CONTRACT #3
RFS # 318.65-210
FA # 06-16795
Edison # 12047

Finance & Administration
Bureau of TennCare

VENDOR:
Fox Systems, Inc.

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

Bill Haslam
Governor

Mark A. Emkes
Commissioner

March 2, 2011

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

Attention: Ms. Leni Chick

RE: Bureau of TennCare Contract Amendment

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #4 to FA-06-16795-00, TennCare's competitively procured contract with Fox Systems, Inc. This Contractor provides on-going Independent Verification and Validation (IVV) services as required by the Center for Medicare and Medicaid Services (CMS). Due to an MMIS vendor change which resulted in a revised project schedule relating to this contract, CMS is requesting that we extend the current end date for an additional six months beyond the five year period to coincide with TennCare MMIS enhancements. This amendment also includes a 90% federal match funding increase to support this extended period of time. TennCare feels this short extension of services would be both programmatically advantageous as well as cost effective to the State to continue with the current contractor rather than procure a new contractor to essentially complete ongoing services. In addition to the standard Fiscal Review Supplemental Information, an approved Rule Exception Request permitting TennCare to contract beyond the five year period is also attached.

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

Sincerely,

Scott Pierce
Chief Financial Officer

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

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Scott Pierce	*Contact Phone:	615-507-6415
*Original Contract Number:	FA-06-16795-00	*Original RFS Number:	318.65-210
Edison Contract Number: (*if applicable*)	12047	Edison RFS Number: (*if applicable*)	31865-00210
*Original Contract Begin Date:	June 1, 2006	*Current End Date:	May 31, 2011

Current Request Amendment Number: (*if applicable*)	4
Proposed Amendment Effective Date: (*if applicable*)	May 31, 2011
*Department Submitting:	Department of Finance and Administration
*Division:	Bureau of TennCare
*Date Submitted:	March 2, 2011
*Submitted Within Sixty (60) days:	Yes
If not, explain:	
*Contract Vendor Name:	Fox Systems, Inc.
*Current Maximum Liability:	$7,189,970.00

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

FY:2007	FY:2008	FY:2009	FY:2010	FY 2011	FY
$ 2,852,432.00	$1 ,345,310.00	$ 669,628.00	$ 1,361,600.00	$961,000.00	$

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

FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY 2011	FY
$2,182,039.33	$1,556,195.00	$934,310.17	$ 1,457,916.25	$ 633,445.00	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	NA
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	Payment methodology in contract was based on RFP development milestones. These milestones were pushed back based on MMIS RFP deadline, transition of MMIS contractor, and CMS approvals. As a result, some scheduled milestone payments for fiscal years were pushed to next year, which resulted in FY rollover of funds.
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding	NA

Supplemental Documentation Required for Fiscal Review Committee

was acquired to pay the overage:	

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.

*Contract Funding Source/Amount:	State:	$718,997.00.00	Federal:	$6,470,973.00
Interdepartmental:			*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment #1 – May, 2007	Amendment enhanced scope of services to include provision of resources during the implementation and post-implementation period of the TennCare National Provider Implementation (NPI) project. Services included documentation of policies, procedures and Systems, analysis of interface reports and windows, assessment of business policies, remediation plan, provider cross-walk, development Phase Project Management and Independent Verification & Validation (IV&V) and other NPI related duties. Funding to support these services, as well as inclusion of Prohibition of Illegal Immigrant language as required by State Law was also included.
Amendment #2 – May, 2009	Provision of project management services, MMIS Contractor project closeout services, and Independent Verification and Validation (IV & V) services pertaining to EDS implementation enhancements not completed by ACS. Term extended and funding to support term extension.
Amendment #3 – May, 2010	Independent Verification and Validation (IV & V) services pertaining to MMIS implementation enhancements. Term extended and funding to support term extension.

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 for this contract are tied directly to the cost proposals submitted in response to the Request for Proposal. These cost proposals are public information and are retained in the TennCare offices. Copies can be provided upon request.

Supplemental Documentation Required for Fiscal Review Committee

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

Expenditures by Fiscal Year are listed on Contract Summary Sheet. Milestone deliverables as stipulated in Section C.3 of competitively procured contract are listed below:

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

SERVICE UNIT/MILESTONE	AMOUNT
RFP DEVELOPMENT	**$627,200.00**
	Project Milestone Estimated Amounts
50% of total cost of RFP Development, billable in equal monthly payments beginning on July 1, 2006 and continuing through December 1, 2006, based on completed work as indicated by monthly invoices, for work leading to development and timely submission of the first draft of RFP as defined in A.1.6., including scope of requirements for system management and business process management, recommendation for payment models, sourcing strategies, and performance management approach.	**$ 313,600.00**
15% of total cost for RFP Development, billable on timely submission of a complete final draft due on January 1, 2007, incorporating all feedback from TennCare review.	**$ 94,080.00**
25% of total cost for RFP Development, billable on acceptance of the final RFP and pro forma contract due on or about September 1, 2007, including required changes to obtain approval of TennCare Office of General Counsel (OGC), Tennessee Office of Information Resources (OIR), Office of Contracts Review (OCR), and the Office of the Comptroller of the Treasury, for revised draft of RFP, which will include changes required by OCR, OGC, OIR, and the Comptroller of the Treasury.	**$ 156,800.00**
Remaining 10% of total cost for RFP Development billable at the later of issuance of RFP or approval of APD and contract as required by CMS.	**$ 62,720.00**

Supplemental Documentation Required for Fiscal Review Committee

MANAGEMENT OF PROCUREMENT PROCESS	Total Cost of Management of Procurement Process
	$ 206,540.00
	Project Milestone Estimated Amounts
50% of total cost of Procurement Process Management, billable on December 1, 2007, based on TennCare acceptance of proposal evaluation materials and successful completion of evaluator training.	$ 103,270.00
30% of total cost of Procurement Process Management, billable on January 1, 2008, based on TennCare acceptance of proposal review deliverables.	$ 61,962.00
Remaining 20% of total cost of Procurement Process Management billable on award of contract on or about January 1, 2008.	$ 41,308.00

CONTRACT IMPLEMENTATION REVIEW	Total Cost of Contract Implementation Review
	$ 1,158,500.00
	Project Milestone Estimated Amounts
75% of total cost of Contract Implementation Review, payable in twelve equal monthly payments beginning April 1, 2008 through March 31, 2009, based on completed work as indicated by monthly invoices, for service units delivered by staff resources as projected in work plan.	$ 868,875.00
Remaining 25% of the total cost of Contract Implementation Review, payable on May 31, 2009 for 60 days of service to the Bureau pertaining to the close out of the project with ACS and aiding the Bureau with the transition of the ACS partially developed systems and business process management functions to EDS.	$ 289,625.00

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Upon acceptance of the work product by TennCare, such invoices shall be submitted for completed project milestones for the amount stipulated.

Service Description	Amount
Project Manager	$145.00/Hour

Supplemental Documentation Required for Fiscal Review Committee

Consulting Services (A.4)

Staff/Business Analyst **$ 135.00/Hour**
Consulting Services (A.4.)

C.3.a. For service performed from June 1, 2009 through May 31, 2011, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

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 to Fox Systems, Inc., the competitively procured contract for consulting and business process management services, does not reflect proposed savings to be realized by the state. It does provide services required by the Centers for Medicare and Medicaid Services and is paid at a 90% federal/10% state rate.

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 for consulting services of system management and business process management services which ultimately resulted in Fox Systems, Inc. receiving contract award. An RFP is optimum state procurement method and no other options were explored.

Fox Systems, Inc. Expenditures for Fiscal Year 2007

Department	Division	Document Number	Effective Year	Process Date	2007 Document Payment Amount
318	65	FA0616795	2007	7/27/2006	$81,966.67
318	65	FA0616795	2007	8/14/2006	$204,991.67
318	65	FA0616795	2007	9/25/2006	$269,196.67
318	65	FA0616795	2007	9/25/2006	$7,965.00
318	65	FA0616795	2007	11/1/2006	$191,021.67
318	65	FA0616795	2007	11/1/2006	$440.00
318	65	FA0616795	2007	11/29/2006	$200,536.67
318	65	FA0616795	2007	12/12/2006	$51,570.56
318	65	FA0616795	2007	12/12/2006	$142,205.42
318	65	FA0616795	2007	2/22/2007	$107,617.50
318	65	FA0616795	2007	2/22/2007	$137,410.00
318	65	FA0616795	2007	2/22/2007	$132,451.67
318	65	FA0616795	2007	2/22/2007	-$142,205.42
318	65	FA0616795	2007	4/30/2007	$79,155.92
318	65	FA0616795	2007	2/22/2007	$49,375.00
318	65	FA0616795	2007	2/22/2007	$50,922.50
318	65	FA0616795	2007	2/22/2007	$51,570.56
318	65	FA0616795	2007	2/22/2007	-$51,570.56
318	65	FA0616795	2007	4/27/2007	$29,342.50
318	65	FA0616795	2007	4/27/2007	$24,646.51
318	65	FA0616795	2007	4/27/2007	$27,062.50
318	65	FA0616795	2007	4/27/2007	$92,102.50
318	65	FA0616795	2007	4/30/2007	$0.07
318	65	FA0616795	2007	6/4/2007	$21,702.50
318	65	FA0616795	2007	7/25/2007	$175,000.00
318	65	FA0616795	2007	6/4/2007	$104,926.25
318	65	FA0616795	2007	6/19/2007	$122,520.00
318	65	FA0616795	2007	6/19/2007	$20,115.00
Total					**$2,182,039.33**

Fox Systems, Inc. Expenditures for Fiscal Year 2008

Department	Division	Document Number	Effective Year	Process Date	2008 Document Payment Amount
318	65	FA0616795	2008	8/29/2007	$120,615.00
318	65	FA0616795	2008	9/28/2007	$219,520.00
318	65	FA0616795	2008	8/29/2007	$21,937.50
318	65	FA0616795	2008	11/19/2007	$76,827.50
318	65	FA0616795	2008	11/30/2007	$81,505.00
318	65	FA0616795	2008	12/21/2007	$103,052.50
318	65	FA0616795	2008	12/21/2007	$67,905.00
318	65	FA0616795	2008	12/21/2007	$103,270.00
318	65	FA0616795	2008	1/14/2008	$50,132.50
318	65	FA0616795	2008	2/13/2008	$103,270.00
318	65	FA0616795	2008	2/13/2008	$21,035.00
318	65	FA0616795	2008	3/19/2008	$28,752.50
318	65	FA0616795	2008	4/30/2008	$18,930.00
318	65	FA0616795	2008	6/6/2008	$18,287.50
318	65	FA0616795	2008	6/25/2008	$22,572.50
318	65	FA0616795	2008	6/25/2008	$28,582.50
318	65	FA0616795	2008	11/19/2007	$39,622.50
318	65	FA0616795	2008	11/30/2007	$52,660.00
318	65	FA0616795	2008	12/21/2007	$35,167.50
318	65	FA0616795	2008	12/21/2007	$38,282.50
318	65	FA0616795	2008	1/14/2008	$40,027.50
318	65	FA0616795	2008	2/13/2008	$37,395.00
318	65	FA0616795	2008	3/19/2008	$30,762.50
318	65	FA0616795	2008	4/30/2008	$36,517.50
318	65	FA0616795	2008	6/6/2008	$108,451.25
318	65	FA0616795	2008	6/25/2008	$51,113.75
Total					**$1,556,195.00**

Fox Systems, Inc. Expenditures for Fiscal Year 2009

Department	Division	Document Number	Effective Year	Process Date	2009 Document Payment Amount
318	65	FA0616795	2009	9/26/2008	$72,406.25
318	65	FA0616795	2009	10/15/2008	$72,406.25
318	65	FA0616795	2009	12/5/2008	$435.00
318	65	FA0616795	2009	12/5/2008	$2,320.00
318	65	FA0616795	2009	1/29/2009	$72,551.25
318	65	FA0616795	2009	1/29/2009	$72,406.25
318	65	FA0616795	2009	2/26/2009	$72,406.25
318	65	FA0616795	2009	4/13/2009	$72,406.25
318	65	FA0616795	2009	8/15/2008	$89,171.25
318	65	FA0616795	2009	9/26/2008	$725.00
318	65	FA0616795	2009	10/15/2008	$1,875.00
318	65	FA0616795	2009	12/5/2008	$72,406.25
318	65	FA0616795	2009	12/5/2008	$72,406.25
318	65	FA0616795	2009	6/30/2009	$260,388.92
Total					**$934,310.17**

Fox Systems, Inc. Expenditures for Fiscal Year 2010

Department	Division	Document Number	Effective Year	Process Date	2010 Document Payment Amount
318	65	FA0616795	2010	8/28/2009	$117,015.00
318	65	FA0616795	2010	9/28/2009	$88,332.50

2010 PAYMENTS MADE THROUGH EDISON:

Unit	Invoice	Document Number	Funding Year	Pymnt Date	Gross Amt
31865	004092	FA0616795	2010	10/14/2009	$117,071.25
31865	004132	FA0616795	2010	11/13/2009	$116,812.50
31865	004170	FA0616795	2010	12/16/2009	$120,650.00
31865	004221	FA0616795	2010	1/13/2010	$103,415.00
31865	004251	FA0616795	2010	2/24/2010	$111,172.50
31865	004301	FA0616795	2010	3/17/2010	$113,992.50
31865	004379	FA0616795	2010	4/30/2010	$129,727.50
31865	004329	FA0616795	2010	5/11/2010	$119,082.50
31865	004425	FA0616795	2010	5/19/2010	$116,440.00
31865	004488	FA0616795	2010	7/2/2010	$95,822.50
31865	004514	FA0616795	2010	7/30/2010	$108,382.50

Total 2010 Expenditures: **$1,457,916.25**

Fox Systems, Inc. Expenditures for Fiscal Year 2011

Unit	Invoice	Document Number	Funding Year	Pymnt Date	Gross Amt
31865	004545	FA0616795	2011	9/14/2010	$104,802.50
31865	004587	FA0616795	2011	10/18/2010	$106,572.50
31865	004630	FA0616795	2011	11/4/2010	$110,527.50
31865	004668	FA0616795	2011	12/2/2010	$107,042.50
31865	004720	FA0616795	2011	2/4/2011	$110,392.50
31865	004780	FA0616795	2011	2/11/2011	$94,107.50

Total 2011 Expenditures: **$633,445.00**

Rule Exception Request

CY11-88

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

APPROVED

Mark A Emkes 03-Mar-2011

COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	31865-00210
Contract #	FA-06-16795
Service Caption	Independent Verification and Validation (IV & V) as Required by the Center for Medicare and Medicaid Services
Contractor	Fox Systems, Inc.
Contract Period *(with ALL options to extend exercised)*	66 months
Contract Maximum Liability *(with ALL options to extend exercised)*	$ 7,989,970.00

Rule *(for which the exception is requested)*

- [ ] **0620–3–3–.03(2)(a)** OR **0620–3–3–.05** requiring compliance with relevant model guidelines (only if required by oversight authorities)
- [ ] **0620–3–3–.05(5)** requiring the prescribed Nondiscrimination contract provision
- [X] **0620–3–3–.07(5)** prohibiting a contract term greater than five (5) years
- [ ] **0620–3–3–.07(8)** prohibiting a contract with a former state employee in within six (6) months of termination
- [ ] **0620–3–3–.07(22)** requiring contractor travel reimbursement in accordance with state travel regulations
- [ ] **OTHER** *(cite the relevant rule below)*

Explanation of Rule Exception Requested	Prohibiting a contract term greater than five (5) years.

RECEIVED
By OCR at 8:37 am, Feb 08, 2011

Request Tracking #	**31865-00210**
Justification	The Bureau of TennCare is requesting a six month extension beyond the 5 year term of the existing contract with Fox Systems, Inc. for the continuation of Independent Verification and Validation/PM services. The Center for Medicare and Medicaid Services (CMS) has requested that TennCare continue IV&V/PM services through the end of the ongoing MMIS key enhancements. The MMIS vendor change resulted in a change to Fox's project schedule and since CMS is requiring TennCare to continue these services, it is therefore necessitating a contract extension. CMS is reimbursing the state for IV&V services at a 90% federal match. Due to the short extension of services TennCare feels it would be both programmatically advantageous as well as cost effective to the state to continue with the current contractor for an additional six months rather than procure a new contractor to essentially complete ongoing services.
Agency Head Signature and Date *(contracting agency head or authorized signatory)* Mark Emkes / SCP	

NON-COMPETITIVE AMENDMENT REQUEST:

NON-AMD123008

APPROVED
Commissioner of Finance & Administration

1) RFS #	318.65-210
2) Procuring Agency :	Department of Finance and Administration, Bureau of TennCare
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Consulting Services for Procurement of System Management and Business Process Management Services
4) Contractor :	Fox Systems, Inc.
5) Contract #	FA-06-16795-00
6) Contract Start Date :	June 1, 2006
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	May 31, 2011
8) CURRENT Maximum Cost : (If ALL options to extend the contract are exercised)	$ 7,189,970.00
PROPOSED AMENDMENT INFORMATON	
9) Amendment #	4
10) Amendment Effective Date : (attached explanation required If < 60 days after F&A receipt)	May 31, 2011
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	November 30, 2011
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	$ 7,989,970.00
13) Approval Criteria : (select one)	☒ use of Non-Competitive Negotiation is in the best interest of the state
	☐ only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

This amendment is required to provide term extension of this competitively procured contract for the continuation of project management services and Independent Verification and Validation (IV & V) services as required by the Center for Medicare and Medicaid Services (CMS). The contract maximum liability is increased to support the continuation of this contract for the final six months of contract services. Neither the scope of services nor funding rates have increased in this amendment.

15) Explanation of Need for the Proposed Amendment :

The Bureau of TennCare is requesting a six month extension beyond the 5 year term of the existing competitively procured contract with Fox Systems, Inc. for the continuation of Independent Verification and Validation/PM services. The Center for Medicare and Medicaid Services (CMS) has requested that TennCare continue IV&V/PM services through the end of the ongoing MMIS key enhancements. The MMIS vendor change resulted in a change to Fox's project schedule and since CMS is requiring TennCare to continue these services, it is therefore necessitating a contract extension. CMS is reimbursing the state for IV&V services at a 90% federal match. Due to the short extension of services TennCare feels it would be both programmatically advantageous as well as cost effective to the state to continue with the current contractor for an additional six months rather than procure a new contractor to essentially complete ongoing services.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

Susan Fox , President
Fox Systems, Inc.
6263 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250

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

Documentation is ... ☐ **Not Applicable to this Request** ☒ **Attached to this Request**

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

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

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

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

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

The Bureau of TennCare released an RFP for Consulting Services for Procurement of System Management and Business Process Management Services. Fox Systems, Inc., one of three proposers responding to this RFP, was evaluated and determined to be the best combination of technical and cost proposal submitted, therefore they were awarded this contract. This amendment is providing term extension for final six months of services as well as funding to support this amendment. Due to the short extension of services TennCare feels it would be both programmatically advantageous as well as cost effective to the state to continue with the current contractor for an additional six months rather than procure a new contractor to essentially complete ongoing services.

21) Justification for the Proposed Non-Competitive Amendment :

The Bureau of TennCare is requesting a six month extension beyond the 5 year term of the existing contract with Fox Systems, Inc. for the continuation of Independent Verification and Validation/PM services. The Center for Medicare and Medicaid Services (CMS) has requested that TennCare continue IV&V/PM services through the end of the ongoing MMIS key enhancements. The MMIS vendor change resulted in a change to Fox's project schedule and since CMS is requiring TennCare to continue these services, it is therefore necessitating a contract extension. CMS is reimbursing the state for IV&V services at a 90% federal match. Due to the short extension of services TennCare feels it would be both programmatically advantageous as well as cost effective to the state to continue with the current contractor for an additional six months rather than procure a new contractor to essentially complete ongoing services.

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

Mark A. Emkes 2/14/11

MARK A. EMKES, COMMISSIONER

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CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00210	12047	FA-06-16795	04

Contractor Legal Entity Name
Fox Systems, Inc.

Edison Vendor ID
0000073557

Amendment Purpose & Effect(s)
Amendment extends Contract Term and increases Maximum Liability for the continuation of project management services and Independent Verification and Validation (IV & V) services as required by the Center for Medicare and Medicaid Services (CMS)

FEIN or SSN (optional)

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** November 30, 2011

Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment: **$800,000.00**

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	$0.00	$0.00			$0.00
2007	$285,243.00	$2,567,189.00			$2,852,432.00
2008	$134,531.00	$1,210,779.00			$1,345,310.00
2009	$66,963.00	$602,665.00			$669,628.00
2010	$136,160.00	$1,225,440.00			$1,361,600.00
2011	$116,100.00	$1,044,900.00			$1,161,000.00
2012	$60,000.00	$540,000.00			$600,000.00
TOTAL:	**$798,997.00**	**$7,190,973.00**			**$7,989,970.00**

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

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

OCR USE

Speed Code (optional) TN00000165

Account Code (optional) 70803000

AMENDMENT #4
TO CONTRACT # FA-06-16795-00
BETWEEN
THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND FOX SYSTEMS, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State, or "TennCare" and Fox Systems, 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 Contract Section B.1 is deleted in its entirety and replaced with the following:

   B.1. This Contract shall be effective for the period beginning June 1, 2006, and ending on November 30, 2011. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

2. The text of Contract Section C.1 is deleted in its entirety and replaced with the following:

   C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seven Million Nine Hundred Eighty Nine Thousand Nine Hundred Seventy Dollars ($7,989,970.00). 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 C.3.a. is deleted in its entirety and replaced with the following:

   C.3.a. For service performed from June 1, 2009 through November 30, 2011, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

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

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

The revisions set forth herein shall be effective on the date of final approval by all 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).

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

Mark Shishida, Executive Vice President of Business Development **Date**

DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:

MARK. A. EMKES, COMMISSIONER **Date**

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

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

Sen. Bill Ketron, Chairman
Senators
Douglas Henry — Reginald Tate
Doug Jackson — Ken Yager
Brian Kelsey
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives
Harry Brooks — Donna Rowland
Curtis Johnson — Tony Shipley
Steve McManus — Curry Todd
Mary Pruitt — Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

MEMORANDUM

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

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

DATE: April 28, 2010

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 4/26/10)

RFS# 318.65-210
Department: Finance & Administration/Bureau of TennCare
Contractor: Fox Systems, Inc.
Summary: The vendor is responsible for the provision of consulting services relative to the TennCare Medicaid Management Information System Reprocurement contract and Independent Verification and Validation services. The proposed amendment extends the current contract for an additional year through May 31, 2011, and increases the maximum liability by $1,161,000.
Maximum liability: $6,028,970
Maximum liability w/amendment: $7,189,970

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

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

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

March 31, 2010

RECEIVED
MAR 31 2010
FISCAL REVIEW

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

Attention: Ms. Leni Chick

RE: Bureau of TennCare Contract Amendments

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #4 to Health Management Systems, Inc., TennCare's contract for the recovery of state funds resulting from third party payments. This competitively procured contract has resulted in millions of dollars in state revenue recovery and payments made to the contractor are based on percentages of recoveries that were stipulated as part of competitive procurement cost proposals. The Fiscal Review Committee requested a reduction of $6,000,000.00 when the previous amendment for term extension was presented to the Committee. Due to payments that have been made to the contractor since this reduction, TennCare is submitting an amendment to add these funds back into the contract. If funds are not added, the contract funds are projected to be depleted by the end of the fiscal year.

Additionally, TennCare is submitting for consideration amendment #3 to Fox Systems, Inc., the competitively procured contractor for project management services and Independent Verification and Validation (IV&V) services. The purpose of the amendment is to provide term extension for the final year of contract and provide funding at a 10% state/90% federal match to support this additional term. There are no additional scope or service rate changes associated with this amendment.

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

Sincerely,

Scott Pierce
Chief Financial Officer

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

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED
Commissioner of Finance & Administration

1) **RFS #**	318.65-210
2) **Procuring Agency :**	Department of Finance and Administration, Bureau of TennCare
EXISTING CONTRACT INFORMATON	
3) **Service Caption :**	Consulting Services for Procurement of System Management and Business Process Management Services
4) **Contractor :**	Fox Systems, Inc.
5) **Contract #**	FA-06-16795-00
6) **Contract Start Date :**	June 1, 2006
7) **CURRENT Contract End Date :** (if ALL options to extend the contract are exercised)	May 31, 2010
8) **CURRENT Maximum Cost :** (if ALL options to extend the contract are exercised)	$ 6,028,970.00
PROPOSED AMENDMENT INFORMATON	
9) **Amendment #**	3
10) **Amendment Effective Date :** (attached explanation required if < 60 days after F&A receipt)	May 31, 2010
11) **PROPOSED Contract End Date :** (if ALL options to extend the contract are exercised)	May 31, 2011
12) **PROPOSED Maximum Cost :** (if ALL options to extend the contract are exercised)	$ 7,189,970.00

RECEIVED
MAR 31 2010
FISCAL REVIEW

13) **Approval Criteria :** (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

This amendment is required to provide term extension of this competitively procured contract for the continuation of project management services and Independent Verification and Validation (IV & V) services as required by the Center for Medicare and Medicaid Services (CMS). The contract maximum liability is increased to support the continuation of this contract for the final year of contract services. Neither the scope of services nor funding rates have increased in this amendment.

15) Explanation of Need for the Proposed Amendment :

CMS requires Independent Verification and Validation services to be performed in order for the Bureau of TennCare to receive enhanced federal funding for the enhancement design, development, and implementation services performed by MMIS Contractor.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

Susan Fox , President
Fox Systems, Inc.

6263 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250

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

Documentation is ... ☐ **Not Applicable to this Request** ☒ **Attached to this Request**

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

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

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

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

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

The Bureau of TennCare released an RFP for Consulting Services for Procurement of System Management and Business Process Management Services. Fox Systems, Inc., one of three proposers responding to this RFP, was evaluated and determined to be the best combination of technical and cost proposal submitted, therefore they were awarded this contract. This amendment is providing term extension for the final year of services as well as funding to support this amendment.

21) Justification for the Proposed Non-Competitive Amendment :

Fox Systems, Inc. has a proven history of expertise and invested knowledge with the Bureau of TennCare. They were evaluated and awarded their current contract based on their proposal submitted in response to an RFP. It is critical to the TennCare program that the services included in this contract are performed by a contractor both knowledgeable about Information Systems as well as the specific TennCare program. Therefore, we are requesting favorable approval by the Department of Finance and Administration.

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

3/26/10

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00210	12047	FA-06-16795	03

Contractor
Fox Systems, Inc.

Contractor Federal Employer Identification or Social Security #
☐ C- or ☒ V- 680121468

Amendment Purpose/ Effects

Term extension and funding for the continuation of project management services and Independent Verification and Validation (IV & V) services as required by the Center for Medicare and Medicaid Services (CMS)

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s) 93.778 Dept of Health and Human Services/Title XIX
June 1, 2006	May 31, 2011	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	0.00	0.00			0.00
2007	$285,243.00	$2,567,189.00			$2,852,432.00
2008	$134,531.00	$1,210,779.00			$1,345,310.00
2009	$66,963.00	$602,665.00			$669,628.00
2010	$136,160.00	$1,225,440.00			$1,361,600.00
2011	$96,100.00	$864,900.00			$961,000.00
TOTAL:	$718,997.00	$6,470,973.00			$7,189,970.00

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

— COMPLETE FOR AMENDMENTS —

END DATE AMENDED? ☒ YES ☐ NO

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	0.00	
2007	$2,852,432.00	
2008	$1,345,310.00	
2009	$669,628.00	
2010	$1,161,600.00	$200,000.00
2011		$961,000.00
TOTAL:	$6,028,970.00	$1,161,000.00

Agency Contact & Telephone #
Alma Chilton
615-507-6384

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Speed Code
TN00000165

Account Code
70803000

Procurement Process Summary (non-competitive, FA- or ED-type only)

— OCR USE —

F&A Secured Document

FA0616795-03

AMENDMENT #3
TO CONTRACT # FA-06-16795-00
BETWEEN THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND FOX SYSTEMS, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State, or "TennCare" and Fox Systems, 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 following text replaces to Scope of Services as Section A.10:

   A.10. The Contractor will provide resources during the post-project close period of the TennCare MMIS Reprocurement contract with ACS. The Contractor resources will include Project Manager(s), Business Analysts, Technical Analysts, and Regulatory Experts. The scope of services during the Implementation period will be expanded to project management services, ACS project closeout services, and Independent Verification and Validation (IV&V) services pertaining to EDS services to implement enhancements not completed by ACS. The hourly Service Rates in Section C.3.a. shall constitute the entire compensation due the Contractor for the project closeout services and IV&V services pertaining to EDS services to implement enhancements not completed by ACS performed after May 31, 2009 and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required through May 31, 2011.

2. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

   B.1. Contract Term. This Contract shall be effective for the period commencing on June 1, 2006 and ending on May 31, 2011. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

3. The text of Contract Section C.1 is deleted in is entirety and replaced with the following:

   C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seven Million One Hundred Eighty-Nine Thousand Nine Hundred Seventy Dollars ($7,189,970.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

4. The text of Contract Section C.3.a. is deleted in its entirety and replaced with the following:

C.3.a. For service performed from June 1, 2009 through May 31, 2011, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

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

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

The revisions set forth herein shall be effective June 1, 2010. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

4-23-2010

Mark Shishida, Executive Vice President of Business Development **Date**

DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:

MDGoetz Jr /sg

4/26/10

M. D. Goetz, Jr., Commissioner **Date**

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Scott Pierce	*Contact Phone:	615-507-6415
*Original Contract Number:	FA-06-16795-00	*Original RFS Number:	318.65-210
Edison Contract Number: *(if applicable)*	12047	Edison RFS Number: *(if applicable)*	31865-00210
*Original Contract Begin Date:	June 1, 2006	*Current End Date:	May 31, 2010

Current Request Amendment Number: *(if applicable)*	3
Proposed Amendment Effective Date: *(if applicable)*	June 1, 2010
*Department Submitting:	Department of Finance and Administration
*Division:	Bureau of TennCare
*Date Submitted:	March 31, 2010
*Submitted Within Sixty (60) days:	Yes
If not, explain:	
*Contract Vendor Name:	Fox Systems, Inc.
*Current Maximum Liability:	$6,028,970.00

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

FY:2007	FY:2008	FY:2009	FY:2010	FY	FY
$ 2,852,432.00	$1 ,345,310.00	$ 669,628.00	$ 1,161,600.00	$	$

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

FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY	FY
$2,182,039.33	$1,556,195.00	$934,310.17	$ 888,461.25	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	Payment methodology in contract was based on RFP development milestones. These milestones were pushed back based on MMIS RFP deadline, transition of MMIS contractor, and CMS approvals. As a result, some scheduled milestone payments for fiscal years were pushed to next year, which resulted in FY rollover of funds.
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding	

Supplemental Documentation Required for Fiscal Review Committee

was acquired to pay the overage:	

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.

*Contract Funding Source/Amount:	State:	$602,897.00.00	Federal:	$5,426,073.00
Interdepartmental:			*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment #1 – May, 2007	Amendment enhanced scope of services to include provision of resources during the implementation and post-implementation period of the TennCare National Provider Implementation (NPI) project. Services included documentation of policies, procedures and Systems, analysis of interface reports and windows, assessment of business policies, remediation plan, provider cross-walk, development Phase Project Management and Independent Verification & Validation (IV&V) and other NPI related duties. Funding to support these services, as well as inclusion of Prohibition of Illegal Immigrant language as required by State Law was also included.
Amendment #2 – May, 2009	Provision of project management services, MMIS Contractor project closeout services, and Independent Verification and Validation (IV & V) services pertaining to EDS implementation enhancements not completed by ACS. Term extended and funding to support term extension.

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 for this contract are tied directly to the cost proposals submitted in response to the Request for Proposal. These cost proposals are public information and are retained in the TennCare offices. Copies can be provided upon request.

Supplemental Documentation Required for Fiscal Review Committee

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

Expenditures by Fiscal Year are listed on Contract Summary Sheet. Milestone deliverables as stipulated in Section C.3 of competitively procured contract are listed below:

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

SERVICE UNIT/MILESTONE	AMOUNT
RFP DEVELOPMENT	**$627,200.00**
	Project Milestone Estimated Amounts
50% of total cost of RFP Development, billable in equal monthly payments beginning on July 1, 2006 and continuing through December 1, 2006, based on completed work as indicated by monthly invoices, for work leading to development and timely submission of the first draft of RFP as defined in A.1.6., including scope of requirements for system management and business process management, recommendation for payment models, sourcing strategies, and performance management approach.	**$ 313,600.00**
15% of total cost for RFP Development, billable on timely submission of a complete final draft due on January 1, 2007, incorporating all feedback from TennCare review.	**$ 94,080.00**
25% of total cost for RFP Development, billable on acceptance of the final RFP and pro forma contract due on or about September 1, 2007, including required changes to obtain approval of TennCare Office of General Counsel (OGC), Tennessee Office of Information Resources (OIR), Office of Contracts Review (OCR), and the Office of the Comptroller of the Treasury, for revised draft of RFP, which will include changes required by OCR, OGC, OIR, and the Comptroller of the Treasury.	**$ 156,800.00**
Remaining 10% of total cost for RFP Development billable at the later of issuance of RFP or approval of APD and contract as required by CMS.	**$ 62,720.00**

Supplemental Documentation Required for Fiscal Review Committee

MANAGEMENT OF PROCUREMENT PROCESS	Total Cost of Management of Procurement Process $ 206,540.00
	Project Milestone Estimated Amounts
50% of total cost of Procurement Process Management, billable on December 1, 2007, based on TennCare acceptance of proposal evaluation materials and successful completion of evaluator training.	$ 103,270.00
30% of total cost of Procurement Process Management, billable on January 1, 2008, based on TennCare acceptance of proposal review deliverables.	$ 61,962.00
Remaining 20% of total cost of Procurement Process Management billable on award of contract on or about January 1, 2008.	$ 41,308.00

CONTRACT IMPLEMENTATION REVIEW	Total Cost of Contract Implementation Review $ 1,158,500.00
	Project Milestone Estimated Amounts
75% of total cost of Contract Implementation Review, payable in twelve equal monthly payments beginning April 1, 2008 through March 31, 2009, based on completed work as indicated by monthly invoices, for service units delivered by staff resources as projected in work plan.	$ 868,875.00
Remaining 25% of the total cost of Contract Implementation Review, payable on May 31, 2009 for 60 days of service to the Bureau pertaining to the close out of the project with ACS and aiding the Bureau with the transition of the ACS partially developed systems and business process management functions to EDS.	$ 289,625.00

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Upon acceptance of the work product by TennCare, such invoices shall be submitted for completed project milestones for the amount stipulated.

Service Description	Amount
Project Manager	$145.00/Hour

Supplemental Documentation Required for Fiscal Review Committee

Consulting Services (A.4)

Staff/Business Analyst **$ 135.00/Hour**
Consulting Services (A.4.)

C.3.a. For service performed from June 1, 2009 through May 31, 2010, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

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 to Fox Systems, Inc., the competitively procured contract for consulting and business process management services, does not reflect proposed savings to be realized by the state. It does provide services required by the Centers for Medicare and Medicaid Services and is paid at a 90% federal/10% state rate.

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 for consulting services of system management and business process management services which ultimately resulted in Fox Systems, Inc. receiving contract award. An RFP is optimum state procurement method and no other options were explored.

Fox Systems, Inc. Expenditures for Fiscal Year 2007

Department	Division	Document Number	Effective Year	Process Date	2007 Document Payment Amount
318	65	FA0616795	2007	7/27/2006	$81,966.67
318	65	FA0616795	2007	8/14/2006	$204,991.67
318	65	FA0616795	2007	9/25/2006	$269,196.67
318	65	FA0616795	2007	9/25/2006	$7,965.00
318	65	FA0616795	2007	11/1/2006	$191,021.67
318	65	FA0616795	2007	11/1/2006	$440.00
318	65	FA0616795	2007	11/29/2006	$200,536.67
318	65	FA0616795	2007	12/12/2006	$51,570.56
318	65	FA0616795	2007	12/12/2006	$142,205.42
318	65	FA0616795	2007	2/22/2007	$107,617.50
318	65	FA0616795	2007	2/22/2007	$137,410.00
318	65	FA0616795	2007	2/22/2007	$132,451.67
318	65	FA0616795	2007	2/22/2007	-$142,205.42
318	65	FA0616795	2007	4/30/2007	$79,155.92
318	65	FA0616795	2007	2/22/2007	$49,375.00
318	65	FA0616795	2007	2/22/2007	$50,922.50
318	65	FA0616795	2007	2/22/2007	$51,570.56
318	65	FA0616795	2007	2/22/2007	-$51,570.56
318	65	FA0616795	2007	4/27/2007	$29,342.50
318	65	FA0616795	2007	4/27/2007	$24,646.51
318	65	FA0616795	2007	4/27/2007	$27,062.50
318	65	FA0616795	2007	4/27/2007	$92,102.50
318	65	FA0616795	2007	4/30/2007	$0.07
318	65	FA0616795	2007	6/4/2007	$21,702.50
318	65	FA0616795	2007	7/25/2007	$175,000.00
318	65	FA0616795	2007	6/4/2007	$104,926.25
318	65	FA0616795	2007	6/19/2007	$122,520.00
318	65	FA0616795	2007	6/19/2007	$20,115.00
Total					**$2,182,039.33**

Fox Systems, Inc. Expenditures for Fiscal Year 2008

Department	Division	Document Number	Effective Year	Process Date	2008 Document Payment Amount
318	65	FA0616795	2008	8/29/2007	$120,615.00
318	65	FA0616795	2008	9/28/2007	$219,520.00
318	65	FA0616795	2008	8/29/2007	$21,937.50
318	65	FA0616795	2008	11/19/2007	$76,827.50
318	65	FA0616795	2008	11/30/2007	$81,505.00
318	65	FA0616795	2008	12/21/2007	$103,052.50
318	65	FA0616795	2008	12/21/2007	$67,905.00
318	65	FA0616795	2008	12/21/2007	$103,270.00
318	65	FA0616795	2008	1/14/2008	$50,132.50
318	65	FA0616795	2008	2/13/2008	$103,270.00
318	65	FA0616795	2008	2/13/2008	$21,035.00
318	65	FA0616795	2008	3/19/2008	$28,752.50
318	65	FA0616795	2008	4/30/2008	$18,930.00
318	65	FA0616795	2008	6/6/2008	$18,287.50
318	65	FA0616795	2008	6/25/2008	$22,572.50
318	65	FA0616795	2008	6/25/2008	$28,582.50
318	65	FA0616795	2008	11/19/2007	$39,622.50
318	65	FA0616795	2008	11/30/2007	$52,660.00
318	65	FA0616795	2008	12/21/2007	$35,167.50
318	65	FA0616795	2008	12/21/2007	$38,282.50
318	65	FA0616795	2008	1/14/2008	$40,027.50
318	65	FA0616795	2008	2/13/2008	$37,395.00
318	65	FA0616795	2008	3/19/2008	$30,762.50
318	65	FA0616795	2008	4/30/2008	$36,517.50
318	65	FA0616795	2008	6/6/2008	$108,451.25
318	65	FA0616795	2008	6/25/2008	$51,113.75
318	65	FA0616795	2009	9/26/2008	
318	65	FA0616795	2009	10/15/2008	
318	65	FA0616795	2009	12/5/2008	
318	65	FA0616795	2009	12/5/2008	
318	65	FA0616795	2009	1/29/2009	
318	65	FA0616795	2009	1/29/2009	
318	65	FA0616795	2009	2/26/2009	
318	65	FA0616795	2009	4/13/2009	
318	65	FA0616795	2009	8/15/2008	
318	65	FA0616795	2009	9/26/2008	
318	65	FA0616795	2009	10/15/2008	
318	65	FA0616795	2009	12/5/2008	
318	65	FA0616795	2009	12/5/2008	
Total					**$1,556,195.00**

Fox Systems, Inc. Expenditures for Fiscal Year 2009

Department	Division	Document Number	Effective Year	Process Date	2009 Document Payment Amount
318	65	FA0616795	2009	9/26/2008	$72,406.25
318	65	FA0616795	2009	10/15/2008	$72,406.25
318	65	FA0616795	2009	12/5/2008	$435.00
318	65	FA0616795	2009	12/5/2008	$2,320.00
318	65	FA0616795	2009	1/29/2009	$72,551.25
318	65	FA0616795	2009	1/29/2009	$72,406.25
318	65	FA0616795	2009	2/26/2009	$72,406.25
318	65	FA0616795	2009	4/13/2009	$72,406.25
318	65	FA0616795	2009	8/15/2008	$89,171.25
318	65	FA0616795	2009	9/26/2008	$725.00
318	65	FA0616795	2009	10/15/2008	$1,875.00
318	65	FA0616795	2009	12/5/2008	$72,406.25
318	65	FA0616795	2009	12/5/2008	$72,406.25
318	65	FA0616795	2009	6/30/2009	$260,388.92
Total					**$934,310.17**

Fox Systems, Inc. Expenditures for Fiscal Year 2010

Department	Division	Document Number	Effective Year	Process Date	2010 Document Payment Amount
318	65	FA0616795	2010	8/28/2009	$117,015.00
318	65	FA0616795	2010	9/28/2009	$88,332.50
318	65	FA0616795	2010	10/14/2009	$117,071.25
318	65	FA0616795	2010	11/13/2009	$116,812.50
318	65	FA0616795	2010	12/16/2009	$120,650.00
318	65	FA0616795	2010	1/13/2010	$103,415.00
318	65	FA0616795	2010	2/24/2010	$111,172.50
318	65	FA0616795	2010	3/17/2010	$113,992.50
Total					**$888,461.25**

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

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

Sen. Bill Ketron, Chairman
Senators
Douglas Henry, Reginald Tate
Doug Jackson, Ken Yager
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives
Harry Brooks, Donna Rowland
Curtis Johnson, Tony Shipley
Steve McManus, Curry Todd
Mary Pruitt, Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

MEMORANDUM

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

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

BK CC

DATE: May 14, 2009

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 5/11/09)

RFS# 318.65-210
Department: Finance & Administration
Division: Bureau of TennCare
Contractor: Fox Systems
Summary: The vendor is currently responsible for the provision of consulting services. The proposed amendment extends the current contract for an additional year, adds required language, and increases the maximum liability by $1,161,600.
Maximum liability: $4,867,370
Maximum liability w/amendment $6,028,970

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

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

RECEIVED
MAY 01 2009
FISCAL REVIEW

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

April 30, 2009

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

Attention: Ms. Leni Chick

RE: Bureau of TennCare Contract Amendment
Fox Systems, Inc., Amendment #2

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee, amendment #2 to Fox Systems, Inc., the contractor identified to provide Business Process Management Services. This competitively procured contract is being extended for an additional year and will include the provision of project management resources during the post-project MMIS closeout, as well as Independent Verification and Validation (IV&V) services.

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

Sincerely,

Scott Pierce
Chief Financial Officer

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

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Scott Pierce	*Contact Phone:	615-507-6415
*Contract Number:	FA-06-16795-00	*RFS Number:	318.65-210
*Original Contract Begin Date:	June 1, 2006	*Current End Date:	May 31, 2009
Current Request Amendment Number: *(if applicable)*	2		
Proposed Amendment Effective Date: *(if applicable)*	June 1, 2009		
*Department Submitting:	Department of Finance and Administration		
*Division:	Bureau of TennCare		
*Date Submitted:	May 1, 2009		
*Submitted Within Sixty (60) days:	No		
If not, explain:	Scope of work could not be determined timely due to termination of current MMIS contract, which significantly impacts the scope of this contractor.		
*Contract Vendor Name:	Fox Systems, Inc.		
*Current Maximum Liability:	$4,867,370.00		

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

FY: 2007	FY: 2008	FY: 2009	FY:	FY	FY
$ 2,852,432.00	$1 ,345,310.00	$ 669,628.00	$	$	$

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

FY: 2007	FY: 2008	FY: 2009	FY:	FY	FY
$2,182,039.33	$1,556,195.00	$673,921.25	$	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	Payment methodology in contract was based on RFP development milestones. These milestones were pushed back based on MMIS RFP deadline, transition of MMIS contractor, and CMS approvals. As a result, some scheduled milestone payments for fiscal years were pushed to next year, which resulted in FY rollover of funds.
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	

Supplemental Documentation Required for Fiscal Review Committee

*Contract Funding Source/Amount:	State:	$486,737.00	Federal:	$4,380,633.00
Interdepartmental:			*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment #1 – May, 2007	Amendment enhanced scope of services to include provision of resources during the implementation and post-implementation period of the TennCare National Provider Implementation (NPI) project. Services included documentation of policies, procedures and Systems, analysis of interface reports and windows, assessment of business policies, remediation plan, provider cross-walk, development Phase Project Management and Independent Verification & Validation (IV&V) and other NPI related duties. Funding to support these services, as well as inclusion of Prohibition of Illegal Immigrant language as required by State Law was also included.
Method of Original Award: (*if applicable*)	**Request for Proposal**

Fox Systems, Inc. Expenditures for Fiscal Year 2007

Department	Division	Document Number	Effective Year	Process Date	2007 Document Payment Amount
318	65	FA0616795	2007	7/27/2006	$81,966.67
318	65	FA0616795	2007	8/14/2006	$204,991.67
318	65	FA0616795	2007	9/25/2006	$269,196.67
318	65	FA0616795	2007	9/25/2006	$7,965.00
318	65	FA0616795	2007	11/1/2006	$191,021.67
318	65	FA0616795	2007	11/1/2006	$440.00
318	65	FA0616795	2007	11/29/2006	$200,536.67
318	65	FA0616795	2007	12/12/2006	$51,570.56
318	65	FA0616795	2007	12/12/2006	$142,205.42
318	65	FA0616795	2007	2/22/2007	$107,617.50
318	65	FA0616795	2007	2/22/2007	$137,410.00
318	65	FA0616795	2007	2/22/2007	$132,451.67
318	65	FA0616795	2007	2/22/2007	-$142,205.42
318	65	FA0616795	2007	4/30/2007	$79,155.92
318	65	FA0616795	2007	2/22/2007	$49,375.00
318	65	FA0616795	2007	2/22/2007	$50,922.50
318	65	FA0616795	2007	2/22/2007	$51,570.56
318	65	FA0616795	2007	2/22/2007	-$51,570.56
318	65	FA0616795	2007	4/27/2007	$29,342.50
318	65	FA0616795	2007	4/27/2007	$24,646.51
318	65	FA0616795	2007	4/27/2007	$27,062.50
318	65	FA0616795	2007	4/27/2007	$92,102.50
318	65	FA0616795	2007	4/30/2007	$0.07
318	65	FA0616795	2007	6/4/2007	$21,702.50
318	65	FA0616795	2007	7/25/2007	$175,000.00
318	65	FA0616795	2007	6/4/2007	$104,926.25
318	65	FA0616795	2007	6/19/2007	$122,520.00
318	65	FA0616795	2007	6/19/2007	$20,115.00
Total					**$2,182,039.33**

Fox Systems, Inc. Expenditures for Fiscal Year 2008

Department	Division	Document Number	Effective Year	Process Date	2008 Document Payment Amount
318	65	FA0616795	2008	8/29/2007	$120,615.00
318	65	FA0616795	2008	9/28/2007	$219,520.00
318	65	FA0616795	2008	8/29/2007	$21,937.50
318	65	FA0616795	2008	11/19/2007	$76,827.50
318	65	FA0616795	2008	11/30/2007	$81,505.00
318	65	FA0616795	2008	12/21/2007	$103,052.50
318	65	FA0616795	2008	12/21/2007	$67,905.00
318	65	FA0616795	2008	12/21/2007	$103,270.00
318	65	FA0616795	2008	1/14/2008	$50,132.50
318	65	FA0616795	2008	2/13/2008	$103,270.00
318	65	FA0616795	2008	2/13/2008	$21,035.00
318	65	FA0616795	2008	3/19/2008	$28,752.50
318	65	FA0616795	2008	4/30/2008	$18,930.00
318	65	FA0616795	2008	6/6/2008	$18,287.50
318	65	FA0616795	2008	6/25/2008	$22,572.50
318	65	FA0616795	2008	6/25/2008	$28,582.50
318	65	FA0616795	2008	11/19/2007	$39,622.50
318	65	FA0616795	2008	11/30/2007	$52,660.00
318	65	FA0616795	2008	12/21/2007	$35,167.50
318	65	FA0616795	2008	12/21/2007	$38,282.50
318	65	FA0616795	2008	1/14/2008	$40,027.50
318	65	FA0616795	2008	2/13/2008	$37,395.00
318	65	FA0616795	2008	3/19/2008	$30,762.50
318	65	FA0616795	2008	4/30/2008	$36,517.50
318	65	FA0616795	2008	6/6/2008	$108,451.25
318	65	FA0616795	2008	6/25/2008	$51,113.75
318	65	FA0616795	2009	9/26/2008	
318	65	FA0616795	2009	10/15/2008	
318	65	FA0616795	2009	12/5/2008	
318	65	FA0616795	2009	12/5/2008	
318	65	FA0616795	2009	1/29/2009	
318	65	FA0616795	2009	1/29/2009	
318	65	FA0616795	2009	2/26/2009	
318	65	FA0616795	2009	4/13/2009	
318	65	FA0616795	2009	8/15/2008	
318	65	FA0616795	2009	9/26/2008	
318	65	FA0616795	2009	10/15/2008	
318	65	FA0616795	2009	12/5/2008	
318	65	FA0616795	2009	12/5/2008	
Total					**$1,556,195.00**

Fox Systems, Inc. Expenditures for Fiscal Year 2009

Department	Division	Document Number	Effective Year	Process Date	2009 Document Payment Amount
318	65	FA0616795	2009	9/26/2008	$72,406.25
318	65	FA0616795	2009	10/15/2008	$72,406.25
318	65	FA0616795	2009	12/5/2008	$435.00
318	65	FA0616795	2009	12/5/2008	$2,320.00
318	65	FA0616795	2009	1/29/2009	$72,551.25
318	65	FA0616795	2009	1/29/2009	$72,406.25
318	65	FA0616795	2009	2/26/2009	$72,406.25
318	65	FA0616795	2009	4/13/2009	$72,406.25
318	65	FA0616795	2009	8/15/2008	$89,171.25
318	65	FA0616795	2009	9/26/2008	$725.00
318	65	FA0616795	2009	10/15/2008	$1,875.00
318	65	FA0616795	2009	12/5/2008	$72,406.25
318	65	FA0616795	2009	12/5/2008	$72,406.25
Total					**$673,921.25**

Supplemental Documentation Required for Fiscal Review Committee

Pursuant to the request from the Fiscal Review Committee regarding additional information relative to contracts, the following responses are relevant to Fox Systems, Inc., Amendment #2 and are submitted to Fiscal Review for consideration.

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

A detailed breakdown of anticipated expenditures and payment mechanisms are built into this competitively bid contract based on milestones, deliverables and contractor staffing, rather than line items. Specific allowable expenditures are detailed in contract Payment Methodology, Section C.3, listed below:

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

SERVICE UNIT/MILESTONE	AMOUNT
RFP DEVELOPMENT	**$627,200.00**
	Project Milestone Estimated Amounts
50% of total cost of RFP Development, billable in equal monthly payments beginning on July 1, 2006 and continuing through December 1, 2006, based on completed work as indicated by monthly invoices, for work leading to development and timely submission of the first draft of RFP as defined in A.1.6., including scope of requirements for system management and business process management, recommendation for payment models, sourcing strategies, and performance management approach.	**$ 313,600.00**
15% of total cost for RFP Development, billable on timely submission of a complete final draft due on January 1, 2007, incorporating all feedback from TennCare review.	**$ 94,080.00**
25% of total cost for RFP Development, billable on acceptance of the final RFP and pro forma contract due on or about September 1, 2007, including required changes to obtain approval of TennCare Office of General Counsel (OGC), Tennessee Office of Information Resources (OIR), Office of	**$ 156,800.00**

Contracts Review (OCR), and the Office of the Comptroller of the Treasury, for revised draft of RFP, which will include changes required by OCR, OGC, OIR, and the Comptroller of the Treasury.	
Remaining 10% of total cost for RFP Development billable at the later of issuance of RFP or approval of APD and contract as required by CMS.	**$ 62,720.00**
MANAGEMENT OF PROCUREMENT PROCESS	**Total Cost of Management of Procurement Process** **$ 206,540.00**
	Project Milestone Estimated Amounts
50% of total cost of Procurement Process Management, billable on December 1, 2007, based on TennCare acceptance of proposal evaluation materials and successful completion of evaluator training.	**$ 103,270.00**
30% of total cost of Procurement Process Management, billable on January 1, 2008, based on TennCare acceptance of proposal review deliverables.	**$ 61,962.00**
Remaining 20% of total cost of Procurement Process Management billable on award of contract on or about January 1, 2008.	**$ 41,308.00**
CONTRACT IMPLEMENTATION REVIEW	**Total Cost of Contract Implementation Review** **$ 1,158,500.00**
	Project Milestone Estimated Amounts
75% of total cost of Contract Implementation Review, payable in twelve equal monthly payments beginning April 1, 2008 through March 31, 2009, based on completed work as indicated by monthly invoices, for service units delivered by staff resources as projected in work plan.	**$ 868,875.00**
Remaining 25% of the total cost of Contract Implementation Review, payable on May 31, 2009 for 60 days of service to the Bureau pertaining to the close out of the project with ACS and aiding the Bureau with the transition of the ACS partially developed systems and business process	**$ 289,625.00**

management functions to EDS.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Upon acceptance of the work product by TennCare, such invoices shall be submitted for completed project milestones for the amount stipulated.

Service Description	Amount
Project Manager Consulting Services (A.4)	**$145.00/Hour**
Staff/Business Analyst Consulting Services (A.4.)	**$ 135.00/Hour**

C.3.a. For service performed from June 1, 2009 through May 31, 2010, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

As this is a continuation of ongoing operations, the State does not expect unused funds.

The breakdown of fund source, based on provided service and pre-approved by the Center for Medicare and Medicaid Services, is as follows:

90% federal/10% state

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

Savings are not envisioned for this amendment; however the on-going operations of this contractor is critical to the agency. The TennCare base budget includes funding for $669,628.00, funded with 90% federal match. The additional state funds required to support this amendment is $49,200.00. These funds will be available by a decrease in transitional cost in MMIS vendors.

Supplemental Documentation Required for Fiscal Review Committee

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

The Bureau is required to maintain a certified Medicaid Management Information System (MMIS) by CMS. The specific responsibilities of Fox Systems will ensure the project management services of the ACS MMIS, project closeout services and also verify the Independent Verification & Validation (IV&V) services pertaining to EDS services to implement enhancements not completed by ACS. CMS requires IV&V services for the Bureau of TennCare to receive enhanced funding for the enhancement design, development and implementation services performed by EDS as well as the ACS closeout.

This amendment is designed to extend the current contract for an additional year as provided in the Request for Proposal and ensuing current contract.

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED
Commissioner of Finance & Administration

1) RFS #	318.65-210
2) Procuring Agency :	Department of Finance and Administration, Bureau of TennCare
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Consulting Services for Procurement of System Management and Business Process Management Services
4) Contractor :	Fox Systems, Inc.
5) Contract #	FA-06-16795-00
6) Contract Start Date :	June 1, 2006
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	May 31, 2009
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	$ 4,867,370.00
PROPOSED AMENDMENT INFORMATON	
9) Amendment #	2
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	May 31, 2009
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	May 31, 2010
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	$ 6,028,970.00
13) Approval Criteria : (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

This amendment is required to provide project management services, MMIS Contractor project closeout services, and Independent Verification and Validation (IV & V) services pertaining to EDS implementation enhancements not completed by ACS.

15) Explanation of Need for the Proposed Amendment :

CMS requires IV & V services for the Bureau of TennCare to receive enhanced funding for the enhancement design, development, and implementation services performed by EDS as well as ACS closeout.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

Susan Fox , President
Fox Systems, Inc.
6263 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250

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

Documentation is ... ☐ **Not Applicable to this Request** ☒ **Attached to this Request**

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

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

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

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

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

The Bureau of TennCare released an RFP for Consulting Services for Procurement of System Management and Business Process Management Services. Fox Systems, Inc., one of three proposers responding to this RFP, was evaluated and determined to be the best combination of technical and cost proposal submitted; therefore they were awarded this contract. This amendment is adding specific scopes of service to their contract that was not included in the original RFP, making this a non-competitive amendment.

21) Justification for the Proposed Non-Competitive Amendment :

Fox Systems, Inc. has a proven history of expertise and invested knowledge with the Bureau of TennCare. They were evaluated and awarded their current contract based on their proposal submitted in response to an RFP. It is critical to the TennCare program that the new scopes of services included in this amendment are performed by a contractor both knowledgeable about Information Systems as well as the specific TennCare program. Therefore, we are requesting favorable approval by the Department of Finance and Administration.

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

CONTRACT SUMMARY SHEET

070407

RFS #	Contract #
318 . 65 — 210 — 09	FA-06-16795-02

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

Contractor Name	Contractor Type (FEIN or SSN)
Fox Systems, Inc.	☐ C- or ☒ V- 680121468 00

Service Description

Consulting Services for Procurement of System management and Business Process Management Services --

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
June 1, 2006	May 31, 2010	Vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark Each of the Following

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
318.65	198	083	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	0	0			0.00
2007	$285,243.00	$2,567,189.00			$2,852,432.00
2008	$134,531.00	$1,210,779.00			$1,345,310.00
2009	$66,963.00	$602,665.00			$669,628.00
2010	$116,160.00	$1,045,440.00			$1,161,600.00
TOTAL	$602,897.00	$5,426,073.00			$6,028,970.00

COMPLETE FOR AMENDMENTS ONLY

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	0.00	
2007	$2,852,432.00	0.00
2008	$1,345,310.00	0.00
2009	$669,628.00	0.00
2010		$1,161,600.00
TOTAL	$4,867,370.00	$1,161,600.00
End Date	May 31, 2009	May 31, 2010

State Agency Fiscal Contact & Telephone

Scott Pierce
310 Great Circle Road
Nashville, TN 37243
(615) 507-6415

State Agency Budget Officer Approval

RECEIVED 2009 JUN 18 PM CONTRACT MANAGEMENT

Funding Confirmation (Fill in with Fiscal Contact Person's name if applicable. Insert the name of the individual who collected the funds, collected the order, or that authorized the job/work/billing previously invoiced.)

Contractor Ownership Certification (Check all that apply)

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

Contractor Selection Method (Contract Attorney Contact - N/A if an unauthorized authority)

☒ RFP ☐ Competitive Negotiation * ☐ Alternative Competitive Method *
☐ Non-Competitive Negotiation * ☐ Negotiation w/ Government (ID, GG, GU)

Procurement Process Summary (Indicate reason for Non-Competitive Negotiation, Competitive Negotiation, or Alternative Method)

AMENDMENT #2
TO CONTRACT # FA-06-16795-00
BETWEEN THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND FOX SYSTEMS, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State, or "TennCare" and Fox Systems, 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 following text is added to Scope of Services as Section A.10:

   A.10. The Contractor will provide resources during the post-project close period of the TennCare MMIS Reprocurement contract with ACS. The Contractor resources will include Project Manager(s), Business Analysts, Technical Analysts, and Regulatory Experts. The scope of services during the implementation period will be expanded to project management services, ACS project closeout services, and Independent Verification and Validation (IV&V) services pertaining to EDS services to implement enhancements not completed by ACS. The hourly Service Rates in Section C.3.a. shall constitute the entire compensation due the Contractor for the project closeout services and IV&V services pertaining to EDS services to implement enhancements not completed by ACS performed after May 31, 2009 and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required.

2. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

   B.1. Contract Term. This Contract shall be effective for the period commencing on June 1, 2006 and ending on May 31, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

3. The text of Contract Section C.1 is deleted in is entirety and replaced with the following:

   C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Six Million Twenty-Eight Thousand Nine Hundred Seventy Dollars ($6,028,970.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

4. Delete Section C.3 in its entirety and insert the following in its place:

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

SERVICE UNIT/MILESTONE	AMOUNT
RFP DEVELOPMENT	**$627,200.00**
	Project Milestone Estimated Amounts
50% of total cost of RFP Development, billable in equal monthly payments beginning on July 1, 2006 and continuing through December 1, 2006, based on completed work as indicated by monthly invoices, for work leading to development and timely submission of the first draft of RFP as defined in A.1.6., including scope of requirements for system management and business process management, recommendation for payment models, sourcing strategies, and performance management approach.	**$ 313,600.00**
15% of total cost for RFP Development, billable on timely submission of a complete final draft due on January 1, 2007, incorporating all feedback from TennCare review.	**$ 94,080.00**
25% of total cost for RFP Development, billable on acceptance of the final RFP and pro forma contract due on or about September 1, 2007, including required changes to obtain approval of TennCare Office of General Counsel (OGC), Tennessee Office of Information Resources (OIR), Office of Contracts Review (OCR), and the Office of the Comptroller of the Treasury, for revised draft of RFP, which will include changes required by OCR, OGC, OIR, and the Comptroller of the Treasury.	**$ 156,800.00**
Remaining 10% of total cost for RFP Development billable at the later of issuance of RFP or approval of APD and contract as required by CMS.	**$ 62,720.00**
MANAGEMENT OF PROCUREMENT PROCESS	**Total Cost of Management of Procurement Process**
	$ 206,540.00

	Project Milestone Estimated Amounts
50% of total cost of Procurement Process Management, billable on December 1, 2007, based on TennCare acceptance of proposal evaluation materials and successful completion of evaluator training.	**$ 103,270.00**
30% of total cost of Procurement Process Management, billable on January 1, 2008, based on TennCare acceptance of proposal review deliverables.	**$ 61,962.00**
Remaining 20% of total cost of Procurement Process Management billable on award of contract on or about January 1, 2008.	**$ 41,308.00**

CONTRACT IMPLEMENTATION REVIEW	**Total Cost of Contract Implementation Review**
	$ 1,158,500.00
	Project Milestone Estimated Amounts
75% of total cost of Contract Implementation Review, payable in twelve equal monthly payments beginning April 1, 2008 through March 31, 2009, based on completed work as indicated by monthly invoices, for service units delivered by staff resources as projected in work plan.	**$ 868,875.00**
Remaining 25% of the total cost of Contract Implementation Review, payable on May 31, 2009 for 60 days of service to the Bureau pertaining to the close out of the project with ACS and aiding the Bureau with the transition of the ACS partially developed systems and business process management functions to EDS.	**$ 289,625.00**

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Upon acceptance of the work product by TennCare, such invoices shall be submitted for completed project milestones for the amount stipulated.

Service Description	**Amount**
Project Manager Consulting Services (A.4)	**$145.00/Hour**
Staff/Business Analyst Consulting Services (A.4.)	**$ 135.00/Hour**

C.3.a. For service performed from June 1, 2009 through May 31, 2010, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

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

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

5. The following text is added to Special Terms and Conditions as Section E.21:

E.21 Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.

b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

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

The revisions set forth herein shall be effective May 31, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

05-15-09

~~Mark Shishida, Chief Executive Officer~~ Date

Desh Ahuja, Executive Vice President

DEPARTMENT OF FINANCE AND ADMINISTRATION:

MD Goetz Jr /SP 05/22/09

M. D. Goetz, Jr., Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

6/2/09

M. D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

6/4/09

Justin P. Wilson, Comptroller of the Treasury Date

081607

FAX/EMAIL TRANSMITTAL

to Request OIR Procurement Endorsement

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

FROM : Alma Chilton — **FAX # 253-5414**

DATE : April 22, 2009

RFS # 318.65-210

RE : Procurement Endorsement — MMIS Closeout

INFORMATION SYSTEMS PLAN PROJECT: PROJECT NUMBER or N/A

NUMBER OF FAX PAGES (including cover) : NA

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

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call **Alma Chilton** at 507-6384.

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

Thank you for your help.

Attachment(s)

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

RFP documents must be provided in electronic form.

OIR Endorsement :

Mark Bengel (gc) — 4/24/09

OIR Chief Information Officer — **Date**

CONTRACT SUMMARY SHEET

070407

RFS #	Contract #
318 . 65 — 210 — 09	FA-06-16795-02
State Agency	**State Agency Division**
Department of Finance and Administration	Bureau of TennCare
Contractor Name	**Contractor ID # (FEIN or SSN)**
Fox Systems, Inc.	☐ C- or ☒ V- 680121468 00

Service Description

Consulting Services for Procurement of System management and Business Process Management Services --

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
June 1, 2006	May 31, 2010	Vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark Each TRUE Statement

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

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
318.65	198	083	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	0	0			0.00
2007	$285,243.00	$2,567,189.00			$2,852,432.00
2008	$134,531.00	$1,210,779.00			$1,345,310.00
2009	$66,963.00	$602,665.00			$669,628.00
2010	$116,160.00	$1,045,440.00			$1,161,600.00
TOTAL:	$602,897.00	$5,426,073.00			**$6,028,970.00**

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	0.00	
2007	$2,852,432.00	0.00
2008	$1,345,310.00	0.00
2009	$669,628.00	0.00
2010		$1,161,600.00
TOTAL:	**$4,867,370.00**	**$1,161,600.00**
End Date:	**May 31, 2009**	**May 31, 2010**

State Agency Fiscal Contact & Telephone #

Scott Pierce
310 Great Circle Road
Nashville, TN 37243
(615) 507-6415

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

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

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

☒ RFP ☐ Competitive Negotiation * ☐ Alternative Competitive Method *
☐ Non-Competitive Negotiation * ☐ Negotiation w/ Government (ID, GG, GU)

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

AMENDMENT #2
TO CONTRACT # FA-06-16795-00
BETWEEN THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND FOX SYSTEMS, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State, or "TennCare" and Fox Systems, 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 following text is added to Scope of Services as Section A.10:

   A.10. The Contractor will provide resources during the post-project close period of the TennCare MMIS Reprocurement contract with ACS. The Contractor resources will include Project Manager(s), Business Analysts, Technical Analysts, and Regulatory Experts. The scope of services during the implementation period will be expanded to project management services, ACS project closeout services, and Independent Verification and Validation (IV&V) services pertaining to EDS services to implement enhancements not completed by ACS. The hourly Service Rates in Section C.3.a. shall constitute the entire compensation due the Contractor for the project closeout services and IV&V services pertaining to EDS services to implement enhancements not completed by ACS performed after May 31, 2009 and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required.

2. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

   B.1. Contract Term. This Contract shall be effective for the period commencing on June 1, 2006 and ending on May 31, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

3. The text of Contract Section C.1 is deleted in is entirety and replaced with the following:

   C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Six Million Twenty-Eight Thousand Nine Hundred Seventy Dollars ($6,028,970.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

4. Delete Section C.3 in its entirety and insert the following in its place:

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

SERVICE UNIT/MILESTONE	AMOUNT
RFP DEVELOPMENT	**$627,200.00**
	Project Milestone Estimated Amounts
50% of total cost of RFP Development, billable in equal monthly payments beginning on July 1, 2006 and continuing through December 1, 2006, based on completed work as indicated by monthly invoices, for work leading to development and timely submission of the first draft of RFP as defined in A.1.6., including scope of requirements for system management and business process management, recommendation for payment models, sourcing strategies, and performance management approach.	**$ 313,600.00**
15% of total cost for RFP Development, billable on timely submission of a complete final draft due on January 1, 2007, incorporating all feedback from TennCare review.	**$ 94,080.00**
25% of total cost for RFP Development, billable on acceptance of the final RFP and pro forma contract due on or about September 1, 2007, including required changes to obtain approval of TennCare Office of General Counsel (OGC), Tennessee Office of Information Resources (OIR), Office of Contracts Review (OCR), and the Office of the Comptroller of the Treasury, for revised draft of RFP, which will include changes required by OCR, OGC, OIR, and the Comptroller of the Treasury.	**$ 156,800.00**
Remaining 10% of total cost for RFP Development billable at the later of issuance of RFP or approval of APD and contract as required by CMS.	**$ 62,720.00**
MANAGEMENT OF PROCUREMENT PROCESS	**Total Cost of Management of Procurement Process**
	$ 206,540.00

	Project Milestone Estimated Amounts
50% of total cost of Procurement Process Management, billable on December 1, 2007, based on TennCare acceptance of proposal evaluation materials and successful completion of evaluator training.	**$ 103,270.00**
30% of total cost of Procurement Process Management, billable on January 1, 2008, based on TennCare acceptance of proposal review deliverables.	**$ 61,962.00**
Remaining 20% of total cost of Procurement Process Management billable on award of contract on or about January 1, 2008.	**$ 41,308.00**

CONTRACT IMPLEMENTATION REVIEW	**Total Cost of Contract Implementation Review**
	$ 1,158,500.00
	Project Milestone Estimated Amounts
75% of total cost of Contract Implementation Review, payable in twelve equal monthly payments beginning April 1, 2008 through March 31, 2009, based on completed work as indicated by monthly invoices, for service units delivered by staff resources as projected in work plan.	**$ 868,875.00**
Remaining 25% of the total cost of Contract Implementation Review, payable on May 31, 2009 for 60 days of service to the Bureau pertaining to the close out of the project with ACS and aiding the Bureau with the transition of the ACS partially developed systems and business process management functions to EDS.	**$ 289,625.00**

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Upon acceptance of the work product by TennCare, such invoices shall be submitted for completed project milestones for the amount stipulated.

Service Description	**Amount**
Project Manager Consulting Services (A.4)	**$145.00/Hour**
Staff/Business Analyst Consulting Services (A.4.)	**$ 135.00/Hour**

C.3.a. For service performed from June 1, 2009 through May 31, 2010, the following rates shall apply:

Service Description	Amount
Project Manager (A.10)	$145.00/Hour
Staff/Business Analyst (A.10)	$135.00/Hour

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

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

5. The following text is added to Special Terms and Conditions as Section E.21:

E.21 Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.

b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

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

The revisions set forth herein shall be effective May 31, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

Mark Shishida, Chief Executive Officer Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

Justin P. Wilson, Comptroller of the Treasury Date

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

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

Rep. Charles Curtiss, Chairman
Representatives
Curt Cobb
Curtiss Johnson
Gerald McCormick
Mary Pruitt
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley

Sen. Douglas Henry, Vice-Chairman
Senators
Doug Jackson
Bill Ketron
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*
Reginald Tate
Jamie Woodson

MEMORANDUM

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

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

DATE: April 9, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 4/2/07)

RFS# 318.65-210
Department: Finance & Administration/Bureau of TennCare
Contractor: Fox Systems, Inc.
Summary: The vendor currently is responsible for consulting services to assist the Bureau in developing a Request for Proposal and Pro Forma contract for system management and business process management services. This amendment increases the maximum liability by $1,775,130. The term of the contract remains the same, effective through May 31, 2009, with the option to extend for two additional one-year increments.
Maximum liability: $3,092,240
Maximum liability w/amendment: $4,867,370

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

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

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

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

Rep. Charles Curtiss, Chairman
Representatives
Curt Cobb
Curtiss Johnson
Gerald McCormick
Mary Pruitt
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley

Sen. Douglas Henry, Vice-Chairman
Senators
Doug Jackson
Bill Ketron
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*
Reginald Tate
Jamie Woodson

MEMORANDUM

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

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

DATE: March 3, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 2/26/07)

RFS# 318.65-210
Department: Finance & Administration/Bureau of TennCare
Contractor: Fox Systems, Inc.
Summary: The vendor currently is responsible for consulting services to assist the Bureau in developing a Request for Proposal and Pro Forma contract for system management and business process management services. This amendment increases the maximum liability by $1,775,130. The term of the contract remains the same, effective through May 31, 2009, with the option to extend for two additional one-year increments.
Maximum liability: $3,092,240
Maximum liability w/amendment: $4,867,370

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

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

RECEIVED
JAN 22 2007
FISCAL REVIEW

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

January 18, 2007

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

Attention: Ms. Leni Chick

RE: Bureau of TennCare
Fox Systems, Inc. Amendment #1, FA-06-16795-00

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #1 to Fox Systems, Inc., FA-06-16795-00.

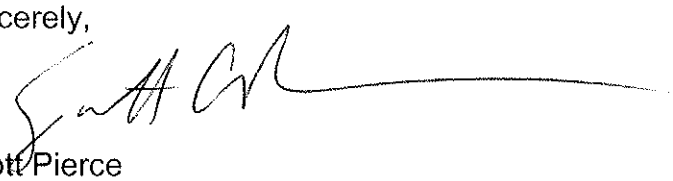
This amendment is required to provide additional services relevant to the provision of the National Provider Implementation (NPI) project. This function has been mandated by the Center for Medicare and Medicaid Services to be performed by each state.

Fox Systems has been selected by CMS to be the national enumerator of healthcare providers. Fox, therefore, will prove to be a tremendous asset in helping convert the MMIS to an NPI compliant system.

The specific tasks associated with NPI include gathering documentation of policies procedures and systems' analysis of interfaces, reports and windows; assessment of business policies and processes; remediation plan; provider cross-walk; development phase project management and IV&V, operations and maintenance phase project management and IV&V, as well as other NPI related duties

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

Sincerely,



Scott Pierce
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner
Alma Chilton

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.	
1) RFS #	318.65-210
2) State Agency Name :	Department of Finance and Administration, Bureau of TennCare
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Consulting Services for Procurement of System Management and Business Process Management Services
4) Contractor :	Fox Systems, Inc.
5) Contract #	FA-06-16795-00
6) Contract Start Date :	June 1, 2006
7) Current Contract End Date IF all Options to Extend the Contract are Exercised :	May 31, 2009
8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :	$3,092,240.00
PROPOSED AMENDMENT INFORMATON	
9) Proposed Amendment #	1
10) Proposed Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	Upon Execution
11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :	May 31, 2009
12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :	$4,867,370.00
13) Approval Criteria : (select one)	X use of Non-Competitive Negotiation is in the best interest of the state
	☐ only one uniquely qualified service provider able to provide the service

RECEIVED
JAN 31 2007
FISCAL REVIEW

14) Description of the Proposed Amendment Effects & Any Additional Service :

This amendment is required to provide additional services relevant to the provision of the TennCare National Provider Implementation (NPI) project. This function has been mandated by the Center for Medicare and Medicaid Services to be performed by each state. The tasks associated with NPI include the gathering of documentation of policies procedures and systems' analysis of interfaces, reports and windows; assessment of business policies and processes; remediation plan; provider cross-walk; development phase project management and IV&V, operations and maintenance phase project management and IV&V; as well as other NPI related duties.

15) Explanation of Need for the Proposed Amendment :

These additional scopes of services associated with the NPI project have been identified based on CMS requirements and are being performed by Fox Systems, Inc. based on experience and the high level of expertise that can be provided by this Contractor.

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

Susan Fox , President
Fox Systems, Inc.
6263 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:	☐	Documentation Not Applicable to this Request	X Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:	X	Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:	X	Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

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

The Bureau of TennCare released an RFP for Consulting Services for Procurement of System Management and Business Process Management Services. Fox Systems, Inc., one of three proposers responding to this RFP, was evaluated and determined to be the best combination of technical and cost proposal submitted; therefore they were awarded this contract. This amendment is adding specific scopes of service to their contract that was not included in the original RFP, making this a non-competitive amendment.

21) Justification for the Proposed Non-Competitive Amendment :

Fox Systems, Inc. has a proven history of expertise and invested knowledge with the Bureau of TennCare. They were evaluated and awarded their current contract based on their proposal submitted in response to an RFP. It is critical to the TennCare program that the new scopes of services included in this amendment are performed by a contractor both knowledgeable about Information Systems as well as the specific TennCare program, therefore, we are requesting favorable approval by the Department of Finance and Administration.

REQUESTING AGENCY HEAD SIGNATURE & DATE :
(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature	**Date**

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
318.65-210	FA-06-16795-01

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

Contractor Name	Contractor ID # (FEIN or SSN)	
Fox Systems, Inc.	C- or X V-	680121468 00

Service Description

Consulting Services for Procurement of System Management and Business Process Management Services

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
June 1, 2006	May 31, 2009	vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark Each TRUE Statement

X Contractor is on STARS

X Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
318.65	198	134	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	0	0			0
2007	$285,243.00	$2,567,189.00			$2,852,432.00
2008	$134,531.00	$1,310,779.00			$1,345,310.00
2009	$66,963.00	$602,665.00			$669,628.00
TOTAL:	$486,737.00	$4,380,633.00			**$4,867,370.00**

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006		
2007	$1,952,432.00	$900,000.00
2008	$470,180.00	$875,130.00
2009	$669,628.00	
TOTAL:	**$3,092,240.00**	**$1,775,130.00**
End Date:	**May 31, 2009**	**May 31, 2009**

State Agency Fiscal Contact & Telephone #

Scott Pierce
310 Great Circle Road
Nashville, TN 37243
(615) 507-6415

State Agency Budget Officer Approval

Scott Pierce

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

MAY 2 RECEIVED
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FISCAL REVIEW

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2007 MAY 16 AM 10 50
COMPTROLLER'S OFFICE
OFFICE OF
MANAGEMENT SERVICES

Contractor Ownership (complete only for base contracts with contract # prefix, FA or GR)

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☐ NOT minority/disadvantaged
☐ Asian ☐ Female ☐ Native American ☐ OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

X RFP ☐ Competitive Negotiation ☐ Alternative Competitive Method
☐ Non-Competitive Negotiation Negotiation w/ Government (*e.g.*, ID, GG, GU) ☐ Other

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

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-06-16795-00
Fiscal Year	2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
318.65	025	083	11			93.778	$400,000.00
318.65	198	083	11			93.778	$500,000.00
TOTAL							$900,000.00

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-06-16795-00
Fiscal Year	2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
318.65	025	083	11			93.778	$375,130.00
318.65	198	083	11			93.778	$500,000.00
TOTAL							$875,130.00

AMENDMENT #1
TO CONTRACT # FA-06-16795-00
BETWEEN THE DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND FOX SYSTEMS, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State or TennCare, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following as Section A.9 to Scope of Services:

A.9. The Contractor shall provide resources during the implementation and post-implementation period of the TennCare National Provider Implementation (NPI) project. The Contractor resources shall include Project Manager(s), Business Analysts, Technical Analysts, and Regulatory Experts. The hours shall be delivered based on the requirements and personnel classifications as established in section A.4 and according to established hourly rates in Section C.3. The NPI tasks shall consist of:

a. Kick-Off
b. Gather Documentation of Policies, Procedures, and Systems
c. Analysis of Interfaces, Reports, and Windows
d. Assessment of Business Policies and Processes
e. Impact and Gap Analysis
f. Remediation Plan
g. Provider Cross-walk
h. Remediation Prep Work
i. Development Phase Project Management and IV&V
j. Integration and Test Phase Project Management and IV&V
k. Implementation Phase Project Management and IV&V
l. Operations and Maintenance Phase Project Management and IV&V
m. Provider Data Correction Assistance
n. Other NPI-Related duties

2. Delete Section C.1 in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Four Million Eight Hundred Sixty-Seven Thousand Three Hundred Seventy Dollars ($4,867,370.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

3. Add the following language to Section D, Standard Terms and Conditions:

D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document as Attachment C, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this contract.

e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

4. Add 'Attestation Re Personnel Used in Contract Performance' as Attachment C.

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

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

Mark Shishida, Chief Executive Officer — Date: 3-5-2007

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M D Goetz Jr / SCP

M. D. Goetz, Jr., Commissioner — Date: 4/23/07

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner — Date: 5/15/07

COMPTROLLER OF THE TREASURY:

John G. Morgan

John G. Morgan, Comptroller of the Treasury — Date: 5/18/07

ATTACHMENT C

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-06-16795-00
CONTRACTOR LEGAL ENTITY NAME:	Fox Systems, Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	680121468 00

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.

SIGNATURE & DATE: 3-5-2007

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.

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
318.65-210	FA-06-16795-00
State Agency	**State Agency Division**
Department of Finance and Administration	Bureau of TennCare
Contractor Name	**Contractor ID # (FEIN or SSN)**
Fox Systems, Inc.	C- or X V- 680121468 00

Service Description

FUNDING REVISION - MOVING $800,000.00 FROM FY '08 INTO FY '07

Consulting Services for Procurement of System Management and Business Process Management Services

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
June 1, 2006	May 31, 2009	vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark Each TRUE Statement

X Contractor is on STARS

X Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
318.65	198	134	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	0	0			0
2007	$195,244.00	$1,757,188.00			$1,952,432.00
2008	$47,018.00	$423,162.00			$470,180.00
2009	$66,963.00	$602,665.00			$669,628.00
TOTAL:	$309,225.00	$2,783,015.00			$3,092,240.00

OCR RELEASED
DEC 0 8 2006
TO ACCOUNTS

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
TOTAL:		
End Date:		

State Agency Fiscal Contact & Telephone #

Scott Pierce
310 Great Circle Road
Nashville, TN 37243
(615) 507-6415

State Agency Budget Officer Approval

Scott Pierce

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☐ NOT minority/disadvantaged
☐ Asian ☐ Female ☐ Native American ☐ OTHER minority/disadvantaged—

DEC 0 7 2006

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

X RFP ☐ Competitive Negotiation ☐ Alternative Competitive Method
☐ Non-Competitive Negotiation Negotiation w/ Government (*e.g.*, ID, GG, GU) ☐ Other

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

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
318.65-210	FA-06-16795-00
State Agency	**State Agency Division**
Department of Finance and Administration	Bureau of TennCare
Contractor Name	**Contractor ID # (FEIN or SSN)**
Fox Systems, Inc.	C- or X V- 680121468 00

Service Description

Consulting Services for Procurement of System Management and Business Process Management Services

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
June 1, 2006	May 31, 2009	vendor	93.778 Dept. of Health & Human Services/Title XIX

Mark Each TRUE Statement

X Contractor is on STARS

X Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
318.65	198	134	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	0	0			0
2007	$115,244.00	$1,037,188.00			$1,152,432.00
2008	$127,018.00	$1,143,162.00			$1,270,180.00
2009	$66,963.00	$602,665.00			$669,628.00
TOTAL:	$309,225.00	$2,783,015.00			$3,092,240.00

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
TOTAL:		
End Date:		

APPROVED
JUL 3 2006
DIRECTOR OF ACCOUNTS

State Agency Fiscal Contact & Telephone #

Scott Pierce
310 Great Circle Road
Nashville, TN 37243
(615) 507-6415

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

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COMPTROLLER OF THE TREASURY
MANAGEMENT SERVICES

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☐ NOT minority/disadvantaged
☐ Asian ☐ Female ☐ Native American ☐ OTHER minority/disadvantaged

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

X RFP ☐ Competitive Negotiation ☐ Alternative Competitive Method
☐ Non-Competitive Negotiation Negotiation w/ Government (e.g., ID, GG, GU) ☐ Other

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

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
FOX SYSTEMS, INC.

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the "State" or "TennCare", and Fox Systems, Inc., hereinafter referred to as the "Contractor," is for consulting services to assist the State in developing a Request for Proposal (RFP) for system management and business process management services for the Bureau of TennCare, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for profit corporation.

The Contractor's address is: 6263 N. Scottsdale Road, Suite 200, Scottsdale AZ 85250

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

A. SCOPE OF SERVICES:

The scope of services of the contract includes the following components:

- Assist TennCare in developing an RFP to procure System Management and Business Process Management Services,
- Assist TennCare in managing the procurement process,
- Assist TennCare in performing contract implementation review, and
- Provide consulting services for TennCare, Medicaid, Medicare and other major program changes.

Prior to beginning work on any of the four components, written approval must be obtained from the State of Tennessee.

A.1 RFP/Procurement - Assist TennCare with development of an RFP and Pro Forma Contract to procure System Management and Business Process Management Services

The contractor will assist TennCare in developing an RFP and Pro Forma Contract in accordance with applicable state regulations to procure System Management and Business Process Management Services. The Bureau of TennCare is responsible for the RFP and the pro forma contract and the contractor will assist in the project, providing relevant subject matter expertise, advice and guidance, document preparation and revision as requested. The contractor will assist TennCare in producing an RFP and Pro Forma Contract that will enable TennCare to realize the following benefits:

- Reliable system operations and processing;
- Timely, high-quality system fixes, updates and enhancements;

- Improved communication and reporting;
- Optimized staffing and organizational structure;
- Streamlined business processes; and
- Improved data quality and availability;

With the assistance of TennCare staff, the contractor must ensure that industry standard language is used in both the RFP and ProForma Contract. TennCare will review the contractor's draft components and provide direction regarding any modifications necessary to finalize the documents. TennCare will provide required State of Tennessee model RFP/contract standard language for the contractor to follow as required, in accordance with applicable state regulations

A.1.1 Schedule, Facilitate and Participate in All Procurement Meetings

The contractor is expected to schedule, facilitate and participate in any and all meetings and discussions required to define the scope of services to be included in the RFP and Pro Forma Contract. The contractor will be responsible for capturing and communicating the content (e.g., requirements) of all such meetings as input to the RFP and Pro Forma Contract as well as contributing relevant subject matter expertise to all phases of the procurement project. The contractor will provide the following:

a. Define required meetings and proposed schedule;

b. Schedule meetings, unless otherwise requested by TennCare;

c. Prepare and distribute agendas for each meeting one (1) day prior to the scheduled meeting;

d. Facilitate scheduled meetings, unless otherwise requested by TennCare;

e. Prepare and distribute meeting minutes for review to appropriate staff within two (2) working days;

f. Update minutes with feedback from appropriate staff;

g. File all agenda and minutes in appropriate location in electronic project record;

h. Prepare decision documents as needed within three (3) days of the meeting; and

i. Maintain a file copy of the decision documents in electronic project record.

Because contractor staff will be housed at TennCare on a full-time basis during the procurement and development and implementation project, all scheduled meetings will take place at TennCare offices.

A.1.2 Assist TennCare in Determining the Scope of Services to be included in the System Management and Business Process Management Services RFP and Pro Forma Contract

To assist the Bureau of TennCare in determining the scope of services for the RFP and Pro Forma Contract, the contractor shall review selected business processes, the

complete system operations and system maintenance functions of TennCare, current requirements, as well as contractual relationship, performance and deficiencies. The contractor will review the systems documentation, user manuals, TennCare handbooks and interview TennCare and current TCMIS Contractor staff to gain a thorough understanding of the current programs and processes and provide the following:

a. Under the direction of TennCare, assess the scope of services, staffing and organizational structure, performance and contractual structure of at least three System Management and Business Process Management Services companies providing system management and business process management services to other state Medicaid agencies or large commercial health plans that are comparable to TennCare. The evaluation must consider projected future trends in health care delivery and financing, methods to avoid fraud and abuse, and comparisons to other states' MMIS, DSS, and private health care systems that are considered state-of-the-art in health care information management. After the contractor chooses the companies to be reviewed, TennCare will provide approval of the choices prior to the contractor's beginning research.

b. Assessment of TennCare's system operations, system maintenance and business process requirements for the proposed RFP and Pro Forma Contract, including the following:

    (i) Key stakeholder interviews;
    (ii) Review of current system operations, development process, mail room and claims operations
    (iii) Requirement Validation sessions to identify, compile, define and refine requirements;
    (iv) Research and analysis to estimate the cost of new requirements;
    (v) Technology audit which includes a careful evaluation of hardware and software to identify any required upgrades, as well as any usability, capacity, scalability or performance issues.
    (vi) Identification of any major system and process initiatives that might significantly impact scope of the RFP including:

        - Changes to notices, eligibility and enrollment processes and interfaces, particularly as driven by DHS VIP system design, development and implementation;
        - Changes to recipient eligibility, particularly recipient matching and linking;
        - Provider data maintenance and data quality initiatives
        - Master Provider Index/National Provider Identifier implementation;
        - Encounter/Claim processing improvements and data quality initiatives;
        - User interface improvements
        - Reporting and analysis enhancements;
        - Existing work request and change request inventory
        - MITA initiatives.

    (vii) Review of staffing adequacy, including staffing levels, skills and competency

c. Documentation of current system management and business process management workflow processes.

d. Under the oversight of TennCare, the Development of a Procurement Committee which will include representatives from TennCare IS, TennCare's Project Management Office, key business stakeholders and the contractor. The committee will continue to function throughout the implementation and operational phases of the

project. The committee, acting under the authority of TennCare's Chief Information Officer, will be responsible for oversight of this contract and will ensure that TennCare requirements are well communicated and represented in the RFP. The oversight committee will have final authority to accept or reject any deliverables under this contract.

e. In conjunction with TennCare, develop recommendations for requirements for functions, roles, responsibilities, staffing levels, required skills organization and performance standards based on the above listed items and feedback from the System Management and Business Process Management Services Technology Committee, including specific recommendations for:

   (i) IT governance, including request management and prioritization;
   (ii) Business analysis, development and testing team staffing and structure. Specifically the contractor will be responsible for making recommendations on staff location and composition (e.g., full time vs. part time), for both ongoing work and special projects,
   (iii) System development processes, tools, and responsibilities, including;
      - Requirements definition and estimation
      - Progress and status tracking
      - Source code control
      - Release management
      - Testing
      - Documentation
   (iv) Provider data maintenance processes and responsibilities;
   (v) Encounter and claims processing workflow and responsibilities;
   (vi) Data maintenance and reporting processes, including quality assurance and control;
   (vii) System administration, including installation of updates, upgrades and troubleshooting;
   (viii) Process and contractor performance management; and
   (ix) Other operational services and reporting.

f. Submission of the final recommendation paper, with findings identified by completing items A.1.2.a through A.1.2.e., in TennCare approved format, after obtaining TennCare management review and comments. The contractor will be expected to meet with TCMIS users to identify major needs not being met by the current system. This report is due no later than 10/15/2006.

g. Informal presentation to TennCare staff detailing the reasons the contractor believes that each potential change should or should not be implemented. The presentation should describe the potential changes, the contractor's recommendations, the procedures used by the contractor to gather the information needed to make its recommendations, and a cost/benefit discussion.

h. Development of required testing procedures to ensure systems, data and process validity. The contractor will provide a test plan with the contingency of running parallel operations, testing methodologies and test scenarios.

A.1.3 Develop Contracting Approach and Sourcing Models for TennCare

The contractor will provide recommendations for contracting approach and sourcing models. Specifically, the contractor will provide the following:

a. Recommendations for contracting approach and sourcing models that will enable TennCare to acquire the best provider for all of the major services included in the scope of the RFP and Pro Forma Contract.

b. Analysis of insourcing and outsourcing options for each major process or element of scope, including recommendations for optimal organization structure, roles and responsibilities.

c. The contractor will base recommendations on successful strategies and best practices employed in similar procurements and shall be in accordance with state procurement laws, rules, and regulations and the best interests of the State, with the goal of attaining operational efficiencies while maintaining necessary process control and key business knowledge within the Bureau.

d. Recommendations will be presented to TennCare no later than 10/15/06 and shall be utilized by the contractor in assisting TennCare define the structure of and scope of services in RFP and Pro Forma Contract.

A.1.4 Develop Payment Methodologies for the System Management and Business Process Management Services Contract(s)

The contractor will recommend to TennCare payment methodologies for scope of services included in the System Management and Business Process Management Services RFP and Pro Forma Contract as well as for other non-scope consulting services. The payment methodologies must be in accordance with state regulations and be approved by TennCare and provided to TennCare no later than 10/15/06.

A.1.5 Develop Contractor Management Approach

The contractor, in cooperation with TennCare staff, will develop a contract management approach that will assess and penalize performance of the System Management and Business Process Management contractor(s). The compliance management approach will be used by TennCare staff to monitor and manage contractor compliance. The proposed approach should include a combination of service level metrics, penalties and liquidated damages that are reasonable and enforceable. The contractor will define any reporting requirements to monitor contract compliance standards and manage performance. The following deliverables are due to TennCare by 10/15/2006:

a. Metrics to assess and monitor the System Management and Business Process Management contractor(s) performance;

b. A performance management approach, including contractual language that establishes reasonable and appropriate penalties and damages based upon established metrics;

c. A service level agreement that will ensure products and services agreed to are provided by the System Management and Business Process Management contractor(s); and

d. Definition of reports that should be distributed to TennCare management for performance monitoring.

A.1.6 Produce the System Management and Business Process Management RFP and Pro Forma Contract

The contractor will assist TennCare by writing and producing the RFP and Pro Forma Contract, using state and industry standard language. Required State of Tennessee model RFP and contract standard language, as amended, can be accessed at http://tennessee.gov/finance/rds/ocr/model.html#RFP . TennCare will review the contractor's draft RFP components and provide direction regarding any modifications necessary to finalize the document. The contractor will provide the following:

a. Suggested RFP, including Pro Forma Contract, defining agreed scope and approach;

b. Suggested contractual language defining performance management provisions;

c. Suggested contractual language defining payment methodology; and

d. The contractor will provide TennCare a DRAFT of the RFP and Pro Forma Contract by 12/01/06 and final RFP and Pro Forma Contract in compliance with the State of Tennessee's procurement guidelines, by 1/01/07. Acceptance of the final RFP and Pro Forma Contract will be conditioned on approval by TennCare, Office of Information Resources (OIR) , Office of Contracts Review (OCR), Office of the Comptroller of the Treasury, the Office of General Counsel (OGC), and the Centers for Medicare and Medicaid Services (CMS).

A.1.7 Development of Advance Planning Document (APD) for Submission to CMS for Approval of RFP and Pro Forma Contract, Prior to Release of RFP

The contractor will write and produce an Advance Planning Document. The document is due to TennCare no later than 1/01/07. Acceptance of the APD will be conditioned on approval by CMS.

A.2 RFP/Procurement - Management of the Procurement Process

As directed or requested by the Bureau, the contractor will be responsible for facilitation and management of various activities throughout the procurement process, from issuance of an RFP through award of contract.

A.2.1 Schedule, Facilitate and Participate in All Procurement Meetings

The contractor is expected to actively participate in all meetings and discussions as well as contribute expertise to all phases of the procurement project. The contractor will provide the following:

a. Define required meetings and proposed schedule;

b. Schedule meetings, unless otherwise requested by TennCare;

c. Prepare and distribute agendas for each meeting one (1) day prior to the scheduled meeting;

d. Facilitate scheduled meetings, unless otherwise requested by TennCare;

e. Prepare and distribute meeting minutes for review to appropriate staff within two (2) working days;

f. Update minutes with feedback from appropriate staff;

g. File all agenda and minutes in appropriate location in electronic project record;

h. Prepare decision documents as needed within three (3) days of the meeting; and

i. Maintain a file copy of the decision documents in electronic project record.

A.2.2 Development, Coordination and Training of Evaluation Process of the System Management and Business Process Management Services RFP

The Contractor shall assist TennCare in developing and coordinating the evaluation process to be conducted and scored by state employees, of the System Management and Business Process Management Services RFP, including training of state employee evaluators. TennCare will review this package in draft form and provide direction on any modifications. Final written evaluation instruments, evaluation manual, evaluation procedures and training materials for the technical component of the resulting RFP, listed below, are due by 12/01/06.

a. Development of evaluation instruments for the technical components of the responses to the resulting RFP;

b. Development of evaluation procedures for the technical components of the responses to the resulting RFP in accordance with applicable state regulations;

c. Development of evaluation training manuals;

d. Development of responses to vendor's questions and prepare amendments to the resulting RFP as necessary, which will require attendance at the proposers' conference, preparation of written responses to all questions submitted by contractors related to the technical components of the resulting RFP, due within required timeframes, and preparation of all required amendments to the technical components of the resulting RFP, due within required timeframes. TennCare and other state approval authorities must review, approve, and provide direction on finalizing responses and amendments to the resulting RFP, in accordance with RFP Schedule of Events;

e. Training of TennCare staff on the evaluation instruments, procedures, evaluation factors, and scoring and weighting methodologies of the technical components. The training will take place no earlier than three (3) weeks prior to the evaluators start up and will include a training plan as well as training materials;

f. Training the Evaluators to effectively review the responses to the RFP based upon established requirements for the System Management and Business Process Management Services;

g. Modification of evaluation plan as necessary;

h. Availability to assist with technical issues and/or concerns;

i. Written feedback in final report format to the Chief Information Officer;

j. Monitor evaluation process to ensure integrity of RFP bidding procedure.

A.2.3 Coordinate RFP Response Process

The contractor will coordinate the RFP response process, including assisting TennCare in:

a. Tracking RFP schedule;

b. Tracking RFP respondents;

c. Scheduling and coordinating proposers conference;

d. Maintaining documentation library; and

e. Tracking respondent questions and coordinate response.

A.2.4 Perform an In-Depth Review of Proposers' Responses and Provide Recommendations for Necessary Modifications

The contractor will perform an in-depth review of all Proposers responses to identify if there are any issues or risks associated with proposed timelines and to ensure:

a. Proposal design is responsive, technically accurate and complete;

b. All operations, conditions and data requirements have been fully addressed;

c. All internal and external interfaces have been fully addressed;

d. Staffing model meets requirements; and

e. Infrastructure is appropriate for the system.

The Contractor will provide members of the Proposal Evaluation Team a written assessment of proposals as described above. The written assessment by the Contractor shall provide only the degree to which the proposers address the requirements of the RFP and shall not provide any comparative analysis of the proposals or information relative to the competitive nature of any of the detail items. All activities associated with this task must be completed prior and concurrently to the evaluation process.

A.3 RFP/Procurement - Contract Implementation Review

The contractor will perform all contract implementation review activities defined in this contract and is expected to actively participate in all meetings and to contribute System Management and Business Process Management Services expertise to TennCare. The contractor will be responsible for a number of activities to prepare for and monitor the transition of the Facilities Management contract including:

a. Develop for TennCare Acceptance Criteria for Deliverables in the pro forma contract that the contractor will assist TennCare in writing for the state;

b. Review technical and operational system documentation;

c. Verify source code libraries and third party software;

d. Review outstanding work request and system change request inventory;

e. Review all contractually required deliverables;

f. Assess System Management and Business Process Management Vendor(s) Transition Plan;

g. Certify Testing Methodologies deployed by the System Management vendor;

h. Certify Systems Management Readiness;

i. Certify Business Process Management Readiness:

j. Monitor and report the status of RFP compliance and other transitional tasks of the System Management and Business Process Management vendor(s) to the TennCare Project Management Office; and

k. Monitor and manage other transition activities as directed.

A.3.1 Develop Acceptance Criteria for Deliverables

The contractor will develop criteria to accept all deliverables during the transition phase of System Management and Business Process Management Services for approval by TennCare in the pro forma contract that the contractor will provide TennCare for inclusion in RFP. This will include the development of a standard approval template, subject to TennCare approval. The contractor will provide the following deliverables before the evaluation of the System Management and Business Process Management Services procurement due before the resulting contract is signed.

a. Written acceptance criteria for all deliverables received during implementation; and

b. Design and develop standard form(s) for acceptance of all deliverables.

A.3.2 Review of Technical and Operational System Documentation

The contractor, in preparation for turnover of facilities management, will be responsible for review of technical and operational system documentation, with appropriate input and oversight by TennCare staff. The Contractor will provide the following:

a. Review design documentation and operational procedures to ensure that the documentation is thorough, accurate and, to ensure a smooth transition, and will meet the needs of a new Facilities Management contractor;

b. Review must provide coverage of all major system modules and processes in order to adequately assess the overall state of system documentation;

c. Detailed review of documentation related to critical system processes and modules, including those specifically identified as critical by the contractor or TennCare staff;

d. Reviewing of all operational documentation and verification that this documentation accurately and thoroughly describes operational policies and procedures necessary for maintaining and operating the system;

e. Review of existing document generation and maintenance policies and procedures to ensure that updates are timely and that system documentation is adequately maintained;

f. Review and assessment of system architecture documentation;

g. Identification of any deficiencies in the current system documentation that would significantly impact the facilities management transition and subsequent system operations and maintenance;

h. On completion of initial review, the contractor will prepare documentation and present prioritized findings and recommendations. Initial review and presentation of findings should be complete within nine (9) months of the start of this contract but no later than six (6) months before the award of the Facilities Management contract in order to allow time to address deficiencies;

i. Ongoing review and monitoring, continuing through award of the facilities management contract and transition, to ensure that any identified deficiencies are addressed and that documentation is adequately maintained;

j. At least monthly or more often as directed or requested by TennCare, sample system changes promoted to the production environment and review related documentation updates to ensure that system changes are adequately documented;

k. Continually review and monitor progress toward addressing any and all identified issues, highlighting and presenting, at least monthly or more often as directed or requested by TennCare, any ongoing risks or issues that may disrupt or otherwise negatively impact the facilities management transition;

l. Throughout the course of this review, be responsible for identifying any major documentation deficiencies which should be addressed in the Facilities Management RFP; and

m. During the RFP process, be responsible for coordinating access to and responding to any general questions regarding system documentation, as well as provide staff that have significant knowledge of and experience in takeover and transition as well as system design, development and operations.

A.3.3 Verify Source Code Libraries and Third Party Software

The contractor, in preparation for turnover of facilities management, will be responsible for review of source code libraries and third party software inventory, including:

a. Ensuring a smooth transition of application maintenance by reviewing existing source code libraries to verify that current source code is readily available and that code versions are adequately maintained;

b. Ensuring that the source code library is complete and up to date so that it can be easily assumed by the new Facilities Management contractor;

c. Review coverage of all major system modules to adequately assess the overall state of system source code to ensure critical system processes and modules are well maintained, commented and structured;

d. Verifying that all relevant third party software documentation and media is adequately maintained and readily available;

e. Verifying that all associated licenses and support contracts have been transferred to the State or the new Facilities Management contractor as appropriate prior to transition;

f. Reviewing existing source code control policies, procedures and systems to ensure that source code is properly maintained in a central repository that can be easily assumed by the new Facilities Management contractor;

g. Identifying any deficiencies in the current source code control system, source code library or third party software inventory that would significantly impact the facilities management transition and subsequent system operations and maintenance. On completion of initial review, preparing documentation and presenting prioritized findings and recommendations;

h. Ongoing review and monitoring, continuing through award of the Facilities Management contract and transition, to ensure that any identified deficiencies are addressed and that source code is adequately maintained. Specifically, at least monthly, sample system changes promoted to the production environment to ensure that source code is properly maintained;

i. Final review of source code, as requested by TennCare, immediately prior to turnover;

j. Throughout the course of this review, be responsible for identifying any major source code or third party software deficiencies which should be addressed in the facilities management RFP;

k. During the RFP process, be responsible for coordinating access to and responding to any general questions regarding the source code; and

l. Providing staff that have significant knowledge of and experience in takeover and transition of application maintenance as well as system design, development and operations.

A.3.4 Review Outstanding Work Request and System Change Request Inventory

The contractor, in preparation for turnover of facilities management, will be responsible for review of outstanding work request (WR) and system change request (SCR) inventory, including the following:

a. Within the first six (6) months of this contract, be responsible for validating the current WR/SCR inventory to confirm that all open requests are still required and pending;

b. Confirm that all open requests are adequately documented and will assist TennCare in establishing the relative priority of all open requests;

c. On completion of initial review, prepare documentation and present prioritized findings and recommendations;

d. Continuously monitor the WR/SCR tracking process to ensure that the inventory remains current and accurate and that new requests are adequately documented;

e. Provide final review of the WR/SCR inventory, as requested by TennCare, immediately prior to turnover;

f. Projecting the volume of requests that will be open at turnover and the average volume of requests in a defined time period for inclusion in the scope of the facilities management RFP;

g. During the RFP process, produce documentation of and respond to any general questions regarding the WR/SCR inventory, and

h. Provide staffs that have significant knowledge of and experience in takeover and transition of application maintenance as well as system design, development and operations.

A.3.5 Review All Deliverables

The contractor will review all deliverables developed by the outgoing (EDS) and incoming (new facility manager contractor) vendors, in draft and in final form, during the transition phase to ensure that TennCare receives quality deliverables while achieving all critical project goals and deadlines. The contractor will use deliverable acceptance criteria and forms as approved by TennCare. The following reports and are due within ten (10) work days of the receipt of the deliverable:

a. Written reviews with content and format approved by TennCare;

b. Written recommendation as to whether deliverables should be accepted by TennCare as received or returned for modifications; and

c. Written suggestions for modifications to the deliverables.

A.3.6 Assess System Management and Business Process Management Vendor(s) Transition Plan

The contractor will assess the transition plan of the successful contractor chosen through the resulting RFP for software, systems and supporting processes and all system related functionality performed as a part of this project. This assessment will include infrastructure readiness, adequacy of system support processes, data conversion plan, the disaster recovery plan, and the transition plan. The contractor will provide written assessment of the transition, written recommendation of readiness based on assessment, and written status reports regarding transitional activities. These assessments and recommendations are due within sixty (60) days from the start of system management and business process management contract and monthly thereafter.

A.3.7 Certify Testing Methodologies Deployed by the Systems Management Vendor

The contractor will assess and certify testing functional readiness, including ensuring testing methodologies, policies and procedures developed by the Systems Management Vendor will enable an effective production environment. The contractor will prepare a written analysis of the certification of the System Management Vendor Testing Methodology and Plan, prepare written recommendations for modifications to the Testing Methodology and Plan, and assist TennCare and the System Management Vendor with implementing changes as necessary to ensure a smooth transition. Additionally, the contractor will certify the following components:

a. Load testing;

b. Integration testing with external applications or systems;

c. Validation of build and deployment scripts;

d. System testing;

e. Integration testing (to outside systems);

f. Functional testing;

g. Regression testing; and

h. Acceptance testing (functional).

Review of the Testing Methodology and Plan must be completed within sixty (60) days from the start of this contract to ensure transitional readiness.

A.3.8 Certify Systems Management Readiness

The contractor will assess and certify systems management readiness by ensuring operating procedures and standards developed by the System Management Vendor will enable an effective production environment. The contractor will prepare a written analysis of the certification of the System Management Vendor's Systems Management Plan, prepare written recommendations for modifications to the Systems Management Plan, and assist TennCare and the System Management Vendor with implementing changes as necessary to ensure a smooth transition. The contractor will certify the following components:

a. Production operations management readiness, including procedural documentation;

b. Disaster recovery/business continuity plan and procedures;

c. Backup and restore procedures;

d. Hardware upgrade procedures;

e. System software upgrade procedures;

f. Application software product upgrade procedures;

g. Performance monitoring procedures;

h. Application configuration and tuning procedures;

i. Logging and auditing procedures

Review of the Systems Management Plan must be completed within ninety (90) days prior to transition.

A.3.9 Certify Business Process Management Readiness

The contractor will assess and certify business process management readiness by ensuring operating procedures and standards developed by the Business Process Management Vendor will enable an effective production environment. The contractor will prepare a written analysis of the certification of the Business Process Management Vendor's Systems Management Plan, prepare written recommendations for modifications to the Business Process Systems Management Plan, and assist TennCare and the System Management Vendor with implementing changes as necessary to ensure

a. Business process management readiness, including procedural documentation;

b. Staffing adequacy, including staffing levels and skills;

c. Training plan and execution;

d. Process controls and management reporting.

Review of the Business Process Management Plan must be completed within ninety (90) days prior to transition.

A.3.10 Monitor and Report the Status of RFP Compliance and other Transitional Tasks of the System Management and Business Process Management Services Vendor(s) to the TennCare Project Management Office

Contractor staff will develop and carry out a methodology to evaluate, during the transition phase, RFP compliance aspects of the project, perform technical compliance reviews in the areas of system development methodology, systems design, structure and organization, quality, workmanship and efficiency of code, adequate storage capacities and response times and all other technically relevant system functionalities. The contractor will monitor the activities of the System Management and Business Process Management Vendor(s) and report the status of the activities to TennCare, as well as proactively identify any issues, risks, and resolutions for up to sixty (60) days after the implementation of the contract. The contractor will:

a. Develop a written methodology to evaluate technical aspects of the project for inclusion in the pro forma contract;

b. Perform and write bi-weekly technical compliance reviews during the transitional phase;

c. Provide written recommendations for solutions if issues or risks are identified during the review;

d. Provide written assessment of the System Management and Business Process Management Service's work progress and status;

e. Provide written assessment of the issues, risks, resolutions and changes of the System Management and Business Process Management Services on a monthly basis, and

f. Ensure these assessments are provided to TennCare's CIO on a weekly, monthly and quarterly basis. The actual date of delivery must be prior to the day the status reports are finalized. The actual delivery date will be determined between TennCare and the contractor.

A.3.11 Monitor and Manage Other Transition Activities as Directed

The contractor will be responsible for the monitoring and management of other transition activities as requested by TennCare, including the following:

a. Being responsible for monitoring status and validating satisfactory completion of contractually required transition activities of the current Facilities Management contractor;

b. Reviewing the documented transition plan provided by the current Facilities Management contractor, monitoring progress and validating completion of the tasks;

c. Reviewing the training plan provided by the current Facilities Management contractor, monitoring execution of the training plan to ensure adequate knowledge transfer to TennCare staff and designated agents;

d. Provide documentation, presentation of findings, recommendations and ongoing status reports for issues and risk identification; and

e. Provide staffs that have significant experience in project management and system takeover and transition.

All status reports must be submitted to TennCare on at least a monthly basis.

A.4 Consulting Services for TennCare, Medicaid, Medicare and Other Major Program Changes

The contractor will provide consulting services as requested by the Bureau and required by mandated or other externally driven changes to TennCare program design and requirements, including any state or federal requirements resulting from changes to Medicare or Medicaid programs, state or federal legislation, ongoing program reform or other major external initiatives. Services provided by the contractor could include assistance with impact analysis, requirements definition, system design and testing activities that require substantial subject matter expertise derived from experience with other states, other healthcare organizations, or participation in federal activities. The contractor will bill such services based on established hourly rates as specified in Section C.3. for defined roles and will be responsible for providing an estimate of the effort and staff required for each project prior to beginning work and must obtain approval for subsequently exceeding estimates. The contractor will be responsible for providing staff with sufficient experience to successfully manage each project and to provide relevant subject matter expertise from experience with similar programs and projects. The contractor may only use staff from other projects based on explicit, written approval of the Bureau. The contractor must be able to provide suitable staff for a proposed project within two (2) weeks of request. Any additional services requiring change in scope of services or maximum liability shall be affected through an amendment.

A.5 Staffing Requirements

The contractor will develop a staffing plan for each project with the most appropriate experience and expertise to address the requirements of the project and this contract. The team should be comprised of individuals with the following:

a. Extensive experience in Medicaid, Medicare and health plan operations;

b. Extensive experience in developing policies and procedures;

c. Extensive experience in procurement and management of systems and business process outsourcing;

d. Extensive experience in project management of large scale information management system initiatives;

e. Extensive experience in application software development, including requirements definition, design and testing;

f. Extensive experience in procurement, installation, evaluation, operations and maintenance of Medicaid or similar large health care claims processing system;

g. Knowledge of enterprise wide networked communications and automation infrastructure development and interoperability;

h. Extensive experience with relational database, mainframe, client/server, call center, data capture and web portal technology;

i. Extensive experience in Managed Care/Medicaid data;

j. Extensive experience with technical writing; and

k. Extensive experience in health care related systems design, configuration and management.

A.6 Deliverable Approval

All deliverables for each task shall be approved by TennCare before the task in question will be considered complete. The Contractor will describe in detail his/her approach and end results necessary to produce the deliverables and to obtain TennCare approval. In addition, the Contractor should use examples, spreadsheets, project planning, and reports to describe the format and content of the deliverables.

The contractor will prepare and obtain final State approval in writing of the procedures to be used to assist the state in the resulting procurement prior to performing any work. The contractor will obtain State written approval of the formats to be used for all status reports and work plans to be submitted.

A.7 Other Requirements

a. The Contractor's staff must be available and co-located with TennCare staff during the procurement and development and implementation project on a full-time basis. The contractor will be expected to provide support services for its team members;

b. The contractor will provide all hardware and software needed to create all deliverables in this contract, including all necessary supplies, equipment, and staff support required to generate these deliverables;

c. The contractor will provide project management activities required to successfully complete the scope of services, including:

   (i) Project management structure;

   (ii) Methods for measuring the project progress and status;

   (iii) Milestone and deliverables tools, documentation standards and meeting schedules;

   (iv) Developing a communications and outreach plan; and;

   (v) Developing an electronic record of all PM documents and deliverables.

d. The contractor will provide a detailed work plan produced in Microsoft Project that will track deliverables, tasks, milestones and resources. All deliverables and correspondence produced in the execution of this contract must be clearly labeled with, at a minimum, project name, deliverable title, deliverable tracking or reference number, version number and date.

A.8 State Responsibilities

Because contractor staff will be housed at TennCare on a full-time basis during the procurement and development and implementation project, TennCare will provide office space for contractor staff, including phone, fax, copier and Internet access.

B. CONTRACT TERM:

B.1. Contract Term. This Contract shall be effective for the period commencing on June 1, 2006 and ending on May 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least sixty (60) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Three Million Ninety-Two Thousand Two Hundred Forty Dollars ($3,092,240.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

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

SERVICE UNIT/MILESTONE	AMOUNT
RFP DEVELOPMENT	**$627,200.00**
	Project Milestone Estimated Amounts
50% of total cost of RFP Development, billable in equal monthly payments beginning on July 1, 2006 and continuing through December 1, 2006, based on completed work as indicated by monthly invoices, for work leading to development and timely submission of the first draft of RFP as defined in A.1.6., including scope of requirements for system management and business process management, recommendation for payment models, sourcing strategies, and performance management approach.	**$ 313,600.00**
15% of total cost for RFP Development, billable on timely submission of a complete final draft due on January 1, 2007, incorporating all feedback from TennCare review.	**$ 94,080.00**
25% of total cost for RFP Development, billable on acceptance of the final RFP and pro forma contract due on or about March 1, 2007, including required changes to obtain approval of TennCare Office of General Counsel (OGC), Tennessee Office of Information Resources (OIR), Office of Contracts Review (OCR), and the Office of the Comptroller of the Treasury. for revised draft of RFP, which will include changes required by OCR, OGC, OIR, and the Comptroller of the Treasury.	**$ 156,800.00**
Remaining 10% of total cost for RFP Development billable at the later of issuance of RFP or approval of APD and contract as required by CMS.	**$ 62,720.00**
MANAGEMENT OF PROCUREMENT PROCESS	**Total Cost of Management of Procurement Process**
	$ 206,540.00
	Project Milestone Estimated Amounts
50% of total cost of Procurement Process Management, billable on May 1, 2007, based on TennCare acceptance of proposal evaluation materials and successful completion of evaluator training.	**$ 103,270.00**

30% of total cost of Procurement Process Management, billable on June 1, 2007, based on TennCare acceptance of proposal review deliverables.	$ 61,962.00
Remaining 20% of total cost of Procurement Process Management billable on award of contract on or about July 1, 2007.	$ 41,308.00

CONTRACT IMPLEMENTATION REVIEW	Total Cost of Contract Implementation Review $ 1,158,500.00
	Project Milestone Estimated Amounts
75% of total cost of Contract Implementation Review, payable in twelve equal monthly payments beginning August 1, 2007 through July 1, 2008, based on completed work as indicated by monthly invoices, for service units delivered by staff resources as projected in work plan.	$ 868,875.00
Remaining 25% of the total cost of Contract Implementation Review, payable on or about September 1, 2008, but at least 60 days following successful transition of system and business process management functions to new vendor.	$ 289,625.00

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Upon acceptance of the work product by TennCare, such invoices shall be submitted for completed project milestones for the amount stipulated.

SERVICE	PAYMENT RATE PER HOUR
PROJECT MANAGER Consulting Services (A.4)	$145.00/HR
STAFF/BUSINESS ANALYST Consulting Services (A.4.)	$ 135.00/HR

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

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

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

C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.

C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an

employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

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

D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

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

D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under ***Tennessee Code Annotated***, Sections 9-8-101 through 9-8-407.

D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

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

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Brent Antony, Chief Information Officer
Department of Finance and Administration, Bureau of TennCare
310 Great Circle Road
Nashville, TN 37243
(615) 507-6362 (Phone)
(615) 532-3479 (Fax)

The Contractor:

Mark Shishida, Chief Executive Officer
Fox Systems, Inc.
6263 N. Scottsdale Rd. Suite 200
Scottsdale, AZ 85250
(480) 423-8184 (Phone)
(480) 423-8108 (Fax)

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3)business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

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

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

a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

(1) In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.

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

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

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

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

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

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

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

E.5. State Ownership of Work Products. The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.

E.6. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.7 Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

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

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

E.8 Lobbying.

A. Definitions

(1) Lobbying means to communicate, directly or indirectly, with any official in the legislative or executive branch, for pay or for any consideration, for the purpose of influencing any legislative action or administrative action. (T.C.A. § 3-6-102(13))

(2) Public Official means any elected official, appointed official, or employee of:

(a) A federal, State or local unit of government in the United States.

(b) A government corporation. (2 U.S.C.A. § 1602(15)(A) and (B))

(3) Official in the Executive Branch means the governor, any member or the governor's staff, any member or employee of a state regulatory commission, including, without limitation, directors of the Tennessee regulatory authority, or any member or employee of any executive department or agency or other state body in the executive branch. (T.C.A. § 3-6-102(16))

(4) Official in the Legislative Branch means any member, member-elect, any staff person or employee of the General Assembly or any member of a commission established by and responsible to the General Assembly or either house thereof who takes legislative action. This includes the Secretary or State, Treasurer, and Comptroller of the Treasury and any employee of such offices. (T.C.A. § 3-6-102(17))

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

(1) No appropriated funds may be expended by the recipient of this Contract to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, an elected or appointed official or employee of the State of Tennessee, the General Accounting Office, Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) or any other federal agency in connection with this Contract or subcontractors, vendors, agents, providers, representatives and others with verbal or written agreements with the Contractor which receive reimbursement through this Agreement from the Contractor.

(2) The Contractor must certify annually by filing a TennCare Disclosure of Lobbying Activities Form (Attachment B) with TennCare and the

TennCare Oversight Committee that the Contractor is in compliance with all state and federal laws relating to conflicts of interest and lobbying. This form must be signed by the Chief Executive Officer of the Contractor or his/her designee and must be received by TennCare and the TennCare Oversight Committee no later than December 31 of each calendar year. The certification must include any and all subcontractors, vendors, agents, providers, representatives and others with verbal or written agreements with the Contractor which receive reimbursement through this Agreement from the Contractor. The certification must also include signed copies of any contracts or agreements as well as a list of individual entities who have been lobbied or influenced.

Failure by the Contractor to comply with the provisions herein shall result in termination of the Contract as provided in Section D.4.

E.9. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.

E.10. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the 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 State law and ethical standards and 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 State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

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.

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

E.11. Copyrights and Patents. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State. The State shall give the

Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.

E.12. Date/Time Hold Harmless. As required by ***Tennessee Code Annotated***, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

E.13. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

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

E.14. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in ***Tennessee Code Annotated***, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

E.15. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;

b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

E.16. 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.17. MFCU Access to Contractor and Provider Records
Office of TennCare Inspector General Access to Contractor, Provider, and Enrollee Records

Pursuant to Executive Order 47 and 42 CFR §1007, The Medicaid Fraud Control Unit (MFCU) is the State agency responsible for the investigation of provider fraud, abuse and neglect in the State Medicaid program (TennCare). The Office of TennCare Inspector General (TennCare OIG) is responsible for assisting MFCU with provider cases and has the primary responsibility of investigating TennCare enrollee fraud and abuse.

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

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

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

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

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

E.18. Conflict of Interest Reporting. In accordance with Section D.6, the Contractor warrants that during the term of this Contract no payments shall be paid to the following:

(1) any State or federal officer, including but not limited to:

a. a member of the State Legislature, or
b. a member of Congress, or
c. any immediate family member of any State or federal officer; or

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

The Contractor must certify annually by filing a TennCare Disclosure of Lobbying Activities Form (Attachment B) with TennCare and the TennCare Oversight Committee that the Contractor is in compliance with all state and federal laws relating to conflicts of interest and lobbying, having made diligent inquiry of all subcontractors and/or persons receiving payment or gifts from Contractor pursuant to this Contract. This form must be signed by the Chief Executive Officer of the Contractor or his/her designee and must be received by TennCare and the TennCare Oversight Committee no later than December 31 of each calendar year. The certification must include any and all subcontractors, vendors, agents, providers, representatives and others with verbal or written agreements with the Contractor which receive reimbursement through this Agreement from the Contractor. The Chief Executive Officer acknowledges that he/she is responsible for ensuring that internal controls are in place to prevent and detect potential conflicts of interest and that due diligence was performed before providing certification of compliance. Any changes by the Contractor relating to the disclosure of conflicts of interest or lobbying must be disclosed to TennCare within five (5) business days of the date of the change. (Refer to E.8, lobbying activities).

This Contract may be terminated by TennCare if it is determined that the Contractor, its agents or employees offered or gave gratuities of any kind to any official, employee or immediate family member of an employee of the State of Tennessee, including a member

of the State legislature. This Agreement may be terminated by TennCare if it is determined that gratuities of any kind were offered to or received by any of the aforementioned officials or employees from the Contractor, his agent, or employees.

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

E.19. State and Federal Compliance. The Contractor agrees to comply with all applicable federal and state laws and regulations, and court orders, including Constitutional provisions regarding due process and equal protection of the laws and including but not limited to:

E.19.a. Title 42 Code of Federal Regulations (CFR) Chapter IV, Subchapter C (with the exception of those parts waived under the TennCare Section 1115(a) waiver).

E.19.b. Title 45 CFR, Part 74, General Grants Administration Requirements.

E.19.c. All applicable standards, orders, or regulations issued pursuant to the Clean Air Act of 1970 as amended (42 U.S.C. 7401, et seq.).

E.19.d. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and regulations issued pursuant thereto, 45 C.F.R. Part 80.

E.19.e. Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e) in regard to employees or applicants for employment.

E.19.f. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicap in programs and activities receiving or benefiting from federal financial assistance, and regulations issued pursuant thereto, 45 C.F.R. Part 84.

E.19.g. The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 et seq., which prohibits discrimination on the basis of age in programs or activities receiving or benefiting from federal financial assistance.

E.19.h. Omnibus Budget Reconciliation Act of 1981, P.E.. 97-35, which prohibits discrimination on the basis of sex and religion in programs and activities receiving or benefiting from federal financial assistance.

E.19.i. Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 et seq., and regulations issued pursuant thereto, 28 C.F.R. Parts 35, 36.

E.19.j. Sections 1128 and 1156 of the Social Security Act relating to exclusion of providers for fraudulent or abusive activities involving the Medicare and/or Medicaid program.

E.19.k. Tennessee Consumer Protection Act, T.C.A. Section 47-18-101 et seq.

E.19.l. The CMS waiver and all Special Terms and Conditions which relate to the waiver.

E.19.m Executive Orders, including Executive Order 1 effective January 26, 1995.

E.19.n. The Clinical Laboratory Improvement Act (CLIA) of 1988.

E.19.o. Requests for approval of material modification as provided at TCA 56-32-201 etc .seq.

E.19.p. Title IX of the Education Amendments of 1972 (regarding education programs and activities)

E.19.q. The Rehabilitation Act of 1973

E.19.r. The Balanced Budget Act of 1997 Section 422.208 and 422.210

E.19.s. EEO Provisions

E.19.t. Copeland Anti-Kickback Act

E.19.u. Davis-Bacon Act

E.19.v. Contract Work Hours and Safety Standards

E.19.w. Rights to Inventions Made Under a Contract or Agreement

E.19.x. Byrd Anti-Lobbying Amendment

E.19.y. Debarment and Suspension

E.20. Offer of Gratuities. By signing this contract, the Contractor signifies that no member of or a delegate of Congress, nor any elected or appointed official or employee of the State of Tennessee, the General Accounting Office, Department of Health and Human Services, CMS, or any other federal agency has or will benefit financially or materially from this procurement. This contract may be terminated by TennCare if it is determined that gratuities of any kind were offered to or received by any of the aforementioned officials or employees from the Contractor, his agent, or employees and may result in termination of the Contract as provided in D.4 of this contract.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.

5-26-06

Mark Shishida, Chief Executive Officer — Date

DESH AHUJA, EXEC. V.P.

DEPARTMENT OF FINANCE AND ADMINISTRATION:

5/26/2006

M. D. Goetz, Jr., Commissioner — Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

MAY 3 1 2006

M. D. Goetz, Jr., Commissioner — Date

COMPTROLLER OF THE TREASURY:

6/5/06

John G. Morgan, Comptroller of the Treasury — Date

ATTACHMENT A
LIQUIDATED DAMAGES

	PROGRAM ISSUES		DAMAGE
1.	Failure to comply with the requirements, timeframes, deliverables and milestones in the delivery of the RFP completion. (A.1)		$10,000 for each month that TennCare determines that the Contractor fails to comply with any of the following requirements: timeframes, deliverables, milestones or any other provision relating to completion of the contract.
2.	Denial of a request for or inability to deliver services as provided in Section A, Scope of Services.		$10,000 per occurrence
3.	Inappropriate use and release of TennCare data as specified in Sections E.10 and E.16, as determined by Office of General Counsel.		$10,000 per occurrence, plus any penalties levied against TennCare or the state due to release of data.
4.	Failure to comply with Conflict of Interest requirements as described in Sections D.6 and E.18.		110% of the total amount of compensation paid by the Contractor to inappropriate individuals as well as possible termination of this agreement.
5.	Failure to submit Disclosure of Lobbying Activities Form by Contractor as specified in Section E.8.		$250 per calendar day.
6.	Failure to comply with Offer of Gratuities constraints described in Section E.19.		110% of the total benefit provided by the Contractor to inappropriate individuals and possible termination of the Agreement for Breach as described in Section E.4.
7.	Failure to provide qualified personnel as described in A.4 and A.5, Scope of Services.		Not less than $250 per calendar day for each day that the project is not adequately staffed with qualified personnel. Contractor will reimburse TennCare for actual costs if failure to provide adequate staffing causes TennCare to incur additional expense.

It is agreed by TennCare and the Contractor that any liquidated damages assessed by TennCare shall be due and payable to TennCare within thirty (30) calendar days after Contractor receipt of the notice of damages and if payment is not made by the due date, said liquidated damages may be withheld from future payments by TennCare without further notice. It is agreed by TennCare and the Contractor that the collection of liquidated damages by TennCare shall be made without regard to any appeal rights the Contractor may have pursuant to this Contract; however, in the event an appeal by the Contractor results in a decision in favor of the Contractor, any such funds withheld by TennCare will be immediately returned to the Contractor.

Liquidated damages as described herein shall not be passed to a provider and/or subcontractors unless the damage was caused due to an action or inaction of the provider and/or subcontractors. Nothing described herein shall prohibit a provider and/or a subcontractors from seeking judgment

before an appropriate court in situations where it is unclear that the provider and/or the subcontractors caused the damage by an action or inaction.

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

This disclosure form shall be filed with TennCare and the TennCare Oversight Committee annually by the reporting entity no later than December 31 of each year, beginning on December 31, 2006; however an ongoing duty exists to amend and update all filings. All TennCare-related lobbying relationships and/or contracts should be disclosed on a separate form. Disclosure is required if any portion of funds received under a contract, grant or other relationship with TennCare was paid to a lobbyist or lobbying entity as defined by Tenn. Code Ann. 3-6-102 and as further defined in E.8 of the Contract. For those Contractors reliant on TennCare for greater than two-thirds of their total revenue in the previous fiscal year, all lobbying contracts will be presumed to be TennCare-related. This form has been designed consistent with federal regulations, 31 U.S.C. 1352 and 42 CFR 93.100. Refer to the implementing guidance provided by the Federal Office of Management and Budget for additional information.

1. Identify the type of lobbying relationship being disclosed (*e.g. ongoing, one-time).* Use a separate form for each lobbyist contract or relationship.

2. Identify the purpose of the lobbying relationship as quoted in the contract.

3. Identify the appropriate classification of this disclosure. Any material change to information previously reported should be disclosed in an amended form within five (5) business days.

4. Enter the full name, address, city, state and zip code of the reporting entity.

5. Enter the total reimbursement paid to lobbyist in the previous fiscal year.

6. Enter the full name, job title, address, city, state and zip code of the lobbying registrant engaged by the reporting entity identified in item 4.

7. Enter the full name(s) of the individual(s) performing services and include full address if different from item 6. Enter last name, first name, middle initial (MI), and job title.

8. Enter the full name(s), job title(s) of individuals lobbied, the subject matter of the lobbying activity(ies) and the total value of all gifts/remuneration received. (See Tenn.Code Ann. 3-6-102 and Section E.8 of the Contract for a definition of relevant lobbying activities)

9. The certifying contractor or vendor Chief Executive Officer shall sign and date the affirmation, print his/her name, title, and telephone number.

LOBBYING DISCLOSURE

Complete this form to disclose TennCare-related* lobbying relationships entered into or existing in the previous fiscal year. Each lobbying relationship/contract requires a separate form.

State of Tennessee
Bureau of TennCare

1. Type of Relationship: *(e.g., ongoing, one-time)*	2. Stated Purpose of the Relationship:	3. Report Type: a. Initial Filing b. Material Change **For Material Change Only:** Year _____ Quarter _____ Date of last Report _____

4. Name and Address of Reporting Entity:	5. Total Reimbursement Paid to Lobbyist: $
6. Name and Address of Lobbying Registrant: *(If individual, last name, first name, MI)*	**7. Individuals Performing Services:** *(Including address if different from No. 6)*

8. List of Individuals Lobbied:
(Including name, job title, subject matter of lobbying activity(ies) and total value of all gifts/remuneration received)

9. "I hereby affirm that to the best of my knowledge my organization and its sub-contractors remain in compliance with state contractual requirements barring payment to state officials."

Signature: _____

Print Name: _____ Title: _____

Telephone No.: _____ Date: _____

* Disclosure is required if any portion of a lobbying relationship relates to TennCare. For those Contractors reliant on TennCare for greater than two-thirds of their total revenue in the previous fiscal year, all lobbying contracts will be presumed to be TennCare-related.

** Attach additional sheets if necessary. Include the name of the Reporting Entity and date on each additional sheet.