

CONTRACT #5
RFS # 318.66-055
FA # 08-24978

Finance & Administration
Bureau of TennCare

VENDOR:
Volunteer State Health Plan,
Inc.
(BCBST - West Tennessee
Region)



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

May 18, 2010

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

RECEIVED
MAY 18 2010
FISCAL REVIEW

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 the Middle Tennessee and TennCare Select managed care contract amendments which address the following changes: (1) Include language relating to enforcement of maintenance effort requirements of the Annual Coverage Assessment Act of 2010; (2) Implement rate methodology for adjusting Long-Term Care (LTC) rates based on member movement; (3) Clarify Long Term Care reporting requirements; (4) Update acceptable claims processing entities; and (5) various housekeeping clarifications including numbering and typos. There is no term extension or additional funding associated with these amendments.

Volunteer State Health Plan (Select)	FA-02-14632-23
AMERIGROUP Tennessee, Inc.	FA-07-16936-06
UnitedHealthCare Plan of River Valley, Inc.	FA-07-16937-06

The following amendments for the East/West Regions of the State include the same language as noted above with added LTC capitation payment rates for use upon implementation of the CHOICES Program in East and West TN.

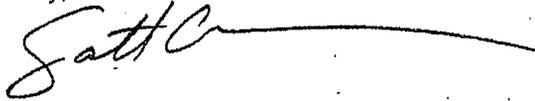
UnitedHealthCare Plan of the River Valley, Inc (West Region)	FA-08-24979-03
Volunteer State Health Plan (West Region)	FA-08-24978-03 ✓
UnitedHealthCare Plan of the River Valley, Inc. (East Region)	FA-08-24984-03
Volunteer State Health Plan (East Region)	FA-08-24983-03

TennCare is also submitting for Committee review amendment #1 to SXC Health Solutions, Inc., TennCare's contract for Pharmacy Management. This amendment addresses language changes associated with TennCare's e-Prescribe Initiatives, adds Disclosure of Ownership language as required by the Center for Medicare and Medicaid Services, and clarifies Liquidated Damages as currently stated in the contract.

Mr. Jim White, Director
Fiscal Review Committee
May 18, 2010

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, Director of Contracts

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contact Name:	Scott Pierce	*Contact Phone:	507-6415		
*Original Contract Number:	FA-08-24978-00	*Original RFS Number:	318.66-055-08		
Edison Contract Number (if applicable)	N/A	Edison RFS Number (if applicable)	N/A		
*Original Contract Begin Date:	May 19, 2008	*Current End Date:	June 30, 2012		
Current Request Amendment Number: <i>(if applicable)</i>	3				
Proposed Amendment Effective Date: <i>(if applicable)</i>	July 1, 2010				
*Department Submitting:	Department of Finance and Administration				
*Division:	Bureau of TennCare				
*Date Submitted:	May 18, 2010				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>	Could not submit amendment until Legislature voted to approve Annual Coverage Assessment Act of 2010 that requires TennCare MCO's be amended with effective date July 1, 2010.				
*Contract Vendor Name:	Volunteer State Health Plan, Inc. (West Region)				
*Current Maximum Liability:	\$1,491,532,800.00				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2008	FY: 2009	FY: 2010	FY: 2011	FY	FY
\$0.00	\$327,533,200.00	\$491,299,800.00	\$672,699,800	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i> Attached					
FY: 2008	FY: 2009	FY: 2010	FY:	FY	FY
\$0.00	\$322,213,682.88	\$463,878,889.17	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			The reason that allocations for the full-risk Managed Care Contractor contract exceeds the contract expenditures are that the contract maximum liability must be estimated before the first year of the contract using current enrollment and medical/behavioral claims cost. If the program's enrollment were to vary significantly from the original estimate, allocation could be higher than actual expenditures.		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			If the amount spent on this contract is less than the budgeted amount and contributes to a net surplus for the bureau, surplus funds would be carried forward subject to authority granted in Section 48, Item 3 of the General Appropriations Act.		

Supplemental Documentation Required for
Fiscal Review Committee

IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		N/A		
*Contract Funding Source/Amount:	State:	\$438,515,552.00	Federal:	\$1,053,017,248.00
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>		
Amendment #1 - September 1, 2009		This amendment provided compliance with Mental Health Parity Act, provided clarification language to the contract, streamlined reporting to enhance timeframes as well as review and analysis for consistency with NCQA reporting requirements.		
Amendment #2 - March 1, 2010		This amendment provided compliance with Long Term Care Community Choices Act of 2008 for the provision of home and community based services and restructuring the long-term care system in Tennessee.		
Method of Original Award: <i>(if applicable)</i>		RFP		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		The costs associated with this contract were predicated on the cost proposals submitted in response to the RFP. These documents are public information and available upon request.		

Supplemental Documentation Required for Fiscal Review Committee

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

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

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

Actual expenditures are based on full-risk capitation rates incorporated into the contract. (Attached).

Deliverable description	FY:	FY:	FY:	FY:	FY:

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

This contract represents the Bureau of TennCare's competitively awarded procurement of medical and behavioral services for TennCare members through a full risk capitation payment. The contract itself does not identify savings, however, the full-risk insurance model encourages contractors to deliver all required covered benefits in a cost efficient manner by putting risk on contractor and not the state.

Deliverable description	FY:	FY:	FY:	FY:	FY:

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

This contract was competitively procured and, as such, the rates paid for the various physical and behavioral health services provided through this contract were determined as result of the Request for Proposal (RFP) process. No other options are applicable.

**VSHP – West
FY 2010**

Pre-Edison Payments:

Vendor Invoice	Invoice Date	Voucher	TCS	18A	Total
			BHO PAYMENTS	INTEGRATED MCOS-FULLY CAPPED	
BLUECARE WEST (028)					
RA100653961	6/29/2009	100653961		40,031,731.63	40,031,731.63
RA100653962	6/29/2009	100653962	2,256,238.64		2,256,238.64
2010-03-BCW	7/21/2009	072109NR8			1,018.38
2010-04-BCW	7/28/2009	072809NR5			849.38
2010-02-BCW	7/7/2009	070709NR4			17,019.90
2010-05-BCW	8/11/2009	081109NR6			2,741.64
2010-06-BCW	8/18/2009	081809NR7			373.86
RA100689587	8/4/2009	100689587		38,164,906.11	38,164,906.11
RA100689588	8/4/2009	100689588	2,714,529.34		2,714,529.34
2010-07-BCW	9/1/2009	090109NR7			210.00
RA100718549	9/1/2009	100718549		37,729,525.78	37,729,525.78
RA100718550	9/1/2009	100718550	2,192,363.92		2,192,363.92
Subtotal:			7,163,131.90	115,926,163.52	123,111,081.60

Edison Payments:

BLUECARE WEST (028)					
31865	00007040	100742308	0000071694	41,394,116.92	10/5/2009
31865	00007041	100742309	0000071694	2,272,704.64	10/5/2009
31865	00015916	100777163	0000071694	37,679,736.39	11/6/2009
31865	00015917	100777164	0000071694	2,512,886.80	11/6/2009
31865	00023039	100798997	0000071694	38,008,320.29	12/7/2009
31865	00023040	100798998	0000071694	3,520,149.34	12/7/2009
31865	00000011	2010-08-BCW	0000071694	626.12	9/11/2009
31865	00001327	2010-09-BCW	0000071694	483.33	9/18/2009
31865	00003261	2010-10-BCW	0000071694	1,775.52	9/28/2009
31865	00007992	2010-12-BCW	0000071694	3,182.85	10/8/2009
31865	00013106	2010-13-BCW	0000071694	3,881.80	10/29/2009
31865	00015245	2010-14-BCW	0000071694	2,382.06	11/5/2009
31865	00016961	2010-15-BCW	0000071694	464.38	11/17/2009
31865	00032515	2010-17-BCW	0000071694	241.27	12/21/2009
31865	00002871	VHSP 200906	0000071694	107,101.76	10/30/2009
31865	00002872	VSHP 200907	0000071694	112,490.40	10/8/2009
31865	00011436	VSHP 200908	0000071694	165,131.57	11/5/2009
31865	00016921	VSHP 200909	0000071694	153,066.24	11/17/2009
31865	00020246	VSHP 200910	0000071694	157,653.10	12/7/2009
Subtotal:				126,096,394.78	

**VSHP – West
FY 2010**

31865	00051832	100842254	0000071694	37,036,105.18	1/8/2010
31865	00051833	100842255	0000071694	2,695,358.21	1/8/2010
31865	00054509	2010-18-BCW	0000071694	1,469.64	1/15/2010
31865	00054505	VSHP 200911	0000071694	150,222.96	1/20/2010
31865	00062494	2010-20-BCW	0000071694	75.32	2/1/2010
31865	00068931	100870774	0000071694	48,598,559.90	2/5/2010
31865	00068932	100870775	0000071694	2,089,027.62	2/5/2010
31865	00071798	2010-19-BCW	0000071694	426.52	2/12/2010
31865	00076238	VSHP 200912	0000071694	160,484.64	2/18/2010
31865	00076287	2010-21-BCW	0000071694	114.22	2/19/2010
31865	00081233	2010-22-BCW	0000071694	5,943.03	2/26/2010
31865	00087406	100899584	0000071694	38,307,060.27	3/5/2010
31865	00087407	100899585	0000071694	2,488,265.57	3/5/2010
31865	00090194	VHSP 201001	0000071694	153,193.19	3/17/2010
				131,686,306.27	

31865	00112479	VSHP 201002	0000071694	137,218.13	4/19/2010
31865	00120646	2010-23-BCW	0000071694	2,306.74	4/29/2010
31865	00128042	2010-24-BCW	0000071694	945.39	5/11/2010
31865	00128074	2010-25-BCW	0000071694	234.58	5/13/2010
31865	00105522	100929025	0000071694	38,357,527.24	4/2/2010
31865	00105523	100929026	0000071694	2,649,140.05	4/2/2010
31865	00126044	100964409	0000071694	39,319,354.08	5/7/2010
31865	00126045	100964410	0000071694	2,518,380.31	5/7/2010
				82,985,106.52	

FY 2010 TOTAL \$463,878,889.17

COMMERCE BLUE CARE WEST

PAYMENT DATE	NET PAYMENT	NET PAYMENT	Total Capitation
4-Nov-08	29,616,994.84	2,168,506.70	31,785,501.54
5-Dec-08	37,640,696.87	2,647,332.66	40,288,029.53
1-Jan-09	38,766,300.65	2,380,034.62	41,146,335.27
3-Feb-09	38,547,278.06	2,274,124.65	40,821,402.71
6-Mar-09	39,260,103.36	2,205,422.18	41,465,525.54
1-Apr-09	38,818,996.32	2,801,715.22	41,620,711.54
28-Apr-09	38,917,773.25	2,557,616.26	41,475,389.51
2-Jun-09	41,126,746.24	2,484,041.00	43,610,787.24
Total 2009	302,694,889.59	19,518,793.29	322,213,682.88

ATTACHMENT XII

**CAPITATION RATES
WEST GRAND REGION**

EFFECTIVE November 1, 2008 through June 30, 2010

Aid Category	Age Group	Per Member Per Month
Medicaid (TANF & Related) And Standard Spend Down	Age Under 1	\$ 469.10
	Age 1 - 13	\$ 97.24
	Age 14 - 20 Female	\$ 185.88
	Age 14 - 20 Male	\$ 84.25
	Age 21 - 44 Female	\$ 275.89
	Age 21 - 44 Male	\$ 132.34
	Age 45 - 64	\$ 349.07
	Age 65 +	\$ 307.07
Uninsured/Uninsurable	Age Under 1	\$ 469.10
	Age 1 - 13	\$ 71.11
	Age 14 - 19 Female	\$ 96.45
	Age 14 - 19 Male	\$ 78.47
Disabled	Age < 21	\$ 780.67
	Age 21 +	\$ 635.60
Duals/Waiver Duals	All Ages	\$ 69.56
State Only & Judicials	All Ages	\$ 558.22
Priority Add-On	All Ages	\$ 243.05

Amendment 2 (continued)

50. Attachment XII shall be amended by labeling the existing Rate Chart as EXHIBIT A, deleting and replacing the existing reference to "June 30, 2010" with "June 30, 2009" and adding a new EXHIBIT B as follows:

**EXHIBIT B
CAPITATION RATES
WEST**

EFFECTIVE July 1, 2009 (Except CHOICES Rates as described below)

Aid Category	Age Group	Per Member Per Month
Medicaid (TANF & Related) And Standard Spend Down	Age Under 1	\$ 486.47
	Age 1 - 13	\$ 100.84
	Age 14 - 20 Female	\$ 192.83
	Age 14 - 20 Male	\$ 87.37
	Age 21 - 44 Female	\$ 285.14
	Age 21 - 44 Male	\$ 127.57
	Age 45 - 64	\$ 334.96
	Age 65 +	\$ 352.40
Uninsured/Uninsurable	Age Under 1	\$ 486.47
	Age 1 - 13	\$ 73.74
	Age 14 - 19 Female	\$ 100.02
	Age 14 - 19 Male	\$ 81.38
Disabled	Age < 21	\$ 862.74
	Age 21 +	\$ 739.61
Duals/Waiver Duals	All Ages	\$ 77.17
Priority Add-On	All Ages	\$ 248.12
CHOICES Rate (Effective upon the CHOICES Implementation Date)	CHOICES Duals	To Be Provided
	CHOICES Non-Duals	To Be Provided

51. All references throughout the Agreement to the "Division of Mental Retardation Services (DMRS)" shall be deleted and replaced with the reference "Division of Intellectual Disabilities Services (DIDS).

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	318.66-055-08	
2) Procuring Agency	Department of Finance and Administration Bureau of TennCare	
EXISTING CONTRACT INFORMATION		
3) Service Caption	Provision of Physical and Behavioral Health Services to TennCare Enrollees in the West Tennessee Region	
4) Contractor	Volunteer State Health Plan	
5) Contract #	FA-08-24978-00	
6) Contract Start Date	May 19, 2008	
7) CURRENT Contract End Date : (If ALL options to extend the contract are exercised)	June 30, 2012	
8) CURRENT Maximum Cost : (If ALL options to extend the contract are exercised)	\$ 1,491,532,800.00	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	3	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	July 1, 2010	
11) PROPOSED Contract End Date : (If ALL options to extend the contract are exercised)	June 30, 2012	
12) PROPOSED Maximum Cost : (If ALL options to extend the contract are exercised)	\$ 1,491,532,800.00	
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 :	<p>This competitively procured contract is being amended to address the following language changes: (1) Include language relating to enforcement of maintenance effort requirements of the Annual Coverage Assessment Act of 2010; (2) Implement rate methodology for adjusting Long-Term Care (LTC) rates based on member movement; (3) Clarify Long Term Care reporting requirements; (4) Update acceptable claims processing entities; (5) LTC capitation payment rates for use upon implementation of the CHOICES Program in East and West TN; and (6) various housekeeping clarifications including numbering and typos. There is no term extension or additional funding associated with this amendment.</p>	
15) Explanation of Need for the Proposed Amendment :	<p>This amendment is needed to provide language changes relating to enforcement of maintenance effort requirements of the Annual Coverage Assessment Act of 2010, updates to Long Term Care reporting within the contract , LTC capitation payment rates for use upon implementation of the CHOICES Program in East and West TN, as well as other contract updates.</p>	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)	<p>Sonya Nelson President and Chief Executive Officer</p>	

Volunteer State Health Plan, Inc.
801 Pine Street
Chattanooga, Tennessee 37402-2555

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

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

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

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

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

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

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

The Bureau of TennCare released a Request for Proposal which resulted in a competitively procured contract to integrate the provision of both Physical and Behavioral Health services to TennCare Enrollees in the West Tennessee Region. This amendment adds language changes and clarifications to existing competitively procured contract.

21) Justification for the Proposed Non-Competitive Amendment :

This competitively procured contract is being amended to update requirements for the Long-Term Care Community Choices Act of 2008, as well as the Annual Coverage Assessment Act of 2010. The Bureau of TennCare feels this amendment represents necessary changes to comply with State law and that also strengthens the contract and assures state and federal compliance. The approval by the Commissioner of Finance and Administration is greatly appreciated.

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)

M. D. Goetz, Jr., Commissioner  5/10/10

**DO NOT LOAD ON STARS
CONTRACT SUMMARY SHEET**

021908

RFS #	Contract #
318.66-055-08	FA-08-24978-03

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

Contractor Name	Contractor ID # (FEIN or SSN)
Volunteer State Health Plan	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-

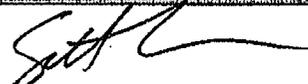
Service Description
Provision of Physical and Behavioral Health Services to TennCare Enrollees in West Tennessee Region

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
May 19, 2008	June 30, 2012	Subrecipient	93.778 Dept of Health & Human Services/Title XIX

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
318.66			11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2008					0.00
2009	\$117,459,956.00	\$210,073,244.00			\$327,533,200.00
2010	\$122,407,345.00	\$368,892,455.00			\$491,299,800.00
2011	\$198,648,251.00	\$474,051,549.00			\$672,699,800.00
TOTAL	\$438,515,552.00	\$1,053,017,248.00			\$1,491,532,800.00

COMPLETE FOR AMENDMENTS ONLY			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Scott Pierce 310 Great Circle Road Nashville, TN 37243 (615) 507-6415
2008	0.00	0.00	State Agency Budget Officer Approval
2009	\$327,533,200.00	0.00	
2010	\$491,299,800.00	0.00	
2011	\$672,699,800.00	0.00	
			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	\$1,491,532,800.00	0.00	
End Date	6/30/2012	6/30/2012	

Contractor Ownership (complete for ALL base contracts - N/A to amendments or delegated authorities)				
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> Government
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> NOT Minority/Disadvantaged	<input type="checkbox"/> Other

Contractor Selection Method (complete for ALL base contracts - N/A to amendments or delegated authorities)		
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation *	<input type="checkbox"/> Alternative Competitive Method *
<input type="checkbox"/> Non-Competitive Negotiation *	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)	<input type="checkbox"/> Other *

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

**AMENDMENT NUMBER 3
WEST GRAND REGION
CONTRACTOR RISK AGREEMENT
BETWEEN
THE STATE OF TENNESSEE,
d.b.a. TENNCARE
AND
VOLUNTEER STATE HEALTH PLAN, INC.,
d.b.a. BLUECARE**

CONTRACT NUMBER: FA- 08-24978-00

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 Contractor Risk Agreement (CRA) by and between the THE STATE OF TENNESSEE, hereinafter referred to as "TENNCARE" or "State" and Volunteer State Health Plan, Inc., hereinafter referred to as "the CONTRACTOR" as specified below.

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. **Sections 2.6.1.3, 2.6.2.3, and 2.11.1.8.2 shall be amended by deleting and replacing references to MR and/or Mental Retardation and replacing them with references to "intellectual disabilities (i.e., mental retardation).**
2. **The first sentence of Section 2.6.7.2.4 shall be amended by adding the phrase "and the member otherwise qualifies to enroll in CHOICES Group 2," after the word "member,".**
3. **Section 2.7.2.8.1.5 shall be deleted and replaced as follows:**
 - 2.7.2.8.1.5 The CONTRACTOR shall ensure that Tennessee's statutory requirement for a face-to-face evaluation by a mandatory pre-screening agent (MPA), is conducted to assess eligibility for emergency involuntary admission to an RMHI (Regional Mental Health Institute) and determine whether all available less drastic alternatives services and supports are unsuitable.
4. **Section 2.9.6.9.6.4.1 shall be amended by adding additional text to the end which shall read as follows:**
 - 2.9.6.9.6.4.1 For CHOICES members in Groups 1 and 2, Freedom of Choice form signed by the member or his/her representative; this requirement shall only apply to persons age twenty-one (21) and older who may qualify to enroll in CHOICES Groups 2 or 3;
5. **Section 2.9.6.11.12.14 shall be deleted and replaced as follows:**
 - 2.9.6.11.12.14 For members in CHOICES Groups 1 and 2, as applicable, members' responsibility regarding patient liability, including the consequences of not paying patient liability;

6. Section 2.11.5.1 shall be deleted and replaced as follows:

2.11.5.1 At the direction of the State, the CONTRACTOR shall divert new admissions to other inpatient facilities as appropriate, utilizing the Regional Mental Health Institutes only when no other option is available.

7. Section 2.11.8.1 shall be amended by adding a new Section 2.11.8.1.3 which shall read as follows:

2.11.8.1.3 The CONTRACTOR shall notify TENNCARE when the CONTRACTOR denies a provider credentialing application for program integrity-related reasons or otherwise limits the ability of providers to participate in the program for program integrity reasons.

8. Section 2.11.8.2 shall be amended by adding a new Section 2.11.8.2.3 which shall read as follows:

2.11.8.2.3 The CONTRACTOR shall notify TENNCARE when the CONTRACTOR denies a provider credentialing application for program integrity-related reasons or otherwise limits the ability of providers to participate in the program for program integrity reasons.

9. Section 2.12 shall be amended by adding a new Section 2.12.16 which shall read as follows:

2.12.16 The CONTRACTOR shall comply with the Annual Coverage Assessment Act of 2010, (T.C.A. 71-5-1003 *et seq.*, 71-5-1005 *et seq.*).

2.12.16.1 The CONTRACTOR shall be prohibited from implementing across the board rate reductions to covered or excluded contract hospitals or physicians either by category or type of provider. These requirements shall also apply to services or settings of care that are ancillary to a covered or excluded hospital, including a wholly owned subsidiary or controlled affiliate of a covered or excluded hospital or hospital system, holds more than a fifty percent (50%) controlling interest in such ancillary services or settings of care, but shall not apply to any other ancillary services or settings of care. For purposes of this Section, covered or excluded contract hospitals or physicians shall be those as defined by the Annual Coverage Assessment Act of 2010.

2.12.16.2 For across the board rate reductions to ancillary services or settings of care, the CONTRACTOR shall provide appropriate notice.

2.12.16.3 For purposes of this requirement, services or settings of care that are "ancillary" shall mean, but not be limited to, ambulatory surgical facilities, outpatient treatment clinics or imaging centers, dialysis centers, home health and related services, home infusion therapy services, outpatient rehabilitation or skilled nursing services. Further, for purposes of this requirement, "physician" includes a physician licensed under title 63, chapter 6 and chapter 9 and a group practice of physicians that hold a contract the CONTRACTOR.

10. Section 2.20.2.1 and 2.20.2.3 shall be deleted and replaced as follows:

2.20.2.1 The CONTRACTOR shall cooperate with all appropriate state and federal agencies, including TBI MFCU and/or OIG, in investigating fraud and abuse. In addition, the

Amendment Number 3 (cont.)

CONTRACTOR shall fully comply with the TCA 71-5-2601 and 71-5-2603 in performance of its obligations under this Agreement. The CONTRACTOR shall report all confirmed or suspected fraud and abuse to TENNCARE and the appropriate agency as follows:

2.20.2.3 Pursuant to TCA 71-5-2603(c) the CONTRACTOR shall be subject to a civil penalty, to be imposed by the OIG, for willful failure to report fraud and abuse by recipients, enrollees, applicants, or providers to TENNCARE and OIG or TBI MFCU, as appropriate.

11. Section 2.20.2 shall be amended by adding a new Section 2.20.2.10 and renumbering the remaining subsections accordingly, including any references thereto. The new Section 2.20.2.10 shall read as follows:

2.20.2.10 The CONTRACTOR shall notify TENNCARE when the CONTRACTOR denies a provider credentialing application for program integrity-related reasons or otherwise limits the ability of providers to participate in the program for program integrity reasons.

12. Section 2.21.5.2 shall be deleted and replaced as follows:

2.21.5.2 The CONTRACTOR shall delegate collection of patient liability to the nursing facility or community-based residential alternative facility and shall pay the facility net of the applicable patient liability amount. For members in CHOICES Groups 2 or 3 receiving non-residential HCBS, the CONTRACTOR shall collect applicable patient liability amounts.

13. The opening paragraph in Section 2.21.9 shall be amended by adding a new third sentence so that the opening paragraph of Section 2.21.9 shall read as follows:

2.21.9 Ownership and Financial Disclosure

The CONTRACTOR shall disclose, to TENNCARE, the Comptroller General of the United States or CMS, full and complete information regarding ownership, financial transactions and persons convicted of criminal activity related to Medicare, Medicaid, or the federal Title XX programs in accordance with federal and state requirements, including Public Chapter 379 of the Acts of 1999. The CONTRACTOR shall screen their employees and contractors initially and on an ongoing monthly basis to determine whether any of them has been excluded from participation in Medicare, Medicaid, SCHIP, or any Federal health care programs (as defined in Section 1128B(f) of the Social Security Act) and not employ or contract with an individual or entity that has been excluded. The word "contractors" in this section shall refer to all individuals listed on the disclosure form including providers and non-providers such as board members, etc. This disclosure shall be made in accordance with the requirements in Section 2.30.15.3.2. The following information shall be disclosed:

14. Section 2.22.6.4.14 shall be deleted in its entirety and the remaining subsections shall be renumbered as appropriate, including all references thereto.

15. Section 2.26.7 shall be amended by deleting the reference to Section 2.25.9 and replacing it with the reference to Section 2.25.11.

16. Section 2.26.12.1 shall be amended by adding the words “durable medical equipment” and shall read as follows:

2.26.12.1 All claims for services furnished to a TennCare enrollee filed with a CONTRACTOR shall be processed by either the CONTRACTOR or by one (1) subcontractor retained by the organization for the purpose of processing claims. However, another entity can process claims related to behavioral health, vision, lab, durable medical equipment or transportation if that entity has been retained by the CONTRACTOR to arrange and provide for the delivery of said services. However, all claims processed by any subcontractor shall be maintained and submitted by the CONTRACTOR.

17. Sections 2.30.7.6 and 2.30.7.7 shall be deleted in their entirety and the remaining subsections shall be renumbered as appropriate, including all references thereto.

18. Section 2.30.10.5 shall be deleted and replaced as follows:

2.30.10.5 The CONTRACTOR shall submit a monthly *CHOICES Utilization Report*. The report shall be submitted on a monthly basis with a one (1) month lag period (e.g., March information sent in the May report) and shall include a summary overview that includes the number of CHOICES member who have not received any long-term care services within thirty (30) to fifty-nine (59) days, within sixty (60) to eighty-nine (89) days, or in ninety (90) days or more. The report shall also include detailed member data for members who have not received services in the last thirty (30) days, including the member’s name, social security number, CHOICES group, and CHOICES enrollment date; date of last long-term care service; length of time without long-term care services; whether and when long-term care services will resume; and the reason/explanation why the member has not received long-term care services.

19. Section 2.30.14 shall be amended by adding new Sections 2.30.14.4 through 2.30.14.7 as follows:

2.30.14 Fraud and Abuse Reports

2.30.14.1 The CONTRACTOR shall submit an annual *Fraud and Abuse Activities Report*. This report shall summarize the results of its fraud and abuse compliance plan (see Section 2.20) and other fraud and abuse prevention, detection, reporting, and investigation measures, and should cover results for the fiscal year ending June 30. The report shall be submitted by September 30 of each year in the format reviewed and approved by TENNCARE (as part of the CONTRACTOR’s compliance plan).

2.30.14.2 The CONTRACTOR shall submit an annual fraud and abuse compliance plan (see Section 2.20.3 of this Agreement).

2.30.14.3 On an annual basis the CONTRACTOR shall submit its policies for employees, contractors, and agents that comply with Section 1902(a)(68) of the Social Security Act. These policies shall be submitted by July 1 of each year.

Amendment Number 3 (cont.)

- 2.30.14.4 The CONTRACTOR shall submit an annual *Risk Assessment Report* providing results of an annual risk assessment of the CONTRACTOR's various fraud and abuse/program integrity processes. The reports shall also be submitted on an 'as needed' basis and immediately after an adverse action, including financial-related actions (such as overpayment recoupment and fines), is issued on a provider with concerns of fraud and abuse. The CONTRACTOR shall inform TENNCARE of such action and provide details of such financial action.
- 2.30.14.5 The CONTRACTOR shall submit a quarterly *Program Integrity Exception List report* that identifies employees or contractors (as defined in Section 2.21.9) that have been reported on the HHS-OIG LEIE (List of Excluded Individuals/Entities), the CMS MED (Medicare Exclusion Database), and/or the listing of Monthly Disciplinary Actions issued by the Professional Health Board. This quarterly report shall be submitted no later than the fifteenth (15th) of the month following the end of the quarter that is being reported.
- 2.30.14.6 The CONTRACTOR shall submit a monthly *List of Involuntary Terminations Report* (including providers termed due to sanctions, invalid licenses, etc.) due to fraud and abuse concerns to TENNCARE.
- 2.30.14.7 In addition to the appropriate agency as described in Section 2.20.2, the CONTRACTOR shall report all confirmed or suspected fraud and abuse to TENNCARE immediately in accordance with Section 2.20.2.

20. Section 3.4.3.7 shall be deleted and replaced as follows:

- 3.4.3.7 For CHOICES members, only the non-long-term care component of the base capitation rate will be adjusted for health plan risk. The long-term care component of the base capitation rate will not be adjusted for health plan risk. The long-term care component of the base capitation rate will be adjusted according to the following:
 - 3.4.3.7.1 Member Movement during Implementation and/or Open Enrollment Periods
 - 3.4.3.7.1.1 TENNCARE will track CHOICES member change requests that occur from August 1st, 2010 through the completion of the 2011 open enrollment period for enrollees who were enrolled in CHOICES on August 1, 2010.
 - 3.4.3.7.1.1.1 CHOICES members that change MCOs during the open enrollment period will be designated as either a NF enrollee or an HCBS enrollee based upon the determination made in the eligibility file on the date of their official transfer.
 - 3.4.3.7.1.1.2 The net transfer of CHOICES members from August 1, 2010 through March 31, 2011 will be compared to the mix of NF/HCBS enrollees in the data book assumptions. If the mix of net transfers exceeds one half (½) of one (1) percent different between the MCOs, rates will be adjusted accordingly.
 - 3.4.3.7.1.2 A similar process will occur in March 2012, after the completion of the open enrollment period for 2012. This process will compare the effect of net transfers as compared to the mix before the 2012 open enrollment period.
 - 3.4.3.7.1.3 This adjustment will be budget neutral to the state.

Amendment Number 3 (cont.)

3.4.3.7.1.4 This adjustment described in Section 3.4.3.7.1 is intended to address changes in CHOICES member enrollment mix due to enrollees changing from one MCO to another and does not address changes in enrollment mix due to other factors.

3.4.3.7.2 New Membership

3.4.3.7.2.1 In February 2011, after each new enrollee's forty-five (45) day change period is over, TENNCARE will review the patterns of MCO enrollment for the new CHOICES members who have enrolled in the CHOICES program from August 1, 2010 until December 31, 2010.

3.4.3.7.2.1.1 In order to protect each MCO from adverse selection, TENNCARE will compare the distribution of new enrollees between MCOs to the regional averages. If the mix of net transfers exceeds one half ($\frac{1}{2}$) of one percent (1%) different between the MCOs, rates will be adjusted accordingly. This is not intended as a rebasing of the overall regional rates.

3.4.3.7.3 These two review processes described in Sections 3.4.3.7.1 and 3.4.3.7.2 are meant to assure a fair procedure to protect MCOs from adverse selection, either from members changing plans during the implementation and open enrollment periods or new members selecting one MCO over another in a disproportionate manner. The reviews are not meant to rebase the rates based upon the overall trend in the CHOICES program.

3.4.3.7.4 The CONTRACTOR and TENNCARE recognize that there may be other circumstances that warrant a rate adjustment to the long-term care component of the base capitation rates and therefore, as determined by TENNCARE, in order to maintain actuarial soundness, TENNCARE may adjust the rates accordingly.

21. Section 3.9.2.1 shall be amended by deleting the reference to Section 2.25.9 and replacing it with the reference to Section 2.25.11.

22. Section 4.3 shall be amended by adding a new Section 4.3.45 which shall read as follows:

4.3.45 TCA 71-5-1003 *et seq.*, 71-5-1005 *et seq.*

23. Section 4.20.2.2.7 shall be amended by adding new liquidated damages to Level A of the Liquidated Damages Chart as follows:

A.18	Failure to provide continuity of care consistent with the services in place prior to the member's enrollment in the CONTRACTOR's CHOICES Program for a CHOICES member transferring from another MCO or upon CHOICES implementation in the Grand Region (see Sections 2.9.2 and 2.9.3)	\$500 per day beginning on the next calendar day after default by the CONTRACTOR in addition to the cost of the services not provided
A.19	Failure to complete a comprehensive assessment, develop a plan of care, and authorize and initiate all long-term care services specified in the plan of care for a CHOICES member within specified timelines (see Section 2.9.6)	\$500 per day for each service not initiated timely beginning on the next calendar day after default by the CONTRACTOR in addition to the cost of the services not provided
A.20	Failure to develop a person-centered plan of care for a CHOICES member that includes all of the required elements, and which has been reviewed with and signed by the member or his/her representative, unless the member/representative refuses to sign which shall be documented in writing	\$500 per deficient plan of care

24. Section 4.32.1 shall be amended by deleting “, beliefs” after the word “religion”.

25. Item 4 of the CONTRACTOR requirements of “Mental Health Case Management” Service Delivery in Attachment I shall be deleted and replaced as follows:

- 4) A minimum of fifty-one (51%) of all mental health case management services should take place outside the case manager's office at the most appropriate setting;

26. Attachment III shall be amended by adding the following Section regarding “Long Term Care Services” immediately following the existing Section titled “Lab and X-Ray Services” as follows:

- Long Term Care Services:

- (a) Transport distance to licensed Adult Day Care providers will be the usual and customary not to exceed 20 miles for TennCare enrollees in urban areas, not to exceed 30 miles for TennCare enrollees in suburban areas and not to exceed 60 miles for TennCare enrollees in rural areas except where community standards and documentation shall apply.

27. Attachment VIII shall be amended by deleting references to reports “2.30.7.6” and “2.30.7.7” and renumbering the remaining Items and references to the remaining reports of Section 2.30.7 as appropriate.

135. CHOICES Qualified Workforce Strategies Report (see Section 2.30.7.6)

136. FQHC Reports (see Section 2.30.7.7)

137. Institutions for Mental Diseases (IMD) Out-of-State Report (see Section 2.30.7.8)

28. Attachment VIII shall be amended by adding new Items 166 through 168 as follows and renumbering the remaining Items as appropriate.

166. Risk Assessment Report (see Section 2.30.14.4)

167. Program Integrity Exception List Report (see Section 2.30.14.5)

168. List of Involuntary Terminations Report (see Section 2.30.14.6)

Amendment Number 3 (cont.)

All of the provisions of the original Agreement 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 July 1, 2010.

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: _____
Justin P. Wilson
Comptroller

DATE: _____

DATE: _____



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

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

Sen. Bill Ketron, Chairman
Senators

Douglas Henry Reginald Tate
Doug Jackson Ken Yager
Brian Kelsey
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives

Harry Brooks Donna Rowland
Curtis Johnson Tony Shipley
Steve McManus Curry Todd
Mary Pruitt Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

M E M O R A N D U M

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

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

DATE: January 26, 2010

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 1/25/10)

BK CC

RFS# 318.66-05508

Department: Finance & Administration/Bureau of TennCare

Contractor: Volunteer State Health Plan – West Tennessee Region

Summary: The vendor is responsible for the provision of medical and behavioral health services to TennCare enrollees in West Tennessee.

The proposed amendment includes provisions for the implementation of the Long-Term Care Community Choices Act of 2008, updates Title VI requirements, and increases the maximum liability by \$672,699,800.

Maximum liability: \$818,833,000

Maximum liability w/amendment: \$1,491,532,800

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

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

**CONTRACT NOT PAID THROUGH EDISON
CONTRACT SUMMARY SHEET**

021908

RFP#	Contract#
318.66-055-08	FA-08-24978-02

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

Contractor Name	Contractor C- or V- (SEE No. 860)
Volunteer State Health Plan	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-

Service Description
Provision of Physical and Behavioral Health Services to TennCare Enrollees in West Tennessee Region

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	OFDA#
May 19, 2008	June 30, 2012	Subrecipient	99.776 Dept of Health & Human Services/Title XIX

Mark each TRUE statement

<input type="checkbox"/> Contractor is on STARS	<input type="checkbox"/> Contractor's Form W-9 is on file in Accounts
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Agency Code	Com Code	Obj Code	Fund	Funding Gen Code	Funding Subgrant Code
318.66			11		

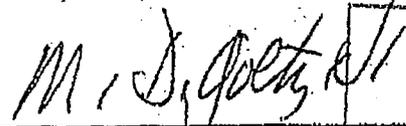
FY	State	Federal	Interdepartments	Other	Total Contract Amount
2008				OCR RELEASED	0.00
2009	\$117,459,956.00	\$210,073,244.00		Agency APR 19 2010	\$327,533,200.00
2010	\$122,407,345.00	\$368,892,465.00		TO ACCOUNTS	\$491,299,800.00
2011	\$198,848,251.00	\$474,051,549.00			\$672,899,800.00
TOTAL	\$438,516,552.00	\$1,053,017,248.00			\$1,491,532,800.00

COMPLETE FOR AMENDMENTS ONLY

FY	Base Contract / Prior Amendments	This Amendment ONLY	State Agency Fiscal Contact: TELEPHONE#
2008	0.00	0.00	Scott Pierce 310 Great Circle Road Nashville, TN 37243 (615) 507-6415

FY	Base Contract / Prior Amendments	This Amendment ONLY	State Agency Budget Officer/Approver
2009	\$327,533,200.00	0.00	

FY	Base Contract / Prior Amendments	This Amendment ONLY	Funding Certification
2010	\$491,299,800.00	0.00	

FY	Base Contract / Prior Amendments	This Amendment ONLY	Signature	OCR
2011	\$672,899,800.00	0.00		MAR 6 1 2010 XBS
TOTAL	\$616,833,000.00	\$672,899,800.00		

Contractor Ownership (complete for all base contracts - / A/C amendments or releases only)

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

Contract Selection Method (complete for all base contracts - / A/C amendments or releases only)

<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"/> Negotiation w/ Government (ID, GG, GU)	<input type="checkbox"/> Other *

Procurement Process Summary (complete for selection by Competitive Negotiation, Competitive Negotiation or Alternative Method)