CONTRACT #4
RFS # 318.65-00702
FA # 11-34733
Edison # 25401

Finance & Administration
Division of Health Care Finance & Administration
Bureau of TennCare

VENDOR:
Health Management Associates, Inc.

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

June 29, 2012

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

Attention: Ms. Leni Chick

RE: AON Consulting, Inc., Amendment #1
Public Partnerships, LLC, Amendment #1
Public Consulting Group, Inc., Amendment #3
Health Management Associates, Inc., Amendment #2
Gorman Actuarial, LLC, Amendment #2

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 amendment #2 to Gorman Actuarial, LLC, amendment #3 to Public Consulting Group, Inc., and amendment #2 to Health Management Associates, Inc., all of which are competitively procured contracts for actuarial and benefit consulting services for the Health Insurance Exchange. Because of the continuing policy changes at the federal level and the magnitude of the market impacts in Tennessee, the State sought additional planning federal funds which were awarded in November, 2011 and February, 2012. The purpose of these amendments is to provide additional funding for consulting services regarding health insurance exchanges and for making evidence-based recommendations to the State. The State indicated in both the RFP and resulting contract that contract funding would be increased as needed and as availability of additional federal funding dictated. These amendments are all 100% federally funded.

Additionally, we are submitting amendment #1 to the existing competitively procured contract with AON Consulting, Inc., the contract for provision of actuarial services relevant to managed care organization rate structure in the TennCare program, as well as federally required independent audits of Disproportionate Share Hospital (DSH) payments. This amendment is necessary to provide sufficient funding to cover projected expenses for the remainder of the contract period.

Finally, we are submitting amendment #1 to Public Partnerships, LLC, the competitively procured contract for financial administration and supports brokerage functions for the TennCare CHOICES program. This amendment provides required language updates relevant to the *Money Follows the Person (MFP) Rebalancing Demonstration Operational Protocol* for the state to increase the number of persons receiving Medicaid-reimbursed Home and Community Based Services (HCBS) participating in consumer direction during each year of the demonstration. Additional language is being added to the contract to include the CHOICES 3 population as eligible population for consumer direction. Sufficient funding is available in the existing contract, therefore, no additional funds are necessary.

The Bureau of TennCare 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:	507-6482
*Original Contract Number:	FA1134733	*Original RFS Number:	31865-000702 (formerly 31701-04100)
Edison Contract Number: (*if applicable*)	25401	Edison RFS Number: (*if applicable*)	
*Original Contract Begin Date:	April 1, 2011	*Current End Date:	March 31, 2013

Current Request Amendment Number: (*if applicable*)	2
Proposed Amendment Effective Date: (*if applicable*)	September 1, 2012
*Department Submitting:	Department of Finance and Administration
*Division:	Division of Health Care Finance and Admin. Insurance Exchange
*Date Submitted:	June 26, 2012
*Submitted Within Sixty (60) days:	Yes
If not, explain:	
*Contract Vendor Name:	Health Management Associates, Inc.
*Current Maximum Liability:	$485,000.00

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

FY: 2011	FY: 2012	FY: 2013	FY:	FY	FY
$ 0	$ 300,000.00	$185,000.00	$	$	$

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

FY: 2011	FY: 2012	FY:	FY:	FY	FY
$ 0	$ 236,793.19	$	$	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	This contract was only in effect for 3 months of FY '11 and no funds were paid to the contractor during this time period. All funds rolled to FY '12.
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	N/A

*Contract	State:		Federal:	$140,000.00

Supplemental Documentation Required for Fiscal Review Committee

Funding Source/Amount:				
Interdepartmental:			*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
N/A	

Method of Original Award: (*if applicable*)	Request for Proposal
*What were the projected costs of the service for the entire term of the contract prior to contract award?	The costs associated with this contract were predicated on the cost proposals submitted in response to the RFP and the ultimate need for contractor services based on competitively procured hourly rates. These cost proposal documents are public information and available upon request.

Supplemental Documentation Required for Fiscal Review Committee

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

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

C.1. 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 based upon the following payment rates:

(1) For service performed from the execution of this contract through March 31, 2013, the following professional service rates (payment rate per hour per calendar year) shall apply:

Service Description – Consultant Classifications	**Amount per compensable increment – Maximum Rate Per Hour April 1, 2011-March 31, 2012**	**Amount per compensable increment – Maximum Rate Per Hour April 1, 2012-March 31, 2013**
Principal (for consulting services as approved in advance and in writing by the State)	**$300.00 per hour**	**$310.00 per hour**
Senior Consultant (for consulting services as approved in advance and in writing by the State)	**$250.00 per hour**	**$258.00 per hour**
Consultant (for consulting services as approved in advance and in writing by the State)	**$150.00 per hour**	**$155.00 per hour**
Analyst (for consulting services as approved in advance and in writing by the State)	**$135.00 per hour**	**$140.00 per hour**
Administrative support/clerical (for consulting services as approved in advance and in writing by the State)	**$75.00 per hour**	**$78.00 per hour**

(2) For service performed from April 1, 2013, through March 31, 2014, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2012 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(3) For service performed from April 1, 2014, through March 31, 2015, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the

Supplemental Documentation Required for Fiscal Review Committee

Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2013 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(4) For service performed from April 1, 2015, through March 31, 2016, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2014 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

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

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 amendment does not include proposed savings, however, due to the fact that the State followed a procurement strategy that involved an "early-to-market" RFP in December 2010 and awarded contracts to vendors before many other states were able to do so, thereby ensuring that Tennessee would have the "best-in-class" Contractors working on this project. Given the compressed timeframe for analysis and decision-making, we need to proceed with an experienced Contractor who is intimately familiar with our operational context, policy concerns, and market conditions in order to ensure that the Contractor can provide highly informed, Tennessee-specific input and recommendations.

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 State released a Request for Proposal and identified Health Management Associates, Inc. as one of three consulting companies determined to have the expertise necessary to guide the direction of the State related to health insurance exchanges and other aspects of the implementation of the Patient Protection and Affordable Care Act. Thus, we are relying on the existing competitive procurement to perform functions that are consistent with the scope of the original contract and have not compared any non competitive options.

Payments to
Health Management Associates, Inc.
Edison Contract #25401
April 1, 2011 - March 31, 2013

FY 2011 Total $0.00

Funding Year	Invoice	Reference Document	Name	Gross Amt	Pymnt Date
2012	3383-12929	FA1134733	Health Management Assoc	$105,289.40	11/30/2011
2012	3383.04-121090	FA1134733	Health Management Assoc	$25,405.00	12/12/2011
2012	3383.02-121249	FA1134733	Health Management Assoc	$21,296.31	2/29/2012
2012	3383.02-121110	FA1134733	Health Management Assoc	$20,831.23	3/1/2012
2012	3383.04-121180	FA1134733	Health Management Assoc	$10,200.00	2/29/2012
2012	3383.06-13444	FA1134733	Health Management Assoc	$26,760.00	6/13/2012
2012	3383.07-13437	FA1134733	Health Management Assoc	$27,011.25	6/13/2012

FY 2012 Total $236,793.19

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 #	31865-00702
1. Procuring Agency	Department of Finance and Administration Division of Health Care Finance and Administration
2. Contractor	Health Management Associates, inc.
3. Contract #	FA1134733
4. Proposed Amendment #	2
5. Edison ID #	25401

6. Contract Begin Date	April 1, 2011
7. Current Contract End Date *– with ALL options to extend exercised*	March 31, 2013
8. Proposed Contract End Date *– with ALL options to extend exercised*	March 31, 2013
9. Current Maximum Contract Cost *– with ALL options to extend exercised*	$ 485,000.00
10. Proposed Maximum Contract Cost *– with ALL options to extend exercised*	$ 885,000.00
11. Office for Information Resources Endorsement *– information technology service (N/A to THDA)*	x Not Applicable ☐ Attached
12. eHealth Initiative Support *– health-related professional, pharmaceutical, laboratory, or imaging*	x Not Applicable ☐ Attached
13. Human Resources Support *– state employee training service*	x Not Applicable ☐ Attached

14. Explanation Need for the Proposed Amendment

The State is amending this competitively-procured contract to provide additional funding for policy and operational consulting services regarding health insurance exchanges and for making evidence-based recommendations to the State. Since the execution of the contract, two key developments have occurred. First, one of the three Contractors (Dell) that received a contract award under the initial Request for Proposal (RFP # 31701 – 04101) has indicated that it is unable to perform functions specified in the scope of work because it has lost or laid off its key subject matter expert consultants in this area. Thus, we have terminated that contract for convenience and re-allocated the funds to the remaining two Contractors, Health

Request Tracking #	31865-00702

Management Associates (HMA) and Public Consulting Group (PCG). Second, the State has received additional planning funds to analyze evolving federal guidance regarding the exchange marketplaces. Because of the continuing policy changes at the federal level and the magnitude of the market impacts in Tennessee, we sought additional planning funds (which we were awarded in November, 2011 and February, 2012), and we now need the corresponding technical assistance to analyze the emerging issues in the market and revise our recommendations if and as appropriate. As explained below in item #17, the State indicated in both the RFP and resulting contract that contract funding would be increased as need and additional federal funding dictated.

15. Name & Address of the Contractor's Principal Owner(s)

Mr. Tom Dehner
Health Management Associates, Inc.
8 Faneuil Hall Marketplace, 3rd Floor
Boston, MA 02109

16. Evidence Contractor's Experience & Length Of Experience Providing the Service

Health Management Associates, Inc. has provided technical assistance to the State since the execution of the original contract (effective April 1, 2011), which was awarded under the original Request for Proposal (RFP # 31701 – 04101). The Contractor's work under the Contract has been more than satisfactory and performed in a manner consistent with the representations that it made in its proposal to the original RFP.

17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives

The State released a Request for Proposal and identified Health Management Associates, Inc. as one of three consulting companies determined to have the expertise necessary to guide the direction of the State related to health insurance exchanges and other aspects of the implementation of the Patient Protection and Affordable Care Act. Thus, we are relying on a recent competitive procurement to perform functions that are consistent with the scope of the original contract. We gave notice to all potential bidders in the original procurement of our intention to proceed in this fashion. As part of the RFP we communicated to vendors that the State may receive additional planning funds over and above the initial $1 million planning grant. In the interest of full disclosure and transparency with the potential bidders, we also stated our intent to use the contracts awarded through this procurement as vehicles for the additional work that may be required if the State received other grants. The State stipulated in the RFP Statement of Purpose that the maximum liability for this contract was undetermined and contingent upon policy decisions by the Governor and the General Assembly and the maximum liability was also a function of the continued (and perhaps expanded) availability of federal funding. In the event that Tennessee chooses to operate an insurance exchange and the State receives additional federal funding for technical assistance and consulting analyses, then the State likely will use the contract from this procurement for said work. The State anticipated expending the $1 million planning grant funds by the end of CY 2011 and clarified that we may use this contract as the payment vehicle for additional, federally-funded analyses. In the event that Tennessee chooses to operate an insurance exchange and the State receives additional federal funding for technical assistance and actuarial analyses, then the State likely will use the contract from this procurement for said work. The State does not currently anticipate an additional procurement for consulting services for the insurance exchange within the next 12 to 18 months.

18. Justification – *specifically explain why non-competitive negotiation is in the best interest of the state*

The federal government continues to issue guidance regarding its interpretation of the Patient Protection and Affordable Care Act (Pub. L. 111-148), as amended. In many instances, the new guidance is in contrast to earlier guidance or represents a reversal of previous policy statements and commitments. Because the implications for Tennessee's insurance markets are substantial and involve seismic-shifts in market design and structure, we have worked closely with insurers and other stakeholders to determine which analyses should take priority, and we continue to work with the Contractor to secure the appropriate technical assistance with regard to the potential impacts of evolving federal policy. Given the compressed timeframe for analysis and decision-making, we need to proceed with an experienced Contractor who is intimately familiar with our operational context, policy concerns, and market conditions in order to ensure that the Contractor can provide highly informed, Tennessee-specific input and recommendations.

Anticipating this eventuality and wanting to maximize interest in the original procurement, we communicated our intentions to all potential bidders with the original RFP so that they would be able to

Request Tracking #	31865-00702

incorporate this possibility into their planning and bidding strategy. The procurement had six qualified proposers, from which we selected the three highest-scoring bidders. We used this approach to ensure that any subsequent request for a contract modification (including the one described here) would be entirely consistent with the State's goal of maximizing efficiency and use of successfully-procured contracts through truly competitive procurement processes. Precisely for this reason, the State followed a procurement strategy that involved an "early-to-market" RFP in December 2010 and awarded contracts to vendors before many other states were able to do so, thereby ensuring that Tennessee would have the "best-in-class" Contractors working on this project.

The state will need to revisit all of this after the Supreme Court issues its ruling on the PPACA on or before June 29, 2012. The objective now is to be prepared with a contingency plan and have adequate resources in place in the event that the Governor directs us to move forward with the implementation of a state-based exchange after the Court issues its opinion. Because of the aggressive implementation schedule (with the federal certification of a state-based exchange required by January 1, 2013), time is of the essence, and we need to have this contract amendment in place to use as needed on August 1, 2012. For this and all of the reasons described above, it is advantageous for Tennessee to proceed with this non-competitive contract amendment which provides additional federal funding to sustain the ongoing and projected work of this Contractor. The consideration and approval of this amendment would be greatly appreciated.

Agency Head Signature and Date – *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*

Mark H. Emkes 5/24/12

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00702	25401	FA1134733	02

Contractor Legal Entity Name	Edison Vendor ID
Health Management Associates, Inc.	0000023589

Amendment Purpose & Effect(s)

Amendment increases the Maximum Liability for the continued provision of policy and consulting services for the Health Insurance Exchange

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** March 31, 2013

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$400,000.00**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011		$0.00			$0.00
2012		$300,000.00			$300,000.00
2013		$185,000.00			$585,000.00
TOTAL:		$885,000.00			**$885,000.00**

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.

Speed Chart (optional)	Account Code (optional)
	70803000

OCR USE

AMENDMENT #2
OF CONTRACT FA1134733
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
AND
HEALTH MANAGEMENT ASSOCIATES, INC.

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 Health Management Associates, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. 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 Eight Hundred Eighty-Five Thousand Dollars ($885,000.00). 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.

Required Approvals. 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).

Amendment Effective Date. The revisions set forth herein shall be effective September 1, 2012. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

HEALTH MANAGEMENT ASSOCIATES, INC.:

_____

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*

MEMORANDUM

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

FROM: Senator Bill Ketron, Chairman
Representative Curtis Johnson, Vice-Chairman

BK
CJ

DATE: February 2, 2012

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 1/31/12)

RFS# 318.65-00702 (Edison # 25401)
Department: Finance & Administration/ HCFA
Vendor: Health Management Associates, Inc.
Summary: The vendor is responsible for policy and operational consulting services regarding health insurance exchanges and related issues. The proposed amendment adds *Federal Funding Accountability and Transparency Act* language, updates contract contact information, and increases maximum liability by $345,000.
Current maximum liability: $140,000
Proposed maximum liability: $485,000

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

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

January 13, 2012

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

Attention: Ms. Leni Chick

RE: Bureau of TennCare Managed Care Organization Contract Amendments
SXC Health Solutions, Inc., #3
Public Consulting Group, Inc. #1
Health Management Associates, Inc. #1

Mr. Lucian Geise:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee the following Managed Care Organization (MCO) amendments to these competitively procured contracts for the provision of medical and behavioral services for TennCare enrollees. These amendments are necessary to add language consistent with the proposed budget presented to the Governor by TennCare. The language clarifies that each MCO will receive full risk capitation payments for up to 12 months prior to the member's enrollment in the plan for members who are determined to receive retro eligibility. Beyond the 12 month period, rather than the full capitation rate, the MCO will invoice TennCare for actual expenditures. By making this language change to all of the MCO contracts, TennCare is projected to realize a moderate reduction in payments.

AMERIGROUP Tennessee, Inc.	FA-07-16936-11
UnitedHealthCare Plan of River Valley, Inc.	FA-07-16937-11
UnitedHealthCare Plan of the River Valley, Inc (West Region)	FA-08-24979-08
Volunteer State Health Plan (West Region)	FA-08-24978-08
UnitedHealthCare Plan of the River Valley, Inc. (East Region)	FA-08-24984-08
Volunteer State Health Plan (East Region)	FA-08-24983-08

Secondly, TennCare is submitting for consideration amendment #3 to SXC Health Solutions, Inc, the contract for Pharmacy Management and Preferred drugs list server for the Bureau of TennCare. This competitively procured contract amendment extends the term of the contract for the 5th and final year and provides funding to support this extension. The Bureau is developing language to release an RFP to competitively identify a contractor to assume the Pharmacy management contract when this current term ends.

Finally, we are submitting for consideration amendments to the existing contracts with Public Consulting Group, Inc. and Health Management Associates, Inc., for the purpose of providing additional funding for policy and operational consulting services regarding health insurance exchanges and for making evidence-based recommendations to the State. Since the execution of these competitively procured contracts, one of the three competitively procured Contractors (Dell) that received a contract award under the initial Request for Proposal has indicated that it is unable to perform functions specified in the scope of work due to loss of key subject matter consulting staff. This inability to perform work for the State results in the need for redistribution of unused funds to the PCG and HMA contracts. Additionally, the State has received additional planning funds to analyze evolving federal guidance regarding the exchange marketplaces. Because of the continuing policy changes at the federal level and the magnitude of the market impacts in Tennessee, the State sought additional planning funds which were awarded on November 29, 2011. We now need the corresponding technical assistance that these two competitively procured contracts can provide to analyze the emerging issues in the market and revise our recommendations if and as appropriate. The State indicated in both the RFP and resulting contract that contract funding would be increased as needed and as availability of additional federal funding dictated.

The Bureau of TennCare 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:	507-6482
*Original Contract Number:	FA1134733	*Original RFS Number:	31865-000702 (formerly 31701-04100)
Edison Contract Number: *(if applicable)*	25401	Edison RFS Number: *(if applicable)*	
*Original Contract Begin Date:	April 1, 2011	*Current End Date:	March 31, 2013

Current Request Amendment Number: *(if applicable)*	1
Proposed Amendment Effective Date: *(if applicable)*	February 15, 2012
*Department Submitting:	Department of Finance and Administration
*Division:	Division of Health Care Finance and Admin. Insurance Exchange
*Date Submitted:	January 13, 2012
*Submitted Within Sixty (60) days:	No
If not, explain:	This consulting contract as well as two (2) others, was competitively procured to provide the State consulting expertise necessary to guide the direction of the State related to health insurance exchanges and other aspects of the implementation of the Patient Protection and Affordable Care Act. One of the additional companies was ultimately unable to perform the work as dictated in their contract which resulted in increased work by Health Management Associates, Inc. Additional funding is required to support payments to this 100% federally funded contract.
*Contract Vendor Name:	Health Management Associates, Inc.
*Current Maximum Liability:	$140,000.00

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

FY: 2011	FY: 2012	FY:	FY:	FY	FY
$ 0	$ 140,000.00	$	$	$	$

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

FY: 2011	FY: 2012	FY:	FY:	FY	FY
$ 0	$ 130,694.40	$	$	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus	N/A

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.

C.1. 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 based upon the following payment rates:

(1) For service performed from the execution of this contract through March 31, 2013, the following professional service rates (payment rate per hour per calendar year) shall apply:

Service Description – Consultant Classifications	**Amount per compensable increment – Maximum Rate Per Hour April 1, 2011-March 31, 2012**	**Amount per compensable increment – Maximum Rate Per Hour April 1, 2012-March 31, 2013**
Principal (for consulting services as approved in advance and in writing by the State)	**$300.00 per hour**	**$310.00 per hour**
Senior Consultant (for consulting services as approved in advance and in writing by the State)	**$250.00 per hour**	**$258.00 per hour**
Consultant (for consulting services as approved in advance and in writing by the State)	**$150.00 per hour**	**$155.00 per hour**
Analyst (for consulting services as approved in advance and in writing by the State)	**$135.00 per hour**	**$140.00 per hour**
Administrative support/clerical (for consulting services as approved in advance and in writing by the State)	**$75.00 per hour**	**$78.00 per hour**

(2) For service performed from April 1, 2013, through March 31, 2014, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2012 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(3) For service performed from April 1, 2014, through March 31, 2015, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the

Supplemental Documentation Required for Fiscal Review Committee

Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2013 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(4) For service performed from April 1, 2015, through March 31, 2016, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2014 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

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

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 amendment does not include proposed savings, however, due to the fact that the State followed a procurement strategy that involved an "early-to-market" RFP in December 2010 and awarded contracts to vendors before many other states were able to do so, thereby ensuring that Tennessee would have the "best-in-class" Contractors working on this project. Given the compressed timeframe for analysis and decision-making, we need to proceed with an experienced Contractor who is intimately familiar with our operational context, policy concerns, and market conditions in order to ensure that the Contractor can provide highly informed, Tennessee-specific input and recommendations.

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 State released a Request for Proposal (RFP # 31701 – 04101), and identified Health Management Associates, Inc. as one of three consulting companies determined to have the expertise necessary to guide the direction of the State related to health insurance exchanges and other aspects of the implementation of the Patient Protection and Affordable Care Act. Thus, we are relying on the existing competitive procurement to perform functions that are consistent with the scope of the original contract and have not compared any non competitive options.

Supplemental Documentation Required for Fiscal Review Committee

funds were spent:	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	This contract was only in effect for 3 months of FY '11 and no funds were paid to the contractor during this time period. All funds rolled to FY '12.
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	N/A

*Contract Funding Source/Amount:	State:		Federal:	$140,000.00
Interdepartmental:			*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: *(if applicable)*	Brief Description of Actions in Previous Amendments or Revisions: *(if applicable)*
N/A	

Method of Original Award: *(if applicable)*	Request for Proposal
*What were the projected costs of the service for the entire term of the contract prior to contract award?	The costs associated with this contract were predicated on the cost proposals submitted in response to the RFP and the ultimate need for contractor services based on competitively procured hourly rates. These cost proposal documents are public information and available upon request.

Payments to
Health Management Associates, Inc.
FA1134733

FY 2011 Total $0.00

Funding Year	Invoice	Reference Document	Name	Gross Amt	Pymnt Date
2012	3383-12929	FA1134733	Health Management Assoc	$105,289.40	11/30/2011
2012	3383.04-121090	FA1134733	Health Management Assoc	$25,405.00	12/12/2011

FY 2012 Total $130,694.40

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 #	31865-00702 (Previously 31701-04100)
1. Procuring Agency	Department of Finance and Administration Division of Health Care Finance and Administration
2. Contractor	Health Management Associates, Inc.
3. Contract #	FA1134733
4. Proposed Amendment #	1
5. Edison ID #	25401

6. Contract Begin Date	April 1, 2011
7. Current Contract End Date *– with ALL options to extend exercised*	March 31, 2013
8. Proposed Contract End Date *– with ALL options to extend exercised*	March 31, 2013
9. Current Maximum Contract Cost *– with ALL options to extend exercised*	$ 140,000.00
10. Proposed Maximum Contract Cost *– with ALL options to extend exercised*	$ 485,000.00
11. Office for Information Resources Endorsement *– information technology service (N/A to THDA)*	x Not Applicable ☐ Attached
12. eHealth Initiative Support *– health-related professional, pharmaceutical, laboratory, or imaging*	x Not Applicable ☐ Attached
13. Human Resources Support *– state employee training service*	x Not Applicable ☐ Attached

14. Explanation Need for the Proposed Amendment

The State is amending this competitively-procured contract to provide additional funding for policy and operational consulting services regarding health insurance exchanges and for making evidence-based recommendations to the State. Since the execution of the contract, two key developments have occurred. First, one of the three Contractors (Dell) that received a contract award under the initial Request for Proposal (RFP # 31701 – 04101) has indicated that it is unable to perform functions specified in the scope of work because it has lost or laid off its key subject matter expert consultants in this area. Thus, we need

Request Tracking #	31865-00702 (Previously 31701-04100)

to terminate that contract for convenience and re-allocate the funds to the remaining two Contractors, Health Management Associates (HMA) and Public Consulting Group (PCG).

Second, the State has received additional planning funds to analyze evolving federal guidance regarding the exchange marketplaces. Because of the continuing policy changes at the federal level and the magnitude of the market impacts in Tennessee, we sought additional planning funds (which we were awarded on November 29, 2011), and we now need the corresponding technical assistance to analyze the emerging issues in the market and revise our recommendations if and as appropriate. As explained below in item #17, the State indicated in both the RFP and resulting contract that contract funding would be increased as need and additional federal funding dictated.

15. Name & Address of the Contractor's Principal Owner(s)

Mr. Tom Dehner
Health Management Associates, Inc.
8 Faneuil Hall Marketplace, 3rd Floor
Boston, MA 02109

16. Evidence Contractor's Experience & Length Of Experience Providing the Service

Health Management Associates, Inc. has provided technical assistance to the State since the execution of the original contract (effective April 1, 2011), which was awarded under the original Request for Proposal (RFP # 31701 – 04101). The Contractor's work under the Contract has been more than satisfactory and performed in a manner consistent with the representations that it made in its proposal to the original RFP.

17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives

The State released a Request for Proposal (RFP # 31701 – 04101), and identified Health Management Associates, Inc. as one of three consulting companies determined to have the expertise necessary to guide the direction of the State related to health insurance exchanges and other aspects of the implementation of the Patient Protection and Affordable Care Act. Thus, we are relying on a recent competitive procurement to perform functions that are consistent with the scope of the original contract.

We gave notice to all potential bidders in the original procurement of our intention to proceed in this fashion. As part of the RFP (RFP # 31701 – 04101), we communicated to vendors that the State may receive additional planning funds over and above the initial $1 million planning grant. In the interest of full disclosure and transparency with the potential bidders, we also stated our intent to use the contracts awarded through this procurement as vehicles for the additional work that may be required if the State received other grants. For example, in Amendment #2 (December 3, 2010), we added the following language to Section 1.1 (Statement of Procurement Purpose):

> The maximum liability for this contract is undetermined and contingent upon policy decisions by the Governor and the General Assembly; the maximum liability is also a function of the continued (and perhaps expanded) availability of federal funding. In the event that Tennessee chooses to operate an insurance exchange and the State receives additional federal funding for technical assistance and actuarial analyses, then the State likely will use the contract from this procurement for said work. Indeed, the State does not currently anticipate an additional procurement for actuarial services for the insurance exchange within the next 12 to 18 months.
>
> Please note that proposers may submit proposals for (and be awarded contracts under) both this procurement and RFP #31701-04100 (Actuarial and Benefits Consulting Related to Federal Health Insurance Reform).
>
> Consistent with RFP Section 3.3.8.(d), entities that intend to submit proposals should be aware that if they submit a proposal for the current actuarial services procurement, they may be ineligible to submit a proposal to operate the website portal, call center and other components of a state-based insurance exchange in Tennessee. All potential proposers for this RFP should assume that the prevailing contractors in this actuarial services procurement would be precluded from bidding on RFPs for the actual operation of a state-based insurance exchange in Tennessee.

Request Tracking #	31865-00702 (Previously 31701-04100)

Additionally, in Amendment #3 (December 20, 2010), we responded to Question #28 by noting that:

We anticipate expending the $1 million planning grant funds by the end of CY 2011. As clarified in Amendment #2, though, we may use this contract as the payment vehicle for additional, federally-funded analyses. In the event that Tennessee chooses to operate an insurance exchange and the State receives additional federal funding for technical assistance and actuarial analyses, then the State likely will use the contract from this procurement for said work. Indeed, the State does not currently anticipate an additional procurement for actuarial services for the insurance exchange within the next 12 to 18 months.

18. Justification – *specifically explain why non-competitive negotiation is in the best interest of the state*

The federal government continues to issue guidance regarding its interpretation of the Patient Protection and Affordable Care Act (Pub. L. 111-148), as amended. In many instances, the new guidance is in stark contrast to earlier guidance or represents a reversal of previous policy statements and commitments. Because the implications for Tennessee's insurance markets are substantial and involve seismic-shifts in market design and structure, we have worked closely with insurers and other stakeholders to determine which analyses should take priority, and we continue to work with the Contractor to secure the appropriate technical assistance with regard to the potential impacts of evolving federal policy. Given the compressed timeframe for analysis and decision-making, we need to proceed with an experienced Contractor who is intimately familiar with our operational context, policy concerns, and market conditions in order to ensure that the Contractor can provide highly informed, Tennessee-specific input and recommendations.

Anticipating this eventuality and wanting to maximize interest in the original procurement, we communicated our intentions to all potential bidders with the original RFP so that they would be able to incorporate this possibility into their planning and bidding strategy. The procurement had six qualified proposers, from which we selected the three highest-scoring bidders. We used this approach to ensure that any subsequent request for a contract modification (including the one described here) would be entirely consistent with the State's goal of maximizing efficiency and use of successfully-procured contracts through truly competitive procurement processes.

The State could proceed with a new procurement for these services. However, given the amount of work available in each of the 50 States and the U.S. territories and the shortage of subject matter experts working in this area, it is unlikely that Tennessee would receive a large number of proposals from qualified vendors. Precisely for this reason, the State followed a procurement strategy that involved an "early-to-market" RFP in December 2010 and awarded contracts to vendors before many other states were able to do so, thereby ensuring that Tennessee would have the "best-in-class" Contractors working on this project. For this and all of the reasons described above, it is advantageous for Tennessee to proceed with this non-competitive contract amendment.

Agency Head Signature and Date – *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*

Mark C. Emmer 1/06/2012

AMENDMENT #1
OF CONTRACT FA1134733
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
AND
HEALTH MANAGEMENT ASSOCIATES, INC.

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 Health Management Associates, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The text of 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 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 Four Hundred Eighty-Five Thousand Dollars ($485,000.00). 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. 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:

   Brian Haile
   Department of Finance and Administration
   Division of Health Care Finance and Administration
   Tennessee Insurance Exchange
   312 Rosa Parks Avenue, Suite 2600
   Nashville, TN 37243
   Telephone: (615) 253-8555
   FAX : (615) 253-8556
   Brian.Haile@tn.gov

The Contractor:

Mr. Tom Dehner, Principal
Health Management Associates, Inc.
8 Faneuil Hall Marketplace, 3rd Floor
Boston, MA 02108
Telephone: 617-720-7800
Fax: 517-482-0920
tdehner@healthmanagement.com

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

4. The following is added as Contract section E16.

E.16. Federal Funding Accountability and Transparency Act (FFATA). This Contract requires the Contractor to provide supplies and/or services that are funded in whole or in part by federal funds that are subject to FFATA. The Contractor is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Contractor provides information to the State as required.

The Contractor shall comply with the following:

a. Reporting of Total Compensation of the Contractor's Executives.

(1) The Contractor shall report the names and total compensation of each of its five most highly compensated executives for the Contractor's preceding completed fiscal year, if in the Contractor's preceding fiscal year it received:

i. 80 percent or more of the Contractor's annual gross revenues from Federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
ii. $25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and
iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm.).

Executive means officers, managing partners, or any other employees in management positions.

(2) Total compensation means the cash and noncash dollar value earned by the executive during the Contractor's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

i. Salary and bonus.
ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the

Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

v. Above-market earnings on deferred compensation which is not tax qualified.

vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

b. The Contractor must report executive total compensation described above to the State by the end of the month during which this Contract is awarded.

c. If this Contract is amended to extend its term, the Contractor must submit an executive total compensation report to the State by the end of the month in which the amendment to this Contract becomes effective.

d. The Contractor will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Contract. More information about obtaining a DUNS Number can be found at: http://fedgov.dnb.com/webform/

The Contractor's failure to comply with the above requirements is a material breach of this Contract for which the State may terminate this Contract for cause. The State will not be obligated to pay any outstanding invoice received from the Contractor unless and until the Contractor is in full compliance with the above requirements.

Required Approvals. 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).

Amendment Effective Date. The revisions set forth herein shall be effective February 15, 2012. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

HEALTH MANAGEMENT ASSOCIATES, INC.:

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**

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00702 (formerly 31701-04100)	25401	FA1134733	01

Contractor Legal Entity Name	Edison Vendor ID
Health Management Associates, Inc.	0000023589

Amendment Purpose & Effect(s)

Amendment increases the Maximum Liability for the continued provision of policy and consulting services for the Health Insurance Exchange; FFATA language added

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** March 31, 2013

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$ 345,000.00**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011		$0.00			$0.00
2012		$300,000.00			$300,000.00
2013		$185,000.00			$185,000.00
TOTAL:		$485,000.00			$485,000.00

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.

Speed Chart (optional)	Account Code (optional)
	70803000

OCR USE

FUNDING REVISION

CONTRACT

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

Begin Date	End Date	Agency Tracking #	Edison Record ID
April 1, 2011	March 31, 2013	31865-00702 (formerly 31701-04100)	25401

Contractor Legal Entity Name	Edison Vendor ID
Health Management Associates, Inc.	0000023589

Service Caption (one line only)

FUNDING REVISION: Moving $140,000 from FY 2011 to FY 2012

Subrecipient or Vendor	CFDA #
☐ Subrecipient ☒ Vendor	93.525

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011					$0.00
2012		$140,000.00			$140,000.00
2013					$0.00
TOTAL:		$140,000.00			$140,000.00

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

Ownership/Control

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

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

☒ RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
☐ Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
☐ Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
☐ Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
☐ Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with all interested parties or all parties in a predetermined "class."

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 – FA

Speed Chart (optional)	Account Code (optional)
	70803000

Contract # **FA1134733**

CONTRACT

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

Begin Date	End Date	Agency Tracking #	Edison Record ID
April 1, 2011	March 31, 2013	31701-04101 31701 – ~~04100~~	25401

Contractor Legal Entity Name	Edison Vendor ID
Health Management Associates, Inc.	0000023589

Subrecipient or Vendor	CFDA #	FEIN or SSN (optional)
☐ Subrecipient ☒ Vendor	93.525	38-2599727

Service Caption (one line only)

Policy and Operational Consulting Services for the Health Insurance Exchange.

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011		$140,000.00			$140,000.00
TOTAL:		**$140,000.00**			**$140,000.00**

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

Ownership/Control

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

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

☒ RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
☐ Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
☐ Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
☐ Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
☐ Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with all interested parties or all parties in a predetermined "class."

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.

Maureen Abbey/ca

Speed Code	Account Code
FA00002221	70803000

OCR USE - FA

FA1134733

CONTRACT
BETWEEN THE STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION, BENEFITS ADMINISTRATION
AND
HEALTH MANAGEMENT ASSOCIATES, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Benefits Administration, hereinafter referred to as the "State" and Health Management Associates, Inc., hereinafter referred to as the "Contractor," is for the provision of Policy and Operational Consulting Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is A PRIVATE FOR-PROFIT CORPORATION.
Contractor Federal Employer Identification or Social Security Number: 38-2599727
Contractor Place of Incorporation or Organization: Michigan.

A. SCOPE OF SERVICES:

A.1. Contractor's Obligations

The Contractor shall provide all services 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.

A.2. Policy and Operational Consulting Services

As requested by the State, the Contractor shall provide the policy and operational consulting services about health insurance exchanges and related issues. Specifically:

a. The Contractor shall provide the State policy and operational consulting services about health insurance exchanges and make evidence-based recommendations to the State. The Contractor shall also include a cogent assessment of the relative advantages and disadvantages of each option so as to ensure that the State is cognizant of the salient facts and all potential risks.

b. At the direction of the State, the Contractor shall provide or subcontract for other policy and operational consulting services related to the health insurance exchange; such services shall include but are not limited to strategic planning, budget projections, organizational consulting, benefits design, contract and market analyses, development of procurement documents (e.g., requests for proposals, *pro forma* contracts, and cost proposals), and the drafting or legislative and regulatory materials.

c. At the State's request, the Contractor shall provide timely information, analysis and recommendations on newly-enacted Federal laws and regulations related to health insurance exchanges or related aspects of the implementation of the Patient Protection and Affordable Care Act (Pub. L. 111-148), as amended.

d. The Contractor shall provide expert testimony on related policy and operational issues to the courts, legislators and other groups as requested by the State.

e. Unless otherwise directed by the State, the Contractor engaged by the State in response to a specific SOW shall meet on a regular schedule with the State at the State's request to review ongoing projects, benefit plan status or other activities as required by the State. Most such meetings shall take place by conference call, though some may require a face-to-face consultation. All travel associated in the performance of the responsibilities of this Contract shall be pre-approved by the State. (See Contract Section C.4.)

f. The Contractor shall be notified of all consulting project(s) opportunities to be performed under this contract though the SOW process described in Contract Section A.4. The Contractor shall perform these consulting services using the classifications of consultants listed in Contract Section C.3.b.(1) below, (collectively, "consultants"). These Consultant Classifications are further described in Contract Section A.9.

g. Contractor personnel must meet the qualifications specified in Contractor Classifications and the Statement of Work (SOW) as further described in Contract Sections A.4.b. and A.9. However, the State may waive any qualification related to the contracted services skill sets, if it deems this to be necessary and in the State's best interest, in order to acquire uniquely skilled Contractor personnel. The State will document in writing the justification of any such waiver of qualification.

A.3. **Administrative Services**

The Contractor must maintain an organization sufficient to administer, manage and oversee all aspects of the Contract. Specifically:

(1) The Contractor shall establish a team of qualified employees assigned to the State and shall be able to adjust staffing needs to appropriate levels in order to provide services as required by the State.

(2) The Contractor shall ensure that the principal project staff have, at a minimum, the professional and other educational backgrounds and certifications commensurate with the nature and scope of services in accordance with the Contractor's Proposal and as required by the State.

(3) The Contractor shall notify the State in writing within thirty (30) days of any changes in the consultants (excluding administrative support/clerical personnel) who are listed in the Contractor's proposal or on subsequent cost estimates for additional consulting services. Any replacement to the designated individuals occupying these positions shall possess equal qualifications and experience. The State retains the right to request alternative personnel assigned to this Contract.

(4) The Contractor shall maintain an administrative structure to oversee the monthly billing, payment and processing of invoices to the State for work performed under the contract and specifically authorized by the State. Invoices must be in the content and format as required by the State detailing the project and time spent by position.

(5) As specified in Contract Section C.5., the Contractor is required to submit detailed invoices accompanied by documentation supporting hourly breakouts for each project. This documentation will be reviewed and approved by Health Exchange staff familiar with the project requirements prior to approval for payment.

(6) The Contractor shall refer all media and legislative inquiries of any type to Health Exchange staff, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, the Contractor shall copy the Health Exchange on all correspondence.

A.4. <u>Procedures for Requesting and Providing Services</u>.

a. At the State's request, the Contractor will provide to the State the services of one or more personnel to accomplish the requirements detailed in the SOW.

b. In the SOW, the State will describe the project's requirements and the desired deliverables, and recommended skill sets required to complete the projects. The specific Consultant Classifications are to be determined by the Contractor, but must be selected from the Consultant Classifications listed in Contract Section A.9. The State will assess the reasonableness of the proposed approach as a part of the SOW proposal evaluation. An approach that the State does not deem reasonable may result in the Contractor being disqualified from that SOW process.

c. The Contractor shall make task assignments, define and manage the Contractor personnel work schedules with the goal of accomplishing the State's requirements in a timely fashion. The Contractor agrees to bring to bear additional resources as necessary to accomplish the project within the timeframes stated in the SOW, at no additional cost to the State.

d. The State will specify the location where the project work will be performed in the SOW. However, the State reserves the right to request on-site or off-site work at any time during the life of the project, if the State deems this necessary.

e. SOW Process.

The State will provide the Contractor with an SOW describing the requested services, including as follows.

(1) Project number, which will be used to track the services through completion

(2) Description and scope of the requested services

(3) Requested project timeframe and any non-standard work schedule tasks

(4) Deliverables

(5) Location of work

(6) State Project Coordinator

(7) Availability of State staff (if any) to assist with the project effort.

The Contractor will respond to the SOW with a detailed "Project Offer" that describes how the Contractor will accomplish the project within the stated time frame.

f. Construction and Submission of Project Offer.

Each SOW will specify the deadline for the Contractor to respond to the State's request. This time frame will be no less than three (3) business days, but it may be more at the State's discretion. Within the specified time frame--measured from the date the SOW was distributed--the Contractor must respond either affirming or denying its ability to provide a Project Offer. The State expects the Contractor to respond to each SOW.

The Contractor may seek written or verbal clarifications regarding the SOW during the response period. If deemed necessary by the State, the SOW may be modified to clarify its intent and to adjust the response period accordingly.

If the Contractor is unable to respond to the SOW, the Contractor must notify the Contract Administrator of this fact via email.

Otherwise, if the Contractor is able to respond to the SOW, the Contractor will submit a Project Offer. The Contractor may submit the Project Offer by any means that will meet the deadline; however, the State prefers the Project Offer be submitted via email, and it shall include the following items:

(1) An SOW Technical Proposal, that will include:

i. Project number from the SOW.

ii. Contractor understanding of the work to be performed including a description of the Contractor's approach to meet the State's requirements and provide the requested services, at the level of detail requested in the SOW.

iii. Project Work Plan that accomplishes the project within the State-specified timeframe, detailing all tasks to be performed and an expected completion date for each deliverable.

iv. Staffing Plan, specifying the Consultant Classifications from Contract Section A.9. needed for the project and the hours required for each Consultant Classification, along with indications of any and all State personnel effort required to complete the project. Do **NOT** include cost in the Technical Proposal. Inclusion of cost in the Technical Proposal will result in the Contractor being disqualified from that SOW process.

v. The Project Work Plan and the descriptions of Contractor staff in the Staffing Plan must reconcile to the Consultant Classifications, SOW Payment Rates, Fixed Prices Per Deliverable, and hours worked to produce the Deliverables, as proposed in the SOW Cost Proposal.

vi. Any Contractor assumptions on which the Project Proposal are based. These assumptions cannot conflict with the terms and provisions of the Contract. In the event of a conflict, the Contract will prevail.

vii. Other information as required in the SOW.

(2) An SOW Cost Proposal, that will include: 1) an SOW Payment Rate Per Hour for each Consultant Classification used in the performance of the services; 2) a Fixed Price Per Deliverable for each deliverable produced and 3) a Total Fixed SOW Price, which is the sum of the Fixed Prices Per Deliverable. These items are further described as follows:

i. An SOW Payment Rate Per Hour for each Consultant Classification needed for the project. The SOW Payment Rate Per Hour for each Consultant Classification must be a rate per hour less than or equal to the Maximum Payment Rate Per Hour set forth in Section C.3.b. for each Consultant Classification for the effective Contract year. If the project work plan provided in the Technical Proposal spans more than one year of the Contract term, the Contractor may (but is not required to) propose a different SOW Payment Rate Per Hour for each Consultant Classification for every Contract year in which work will take place. See Section A.4.f.(2)ii. below, for an example that illustrates how Consultant Classification Rates within different Contract years are used to derive Deliverable fixed prices. The State will reject the Project Offer if the SOW payment rate per hour for a Consultant Classification is greater than the maximum payment rate per hour set forth in Section C.3.b. for a Consultant Classification for the effective Contract year.

ii. A Fixed Price Per Deliverable for each deliverable defined in the SOW. The fixed price for each deliverable must be calculated using the SOW payment rate per hour for each Consultant Classification required to produce that deliverable, as proposed in the Cost Proposal. The Contractor will be compensated per deliverable. The Cost Proposal shall include the calculations by which the fixed price for a deliverable was determined, i.e., the Consultant Classification(s) included, the number of hours per Consultant Classification, and the SOW rate(s) per Consultant Classification used in the calculation of the deliverable. Depending upon the length of the project, the Contractor may use different Maximum Payment Rates Per Hour to calculate

the Fixed Price Per Deliverable. For example, if the project begin and end dates fall completely within Year 1 of the Contract term, the Contractor would calculate the fixed price for the deliverable using the Maximum Payment Rate(s) for the applicable Consultant Classifications for Contract Year 1. On the other hand, if the dates begin in Contract Year 1 and extend into any portion of Contract Year 2, the Contractor may use different Maximum Payment Rate(s) per hour for each Classification for each year, and calculate the fixed price using the Maximum Payment Rates for both years based on the dates in the Workplan. The same rule would apply for all contract years; the fixed price may be calculated using the different Maximum Payment Rates for the effective years.

iii. A Total Fixed SOW Price. This price will cover **all** costs to accomplish the project. The total fixed price will be the sum of the fixed price(s) of the deliverable(s), as described above. This total fixed price will be the maximum amount of compensation that can be paid to the Contractor under this SOW, regardless of the resources required. Note that the Consultant Classification Rates used to derive the Fixed Prices Per Deliverable are fully loaded and already include all direct and indirect costs, excluding travel expenses and non-standard work schedule and/or overtime costs, to provide the services. The Contractor may charge the State no more than this fixed price to complete the project, unless amended in the resulting MOU due to requirements changes as described in Contract Section A.4.j.

(3) Failure to comply to with the Construction and Submission of Project Offer instructions detailed above may result in the disqualification of the Project Offer. In this event, the State will assign a "Fail" status to the Project Offer, and it will not proceed to the Evaluation phase.

g. Evaluation of SOW Project Offer.

(1) SOW Technical Proposal Evaluation. After the Project Offer Due Date, the State will begin the evaluation process by first reviewing the SOW Technical Proposals.

The State will assess:

i. Contractor's written description of its understanding of the work to be performed;

ii. Ability of Contractor to accomplish the project within the State-specified time frame;

iii. Contractor assumptions on which the Project Proposal is based;

iv. Reasonableness and Feasibility of the Contractor's approach and

v. Based on this review, the State will assign a "Pass/Fail" status to the Contractor's Technical Proposal. The State will then evaluate the Cost Proposal associated with each Technical Proposal that has received a "Pass" status.

(2) SOW Cost Proposal Evaluation. The State will evaluate each responsive Cost Proposal to ensure the Cost Proposal complies with the requirements detailed above. If the Contractor does not submit a Cost Proposal that complies with these requirements, the State may disqualify the Contractor's proposal. The State shall make the SOW award to the responsive and responsible Proposer that has proposed the lowest cost to provide the services required by the SOW.

(3) After selecting the best-qualified Project Offer, the State will notify all Contractors regarding its selection.

h. Project Team.

The Contractor shall build the project team for each SOW, and for each deliverable required by the SOW, using the Consultant Classifications from Contract Section A.9.

(1) The Contractor may use the same individual to perform the tasks of multiple Consultant Classifications on a given project, as long as it creates no conflicts or delays in the project schedule. For example, an individual may perform the tasks of both classifications on the same project. However, the Contractor shall invoice the State separately for the hours worked by the same individual under each Consultant Classification, and there shall be no overlaps in which a Contractor-supplied staff member is working and billing simultaneously under two or more Consultant Classifications.

(2) The Contractor may use the same individual to perform the tasks of the same or multiple Consultant Classifications on multiple simultaneous projects, as long as it creates no conflicts or delays in the project schedules. For example, an individual may simultaneously perform the tasks of a Consultant for multiple projects or perform the tasks of a Analyst on one project and Consultant on another project.

(3) At the State's sole discretion, the Contractor will reassign consultants and/or assign new consultants as necessary to remedy all conflicts or delays in the project schedule(s) caused by assignment of individuals to multiple Consultant Classifications or projects. The same proscriptions against double-billing for simultaneous work, as described above, apply in this case as well. Moreover, the State will not pay for any additional hours resulting from the resolution of conflicts or delays.

(4) The Contractor must request and receive prior approval from the State to remove a consultant from a current State project in order to assign the consultant to a new State project. The Contractor must provide a State approved replacement for the current State project.

i. Memorandum of Understanding.

After the State has approved the Project Proposal, it will develop a Memorandum of Understanding (MOU) binding the Contractor to its Project Proposal for the associated SOW. (See Contract Attachment 2 for a draft of the MOU agreement document).

The State will provide a copy of the fully executed MOU to the Contractor. Receipt of a fully executed MOU authorizes the Contractor to provide the requested services and the Contractor consultants to begin work. The State will not be liable to pay the Contractor for any work performed prior to the Contractor's receipt of a fully executed MOU.

j. Memorandum of Understanding Maximum Dollar Amount and Amendment Process.

The MOU will fix the maximum amount of money to be paid in compensation for deliverables produced pursuant to a particular SOW. This amount cannot be exceeded, without an MOU amendment. Such an amendment, if deemed necessary by the State, would increase the maximum potential compensation due the Contractor for the requested services. The Amendment would require the same signatures as the original MOU. Such an amendment would be used to complete deliverable(s) within the scope of

the SOW that the State unintentionally omitted or were larger than anticipated/indicated in the original SOW.

Upon receipt of the amendment, the Contractor will develop a revised Project Proposal for the completion of the project. Regardless of the timing and nature of the additional services to produce the deliverable, the Contractor will, to the greatest extent possible, provide the services using the same Consultant Classifications, payment rates, and personnel that were used to perform previous work on the SOW. If the Contractor determines, and the State agrees, that the new work requires Consultant Classification(s) different from those already used on the project, then the Contractor may propose the use of additional classifications from the Job Classifications listed in Contract Attachment 2 subject to the Maximum Payment Rate Per Hour limitations detailed in Contract Section C.3.b.

The revised Project Proposal will include the same information requested in the original Project Proposal (see Contract Section A.4.f.), updated as needed to complete the project. The State will then make the determination as to whether or not to proceed with the additional work.

k. Continuity of Project Personnel.

The State encourages the Contractor to maintain continuity of personnel on projects assigned pursuant to an MOU. Continuity of personnel promotes efficiency in the performance of the project.

A.5. Contractor Consultant Performance and Replacement.

a. The State shall be the sole judge of the quality of services provided and the project progress achieved by the Contractor's consultants. The Contractor agrees to remove and replace at the Contractor's expense, consultants whom the State judges to be incompetent, careless, unsuitable or otherwise objectionable, or whose continued use is deemed contrary to the best interests of the State or deemed not to make substantial contributions to the project. The Contractor agrees not to charge the State for services performed which the State designates as being unacceptable.

This provision will not be deemed to give the State the right to require the Contractor to terminate any Contractor employee's employment. Rather, this provision is intended to give the State only the right to require that the Contractor discontinue using an employee in the performance of services for the State.

b. At the State's request, the Contractor will replace an individual that has voluntarily withdrawn or that the Contractor has voluntarily removed from State assignment. Any requirement for such replacement will be at the State's sole discretion; the State is not obligated to accept replacement of removed or withdrawn consultants. The State will compensate the Contractor for acceptable services completed by the consultant prior to voluntary withdrawal or removal.

c. If the State requests a replacement as described in Contract Sections A.5.a. and A.5.b., the Contractor will replace the consultant with a consultant of equal or greater qualifications as the consultant proposed in the associated Project Proposal for the MOU.

d. The termination of an individual consultant's assignment will not necessarily result in the termination of the MOU related to that consultant.

A.6. Miscellaneous Policies and Procedures.

a. The State will not provide parking for Contractor consultants.

b. Contractor consultants do not have access to the State clinic.

c. The State will not reimburse the Contractor or Contractor consultants for wireless phones or pagers.

d. Contractor consultants may not reserve and/or operate State vehicles.

e. The SOW issued by the State will specify the city location(s) of Contractor consultants. Contractor consultants may be asked to perform their work at State-operated, maintained, and managed facilities in Nashville, Tennessee. The State reserves the right to request on-site or off-site work, whichever is deemed to be in the best interest of the project. The SOW will denote such non-standard work schedule tasks, where possible and the Contractor shall provide an estimate of the time required for the completion of the SOW by consultant classification for approval to the State.

f. Contractor consultants must provide their own personal computing devices (desktop, laptop, etc.) and licenses for software installed on the device, including client access licenses if required. Commensurate with the needs of a given project, the State will provide Contractor consultants with office and meeting space; access to telephones, printers, and copiers; and connections to the Internet and/or State network. The State shall be the sole determinant with regard to facilities, supplies, and connections required for any given project.

A.7. Information Security Compliance.

a. Contractor warrants to the State that it is familiar with the requirements of the State of Tennessee Information Technology Security Policies, which are based on the International Standards Organization (ISO) 17799 standard framework and can be found on the Tennessee State public website at:

http://www.state.tn.us/finance/oir/security/secpolicy.html

b. Contractor warrants that it will cooperate with the State in the course of performance of the Contract so that both parties will be in compliance with State Information Technology requirements and any other state and federal computer security regulations including cooperation and coordination with State computer security officials and other compliance officers required by its regulations.

Contractor agrees to abide by the following:

(1) Not attaching any non-state owned computers to any state network without previous State-provided, written approval of compliance with minimum state security standards;

(2) All client and server computer security settings must be maintained to meet or exceed minimum state security standards;

(3) Once established, no security provisions for firewalls, client and server computers will be modified without written state approval;

(4) Current updated virus software and virus definition files that are enabled to perform real time scans will be maintained on all contractor-supplied hardware;

(5) Dialup modem use is specifically disallowed while attached to the state network;

(6) Contractor will not install or utilize remote control or file sharing software unless explicitly approved by the State and

(7) Contractor computers authorized and accessing the State network may be randomly audited by State computer security officials for continued compliance with the above requirements contained in Contract Sections A.7.b.(1) – (6).

A.8. Periodic Meetings. The State reserves the right, at the State's option, to request periodic meetings with Contractor management staff to discuss topics including, but not limited to, the following: general project direction, management, and coordination; time keeping and other

project progress records. These meetings shall occur at a State location and shall be at no additional cost to the State.

A.9. Consultant Classifications

a. Principal - Individual responsible for the work of the state assigned team, who has at least ten (10) years of experience in benefits management consulting and in design and analysis of employee benefit plans and strategies. This person should have work experience with large employers or public programs.

b. Senior Consultant - individual who has at least six (6) years of experience in benefits management consulting and in design and analysis of employee benefit plans and strategies and have work experience with large employers or public programs.

c. Consultant - professional with at least three (3) years of experience in benefits consulting, including design and analysis of employee benefits for large employers or public programs. Must possess college degree and/or professional qualifications.

d. Analyst - professional with at least one year of experience in benefits consulting, including design and analysis of employee benefits for large employers or public programs. Must possess college degree and/or professional qualifications.

e. Administrative support/clerical - Any other individual who bills to this account and who does not qualify as one of the types of professionals described above.

B. CONTRACT TERM:

B.1. Contract Term. This Contract shall be effective for the period commencing on April 1, 2011 and ending on March 31, 2013. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total Contract term of no more than five (5) years, provided that such an extension of the Contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Hundred Forty Thousand Dollars ($140,000.00). The payment rates in Section C.3 and the Travel Compensation provided in Section C.4 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 based upon the following payment rates:

(1) For service performed from the execution of this contract through March 31, 2013, the following professional service rates (payment rate per hour per calendar year) shall apply:

Service Description – Consultant Classifications	**Amount per compensable increment – Maximum Rate Per Hour April 1, 2011-March 31, 2012**	**Amount per compensable increment – Maximum Rate Per Hour April 1, 2012-March 31, 2013**
Principal (for consulting services as approved in advance and in writing by the State)	**$300.00 per hour**	**$310.00 per hour**
Senior Consultant (for consulting services as approved in advance and in writing by the State)	**$250.00 per hour**	**$258.00 per hour**
Consultant (for consulting services as approved in advance and in writing by the State)	**$150.00 per hour**	**$155.00 per hour**
Analyst (for consulting services as approved in advance and in writing by the State)	**$135.00 per hour**	**$140.00 per hour**
Administrative support/clerical (for consulting services as approved in advance and in writing by the State)	**$75.00 per hour**	**$78.00 per hour**

(2) For service performed from April 1, 2013, through March 31, 2014, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2012 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(3) For service performed from April 1, 2014, through March 31, 2015, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2013 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

(4) For service performed from April 1, 2015, through March 31, 2016, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2014 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).

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

C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time.

The Contractor must include (in addition to other invoice requirements of this Contract) a complete itemization of travel compensation requested in accordance with and attaching to the invoice appropriate documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations."

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 present said invoices no more often than monthly, with all necessary supporting documentation, to:

Department of Finance and Administration
Benefits Administration
Suite 2600 WRS Tennessee Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243

b. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

(1) Invoice Number (assigned by the Contractor)
(2) Invoice Date
(3) Contract Number (assigned by the State)
(4) Customer Account Name: Department of Finance and Administration, Benefits Administration
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
(6) Contractor Name
(7) Contractor Federal Employer Identification, Social Security, or Tennessee Edison Registration ID Number Referenced in the Preamble of this Contract
(8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(9) Contractor Remittance Address
(10) Description of Delivered Service
(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
v. Total Amount Due for the invoice period

c. The Contractor understands and agrees that an invoice 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) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this Section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amounts invoiced.

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. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, 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).

b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract 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 Personnel, and the Comptroller of the Treasury).

D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the

Commissioner of Finance and Administration, the Commissioner of Personnel, and the Comptroller of the Treasury).

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least Thirty (30) days written notice before the effective termination date.

The Contractor shall be entitled to 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 terminate the Contract and withhold payments in excess of fair compensation for completed services.

a. The State will provide notification of termination for cause in writing. This notice will (1) specify in reasonable detail the nature of the breach; (2) provide Contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the Termination Notice; and (3) shall specify the effective date of termination in the event Contractor fails to correct the breach. Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.

b. Notwithstanding the foregoing, 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.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

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

D.12. 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.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

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

D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. 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.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. 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.18. 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.19. 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.20. 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:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracts
Benefits Administration
312 Eighth Ave. North
26th Floor, WRS Tennessee Tower
Nashville, Tennessee 37243
Phone: 615-253-8358
Fax: 615-253-8556
E-mail Address: Marlene.Alvarez@state.tn.us

The Contractor:
Mr. Tom Dehner, Principal
Health Management Associates, Inc.
8 Faneuil Hall Marketplace, 3rd Floor
Boston, MA 02109
Telephone: 617-720-7800
Fax: 517-482-0920
E-Mail Address: tdehner@healthmanagement.com

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. 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.5. 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 a 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 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.

(4) Professional Liability with a limit of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate.

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.6. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.

a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);

b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;

c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;

d. any technical specifications provided to proposers during the procurement process to award this Contract;

e. the Contractor's proposal seeking this Contract.

E.7. 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.8. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

a. No federal 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 federal 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.9. 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.10. 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, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.11. 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 offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. are not presently indicted 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.12. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this Contract.

b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.

c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.13. 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.14. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-31701 - 04100 (Attachment 6.3, Section B, Item B.15.) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

E.15. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

IN WITNESS WHEREOF:

HEALTH MANAGEMENT ASSOCIATES, INC.:

Marilyn Evert — 3/15/11

CONTRACTOR SIGNATURE — **DATE**

Marilyn Evert, CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

Mark A. Emkes 3-16-11

MARK A. EMKES, COMMISSIONER MAH **DATE**

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	Edison # 25401
CONTRACTOR LEGAL ENTITY NAME:	**Health Management Associates, Inc.**
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	**38-2599727**

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.

Marilyn D Evert

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.

Marilyn Evert, CEO

PRINTED NAME AND TITLE OF SIGNATORY

3/15/11

DATE OF ATTESTATION

DRAFT MEMORANDUM OF UNDERSTANDING (MOU)

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
STATE OF TENNESSEE
Department of Finance and Administration
and
Health Management Associates, Inc.
for
Project # XXXXXX

This agreement, by and between the State of Tennessee, Department of Finance & Administration, Benefits Administration, hereinafter referred to as the "State" and Health Management Associates, Inc., hereinafter referred to as the "Contractor" is as follows:

The Contractor understands and agrees that this Memorandum of Understanding (MOU) is governed by the provisions of Department of Finance and Administration Contract Number **FA-00-00000-00**, hereinafter referred to as the "Master Contract". In the provision of services pursuant to this Memorandum of Understanding, the Contractor will conform to these provisions in their entirety.

The Contractor will provide the services as described in this MOU and its Addenda, Statement of Work and Project Proposal, which are attached hereto. In the event of a conflict between the MOU (and its Addenda), and the Master Contract, the documents shall govern in the order of preference given in the Master Contract.

This Contract shall be effective for the period commencing on DATE and ending on DATE, unless amended.

In no event shall the maximum liability of the State under this MOU exceed $ AMOUNT, unless amended. For the services provided pursuant to this MOU, the maximum liability amount shall constitute the entire potential compensation due the Contractor for the services and all of the Contractor's obligations hereunder regardless of the difficulty, or materials or equipment required.

The following table reflects the maximum amounts that may be paid for deliverables as described in the SOW:

Deliverables	Maximum Amount
Deliverable 1	$ AMOUNT
Deliverable 2	$ AMOUNT
Deliverable 3	$ AMOUNT

The following table reflects the maximum amounts that may be paid for compensation for consultant costs under this MOU. The Contractor shall bill the State for actual expenditures up to, but not exceeding these amounts:

Consultant Classification	Year XXXX - XXXX	Year XXXX - XXXX
Consultant Type	$ AMOUNT	$ AMOUNT
Consultant Type	$ AMOUNT	$ AMOUNT
Consultant Type	$ AMOUNT	$ AMOUNT

The Contractor shall be compensated and invoices submitted in accordance with the provisions of the Master Contract.

The State may, at any time and for any reason, terminate this MOU in accordance with the provisions of the Master Contract.

This agreement may be modified only by a written amendment which has been executed and approved by the appropriate State officials as indicated below:

MOU SIGNATURES:

HEALTH MANAGEMENT ASSOCIATES, INC.:

NAME AND TITLE OF CONTRACTOR SIGNATORY **DATE**

DEPARTMENT OF FINANCE AND ADMINISTRATION:

NAME AND TITLE OF STATE PROJECT COORDINATOR **DATE**