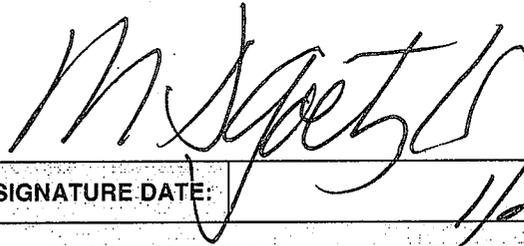
This Contractor is currently providing a network of services for the TennCare Program. This is an amendment to current contract.

**(7) justification of why the F&A Commissioner should approve a Non-Competitive Amendment :**

The Bureau of TennCare is modifying this MCO contract to add performance measures that will promote better management. The establishment of partial risk arrangements with managed care entities allows the state to claim a more favorable federal matching rate as well as properly align incentives between the State and the managed care entity. This MCO contract provides necessary Health Care Services to the TennCare/Medicaid Population. TennCare would greatly appreciate approval by the Commissioner of Finance and Administration.

**AGENCY HEAD REQUEST SIGNATURE:**

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



SIGNATURE DATE:

1/23/09

## CONTRACT SUMMARY SHEET

RFS Number:	318.66-026	Contract Number:	FA-02-14632-19
State Agency:	Department of Finance and Administration	Division:	Bureau of TennCare

<b>Contractor</b>	<b>Contract Identification Number</b>
VSHP (TennCare Select)	<input type="checkbox"/> V- <input type="checkbox"/> C-

<b>Service Description</b>
Managed Care Organization Services (ASO) / Medically necessary Health Care Services to the TennCare / Medicaid Population

<b>Contract Begin Date</b>	<b>Contract End Date</b>
7/1/2001	6/30/2009

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
318.66	4A2	134	11	<input type="checkbox"/> STARS		
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)	
2002	\$ 6,755,937.23	\$ 11,843,931.25			\$ 18,599,868.48	
2003	\$ 15,785,123.40	\$ 17,294,819.40			\$ 33,079,942.80	
2004	\$ 25,125,990.72	\$ 38,364,165.90			\$ 63,490,156.62	
2005	\$ 58,007,447.00	\$ 58,007,447.00			\$ 116,014,894.00	
2006	\$87,748,111.00	\$87,748,111.00			\$175,496,222.00	
2007	\$87,748,111.00	\$87,748,111.00			\$175,496,222.00	
2008	\$72,610,000.00	\$127,390,000.00			\$200,000,000.00	
2009	\$72,610,000.00	\$127,390,000.00			\$200,000,000.00	
<b>Total:</b>	<b>\$ 426,390,720.35</b>	<b>\$ 555,786,585.55</b>			<b>\$982,177,305.90</b>	

CFDA#	93.778 Title XIX Dept. of Health & Human Svcs.	Check the box ONLY if the answer is YES:
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<b>State Fiscal Contract</b>		
Name:	Scott Pierce	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Address:	310 Great Circle Road	Is the Contractor a Vendor? (per OMB A-133)
Phone:	Nashville, TN (615)507-6415	Is the Fiscal Year Funding STRICTLY LIMITED?
<b>Procuring Agency Budget Officer Approval Signature</b>		Is the Contractor on STARS?
Scott Pierce		Is the Contractor's FORM W-9 ATTACHED?
		Is the Contractor's Form W-9 Filed with Accounts?

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
<b>CONTRACT END DATE:</b>	<b>6/30/2008</b>	<b>6/30/2009</b>	
FY: 2002	\$ 18,599,868.48		
FY: 2003	\$ 33,079,942.80		
FY: 2004	\$ 63,490,156.62		
FY: 2005	\$116,014,894.00		
FY: 2006	\$175,496,222.00		
FY: 2007	\$175,151,878.00		
FY: 2008	\$200,000,000.00		
FY: 2009	\$200,000,000.00		
<b>Total:</b>	<b>\$982,177,305.90</b>		

**AMENDMENT NUMBER 19**

**AN AGREEMENT FOR THE ADMINISTRATION OF TENNCARE SELECT  
BETWEEN  
THE STATE OF TENNESSEE,  
d.b.a. TENNCARE  
AND  
VOLUNTEER STATE HEALTH PLAN, INC.**

**CONTRACT NUMBER: FA-02-14632-00**

For and in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to clarify and/or amend the Agreement for the Administration of TennCare Select by and between the State of Tennessee TennCare Bureau, hereinafter referred to as TENNCARE, and Volunteer State Health Plan, Inc., hereinafter referred to as the CONTRACTOR, as follows:

Titles and numbering of paragraphs used herein are for the purpose of facilitating use of reference only and shall not be construed to infer a contractual construction of language.

1. Section 5-1 shall be amended by adding a new Section 5-1.k which shall read as follows:

**k. Shared Risk Terms and Conditions**

Effective March 1, 2009, the terms of the CONTRACTOR's shared risk responsibility shall be described below. The shared risk terms shall apply to the following populations as described in Section 4-1.1.a of this Contract: Group 1.A, Group 1.B, and Group 2.

The CONTRACTOR will be paid an administrative fee to administer the TennCare MCO benefits. Additionally, there will be both an upside potential (bonus) as well as downside potential (risk). Bonus and the risk will be based on the following components as described below:  
EPSDT, and  
Medical Services Budget Target.

**(1) Acuity Adjustment**

The parties hereby agree that the aggregate base line acuity for the population administered by the CONTRACTOR shall be based on a methodology recommended by the State or its actuarial contractor.

The Parties further agree that the ability of the CONTRACTOR to achieve these initiatives is directly and materially related to said base line acuity of the aggregate population described above. As an integral part of evaluating the CONTRACTOR's performance in achieving the goals set forth above, the CONTRACTOR and TennCare shall perform a quarterly follow-up acuity review of the aggregate population described above. The CONTRACTOR and TennCare shall perform a reconciliation of aggregate acuity of the CONTRACTOR's assigned population described above and show compliance with the Shared Risk Initiatives adjusting for changes in acuity population and supply said adjustment data to TENNCARE for review and approval on a quarterly basis. The adjusted base line numbers for acuity shall serve as the standard for the determination as to whether the CONTRACTOR achieved the Shared Risk Initiatives.

**(2) Mandates / Initiatives**

In addition, the Parties hereby agree that the determination of achieving compliance with the above Shared Risk Initiatives shall be consistent with the obligations of this Contract as they are performed and interpreted as of March 1, 2009. As such, services provided as a result of

compliance with an instruction or mandate from the TennCare Bureau that is in conflict with, or in excess of, those obligations pursuant to this Contract as of March 1, 2009 shall be taken into account and not counted against the Contractor in determining the achievement of the Shared Risk Initiatives.

**(3) Risk Component**

The Shared Risk Model will require that a percent of the administrative fees be placed at risk. The Model will set ten percent (10%) of the administrative fee at risk.

The Shared Risk Initiatives are listed below along with its associated risk contribution.

Shared Risk Initiative	Contribution to Risk
EPSDT Compliance	5.0%
Medical Services Budget Target	5.0%

**(a) Increase EPSDT Compliance**

The target for the period March 1, 2009 through June 30, 2009 is based on the CONTRACTOR's reported screening rate according to the information contained in the CMS 416 Report for FFY 2007 which is 85%.

The goal is to insure that all children under the age of twenty-one (21) are receiving screenings consistent with the periodicity schedule referenced in the Contract.

TENNCARE shall use the CMS 416 format in order to measure the CONTRACTOR's progress on a quarterly basis. In order to encourage continued progress, the administrative rate shall be reconciled in accordance with the following:

Percentage of EPSDT Compliance Benchmark	Administrative Fee Adjustment
≥ 100%	All admin assoc with EPSDT Screening rate compliance risk portion and potential bonus
≥ 95% and < 100%	-25% of admin assoc EPSDT Screening rate compliance risk portion
≥ 90% and < 95%	-50% of admin assoc EPSDT Screening rate compliance risk portion
≥ 85% and < 90%	-75% of admin assoc EPSDT Screening rate compliance risk portion
< 85% and lower	-100% of admin assoc EPSDT Screening rate compliance risk portion

*Evaluation Period:* Annually with a 90 day lag

*At Risk Portion:* 5.0% of Administrative Fee (Budget)

*Implementation Date:* March 1, 2009

**(b) Medical Services Budget Target Initiative**

At the end of the evaluation period associated with the MSBT, if the actual medical costs + IBNR is less than or equal to 100% of the MSBT, the CONTRACTOR shall retain 100% of the administrative fee associated with the MSBT. If the actual medical costs + IBNR is more than 100% of the MSBT, the CONTRACTOR's administrative fee associated with the MSBT shall be adjusted in accordance with the chart below. The estimated IBNR shall be reviewed and adjusted by the State's actuarial contractor prior to

final determination of performance. The Table below illustrates the risk corridors for the Medical Services Budget target:

Percent of MSBT	Administrative Fee Adjustment
≤ 102%	All admin assoc with MSBT at risk portion and potential bonus
> 102% and ≤ 105%	-25% of admin assoc MSBT risk portion
> 105% and ≤ 110%	-50% of admin assoc MSBT risk portion
> 110% and ≤ 115%	-75% of admin assoc MSBT risk portion
> 115% and greater	-100% of admin assoc MSBT risk portion

*Evaluation Period:* Annual with a 90 day lag

*At Risk Portion:* 5% of Administrative Fee (Budget)

*Implementation Date:* March 1, 2009

**(4) Performance Bonuses**

TennCare will establish a bonus pool for each Risk Initiative described below. The bonus pool will represent a total of ten percent (10%) of the administrative fee for the selected population (Group 1.A, Group 1.B, and Group 2) for the CONTRACTOR as described in Section 5-1 of this Contract. The following Initiatives will be included in the Bonus Pool: EPSDT Compliance and Medical Service Budget Target (MSBT).

The following table identifies the weighting for each Initiative:

Shared Risk Initiative	Contribution to Bonus (% of Admin Rate for Selected Population)
EPSDT Compliance	5.0%
Medical Service Budget Target	5.0%

**Additional Bonus Points**

Performance – Percent Exceeding Target	EPSDT Compliance Target
> 100% and ≤ 105%	25%
> 105% and ≤ 110%	60%
> 110% and ≤ 117%	100%

Performance – Percent Improving Target	Medical Services Budget Target
< 98% and ≥ 95%	25%
< 95% and ≥ 90%	50%
< 90% and ≥ 85%	75%
< 85%	100%

**(5) Risk and Bonus Payout Reconciliation**

The administrative fee will be paid in full on a monthly basis until such time the Evaluation Periods have occurred and determination has been made regarding the CONTRACTOR's compliance. Payouts for the annual evaluation period shall be made by October 31 of the following year.

In the event that the CONTRACTOR's progress on the various initiatives are different from what is determined by TennCare, the results (findings from both) will be reconciled during a fifteen (15) business day period following the due date of the submission by the Plan. If the dispute relates to medical cost and utilization based initiatives, TENNCARE shall request review by the Department of the Comptroller of the Treasury of said discrepancies. TennCare will submit an "On Request Report" (with a seven (7) day response time) to the CONTRACTOR in order for the CONTRACTOR to review and update or reprocess their data provided to TENNCARE. TENNCARE shall provide the outcome of the determination within eight (8) business days of receiving the information from the CONTRACTOR. If the information requested by TENNCARE is not provided by the due date, then the determination defaults to TENNCARE.

If targets are consistently exceeded (or not met) TENNCARE shall require that the CONTRACTOR submit a Corrective Action Plan to address the deficiencies.

2. Section 6 shall be amended by adding a new Section 6.29 which shall read as follows:

**6-29 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](http://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.

Amendment 19 (cont.)

All of the provisions of the original Contract not specifically deleted or modified herein shall remain in full force and effect. Unless a provision contained in this Amendment specifically indicates a different effective date, for purposes of the provisions contained herein, this Amendment shall become effective March 1, 2009.

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

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

**VOLUNTEER STATE HEALTH PLAN, INC.**

BY: \_\_\_\_\_  
*M. D. Goetz, Jr.*  
*Commissioner*

BY: \_\_\_\_\_  
*Sonya Nelson*  
*President and Chief Executive Officer*

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

**APPROVED BY:**

**APPROVED BY:**

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

**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

BY: \_\_\_\_\_  
*M. D. Goetz, Jr.*  
*Commissioner*

BY: \_\_\_\_\_  
*John G. Morgan*  
*Comptroller*

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North - 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

**Rep. Charles Curtiss, Chairman**  
Representatives

**Sen. Douglas Henry, Vice-Chairman**  
Senators

Curt Cobb  
Curtiss Johnson  
Gerald McCormick  
Mary Pruitt  
Craig Fitzhugh, *ex officio*  
Speaker Jimmy Naifeh, *ex officio*

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David Shepard  
Curry Todd  
Eddie Yokley

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

Reginald Tate  
Jamie Woodson

**MEMORANDUM**

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

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

**DATE:** May 1, 2008

**SUBJECT:** **Contract Comments**  
(Contract Services Subcommittee Meetings 4/21 & 4/28)

**RFS# 318.66-026**

**Department: Finance and Administration/Bureau of TennCare**  
**Contractor: Volunteer State Health Plan (TennCare Select)**

**Summary:** Vendor is currently responsible for the provision of TennCare covered services to children in state custody and provides a safety net should other MCO's fail. This amendment provides various contract language modifications, extends the current contract for one additional year through June 30, 2009, and increases the maximum liability by \$200,000,000 to provide funding for FY09.

**Maximum liability: \$782,177,306**

**Maximum liability with amendment: \$982,177,306**

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



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Randy McNally, *ex officio*  
Lt. Governor Ron Ramsey, *ex officio*

Reginald Tate  
Jamie Woodson

**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:** March 28, 2008

**SUBJECT:** **Contract Comments**  
(Contract Services Subcommittee Meeting 3/24/08)

cc  
BK

**RFS# 318.66-026**

**Department:** Finance & Administration/Bureau of TennCare  
**Contractor:** Volunteer State Health Plan, Inc., (TennCare Select)  
**Summary:** The original contract was for the provision of TennCare covered services to children in state custody and provides a safety net for other TennCare MCOs statewide. The proposed amendment provides various language modifications to current MCO language, establishes rates beginning April 1, 2008, extends current contract an additional year, and increases maximum liability by \$200,000,000.

**Maximum liability: \$782,177,306**

**Maximum liability w/amendment: \$982,177,306**

After review, the Fiscal Review Committee voted to postpone action on the contract amendment until the next scheduled meeting.

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