

CONTRACT #22
RFS # 318.65-00604
FA # 10-30464
Edison # 17627

**Department of Finance and
Administration
Health Care Finance and
Administration
Cover Tennessee Program**

VENDOR:
**QSource Center for Healthcare
Quality**



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

October 31, 2012

Lucian Geise, Director
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

Attention: Ms. Leni Chick

RE: Department of Finance and Administration
Division of Health Care Finance and Administration (HCFA)
Contract Amendments (12)

Dear Mr. Geise:

The Department of Finance and Administration, Division of Health Care Finance and Administration, is submitting for consideration by the Fiscal Review Committee the following Managed Care Organization (MCO) amendments. The MCO contracts provide medical and behavioral health services to TennCare enrollees. The proposed amendments provide the following updates: (1) Replaces Disease Management requirements with Population Health requirements; (2) Clarification regarding the implementation of CHOICES 3 requirements; (3) Clarification language as requested by CMS regarding TPL and PETI; (4) Includes requirement to support CMS required PCP rate increase for 2013/2014; (5) Includes requirement to participate in and implement initiatives to capture Pre-natal and Post-natal visit data; (6) Coordination requirements for MCOs regarding DSNPs; (7) Updates the transportation requirements to reflect current reporting needs and support audit efforts; (8) Updates contract to include current capitation rates, (9) extends contract term for East/West Regions and VSHP Select, and (10) provides funding for FY '14.

Volunteer State Health Plan (TennCare Select)	FA-02-14632-30
AMERIGROUP Tennessee, Inc.	FA-07-16936-13
UnitedHealthCare Plan of the River Valley, Inc.	FA-07-16937-13
UnitedHealthCare Plan of the River Valley, Inc (West Region)	FA-08-24979-10
Volunteer State Health Plan (West Region)	FA-08-24978-10
UnitedHealthCare Plan of the River Valley, Inc. (East Region)	FA-08-24984-09
Volunteer State Health Plan (East Region)	FA-08-24983-09

Lucian Geise, Director
October 31, 2012
Page 2

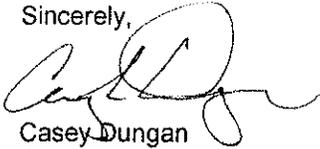
Additionally, we are submitting for consideration amendment #1 to the existing competitively procured contract with QSource, the competitively procured contractor for the provision of TennCare's External Quality Review. This amendment, pursuant to RFP and contract language, provides for term extension and extension funding based on competitive rates submitted in the Cost Proposal. Additional CHOICES scope of work and monthly rates are being added to the contract to provide an annual CHOICES survey and corresponding written evaluations regarding CHOICES member participation and satisfaction.

The following contract amendments are being submitted for the HCFA Cover Tennessee Program for contract amendments that extend the term for the final year and provide funding to support the continuation of services.

Policy Studies, Inc.	FA-07-20295-08
National Guardian Life Insurance Company	FA-08-23921-03
BlueCross Blue Shield of Tennessee, Inc.	FA-12-37367-01
QSource	FA-10-30464-02 ✓

The Department of Finance and Administration, Division of Health Care Finance and Administration, would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,



Casey Dungan
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner
Alma Chilton, Director of Contracts

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Casey Dungan	*Contact Phone:	615-507-6482		
*Original Contract Number:	FA1030464	*Original RFS Number:	31701-50013		
Edison Contract Number: <i>(if applicable)</i>	17627	Edison RFS Number: <i>(if applicable)</i>	31865-00604		
*Original Contract Begin Date:	January 1, 2010	*Current End Date:	December 31 2012		
Current Request Amendment Number: <i>(if applicable)</i>	2				
Proposed Amendment Effective Date: <i>(if applicable)</i>	January 1, 2013				
*Department Submitting:	Finance and Administration				
*Division:	Health Care Finance and Administration				
*Date Submitted:	October 31, 2012				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	QSource				
*Current Maximum Liability:	\$1,109,498.00				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY	FY
\$ 338,219.50	\$ 354,794.50	\$ 380,358.00	\$36,126.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY	FY
\$115,627.50	\$560,714.50	\$ 347,769.00	\$18,063.00	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		This contract is reimbursed based on rates associated with deliverables paid either monthly or quarterly. It is expected that the full amount of the maximum liability will be paid by the current end of contract term.			
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		This current contract crosses fiscal years and although funds are allocated for services performed monthly/quarterly, the actual payments for services occur after the deliverables are provided.			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		N/A			

Supplemental Documentation Required for
Fiscal Review Committee

*Contract Funding Source/Amount:	State:	\$271,710.49	Federal:	\$837,787.51
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 – January 1, 2012		Term Extension, rates and funding to support term extension		
Method of Original Award: <i>(if applicable)</i>		Non Competitive		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$745,049.00 (prior to any extensions)		

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.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

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

Service Description	CY 2010	CY2011	CY2012	CY2013
Contract Administration (paid 1 st Q)	\$25,265	\$7,569	\$7,569	\$7,569
Annual Quality Survey (paid 1 st & 2 nd Q)	\$61,414	\$63,132	\$63,132	\$63,132
Annual Network Adequacy (paid 1 st & 2 nd Q)	\$73,873	\$70,842	\$70,842	\$70,842
Provider Data Validation (paid Quarterly)	\$4,216	\$4,422	\$4,422	\$4,422
Ad Hoc Reporting (paid monthly as needed)	\$ 15,901 total allotted for CY	\$ 16,680 total allotted for CY	\$ 16,680 total allotted for CY	\$ 16,680 total allotted for CY
Technical Assistance (paid monthly)	\$1,840	\$1,930	\$1,930	\$1,930
Technical Report (paid monthly)	\$2,306	\$2,421	\$2,421	\$2,421
Monthly Health Care Policy Report (paid monthly)	\$187	\$196	\$196	\$196
TOTAL ANNUAL ALLOCATION	\$380,600	\$364,449	\$364,449	\$364,449

- c. The Contractor shall not be compensated for travel time to the primary location of service provision.

Supplemental Documentation Required for
Fiscal Review Committee

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 amendment does not result in savings to the State. This contract extension will allow the State to be compliant with Federal EQR regulations and rules with specific deliverables that may evolve from year to year in response to program changes. The Children Health Insurance Program Reauthorization Act (CHIPRA), Section 403, applies certain managed care quality safeguards to CHIP as reflected in subparts D and E in section 1932 that apply to Medicaid managed care. Under section 1932 (c), federal law requires each State CHIP program to develop and implement an external quality review of the quality of care provided by our medical and dental health plans. This review must be conducted by a qualified and independent external quality review organization. This amendment to extend the services of this contract is required to coincide with the medical and dental insurance contracts.

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.

The Division of Health Care Finance and Administration is amending the current contract with QSource as the External Quality Review Organization for the CoverKids program, specifically the Applicable Federal External Quality Review regulations and protocols for the Children Health Insurance Program (CHIP). This contract extension will allow the State to be compliant with Federal EQR regulations and rules with specific deliverables that may evolve from year to year in response to program changes. The Contractor will develop the survey tools for surveying the eligibility determination vendor and the dental plan administrator and will make the recommendations for enhancing the audit processes used with these vendors. The continuation of this contract will ensure the State meets the deliverable timetable and ensures Tennessee's compliance with the Federal regulations. The QSource contract is being extended to coincide with the medical and dental insurance plan contracts for the CoverKids program.

Payments Against a Contract - Summary

Qsource

Edison Contract ID: 17627

Contract #: FA1030464

Vendor ID: 0000076873

FY2010	\$	115,627.50
FY2011	\$	560,714.50
FY2012	\$	347,769.00
FY2013	\$	18,063.00

Payments Against a Contract

Qsource

Edison Contract ID: 17627

Contract #: FA1030464

Vendor ID: 0000076873

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2010	31701	00020423	CK0001	4/15/2010	\$ 4,333.00
2010	31701	00020426	CK0002	5/4/2010	\$ 4,333.00
2010	31701	00021602	CK0003	5/7/2010	\$ 98,295.50
2010	31701	00022979	CK0004	6/16/2010	\$ 4,333.00
2010	31701	00023392	CK0005	7/2/2010	\$ 4,333.00

Total FY 2010: \$ 115,627.50

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2011	31701	00025674	CK0006	8/6/2010	\$ 143,836.00
2011	31701	00026923	CK0007	9/10/2010	\$ 4,333.00
2011	31701	00028258	CK0008	10/8/2010	\$ 4,333.00
2011	31701	00028977	CK0006-B	10/15/2010	\$ 70,805.50
2011	31701	00029665	CK0009	11/5/2010	\$ 8,549.00
2011	31701	00031130	CK0010	12/3/2010	\$ 4,333.00
2011	31701	00032448	CK0011	12/31/2010	\$ 4,333.00
2011	31701	00033999	CK0012	2/11/2011	\$ 8,549.00
2011	31701	00035484	CK0013	3/4/2011	\$ 4,547.00
2011	31701	00036949	CK0014	4/13/2011	\$ 4,547.00
2011	31701	00038371	CK0015	5/6/2011	\$ 150,512.00
2011	31701	00039681	CK0016	6/3/2011	\$ 4,547.00
2011	31701	00040420	CK0017	7/1/2011	\$ 4,547.00
2011	31701	00041791	CK0018	8/5/2011	\$ 142,943.00

Total FY 2011: \$ 560,714.50

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2012	31701	00043053	CK0019	9/2/2011	\$ 4,547.00
2012	31865	00379309	CK0020	9/16/2011	\$ 4,547.00
2012	31865	00392621	CK0021	10/19/2011	\$ 8,969.00
2012	31865	00413180	CK0022	11/23/2011	\$ 4,547.00
2012	31865	00423247	CK0023	12/14/2011	\$ 4,547.00
2012	31865	00436252	CK0024	1/18/2012	\$ 8,969.00
2012	31865	00459690	CK0025	2/23/2012	\$ 4,547.00
2012	31865	00472732	CK0026	3/20/2012	\$ 4,547.00
2012	31865	00489101	CK0027	4/16/2012	\$ 150,512.00
2012	31865	00512532	CK0028	5/25/2012	\$ 4,547.00
2012	31865	00524324	CK0029	6/15/2012	\$ 4,547.00
2012	31865	00538757	CK0030	7/13/2012	\$ 142,943.00

Total FY 2012: \$ 347,769.00

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2013	31865	00553899	CK0031	8/14/2012	\$ 4,547.00
2013	31865	00572641	CK0032	9/14/2012	\$ 4,547.00
2013	31865	00586306	CK0033	10/16/2012	\$ 8,969.00

Total FY 2013: \$ 18,063.00

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

Route a completed request, as one file in PDF format, via e-mail attachment sent to: Absprs.Absprs@state.tn.us

APPROVED

CENTRAL PROCUREMENT OFFICER

Request Tracking #	3 1 8 6 5 - 0 0 6 0 4	
Procuring Agency	Department of Finance and Administration, Division of Health Care Finance and Administration	
Contractor	QSource	
Contract #	FA1030464	
Proposed Amendment #	# 2	
Edison ID #	1 7 6 2 7	
Contract Begin Date	January 1, 2010	
Current Contract End Date <i>– with ALL options to extend exercised</i>	December 31, 2012	
Proposed Contract End Date <i>– with ALL options to extend exercised</i>	December 31, 2013	
Current Maximum Contract Cost <i>– with ALL options to extend exercised</i>	\$1,109,498.00	
Proposed Maximum Contract Cost <i>– with ALL options to extend exercised</i>	\$ 1,473,947.00	
Office for Information Resources Endorsement <i>– information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
eHealth Initiative Support <i>– health-related professional, pharmaceutical, laboratory, or imaging service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Human Resources Support <i>– state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Explanation Need for the Proposed Amendment		
<p>This amendment is needed to provide a term extension and funding to support the additional one year term period. The Children Health Insurance Program Reauthorization Act (CHIPRA), Section 403, applies certain managed care quality safeguards to CHIP as reflected in subparts D and E in section 1932 that apply to Medicaid managed care. Under section 1932 (c), federal law requires each State CHIP program to develop and implement an external quality review of the quality of care provided by our</p>		

Request Tracking #	31865-00604
<p>medical and dental health plans. This review must be conducted by a qualified and independent external quality review organization. This amendment to extend the services of this contract is required to coincide with the medical and dental insurance contracts.</p>	
<p>Name & Address of the Contractor's Principal Owner(s) – <i>NOT required for a TN state education institution</i></p> <p>QSource 3175 Lenox Park Blvd., Suite 309 Memphis, TN 38115</p>	
<p>Evidence Contractor's Experience & Length Of Experience Providing the Service</p> <p>For more than three decades QSource has worked to ensure that people with Medicare receive the highest quality of care possible. In 1999, Qsource contracted with CMS to serve as the national Disadvantaged Populations Support PRO.</p>	
<p>Efforts to Identify Reasonable, Competitive, Procurement Alternatives</p> <p>The Division did not seek another vendor as the work previously done under this contract has been acceptable and this vendor is in the best position to continue the work to the proposed conclusion of this contract.</p>	
<p>JUSTIFICATION</p> <p>The Division of Health Care Finance and Administration is amending the current contract with QSource as the External Quality Review Organization for the CoverKids program, specifically the Applicable Federal External Quality Review regulations and protocols for the Children Health Insurance Program (CHIP). This contract extension will allow the State to be compliant with Federal EQR regulations and rules with specific deliverables that may evolve from year to year in response to program changes. The Contractor will develop the survey tools for surveying the eligibility determination vendor and the dental plan administrator and will make the recommendations for enhancing the audit processes used with these vendors. The continuation of this contract will ensure the State meets the deliverable timetable and ensures Tennessee's compliance with the Federal regulations. The QSource contract is being extended to coincide with the medical and dental insurance plan contracts for the CoverKids program.</p>	
<p>Agency Head Signature and Date – <i>MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances</i></p> <p><i>M. L. E. 10/6/12</i></p>  	



CONTRACT AMENDMENT

Agency Tracking # 31865-00604	Edison ID 17627	Contract # FA1030464	Amendment # 02
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Contractor Legal Entity Name QSource	Edison Vendor ID 76873
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Amendment Purpose & Effect(s)
Updates Payment Terms; Extends Contract Term; Increases Maximum Liability

Amendment Changes Contract End Date: YES NO End Date: December 31, 2013

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **\$364,449.00**

Funding ---					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010	\$84,554.87	\$253,664.63			\$338,219.50
2011	\$88,698.62	\$266,095.88			\$354,794.50
2012	\$89,917	\$290,441			\$380,358.00
2013	\$91,112.25	\$273,336.75			\$364,449.00
2014	\$9,031.5	\$27,094.50			\$36,126.00
TOTAL:	\$363,314.24	\$1,110,632.76			\$1,473,947.00

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

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

OCR USE

Speed Chart (optional)	Account Code (optional) 70803000
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**AMENDMENT #2
TO CONTRACT #FA1030464
BETWEEN THE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
AND
QSOURCE**

This amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division of Health Care Finance and Administration, hereinafter referred to as the "State" and QSource, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract section B.1. is deleted in its entirety and replaced with the following:
 - B.1. This Contract shall be effective for the period beginning January 1, 2010, and ending on December 31, 2013. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

2. Contract section C.1. is deleted in its entirety and replaced with the following:
 - C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Four Hundred Seventy-Three Thousand Nine Hundred Forty-Seven Dollars (\$1,473,947.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

3. Contract section C.3. is deleted in its entirety and replaced with the following:
 - C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.
 - a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	CY 2010	CY2011	CY2012	CY2013
Contract Administration (paid 1 st Q)	\$25,265	\$7,569	\$7,569	\$7,569
Annual Quality Survey (paid 1 st & 2 nd Q)	\$61,414	\$63,132	\$63,132	\$63,132
Annual Network Adequacy (paid 1 st & 2 nd Q)	\$73,873	\$70,842	\$70,842	\$70,842
Provider Data Validation (paid Quarterly)	\$4,216	\$4,422	\$4,422	\$4,422
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Technical Assistance (paid monthly)	\$1,840	\$1,930	\$1,930	\$1,930
Technical Report (paid monthly)	\$2,306	\$2,421	\$2,421	\$2,421
Monthly Health Care Policy Report (paid monthly)	\$187	\$196	\$196	\$196

c. The Contractor shall not be compensated for travel time to the primary location of service provision.

The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

The revisions set forth herein shall be effective January 1, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

QSOURCE:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

**DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION:**

MARK A. EMKES, COMMISSIONER

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
Brian Kelsey Ken Yager
Eric Stewart
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Curtis Johnson, Vice-Chairman

Representatives

Tommie Brown David Shepard
Jim Coley Tony Shipley
Charles Curtiss Curry Todd
Johnny Shaw Mark White
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

M E M O R A N D U M

TO: The Honorable Mark Emkes, Commissioner
 Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee
 Curtis Johnson, Vice-Chairman, Fiscal Review Committee

DATE: October 19, 2011

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 10/19/11)

BK CJ

RFS# 318.65-00604 (Edison # 17627)
Department: Finance & Administration/Health Care Finance & Adm.
Vendor: QSource Center for HealthCare Quality
Summary: The vendor currently provides external quality review of the CoverKids program. The proposed amendment extends the contract two additional years through December 31, 2013, adds term extension language, and increases the maximum liability by \$728,898. Current maximum liability: \$745,049 Proposed maximum liability: \$1,473,947

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment with the stipulation that the contract is extended for one year and the increase in maximum liability is reduced to \$364,449 resulting in a total maximum liability of \$1,109,498.

cc: The Honorable Darin Gordon, Deputy Commissioner
Ms. Jessica Robertson, Chief Procurement Officer
Mr. Robert Barlow, Director, Office of Contracts Review



State of Tennessee
Department of Finance and Administration
Bureau of TennCare
310 Great Circle Road
Nashville, Tennessee 37243

Bill Haslam
Governor

Mark A. Emkes
Commissioner

October 3, 2011

Ms. Leni Chick
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

RE: Department of Finance and Administrative
Cover Tennessee Program Amendments (5)

Dear Ms. Chick:

The Department of Finance and Administration, Division of Health Care Finance and Administration, is submitting for consideration by the Fiscal Review Committee the following Cover Tennessee amendments. The language in the amendments below represents term extensions and/or funding to support the continuation of existing services to the Cover Tennessee population. BlueCross BlueShield of Tennessee, Inc. does not represent a contact term extension, however, it does include funding to support the remainder of the current contract term.

Policy Studies, Inc.	Amendment #7	FA-07-20295-00
Express Scripts	Amendment #5	FA-07-17124-00
QSource	Amendment #1	FA1030464-00 ✓
BlueCross BlueShield Of Tennessee, Inc.	Amendment #8	FA-07-30600-00

Additionally, National Guardian Life Insurance Company, amendment #2, is being submitted for the inclusion of required federally mandated language regarding non discrimination compliance and non discrimination reporting for the CoverKids Program. This amendment does not represent a term extension nor additional funding.

The Division of Health Care Finance and Administration would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,

Casey Dungan
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner
Alma Chilton, Director of Contracts

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Casey Dungan	*Contact Phone:	615-507-6482		
*Original Contract Number:	FA1030464	*Original RFS Number:	31701-50013		
Edison Contract Number: (if applicable)	17627	Edison RFS Number: (if applicable)	31865-00604 (formerly 31701-50013)		
*Original Contract Begin Date:	January 1, 2010	*Current End Date:	December 31 2011		
Current Request Amendment Number: (if applicable)	1				
Proposed Amendment Effective Date: (if applicable)	January 1, 2012				
*Department Submitting:	Finance and Administration				
*Division:	Health Care Finance and Administration				
*Date Submitted:	October 3, 2011				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	QSource				
*Current Maximum Liability:	\$745,049.00				
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*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
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IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		This contract is reimbursed based on rates associated with deliverables paid either monthly or quarterly. It is expected that the full amount of the maximum liability will be paid by the current end of contract term.			
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		This current contract crosses two fiscal years and although funds are allocated for services performed monthly/quarterly, the actual payments for services occur after the deliverables are provided .			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		N/A			
*Contract	State:	\$186,262.24	Federal:	\$558,786.76	

Supplemental Documentation Required for
Fiscal Review Committee

Funding Source/Amount:				
Interdepartmental:			<i>Other:</i>	
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>		
N/A				
Method of Original Award: <i>(if applicable)</i>		Non Competitive		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$745,049.00		

Supplemental Documentation Required for Fiscal Review Committee

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

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

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

C.3. **Payment Methodology.** The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

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

Service Description	CY 2010	CY2011	CY2012	CY2013
Contract Administration (paid 1 st Q)	\$25,265	\$7,569	\$7,569	\$7,569
Annual Quality Survey (paid 1 st & 2 nd Q)	\$61,414	\$63,132	\$63,132	\$63,132
Annual Network Adequacy (paid 1 st & 2 nd Q)	\$73,873	\$70,842	\$70,842	\$70,842
Provider Data Validation (paid Quarterly)	\$4,216	\$4,422	\$4,422	\$4,422
Ad Hoc Reporting (paid monthly as needed)	\$ 15,901 total allotted for CY	\$ 16,680 total allotted for CY	\$ 16,680 total allotted for CY	\$ 16,680 total allotted for CY
Technical Assistance (paid monthly)	\$1,840	\$1,930	\$1,930	\$1,930
Technical Report (paid monthly)	\$2,306	\$2,421	\$2,421	\$2,421
Monthly Health Care Policy Report (paid monthly)	\$187	\$196	\$196	\$196
TOTAL ANNUAL ALLOCATION	\$380,600	\$364,449	\$364,449	\$364,449

- c. The Contractor shall not be compensated for travel time to the primary location of service provision.

Supplemental Documentation Required for
Fiscal Review Committee

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 amendment does not result in savings to the State. This contract extension will allow the State to be compliant with Federal EQR regulations and rules with specific deliverables that may evolve from year to year in response to program changes. The Children Health Insurance Program Reauthorization Act (CHIPRA), Section 403, applies certain managed care quality safeguards to CHIP as reflected in subparts D and E in section 1932 that apply to Medicaid managed care. Under section 1932 (c), federal law requires each State CHIP program to develop and implement an external quality review of the quality of care provided by our medical and dental health plans. This review must be conducted by a qualified and independent external quality review organization. This amendment to extend the services of this contract is required to coincide with the medical and dental insurance contracts.

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.

The Division of Health Care Finance and Administration is amending the current contract with QSource as the External Quality Review Organization for the CoverKids program, specifically the Applicable Federal External Quality Review regulations and protocols for the Children Health Insurance Program (CHIP). This contract extension will allow the State to be compliant with Federal EQR regulations and rules with specific deliverables that may evolve from year to year in response to program changes. The Contractor will develop the survey tools for surveying the eligibility determination vendor and the dental plan administrator and will make the recommendations for enhancing the audit processes used with these vendors. The continuation of this contract will ensure the State meets the deliverable timetable and ensures Tennessee's compliance with the Federal regulations. The QSource contract is being extended to coincide with the medical and dental insurance plan contracts for the CoverKids program.

Non-Competitive Amendment Request

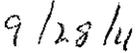
NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED

COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	31865-00604 (Formerly 31701-50013)	
Procuring Agency	Department of Finance and Administration, Division of Healthcare Finance and Administration	
Contractor	QSource	
Contract #	FA1030464	
Proposed Amendment #	# 1	
Edison ID #	17627	
Contract Begin Date	January 1, 2010	
Current Contract End Date – with ALL options to extend exercised	December 31, 2011	
Proposed Contract End Date – with ALL options to extend exercised	December 31, 2013	
Current Maximum Contract Cost – with ALL options to extend exercised	\$745,049.00	
Proposed Maximum Contract Cost – with ALL options to extend exercised	\$ 1,473,947.00	
Office for Information Resources Endorsement – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
eHealth Initiative Support – health-related professional, pharmaceutical, laboratory, or imaging service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Human Resources Support – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Explanation Need for the Proposed Amendment		
This amendment is needed to provide a term extension and funding to support the additional two year period. The Children Health Insurance Program Reauthorization Act (CHIPRA), Section 403, applies certain managed care quality safeguards to CHIP as reflected in subparts D and E in section 1932 that apply to Medicaid managed care. Under section 1932 (c), federal law requires each State CHIP program		

Request Tracking #	31865-00604 (Formerly 31701-50013)
to develop and implement an external quality review of the quality of care provided by our medical and dental health plans. This review must be conducted by a qualified and independent external quality review organization. This amendment to extend the services of this contract is required to coincide with the medical and dental insurance contracts.	
Name & Address of the Contractor's Principal Owner(s) – <i>NOT required for a TN state education institution</i> QSource 3175 Lenox Park Blvd., Suite 309 Memphis, TN 38115	
Evidence Contractor's Experience & Length Of Experience Providing the Service For more than three decades QSource has worked to ensure that people with Medicare receive the highest quality of care possible. In 1999, Qsource contracted with CMS to serve as the national Disadvantaged Populations Support PRO.	
Efforts to Identify Reasonable, Competitive, Procurement Alternatives The Division did not seek another vendor as the work previously done under this contract has been acceptable and this vendor is in the best position to continue the work to the proposed conclusion of this contract.	
JUSTIFICATION The Division of Health Care Finance and Administration is amending the current contract with QSource as the External Quality Review Organization for the CoverKids program, specifically the Applicable Federal External Quality Review regulations and protocols for the Children Health Insurance Program (CHIP). This contract extension will allow the State to be compliant with Federal EQR regulations and rules with specific deliverables that may evolve from year to year in response to program changes. The Contractor will develop the survey tools for surveying the eligibility determination vendor and the dental plan administrator and will make the recommendations for enhancing the audit processes used with these vendors. The continuation of this contract will ensure the State meets the deliverable timetable and ensures Tennessee's compliance with the Federal regulations. The QSource contract is being extended to coincide with the medical and dental insurance plan contracts for the CoverKids program.	
Agency Head Signature and Date – <i>MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances</i>   	



CONTRACT AMENDMENT

Agency Tracking # 31865-00604 (Formerly 31701-50013)	Edison ID 17627	Contract # FA1030464	Amendment # 01
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Contractor Legal Entity Name QSource Center For HealthCare Quality	Edison Vendor ID 76873
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Amendment Purpose & Effect(s)
Extends the term, updates payment rates, and adds additional funding for that period.

Amendment Changes Contract End Date: YES NO **End Date:** December 31, 2012

Amount of the TOTAL Contract Amount INCREASE or DECREASE per this Amendment: **\$364,449.00**

Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010	\$84,554.87	\$253,664.63			\$338,219.50
2011	\$88,698.62	\$266,095.88			\$354,794.50
2012	\$89,917.00	\$290,441.00			\$380,358.00
2013	\$8,540.00	\$27,586.00			\$36,126.00
TOTAL:	\$271,710.49	\$837,787.51			\$1,109,498.00

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

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

OCR USE
FA1030464-01

Speed Chart (optional) TN00000265	Account Code (optional) 70803000
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**AMENDMENT #1
TO CONTRACT #FA1030464
BETWEEN THE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
AND
QSOURCE**

This amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division of Health Care Finance and Administration, hereinafter referred to as the "State" and QSource, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The text of the Contract is amended by deleting all references to "Benefits Administration Division" and replacing with "Division of Health Care Finance and Administration" throughout the Contract.
2. Contract section B.1. is deleted in its entirety and replaced with the following:
 - B.1. This Contract shall be effective for the period beginning January 1, 2010, and ending on December 31, 2012. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.
3. The following is added as Contract section B.2.:
 - B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than four (4) years, provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of a contract amendment. If a term extension necessitates additional funding beyond that which was included in the original Contract, an increase of the State's maximum liability will also be effected through contract amendment, and shall be based upon payment rates provided in the original Contract.
4. Contract section C.1. is deleted in its entirety and replaced with the following:
 - C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million One Hundred Nine Thousand Four Hundred Ninety-Eight Dollars (\$1,109,498.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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



C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

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

Service Description	CY 2010	CY2011	CY2012
Contract Administration (paid 1 st Q)	\$25,265	\$7,569	\$7,569
Annual Quality Survey (paid 1 st & 2 nd Q)	\$61,414	\$63,132	\$63,132
Annual Network Adequacy (paid 1 st & 2 nd Q)	\$73,873	\$70,842	\$70,842
Provider Data Validation (paid Quarterly)	\$4,216	\$4,422	\$4,422
Ad Hoc Reporting (paid monthly as needed)	\$ 15,901 total allotted for CY	\$ 16,680 total allotted for CY	\$ 16,680 total allotted for CY
Technical Assistance (paid monthly)	\$1,840	\$1,930	\$1,930
Technical Report (paid monthly)	\$2,306	\$2,421	\$2,421
Monthly Health Care Policy Report (paid monthly)	\$187	\$196	\$196
TOTAL ANNUAL ALLOCATION	\$380,600	\$364,449	\$364,449

c. The Contractor shall not be compensated for travel time to the primary location of service provision.

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

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Bo Irvin, Executive Director
 Cover Tennessee Programs
 Division of Health Care Finance and Administration
 2600 WRS Tennessee Towers
 312 Rosa L Parks Avenue
 Nashville, Tennessee 37243-1102
 Telephone: (615) 741-9750
 Fax: (615) 253-8556



Bo.Irvin@tn.gov

The Contractor:

Dawn FitzGerald, Chief Executive Officer
QSource
3340 Players Club Parkway, Suite 300
Memphis, TN 38125
Telephone: (901) 273-2650
Fax: (901) 761-3788
DFitzgerald@QSource.com

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

The revisions set forth herein shall be effective December 31, 2011. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

QSOURCE:

[Handwritten Signature] _____ *11/25/2011*
SIGNATURE **DATE**

Dawn M. FitzGerald *CEO*

PRINTED NAME AND TITLE OF SIGNATORY (above)

**DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION:**

Mark A. Emkes/CD _____ *11/21/2011*
MARK A. EMKES, COMMISSIONER **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
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 **BK**
 Charles Curtiss, Vice-Chairman, Fiscal Review Committee **CC**

DATE: December 16, 2009

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 12/15/09)

RFS# 317.01-50013

Department: Finance & Administration/Benefits Administration

Contractor: QSource Center for Healthcare Quality

Summary: The proposed contract is for the provision of external quality review of the CoverKids program. The proposed contract has a term beginning January 1, 2010, and ending December 31, 2011.

Maximum liability: \$745,049

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

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



RECEIVED
NOV 30 2009
FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION

William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Phone: 615.741.3590
Fax: 615.253.8556

Dave Goetz
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Laurie Lee *LL*

Date: November 30, 2009

RE: CoverKids and QSource Non- Competitive Contract

Please find attached a Non-Competitive Contract for CoverKids and QSource. This contract addresses actions taken on February 4, 2009, when President Obama signed into law H.R. 2, the "Children's Health Insurance Program Reauthorization Act of 2009." We could not implement this process without seeking guidance from the Center of Medicare and Medicaid Services (CMS), which was received in the State Health Official (SHO) letter on October 21, 2009.

The legislation states the Children's Health Insurance Program (CHIP) plans must implement an external quality review process. This review must be conducted by a qualified and independent external quality review organization (EQRO), which means that the EQRO may not have a financial relationship with the health plan under review.

This contract allows QSource to conduct an external quality review with BlueCross BlueShield of Tennessee and National Guardian Life Insurance Company to ensure our members are receiving quality, accessible care by the health and dental plans.

While we recognize this contract is presented to the Fiscal Review Committee with less than 60 days for review, the final negotiations with the Contractor were dependent on the final reauthorization of the SCHIP legislation and guidance from the CMS. The legislation also requires certain action steps to be in effect at the time of their health plan renewal. The CoverKids contract with BlueCross BlueShield of Tennessee was extended for a fourth year effective January 1, 2010.

Thank you for your consideration of this request to contract with QSource with a proposed start date of January 1, 2010.

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Original Contract Number:		*Original RFS Number:			
Edison Contract Number: <i>(if applicable)</i>	17627	Edison RFS Number: <i>(if applicable)</i>	31701-50013		
*Original Contract Begin Date:	January 1, 2010	*Current End Date:	December 31, 2011		
Current Request Amendment Number: <i>(if applicable)</i>	Not applicable				
Proposed Amendment Effective Date: <i>(if applicable)</i>	Not applicable				
*Department Submitting:	Finance & Administration				
*Division:	Benefits Administration				
*Date Submitted:	November 30, 2009				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>	Federal guidelines require compliance by Jan. 1, 2010				
*Contract Vendor Name:	QSource Center for Healthcare Quality				
*Current Maximum Liability:	\$745,049.00				
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY: 2010	FY: 2011	FY: 2012	FY:	FY	FY
\$338,219.50	\$354,794.50	\$52,035.00	\$	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY:	FY:	FY:	FY:	FY	FY
\$	\$	\$	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			Not Applicable		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			Not Applicable		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			Not Applicable		
*Contract Funding	State:	\$186,262.25	Federal:	\$558,786.75	

**Supplemental Documentation Required for
Fiscal Review Committee**

Source/Amount:				
Interdepartmental:			<i>Other.</i>	
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>		
Method of Original Award: <i>(if applicable)</i>		Non-Competitive Contract		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$745,049.00		

Supplemental Documentation Required for
Fiscal Review Committee

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

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

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

Deliverable description:	FY: 2010	FY: 2011	FY: 2012	FY:	FY:
Contract Administration (pd. 1 st Q)	\$25,265.00		\$7,569.00		
Annual Quality Survey (pd. 1 st & 2 nd Q)	\$122,828.00	\$126,264.00			
Annual Network Adequacy (pd. 1 st & 2 nd Q)	\$147,746.00	\$141,684.00			
Provider Data Validation (pd. Q)	\$8,432.00	\$17,276.00	\$8,844.00		
Ad Hoc Reporting (pd. Monthly as needed)	\$7,950.50	\$16,290.50	\$8,340.00		
Technical Assistance (pd. Monthly)	\$11,040.00	\$22,620.00	\$11,580.00		
Technical Report (pd. Monthly)	\$13,836.00	\$28,362.00	\$14,526.00		
Monthly Health Care Policy Report (pd. Monthly)	\$1,122.00	\$2,298.00	\$1,176.00		

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.

Children Health Insurance Program Reauthorization Act (CHIPRA) was signed in February, 2009. Section 403 applies certain managed care quality safeguards to CHIP as reflected in subparts D and E in section 1932 that apply to Medicaid managed care. Under section 1932 (c), federal law requires each State CHIP program to develop and implement an external quality review of the quality of care provided by our medical and dental health plans. This review must be conducted by a qualified and

Supplemental Documentation Required for Fiscal Review Committee

independent external quality review organization (EQRO) as defined by the authorizing legislation. As this review must be completed by an entity outside of State government, Benefits Administration could not perform the required external quality review so no direct savings are anticipated. In addition, as this is a federal requirement of all CHIP plans, the State jeopardizes the 3:1 federal match on the program if we do not comply.

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.

Because of the time constraint in implementing the new federal requirement associated with CHIP reauthorization, the Department determined that a non-competitive negotiation with QSource, the contractor currently performing the same function for TennCare, was both the most expeditious and cost-effective solution for the State.

Benefits Administration does not have a benchmark for these costs other than the current contract of a much greater magnitude with TennCare. The State reviewed an initial estimate of the costs submitted by QSource for this work and negotiated with QSource a lower price for the two years of the contract term. The two year term of this contract will coincide with the final two year extensions of the CoverKids administrative contract at which time both of these would be competitively procured.

In addition, the Bureau of TennCare has contracted with QSource since October 2005 through a competitive procurement. QSource was the only proposer responding to the RFP issued by TennCare. TennCare felt that the prices submitted by QSource were very competitive given the additional responsibilities included in the procurement compared to costs previously paid.

QSource is the only external quality review organization headquartered within the state of Tennessee. A competitive procurement at this time could result in a separate vendor not as acquainted with the IT requirements of Tennessee resulting in higher implementation costs and a significant delay in implementation.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

NON-COMPETITIVE CONTRACT REQUEST

This request is NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

<p>APPROVED</p> <p>RECEIVED</p> <p>NOV 30 2009</p> <p>FISCAL REVIEW</p>
<p>COMMISSIONER OF FINANCE & ADMINISTRATION</p>

AGENCY REQUEST TRACKING # 31701 - 50013	
1 PROCURING AGENCY	Finance and Administration, Benefits Administration
2 SERVICE	Provide Federal External Quality Review (EQR) regulations and protocols for Children Health Insurance Program (CHIP).
3 APPROVAL CRITERIA (select one)	<input checked="" type="checkbox"/> 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
4 PROPOSED CONTRACTOR	Qsource Center for Healthcare Quality
5 CONTRACT BEGIN DATE (attach explanation if < 60 days after F&A receipt)	January 1, 2010
6 CONTRACT END DATE (with ALL options to extend exercised)	December 31, 2011
7 MAXIMUM CONTRACT COST (with ALL options to extend exercised)	\$380,595.00 1 st year, \$364,448.00 2 nd year Total amount \$745,049.00
8 SERVICE DESCRIPTION	QSource will conduct an external quality review of the CoverKids medical and dental health organizations, as required by federal law.
9 EXPLANATION OF NEED FOR OR REQUIREMENT PLACED ON THE STATE TO ACQUIRE THE SERVICE	In <u>Children Health Insurance Program Reauthorization Act (CHIPRA)</u> , Section 403 applies certain managed care quality safeguards to CHIP as reflected in subparts D and E in section 1932 that apply to Medicaid managed care. Under section 1932 (c), federal law requires each State CHIP program to develop and implement an external quality review of the quality of care provided by our medical and dental health plans. This review must be conducted by a qualified and independent external quality review organization.
10 HAS THE PROCURING AGENCY EVER BOUGHT THE SERVICE BEFORE ? <input type="checkbox"/> YES or <input checked="" type="checkbox"/> NO IF SO, WHAT PROCUREMENT METHOD WAS USED ? REQUIRED INFORMATION	
11 NAME & ADDRESS OF THE CONTRACTOR'S PRINCIPAL OWNER(S) (NOT required for a TN state education institution)	Dawn Fitzgerald, Chief Executive Officer Qsource Center for Healthcare Quality

AGENCY REQUEST TRACKING # 31701 - 50013

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

12 EVIDENCE OF THE CONTRACTOR'S EXPERIENCE & LENGTH OF EXPERIENCE PROVIDING THE SERVICE

For more than three decades QSource has worked to ensure that people with Medicare receive the highest quality of care possible. In 1999, Qsource contracted with CMS to serve as the national Disadvantaged Populations Support PRO.

13 OFFICE FOR INFORMATION RESOURCES SUPPORT (required for information technology service)

ATTACHED or **NOT APPLICABLE** (N/A only to non-information technology service & THDA)

14 eHEALTH INITIATIVE SUPPORT (required for health-related professional, pharmaceutical, laboratory, or imaging service)

ATTACHED or **NOT APPLICABLE**

15 HUMAN RESOURCES SUPPORT (required for state employee training service)

ATTACHED or **NOT APPLICABLE**

16 DESCRIPTION OF EFFORTS TO IDENTIFY REASONABLE, COMPETITIVE, PROCUREMENT ALTERNATIVES

The Contractor currently provides external quality review for Bureau of TennCare since October 1, 2005. The Bureau has found their work to be satisfactory and their familiarity with Tennessee and with other federal programs will be a benefit for the management of the CoverKids program within Benefits Administration.

17 JUSTIFICATION FOR NON-COMPETITIVE NEGOTIATION RATHER THAN A COMPETITIVE PROCESS

CHIPRA was signed on February 2009. Within CHIPRA, section 403 Application of Certain Managed Care Quality Safeguards to CHIP became effective July 1, 2009. The Federal Government requires all states to implement the external quality review at the time of their health plan renewal. CoverKids contract with Blue Cross Blue Shield of Tennessee contract renews January 1, 2010. Because of this tight timeframe, the Division was unable to complete and implement a contract resulting from a competitive, RFP process.

In addition, Bureau of TennCare has contracted with QSource since October 2005 and has found their work to be satisfactory. QSource is the only external quality review organization headquartered within the state of Tennessee. If CoverKids procured this contract, it's strongly possible to have a contract with an outside external quality review organization that could be costly with a lot of outside travels to conduct this review.

AGENCY HEAD SIGNATURE & DATE

(MUST be signed & dated by the ACTUAL procuring agency head as detailed on the current Signature Certification on file with OCR— signature by an authorized signatory acceptable only if exigent circumstances documented)





FAX/EMAIL TRANSMITTAL

to Request OIR Procurement Endorsement

TO : Jane Chittenden, Director
OIR Procurement & Contract Management FAX # 741-6164

FROM : Marlene D. Alvarez FAX # 615.253.8556

DATE : October 28, 2009

RFS # 31701- 50013

RE : Procurement Endorsement — QSource Center for HealthCare Quality; i.e., External Quality Review of CoverKids Health Plan.

INFORMATION SYSTEMS PLAN PROJECT: N/A

NUMBER OF FAX PAGES (including cover) : N/A

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

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call **Cindy Kessler** at 615.532.5553.

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

Thank you for your help.

Attachment(s)

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

RFP documents must be provided in electronic form.

OIR Endorsement :

Mark Benzel (gc)

OIR Chief Information Officer

11/20/09

Date



CONTRACT

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

Agency Tracking # 31701-50013	Edison ID 17627
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Contractor QSource Center For HealthCare Quality	Contractor Federal Employer Identification or Social Security # <input checked="" type="checkbox"/> C- or <input type="checkbox"/> V- 620924699
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Service
Develop and implement an external quality review of the quality of care provided by our medical and dental health plans.

Contract Begin Date January 1, 2010	Contract End Date December 31, 2011	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010	\$84,554.87	\$253,664.63			\$338,219.50
2011	\$88,698.62	\$266,095.88			\$354,794.50
2012	\$13,008.75	\$39,026.25			\$52,035.00
TOTAL:	\$186,262.24	\$558,786.76			\$745,049.00

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

OCR USE FA	Agency Contact & Telephone # Marlene Alvarez - Manager of Procurement & Contracting Tennessee Department of Finance & Administration, Benefits Administration 312 Rosa L Parks Avenue, Suite 2600 Nashville, Tennessee 37243 615.253.8358
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Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

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

Mauraen Abbey [Signature]

FA1030464

Speed Code FA00001746	Account Code 70803000 <i>M</i>
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Contractor Ownership/Control

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

Contractor Selection Method

RFP

Competitive Negotiation *

Alternative Competitive Method *

Non-Competitive Negotiation *

Other *

***Procurement Process Summary**

The Department used a Non-Competitive Negotiation process for procurement. The Contractor is partnering with the State to develop and implement an external quality review of the quality of care provided by our medical and dental health plans. The vendor has worked with the State of Tennessee, TennCare Bureau in the past and have proven to have the extensive experience and expertise to perform the required work.

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

This Contract, by and between the State of Tennessee, Department of Finance and Administration, CoverKids, hereinafter referred to as the "State" and QSource Center for Healthcare Quality, hereinafter referred to as the "Contractor," is for the provision of External Quality Review of CoverKids Health Plan Administrator and CoverKids Dental Plan Administrator, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Non-Profit Corporation
Contractor Federal Employer Identification or Social Security Number: 620924699
Contractor Place of Incorporation or Organization: Tennessee

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

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

- a. Applicable Federal External Quality Review (EQR) regulations and protocols for Children Health Insurance Program (CHIP).
- b. Contractor Risk Agreements (CRA) with the CoverKids Health Plan Administrator (HPA) and the CoverKids Dental Plan Administrator (DPA).

This contract will allow the State to be compliant with Federal EQR regulations and rules and to measure HPA specific compliance. The specifications for deliverables required in this contract may evolve from year to year in response to program changes such as HPA participation or enrollment levels or changes in Federal or State requirements. Amendments to this contract may be required to reflect such aforementioned changes. The Contractor will be required to perform all tasks and functions identified in the contract according to specified levels of quality and comprehensiveness as determined by the State. Quality and comprehensiveness are determined via the timely submission of Contractor reporting requirements in section A.9. Penalties for failure to provide these reports in a timely and comprehensive fashion will result in substantial penalties to the Contractor, as outlined in Attachment B.

The Contractor shall, under the direction of the State, conduct the CoverKids External Quality Review Organization (EQRO) functions during the term of this Contract and provide for an orderly transition of the EQRO functions to any new Contractor, or the State, at the end of the contract period.

A.2. Contract Phases and Requirements

The general scope of work required under this contract and the relative responsibilities of the State and the Contractor, including milestones and deliverables for each of the phases are defined in subsequent sections.

Operations and Maintenance Phase

During the Operations and Maintenance Phase, the Contractor shall carry out the responsibilities related to the EQRO functions and perform all Contractor functions not specifically excluded or defined as State responsibilities. This refers to any functions not otherwise documented in this

contract that would be essential to meeting the EQRO functions/activities as defined by legislation, e.g., the Balanced Budget Act (BBA). General and specific responsibilities for both the State and the Contractor are defined in this section. The Contractor shall be responsible for producing all regularly scheduled reports.

A.3. General State Responsibilities

a. The State shall be responsible for the overall management and general administration of the CoverKids Program including establishment of policy and approval of overall administrative procedures. The State's general responsibilities include:

- (1) Establishing and interpreting program policy.
- (2) Authorizing administrative procedures.
- (3) Monitoring of overall program performance.
- (4) Contracting with the CoverKids HPA and the DPA.
- (5) Reviewing changes in federal regulations and devising methods to comply with the changes.
- (6) Approval of contractual arrangements for the CoverKids program.
- (7) Preparing budgets for the CoverKids program.
- (8) Liaison with the Legislature, other State agencies, and the public.
- (9) Coordination of cases of fraud and noncompliance investigation with the Contractor, providers, recipients, legal authorities, and the Federal Government.
- (10) Performing fiscal audits of the Contractor.
- (11) Operating and maintaining an administrative structure sufficient to assure Contractor compliance with contractual responsibilities.
- (12) Providing for liaison and communications with the Contractor in connection with mutual contractual responsibilities.
- (13) Establishing, monitoring, and managing receivable accounts to recover program funds owed by providers, enrollees and other third parties.
- (14) Providing the Contractor with the names of individuals, who are authorized to act on the behalf of the State with respect to this Contract, together with a description of their respective responsibilities and authorities.
- (15) Administering this Contract and providing direction as required to facilitate Contractor operations.
- (16) Making EQRO results available to interested parties upon request. Information released must comply with Federal HIPAA regulations regarding confidentiality of protected health information.

b. Specific State Responsibilities include:

- (1) Provide interfaces with State and Federal agencies as necessary for the Contractor.

- (2) Provide Contractor with a list of primary interfaces from the State for each functional area.
- (3) Oversee Contractor's performance; approve Contractor's work plan quarterly, conduct periodic audits of Contractor's performance; monitor compliance with contract terms and conditions and all applicable State and Federal laws and regulations.
- (4) Notify Contractor of all performance deficiencies; approve Contractor's corrective action plan.
- (5) Direct Contractor to make ongoing modifications and enhancements to Contractor procedures if required to support program policy, rules and regulations; improve program and operational performance; resolve problems; and address overall program effectiveness and quality.
- (6) Prepare specific requirements and definition (with Contractor assistance) for ongoing modifications and enhancements to the EQRO functions.
- (7) Approve release of any reports, data, forms, files, or other information related to the Contract to any agency or entity outside the State.
- ~~(8) Provide Contractor with requirements for ad-hoc data and report requests and approve specifications.~~
- (9) Review and approve all deliverables; provide Contractor with identification of discrepancies that require corrective action; approve Contractor's corrective action plan.
- (10) Provide Contractor with request requirements for "on request" processes.
- (11) Provide record retention and destruction guidelines.
- (12) Impose liquidated damages and/or other corrective action required on the HPA and DPA as a result of deficiencies and/or failure to comply with CoverKids requirements.
- (13) Provide Contractor with contact names, associated phone numbers and e-mail addresses for the HPA and DPA.

A.4. General Contractor Responsibilities

The Contractor shall perform the External Quality Review Organization functions in accordance with all Federal and CoverKids requirements. The Contractor's general responsibilities include but are not limited to:

- a. Within 15 days of the beginning this contract, the Contractor will develop a comprehensive work plan as a basis for executing the contract. The plan will outline key tasks and sub-tasks, with associated timeframes for completion and delivery assigned to each task, as deemed necessary to deliver the required work product to the State.
- b. Within 30 days of the beginning of this contract, the Contractor will supply the State with a transition plan to provide for an orderly transition of the EQRO.
- c. Operate and maintain a system of internal controls (manual and automated), approved by the State, to safeguard access to data and ensure the integrity, completeness, and accuracy of the data, the processing, and the output products.
- d. Perform analysis of existing and new Federal and State policies, procedures, and regulations to determine their impact on the EQRO components of the CoverKids

program, and related State and Contractor-performed functions; provide a written impact analysis to the State with analysis of alternatives and recommendations for changes and enhancements to support the requirements.

- e. Conduct quality training for State and Contractor personnel on a continuing basis to maintain satisfactory levels of proficiency for all Contractor functions such as:
 - (1) Training as it relates to EQR Activities including: CMS EQR Protocols, EQR Balanced Budget Act Overview
 - (2) Training as it relates to conducting Performance Improvement Projects (PIPs)
 - (3) Training as it relates to Performance Measure Validation
 - (4) Training as it relates to Provider Data Validation
 - (5) Training as it relates to completing Plans of Correction
 - (6) Training as it relates to quality improvement activities

- f. Operate and maintain an internal control program approved by the State to ensure accuracy of all EQRO functions and processing that meets the State's requirements; internal quality control program shall encompass all annual special reviews, studies, reports, and any other outputs that are produced.

- g. Develop the external quality review survey tools for surveying the HPA and DPA based on current contractual procedures, applicable court orders, the CoverKids 1115 Waiver, and State and Federal regulations. The plan shall include: specific compliance monitoring activities, a mechanism for obtaining background information from the State, HPA document review, conducting HPA interviews, the collection of accessory information, analyzing and compiling of findings by HPA and reporting evaluation results to the State. The Contractor shall advise the State on an ongoing basis of changes to improve and enhance the audits.

- h. Perform all the functions of the EQRO in accordance with State requirements and per State-approved standards and procedures.

- i. Conduct periodic and special quality reviews of the HPA and DPA per the State's schedule and provide written reports of findings and recommendations for corrective action within the predefined timeframe.

- j. Maintain internal records in such a fashion as to provide complete audit trails of activities, account for all transactions, and document all charges.

- k. Maintain disaster recovery procedures acceptable to the State.

- l. Implement and maintain processes and policies compliant with HIPAA regulations. Ensure the proper handling of protected health information.

A.5. Specific Contractor Responsibilities

The Contractor shall perform its CoverKids EQRO functions in accordance with Federal and State laws, regulations and policies pertaining to CHIP.

In the event the Contractor has need of an interpretation of any laws, regulations and/or policies, the request will be made to the State. The State shall provide timely notification to the Contractor of all changes and/or amendments in Federal and State laws, regulations, policies, State Plan and the HPA Contractor Risk Agreements. The Contractor shall maintain, on a current and ongoing basis, a full and detailed knowledge of applicable Federal and State laws, regulations, policies, State CHIP Plan and the HPA Contractor Risk Agreements.

A.6. The Contractor will develop review criteria to assess contract compliance and compliance with current industry, Federal, and State requirements for the HPA. Criteria must include, but not be limited to review of enrollee rights and protections, quality assessment and performance improvement, structure and operation standards, measurement and improvement standards and compliance with the appeal process. The survey process shall include: document review, interviews with key HPA and DPA personnel, and an assessment of the adequacy of information management systems. Review, analysis, and recommendations for improvement of the HPA and DPA structure and overall integration of the health care delivery system shall include but not be limited to, review and assessment of the following documents/activities for the previous calendar year:

a. HPA and DPA Structure

- (1) Quality Improvement Program Description (QIPD)
- (2) Utilization Management Program Description (UMPD)
- (3) The associated work plans for the QIPD and UMPD
- (4) The annual evaluation of the HPA and the DPA Quality Improvement Program
- (5) Adequacy of HPA and DPA material resources and staffing
- (6) Oversight of Quality Program by the HPA and DPA governing body

b. Appropriate documentation will include: Meeting date, and time, agenda items, subsequent discussion and documentation of any actions taken or items that require follow-up, along with an indication of who is responsible for such follow-up.

c. Oversight of all HPA and DPA's initial and re-credentialing processes to include:

- (1) Onsite credentialing file review.
- (2) Review of committee minutes.
- (3) Timeliness of credentialing/re-credentialing process.
- (4) Incorporation of quality assessment (Site visit and medical record documentation practices).
- (5) Assessment of quality of care and service issues which may include but not be limited to physician/provider specific confirmed and trended quality of care and service concerns, appeals data, over/under utilization data, and pharmacy utilization data.
- (6) HPA and DPA's process for medical record review of primary care physicians and high volume specialists.

d. HPA and DPA Disease Management Programs for the following components: (at minimum Diabetes, Maternity Management, and Asthma Programs are required by the State for the HPA)

- (1) Relevance to HPA population.
- (2) Consistency with nationally recognized clinical practice guidelines.
- (3) Assessment of member adherence to treatment plans.

- (4) Systematic identification of eligible population, initially and at least annual thereafter.
 - (5) Program materials clearly provide information to members about how to use the services, how they were identified for participation, and how to opt in or out of the program.
 - (6) Annual measurement of participation rates.
 - (7) Interventions provided to enrollees based on stratification.
 - (8) Providers are informed and educated about the program.
 - (9) Program effectiveness is measured using at least one performance measure that is relevant, quantitative, population based, uses valid methodology, and has been analyzed against a benchmark or goal
- e. HPA and DPA mechanism for identifying potential under/over utilization trends within provider network and actions taken when performance falls below established standards
 - f. HPA and DPA process for review and update of medical necessity criteria
 - g. HPA and DPA process to ensure continuity and coordination of care
-
- h. HPA case management services
 - (1) Selection criteria
 - (2) Available resources
 - (3) Penetration rate
 - (4) Turn-over rate (length of time in case management)
 - (5) Frequency of enrollee contact
 - (6) Evidence of network physician/provider participation
 - i. A sample of ten (10) denial files for the HPA and DPA
 - j. Adequacy of HPA and DPA provider networks
 - (1) Compliance with required access standards
 - (2) Compliance with required wait time standards
 - (3) Analysis of open/closed panels by HPA
 - (4) Compliance with established standards for appointment availability
 - k. HPA and DPA operational and departmental policies and procedures
 - l. Analysis of HPA and DPA communication to enrollees and providers outlining member rights and responsibilities
- A.7. Contractor shall establish a procedure to verify that the HPA and DPA is delivering the health benefits required by their contract with the State, that each is delivering the benefits within the required timeframes, and that the HPA has an adequate provider network to ensure the effective and efficient delivery of healthcare services to CoverKids enrollees. The Contractor may use the National Committee for Quality Assurance (NCQA) standards or other nationally recognized

standards that will produce a statistically valid review to evaluate the adequacy of the HPA and DPA network and benefit delivery compliance with the Contractor Risk Agreement. This review shall include, but not be limited to, the following specialties:

- a. Primary Care Providers
- b. Selected High Volume Specialty Providers
- c. Dentists
- d. Mental Health Providers

A.8. The Contractor shall provide a quarterly validation of the accuracy of the provider information reported by the HPA and DPA. A survey tool shall be developed by the Contractor and approved by the State prior to implementation of the first quarterly telephonic survey and as necessary thereafter. At the beginning of each quarter, the Contractor will conduct a telephonic survey of the provider network data received from the HPA and DPA. A random sample large enough to produce statistically valid HPA and DPA-specific results shall be drawn from the most current CoverKids provider enrollment file (to be provided by CoverKids) each quarter. The survey tool will include, but not be limited to, the following:

a. Providers included in the sample shall be active, in plan providers of the following specialty types:

- (1) Primary care providers and physician extenders
- (2) Specialty care providers including, but not limited to, OB, Cardiology, Gastroenterology, Neurology, Neurosurgery, Oncology/Hematology, Ophthalmology, Orthopedics, Otolaryngology, and Urology
- (3) All reported dental providers

b. Elements to be validated shall include, but should not be limited to, the following:

- (1) Verification of provider address and specialty
 - (2) Contract status
 - (3) Panel age restrictions (less than 21 years of age and 21 years of age and older)
 - (4) Telephone number
 - (5) Panel status (open/closed)
 - (6) Appointment availability for routine and urgent care
 - (7) Prenatal & delivery services (OB/GYN or prenatal providers) for the HPA
-

c. To determine if the Program encompasses activities required to meet contract compliance and compliance with current industry, federal, and state requirements for the CoverKids program as part of the Annual Quality Surveys completing an annual review and evaluation of the HPA's and DPA's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations.

d. Utilizing data files to analyze and summarize enrollment, utilization, and health outcome data for routine and ad hoc reporting.

e. Provide technical assistance to the HPA and the DPA as directed by the State regarding performance improvement.

- f. Hosting meetings with the HPA and DPA inter-related oversight agencies to inform them of pertinent/current issues. The meetings shall provide an opportunity for training, discussion of CoverKids contract or policy requirements, sharing of best practices, and will be conducted in time frames and settings mutually agreed upon with CoverKids.
 - g. Providing and maintaining adequate liaison and communication with the State in connection with the Contractor's specified contractual responsibilities.
 - h. Providing and maintaining books, records, claims, documents and other evidence pertaining to the Contract to the extent and in such detail as shall properly reflect conformance with the Contract and make these available for inspection by the State or its designee.
 - i. Providing the State with the documented costs in a plan to be approved by Center of Medicare and Medicaid Services (CMS) to support the claim for Federal Financial Participation. The Contractor must be able to provide documentation to support wages, benefits and all other expenditure items.
 - k. Performing all EQRO operations activities and related systems maintenance/modifications on-site at the facilities in Nashville, Tennessee approved by the State.
-
- l. Identifying and informing the State of any procedure, which may reduce the cost, and/or increase the effectiveness of administering the EQRO function to the CoverKids program.
 - m. Providing the State with the names of individuals, who are authorized to act on behalf of the Contractor, together with a description of their responsibilities and authorities.
 - n. Performing all other activities not otherwise designated as State responsibilities, which are necessary for optimal operation of the EQRO functions.

A.9. Contractor Reporting Responsibilities

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

- a. **Annual External Quality Review Report.** A draft report shall be due within 30 days following completion of the HPA's and DPA's onsite review. The final report shall be due 60 days following completion of the HPA's onsite review. The report shall also assess HPA compliance with contractual and all EQR-related mandatory and optional activities, including but not limited to the methodology of how data was collected, aggregated, analyzed and conclusions drawn as to the quality, timeliness, effectiveness and access to the care furnished by the HPA. The report must utilize the following five point scoring or rating system for each component assessed as part of the survey: 90-100 Total Compliance, 80-89 Substantial Compliance, 65-79 Partial Compliance, 55-64 Minimal Compliance and 0-54 Non-Compliance.
 - (1) Performing an annual quality survey of the HPA and DPA to determine contractual compliance, preparing a written report of findings, and forwarding said report to the State no later than 30 days after completion of the survey, unless otherwise agreed to in writing by the State. If an organization is National Committee for Quality Assurance (NCQA) accredited, the Contractor will review the organization for contractual compliance.

- (2) Within 45 days of the beginning of this contract, the Contractor shall submit the proposed review criterion to the State for approval.
 - (3) By 60 days after the beginning of this contract, the Contractor shall present the proposed schedule for the quality survey to the State for approval.
 - (4) Appointments with the HPA and DPA shall be scheduled 30 days in advance of visit.
 - (5) The State shall be notified of any changes to the approved appointment schedule immediately.
 - (6) An HPA and DPA specific draft report of the survey findings along with recommendations for improvement shall be provided to the State thirty (30) days from HPA's and DPA's onsite survey. The final report shall be submitted to the State sixty (60) days following the review of the HPA and DPA.
 - (7) The report of the quality review should include but not be limited to the following components:
 - I. A detailed assessment of the strengths and weaknesses of the HPA
 - II. Recommendations for improving the quality of care by the HPA
 - III. An assessment of the degree to which the HPA and the DPA effectively addressed the recommendations for quality improvement made during the previous year's EQR
- b. Network adequacy review reports are due annually by June 1 and shall be submitted directly to the Commissioner of the Department of Commerce and Insurance, the Comptroller of the Treasury, and the Director of CoverKids.
 - c. Quarterly validation of the accuracy of the provider information reported by the HPA shall be submitted to the State by the end of each quarter of the calendar year. The report shall include detail regarding all errors and discrepancies identified for the HPA during the survey process (see contract section A.8.).
 - d. Production of reports as requested by the State for such purposes as assessing the health care needs of the CoverKids population or subsets of the population, identification of best practices and/or opportunities for improvement within contracted HPAs, or achieving compliance with State or Federal Regulations. Ad hoc reports shall be completed within a timeframe that is commensurate to the complexity of the report and shall be prepared at no additional cost to the State. The State and the Contractor shall develop and agree to the reporting timeframes on a report-by-report basis.
 - e. Annual EQR Technical Report utilizing the results of the annual network adequacy report, the annual quality survey, and information and results from the validation of Performance Improvement Projects (PIPs) and performance measures as required in accordance with 42 CFR 438.364. The Annual EQR Technical Report shall be submitted to the State by August 15th of each year. The report should be in accordance with current CMS guidelines and at a minimum the following should be included in the report:
 - (1) Objectives

- (2) Technical methods of data collection
- (3) Description of the data obtained
- (4) Conclusions drawn from the data
- (5) An assessment of the HPA's strengths and weaknesses
- (6) Recommendations for Improving quality of health care services
- (7) Comparative Information as the State deems methodologically appropriate
- (8) An assessment of the degree to which the HPA has addressed effectively the recommendations for quality improvement made by the EQRO during the previous year
- (9) An annual cost allocation plan to be approved by CoverKids and CMS to support the claim for Federal Financial Participation.
- (10) Monthly Health Care Policy Reports containing articles or summaries of information related to national and state issues and standards for CoverKids populations, Section 1115 waivers, changes in requirements under the Balanced Budget Act-1997, etc. shall be provided to the State as new information emerges in order to keep the State totally informed and current. Reports may include information on best practices or other information that could improve the financial stability of the CoverKids program and quality of care rendered to the CoverKids population.

A.10. Contractor Quality Control Requirements

The Contractor shall develop and maintain a plan for quality control to be approved by the State including, but not limited to, reviewer training and determination of sample sizes needed in order to produce results that can be extrapolated to the entire population being examined. The plan shall cover, at a minimum, the following areas:

- a. Annual quality reviews
- b. Special reviews
- c. Report development and generation
- d. Deliverable production
- e. Provider Network analysis

A.11. Detailed Procedures

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

A.12. Contractor Staffing

- a. The Contractor shall maintain sufficient professional and technical staff to carry out the duties and responsibilities of the EQRO function and agree to the following requirements:
 - (1) The Contractor warrants and represents that all persons assigned by it to the performance of this Contract shall be employees of the Contractor and shall be fully qualified to perform the work required herein.

- (2) The State shall have the absolute right to approve or disapprove the Contractor's and any subcontractor's key personnel assigned to this Contract, to approve or disapprove any proposed changes in key staff, or to require the removal or reassignment of any key Contractor employee or subcontractor personnel found unacceptable by the State.
- (3) To the extent possible the Contractor shall notify the State in writing of any change in key personnel at least 30 days prior to the change. The Contractor shall upon request, provide the State with a resume of any members of its staff or a subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this Contract.
- (4) Providing and maintaining an administrative structure, including personnel of sufficient background, training, size, scope and authority to perform its contractual responsibilities to the satisfaction of the State. The Contractor will provide the State with the names of individuals who are authorized to act on behalf of the Contractor, together with a description of their responsibilities, authorities, and the amount of time by each employee, devoted to the project in Full Time Equivalents (FTE's). The State shall have final rights to the hiring and termination of key employees. The Contractor's key personnel shall include a Physician Consultant, a Contract Manager, and sufficient resources to fulfill contractual obligations. The Contractor must provide access to a biostatistician and epidemiologist. Resumes for all key personnel must be reviewed by the State within ten (10) business days of the start of the contract.

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

b. Annual, Follow up, and Special Review Staff

- (1) The Contractor shall maintain office space and personnel sufficient to fulfill all contractual obligations in Nashville, Tennessee, at a location to be mutually agreed upon by the State and the Contractor sufficient to complete all regularly scheduled and specially requested quality reviews as described in this Contract. At a minimum, the Contractor shall provide and maintain an on-site staff of sufficient professionals at all times. The combined experience of this staff must include previous working experience in healthcare quality assurance, management and improvement; knowledge and understanding of the NCQA Standards for Accreditation of Managed Care Organizations and Behavioral Health Organizations and the accreditation process; the current Health Plan Employer Data and Information Set (HEDIS) technical specifications; familiarity with International Classification of Diseases (ICD), Current Procedural Terminology (CPT) and hospital revenue codes; practical or clinical health care experience; understanding of managed care plans; and knowledge of Medicaid, Medicare, or similar program, and understanding of the managed care organizations systems. The EQRO must have experience and expertise in the epidemiological and statistical measurement of health and service status indicators in defined populations.
- (2) At least two-thirds of the staff must have five (5) or more years of relevant experience.
- (3) The review staff must be supervised by individuals with five (5) or more years of experience in quality assurance management or review and at least three (3) years of management experience.

c. **Analysis and Technical Staff**

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

- (1) Provide technical recommendations to CoverKids regarding identified opportunities for improvement within the HPA assessed performance and methodology of reporting.
- (2) Provide the State with current information on the development and implementation of quality assurance programs in other states, national standards and measures, industry practices and other information pertinent to the EQRO functions.
- (3) Provide ad hoc and special reports as requested by the State.

A.13. **Contractor Employee Incentive Programs**

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

A14. **Transition Phase**

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

a. **State Responsibilities**

- (1) Review and approve the transition phase and schedule to facilitate and organize the transfer of the EQRO functions to the State or the new Contractor.
- (2) Make State staff and designated Contractor staff available for training the new Contractor in the operation of the EQRO functions.
- (3) Review and approve Contractor's turnover progress reports which document the completion of each turnover task.

b. **Contractor Responsibilities**

- (1) Prepare and submit a detailed written Transition Phase plan within thirty (30) days of beginning of this contract.
- (2) The plan shall define the turnover approach, define all tasks and subtasks, and provide a schedule for the turnover effort to achieve State requirements.

- (3) Provide a current listing of all software used to support the EQRO functions.
- (4) As requested, transfer all files, data, and other materials of the CoverKids EQRO function to the State or its designated agent.
- (5) Provide copies of all procedures for performing the functions of the EQRO.
- (6) Provide training to the State or its designated agent in the performance of all contract-related functions including, but not limited to, the procedures for the EQRO, periodic reviews of HPA and DPA, ad hoc report generation and analysis.
- (7) Provide an estimated inventory of all work in progress and its projected status at the end of the contract within one (1) week after the beginning of the Transition Phase.
- (8) Update the work in progress inventory estimates weekly throughout the Transition Phase.
- (9) Provide a final, detailed inventory and accounting of all work in progress; and completed work.
- (10) Prepare and submit a final report summarizing turnover task results and certifying the completion of all turnover responsibilities.
- (11) Cooperate with the State and new Contractor throughout the Transition Phase to ensure a smooth transition.

A.15. Other General Requirements

Flexibility

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

A.16. EQRO System Implementation

The Contractor shall provide a written document that identifies all technologies, hardware and software applications utilized under the EQRO contract detailing how it was established and implemented for review and approval by the State. The Contractor shall notify the State of any changes in technology standards used in the performance of this Contract.

A.17. Technology and Methods – Maintenance, Upgrades, Changes and Rights:

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

- (1) Implementing new technologies and methods that are generally available not in alpha test, beta test, or trials of any form unless explicitly approved by the CoverKids office and will improve the Contractor's ability to meet reporting responsibilities. Such implementations of technologies and methods must be approved by CoverKids, and if judged to be necessary by CoverKids, the State.
- (2) Implementing modifications to technologies and methods that are necessary to preserve any interoperability with State and CoverKids systems and facilities necessary for the Contractor to meet EQRO reporting responsibilities. This includes maintaining communications with the State and CoverKids sufficient to be aware of and prepared for any changes to the technological environment of the State and CoverKids.

(3) Updating the EQRO Systems' components such that they are based on recent technologies and methods that are generally available in conformance with state standards and the State Architecture and supported by the suppliers and not subject to sunset or termination of support for a period of not less than twelve (12) calendar months. (See Contract Attachment C for the State of Tennessee Enterprise Architecture).

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

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

A.18. Security and Confidentiality

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

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

A.19. Security for On-Line Access

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

A.20. Records Retention Requirements

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

A.21. Data Processing Standards Introduction

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

A.22. System Standards

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

A.23. Reliability

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

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

A.24. Documentation

The Contractor shall:

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

(1) Minimum documentation requirements for packaged software are:

- I. All vendor documentation regarding installation, configuration and operation of software,
- II. Data model and definitions as specifically implemented for the State,
- III. Full documentation of software configuration as installed for the State,
- IV. Documentation of any customizations for the State,
- V. Import, export or interface specifications, and
- VI. Supporting documentation as required to support maintenance and operations.

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

- I. Data model and definitions,
- II. Current program listings,
- III. Program narrative,
- IV. Import, export or interface specifications,
- V. Definitions of values used for codes and switches, and
- VI. Supporting documentation as required to support maintenance and operations.

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

A.25. Documentation Updates

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

A.26. Audit Requirements

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

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

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

A.27. Data Security

At all times, EQRO Systems and all data contained therein shall continue to be protected against unauthorized access. All systems and facilities shall include appropriate and reasonable access control measures and other features necessary to ensure security, including active monitoring and incident response. The Contractor will be required to execute and enforce the provisions of the CoverKids Business Associate Agreement. Contractor duties shall include, but not be limited to, the following:

- a. Maintain, in facilities used by the Contractor for the EQRO functions, system security software which prevents unauthorized access to the system and identifies any such attempts at access.
- b. Require all Contractor employees and all subcontractor personnel to sign relevant CoverKids and State agreements for access to systems and data, acknowledging their duties with regard to security, confidentiality, and acceptable use, with copies maintained in their personnel files.
- c. Maintain complete confidentiality of all passwords and IDs used by Contractor employees and all subcontractor personnel. Employees shall not be permitted to share passwords or IDs among themselves except as explicitly authorized by the State. The Contractor shall ensure that only authorized personnel are granted access to systems or data and will maintain appropriate policy and procedure to ensure that access is revoked when no longer needed or appropriate for the performance of EQRO functions.
- d. Limit and control access to the facilities used for EQRO functions. Security measures shall include, but not be limited to, entry logs or identification badges. In addition, all server and shared data storage equipment shall be housed in space with controlled access, with doors locked at all times.
- e. Limit and appropriately protect data stored on personal computers, or other equipment not housed in locked space, with controlled access.

- f. Secure all data files (i.e. magnetic tapes and disks) controlled by the Contractor in a fireproof vault when not in use.
- g. Secure all reports, whether test or production, in printed or electronic format, which are not forwarded to the State and contain provider or enrollee information until properly disposed of. Disposition shall be in accordance with State requirements.
- h. Maintain backups of data and software per the disaster recovery plan and secured in the data storage vault. Off-site copies of these backups shall also be arranged. The confidentiality of data in offsite copies will be protected by technological means under the control of the Contractor and as approved by the State office of the CIO and CoverKids office of the CIO.

A.28. Disaster Recovery

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

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- (1) Checkpoint/restart capabilities
 - (2) Retention and storage of backup files and software
 - (3) Hardware/network backup plan for the EQRO System
 - (4) Backup procedures for all schedule-critical manual operations in the event of a computer or telecommunications outage or a disaster at either the Metro Center site or the EQRO site
 - (5) Recovery procedures for loss of manual files and hardcopy documents
 - (6) Annual test of the disaster recovery plan

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

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

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

A.29. Data Communications

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

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

A.30. Equipment and Software

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

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

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

A.31. Lease and Maintenance Agreements

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

A.32. Supplies and Forms

Computer Expendable Supplies

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

A.33. Inventory of Forms and Supplies

The Contractor shall provide and maintain, at all times, an inventory of all forms that are required to support the functions of the EQRO related to this Contract. The Contractor shall be responsible for providing and maintaining an adequate inventory of forms, supplies etc. to be available for use on January 1, 2010, the operational date of the contract.

A.34. Modifications to Forms

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

A.35. Competency and Independence Requirements

The Contractor must demonstrate experience with Medicaid recipients, policies, data systems and processes, HPA delivery systems and financing, Quality Assurance and Quality Integrity, research design and methodology.

The Contractor must possess sufficient physical, technological and financial resources to conduct EQRO and EQR related activities as well as other clinical and non-clinical skills necessary to carry out the EQRO and EQR related activities and to oversee the work of any subcontractor.

The Contractor must not review an entity it exerts control over the other through stock ownership, stock options, voting trusts, common management, or contractual relationships in which they: (i) deliver any health care service to Medicaid recipients, (ii) conduct, on the state's behalf, ongoing Medicaid managed care program operations related to oversight of the quality of HPA services, except for EQR related activities, (iii) have a present, or known future, direct or indirect financial relationship with an HPA that it will review as an EQRO. (Financial relationship means a direct or indirect ownership or investment interest (including an option or non-vested interest) in any entity. This direct or indirect interest may be in the form of equity, debt, or other means and includes any indirect ownership or investment interest no matter how many levels removed from a direct interest, or a compensation arrangement with an entity.

B. CONTRACT TERM:

This Contract shall be effective for the period commencing on January 1, 2010 and ending on December 31, 2011. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed Seven Hundred Forty-Five Thousand Forty-Nine Dollars (\$745,049.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

- C.2. Compensation Firm.** The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

- C.3. Payment Methodology.** The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

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

Service Description	CY 2010	CY2011
Contract Administration (paid 1 st Q)	\$25,265	\$7,569
Annual Quality Survey (paid 1 st & 2 nd Q)	\$61,414	\$63,132
Annual Network Adequacy (paid 1 st & 2 nd Q)	\$73,873	\$70,842
Provider Data Validation (paid Quarterly)	\$4,216	\$4,422
Ad Hoc Reporting (paid monthly as needed)	\$ 15,901 total allotted for CY	\$ 16,680 total allotted for CY
Technical Assistance (paid monthly)	\$1,840	\$1,930
Technical Report (paid monthly)	\$2,306	\$2,421
Monthly Health Care Policy Report (paid monthly)	\$187	\$196
TOTAL ANNUAL ALLOCATION	\$380,600	\$364,449

- c. The Contractor shall not be compensated for travel time to the primary location of service provision.
- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

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

Ms. Marlene Alvarez
 Division of Benefits Administration
 William R. Snodgrass Tennessee Tower
 312 Rosa L Parks Avenue, Suite 2600
 Nashville, TN 37243

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

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);

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

- c. The Contractor understands and agrees that an invoice to the State under this Contract shall:
 - (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) not include any future work but will only be submitted for completed service; and
 - (3) not include sales tax or shipping charges.
- d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.
- e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.

- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any Contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

- C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least Ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. ~~The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.~~
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated, Section 12-4-401 et seq.*
- D.11. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.13. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or

provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

- D.14. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint ventures, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

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

- D.15. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.16. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

~~D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.~~

- D.18. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

- D.19. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D.20. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

- ~~D.21. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.~~

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Procurement & Contracting Manager
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Ave. No., 26th Floor WRS Tennessee Tower
Nashville, TN 37243-0295
Marlene.Alvarez@tn.gov
Telephone # 615-253-8358
FAX # 615-253-8586

The Contractor:

Dawn FitzGerald, Chief Executive Officer
QSource Center for Healthcare Quality
3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115
DFitzgerald@QSource.org
Telephone # 901-273-2650
FAX # 901-761-3786

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

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.
- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
 - b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a

VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.in.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

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

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

E.7. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.8. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.
- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.
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- E.9. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.
- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.
 - b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
 - c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
 - d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.
- E.10. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or contracted services. Such procurements shall be made on a competitive basis, where practical. The Contractor shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Contract. In each instance where it is determined that use of a competitive procurement method was not practical, said documentation shall include a written justification, approved by the Commissioner of Finance and Administration, for such decision and non-competitive procurement.

- E.11. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.12. Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.
- E.13. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract in perpetuity.
- E.14. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, *U.S. Code*.

- E.15. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

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

E.16. Copyrights and Patents. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State. The State shall give the Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.

E.17. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

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

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

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

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

Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

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

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

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

- (4) **Contract Termination**— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

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

IN WITNESS WHEREOF,

OSOURCE CENTER FOR HEALTHCARE QUALITY:

Dawn M. Fitzgerald 12/18/09
CONTRACTOR SIGNATURE DATE

Dawn M. Fitzgerald, CEO
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

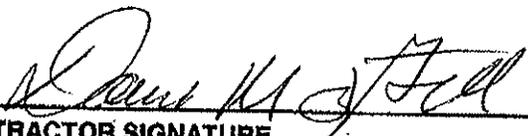
DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz Jr. 12-22-09
M.D. GOETZ, JR., COMMISSIONER DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	17627
CONTRACTOR LEGAL ENTITY NAME:	QSource Center for Healthcare Quality
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	620924699

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



 CONTRACTOR SIGNATURE

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

Dawn M. Fitzberall, CEO

 PRINTED NAME AND TITLE OF SIGNATORY

12/18/09

 DATE OF ATTESTATION

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

Description of Breach	Breach	Penalty
A. Contractor shall provide and maintain an administrative structure, including personnel of sufficient background, training, size, scope, and authority to perform its contractual responsibilities to the satisfaction of the State. (A.12.a.(4))	Failure to notify the State of staffing changes, including changes in key staff as noted within the Contract.	\$100.00 per State business day
B. Contractor shall annually submit the proposed survey tool(s) for the Annual Quality Survey of the HPA and DPA to the State. (A.8.)	Due Date for annual submission of proposed survey tool to State shall be February 28th.	\$200.00 per State business day
C. Contractor shall annually present the proposed schedule for the HPA and DPA Annual quality Surveys to the State for approval. (A.9.a.(1))	Schedule defining the dates established (agreed to by the HPA and DPA) for the onsite, Annual Quality Survey of HPA and DPA shall be submitted to the State annually by March 2 nd .	\$200.00 per day
D. Contractor shall perform an Annual Quality Survey of the HPA and DPA to determine contractual compliance, and compliance with current industry, Federal, and State requirements for CHIP managed care. Contractor shall prepare a written report of findings, which shall be delivered to the State. (A.9.a.)	Completion of Annual Quality Survey and submission of draft and final reports to the State 30 and 60 days respectively, from the last day of the onsite review of HPA and DPA. The State will use the established review schedule submitted for the HPA and DPA unless additional information is provided.	\$200.00 per State business day for each report, which is delinquent.
E. Contractor shall perform an annual assessment of network adequacy and submit reports thereof to the appropriate State agencies. Contractor shall establish a procedure to verify that the HPA and DPA are delivering the health benefits required by the Contractor Risk Agreement within the required time frames and that the HPA and DPA has an adequate provider network to ensure the effective and efficient delivery of healthcare services to CoverKids enrollees and submit a report thereof. (A.7.)	HPA and DPA specific reports shall be submitted to the appropriate State agencies annually by June 1 st detailing findings of network adequacy assessment.	\$200.00 per State business day for each report, which is delinquent.
F. Contractor shall perform a quarterly validation of the accuracy of the provider information reported by the HPA and DPA and submit a report thereof. (A.8. and A.9.)	Report the findings of the quarterly telephonic survey shall be submitted to the State by the last day of each calendar quarter.	\$200.00 per State business day for each report, which is delinquent.
G. Annual Technical Report completed and report submitted (A.9.e.)	Report includes all mandatory EQR activities and any optional activities selected by the State due annually by August 15 th .	\$200.00 per State business day for each report, which is delinquent.

H. Annual Cost Allocation Plan (A.9.f.(9))	Report to support claim for Federal Financial Participation. Contractor must be able to provide documentation to support wages, benefits, and other expenditure items shall be submitted to the State annually by August 15 th .	\$200.00 per State business day.
I. Ad hoc Reports as requested by the State (A.9.d.)	The State and the Contractor shall mutually agree upon the due date for each ad hoc report requested.	\$200.00 per State business day for each report, which is delinquent.
J. Failure to comply with Conflict of Interest requirements. (D.6.)	As defined in this agreement.	110% of the total amount of compensation paid by Contractor to inappropriate individuals as described in this agreement and possible termination of this agreement.
K. Failure to submit CoverKids Disclosure of Lobbying Activities Form by Contractor (E.14.b.)	As defined in this contract.	\$400.00 per State business day for which the form is late.

Attachment C begins on the following page