

CONTRACT #5
RFS # 318.65-00323
FA # 11-33154
Edison # 22711

**Department of Finance and
Administration
Health Care Finance and
Administration
Bureau of TennCare**

**VENDOR:
QSource**



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

July 30, 2013

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

Attention: Ms. Leni Chick

RE: Document Solutions of Nashville, Inc. - Amendment #1
QSource - Amendment #2

Dear Mr. Geise:

The Department of Finance and Administration, Division of Health Care Finance and Administration (HCFA), is submitting for consideration amendment #1 to Document Solutions of Nashville, the current contract for provision of early case assessment, electronic discovery processing, forensic collection of custodian e-mail and other litigation support services. This amendment provides term extension as well as reduced rates to this non competitive contract. No additional funds are necessary for this term extension.

Additionally, HCFA is submitting for consideration amendment #2 to QSource, the competitively procured contract for the provision of External Quality Control. This amendment represents additional CMS required audit functions including validation performance improvement projects, provision of an annual focused EPSDT audit at the provider's offices, and the addition of requirements to perform annual review of abortion, sterilization and hysterectomy documentation at the health plan level to assure compliance with state and federal regulations. These services conform with EQRO contract parameters of the existing QSource contract. This competitively procured contractor has the expertise to determine the codes for sampling as well as the experience in conducting larger audits.

The Department of Finance and Administration, Division of Health Care Finance and Administration, respectfully submits the above referenced amendments for consideration and approval by the Fiscal Review Committee.

Sincerely,

Casey Dungan
Chief Financial Officer

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

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Casey Dungan	*Contact Phone:	507-6482		
*Original Contract Number:	FA1133154	*Original RFS Number:	31865-00323		
Edison Contract Number: <i>(if applicable)</i>	22711	Edison RFS Number: <i>(if applicable)</i>			
*Original Contract Begin Date:	January 1, 2010	*Current End Date:	September 30, 2015		
Current Request Amendment Number: <i>(if applicable)</i>	2				
Proposed Amendment Effective Date: <i>(if applicable)</i>	September 30, 2013				
*Department Submitting:	Finance and Administration				
*Division:	Health Care Finance and Administration Bureau of TennCare				
*Date Submitted:	July 30, 2013				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	QSource				
*Current Maximum Liability:	\$10,495,932.00				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet) Attached</i>					
FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY 2015	FY 2016
\$1,501,191.00	\$ 2,001,588.00	\$2,007,828.00	\$2,184,195.00	\$2,240,904.00	\$560,226.00
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation EDISON Report)</i>					
FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY	FY
\$1,501,191.00	\$2,001,588.00	\$1,834,789.00 (through May)	\$	\$	\$
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:			NA		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			NA		

Supplemental Documentation Required for
Fiscal Review Committee

*Contract Funding Source/Amount:	State:	\$2,623,983.00	Federal:	\$7,871,949.00
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 - January 1, 2013		Addition of LTC Survey Language and term extension and funding to support additional term.		
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 projected costs associated with this contract were based on Cost Proposals submitted with Request for Proposal. Prior to completion of RFP, costs could not be projected. These documents are public information and available upon request.		

Supplemental Documentation Required for Fiscal Review Committee

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

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

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

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
- b. The Contractor shall be compensated based upon the following payment rates:
 - (1) For service performed from October 1, 2010, through September 30, 2013, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 166,799.00 per month

- (2) Should term extension option be utilized, for service performed from October 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 185,702.00 per month

- (3) Should term extension option be utilized, for service performed from January 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
Annual CHOICES Survey and Written Evaluation (Contract Section A.74)	\$ 1,040.00 per month

Supplemental Documentation Required for
Fiscal Review Committee

<p>c. The Contractor shall not be compensated for travel time to the primary location of service provision.</p>
<p style="text-align: center;">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.</p>
<p>This contract amendment does not include proposed savings, however, it is a competitively procured contract for required external quality review based on best technical and cost proposal. The monthly rates submitted in this amendment reflect the cost proposal rates submitted with the competitive procurement as well as addition of scope and monthly payment structure for additional external auditing.</p>
<p style="text-align: center;">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.</p>
<p>QSource was awarded the competitively procured contract for provision of External Quality Review as required by federal regulations and protocols for Medicaid Managed Care organizations. Pursuant to State of Tennessee contract rules, an RFP is the optimum state procurement method and no other options were explored. All technical and cost proposals submitted as a result of this RFP are available for public inspection.</p>

Qsource
Edison Contract ID: 22711
Vendor ID: 0000076873

CONTRACT EXPENDITURES BY FISCAL YEAR
(Payment Detail Attached)

FY2011	\$	1,501,191.00	
FY2012	\$	2,001,588.00	
FY2013	\$	1,834,789.00	(Through May 31, 2013)

Qsource

Edison Contract ID: 22711

Vendor ID: 000076873

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2011	31865	00226626	EQRO160	12/3/2010	\$ 166,799.00
2011	31865	00239169	EQRO161	12/22/2010	\$ 166,799.00
2011	31865	00255775	EQRO162	2/11/2011	\$ 166,799.00
2011	31865	00272383	EQRO163	3/4/2011	\$ 166,799.00
2011	31865	00293277	EQRO164	4/13/2011	\$ 166,799.00
2011	31865	00304991	EQRO165	5/6/2011	\$ 166,799.00
2011	31865	00320266	EQRO166	6/3/2011	\$ 166,799.00
2011	31865	00333249	EQRO167	7/1/2011	\$ 166,799.00
2011	31865	00354183	EQRO168	8/5/2011	\$ 166,799.00

Total FY 2011: \$ 1,501,191.00

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2012	31865	00365352	EQRO169	9/2/2011	\$ 166,799.00
2012	31865	00382512	EQRO170	10/6/2011	\$ 166,799.00
2012	31865	00396283	EQRO171	11/4/2011	\$ 166,799.00
2012	31865	00415990	EQRO172	12/7/2011	\$ 166,799.00
2012	31865	00426315	EQRO173	1/5/2012	\$ 166,799.00
2012	31865	00439192	EQRO174	2/3/2012	\$ 166,799.00
2012	31865	00455598	EQRO175	3/2/2012	\$ 166,799.00
2012	31865	00476819	EQRO176	4/5/2012	\$ 166,799.00
2012	31865	00493190	EQRO177	5/3/2012	\$ 166,799.00
2012	31865	00516806	EQRO178	6/8/2012	\$ 166,799.00
2012	31865	00527560	EQRO179	7/5/2012	\$ 166,799.00
2012	31865	00542563	EQRO180	8/9/2012	\$ 166,799.00

Total FY 2012: \$ 2,001,588.00

Contract Expenditures by Fiscal Year (Continued)

Qsource - Edison #22711

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2013	31865	00557596	EQRO181	8/31/2012	\$ 166,799.00
2013	31865	00578871	EQRO182	10/10/2012	\$ 166,799.00
2013	31865	00589970	EQRO183	11/2/2012	\$ 166,799.00
2013	31865	00602889	EQRO184	12/5/2012	\$ 166,799.00
2013	31865	00621137	EQRO185	1/10/2013	\$ 166,799.00
2013	31865	00637793	EQRO186	2/8/2013	\$ 166,799.00
2013	31865	00655169	EQRO187	3/8/2013	\$ 166,799.00
2013	31865	00672708	EQRO188	4/4/2013	\$ 166,799.00
2013	31865	00691230	EQRO189	5/8/2013	\$ 166,799.00
2013	31865	00707487	EQRO190	6/6/2013	\$ 166,799.00
2013	31865	00722895	EQRO191	7/5/2013	\$ 166,799.00

Total FY 2013: \$ 1,834,789.00

cy13-2382

8-16-10 REQUEST-NON-AMEND

Non-Competitive Amendment Request

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

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

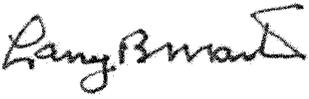
APPROVED

Michael J. Perry

CENTRAL PROCUREMENT OFFICE

Request Tracking #	31865-00323	
Procuring Agency	Department of Finance and Administration Division of Healthcare Finance and Administration	
Contractor	QSource	
Contract #	FA1133154	
Proposed Amendment #	# 2	
Edison ID #	22711	
Contract Begin Date	January 1, 2010	
Current Contract End Date <i>- with ALL options to extend exercised</i>	September 30, 2015	
Proposed Contract End Date <i>- with ALL options to extend exercised</i>	September 30, 2015	
Current Maximum Contract Cost <i>- with ALL options to extend exercised</i>	\$ 10,495,932.00	
Proposed Maximum Contract Cost <i>- with ALL options to extend exercised</i>	\$11,435,172.00	
Office for Information Resources Endorsement <i>- information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
eHealth Initiative Support <i>- health-related professional, pharmaceutical, laboratory, or imaging service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Human Resources Support <i>- state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Explanation Need for the Proposed Amendment		
This competitively procured contract for the provision of External Quality Control is being amended to increase validation of Performance Improvement Projects from two (2) to six (6) for each MCO by region and provide a report for each. In addition to confirmation of compliance or non-compliance with CMS protocols, the report shall include an evaluation of		

Request Tracking #	31865-00323
<p>appropriateness of the Performance Improvement Projects (PIP), taking into account results of other surveys completed, and shall also include recommendations for improvement based on the documents and processes reviewed. CMS does not include PIPs in their national quality report to Congress if they have not been validated by the EQRO. In order to assure federal compliance and credit in the national quality report, we believe it would be best for the EQRO to validate all PIPs submitted to TennCare by the MCOs.</p> <p>The amendment also provides for an annual focused EPSDT audit at provider's offices. EPSDT audits were initially conducted in response to the John B. Consent Decree. However the requirements for that audit did not allow the State to include other quality issues that we felt were necessary nor did it allow us to use current coding methodology. Although John B. requirements are not still in place, and since there is a federal mandate for screenings, TennCare feels it is necessary to continue monitoring child health screenings that are being conducted by our providers. We also feel it is necessary for the audits to review other quality issues related to children, such as developmental screenings. Because the EQRO has the ability to conduct the audit as well as the expertise to develop and monitor other quality measures, we are adding this function to the contractor to be performed on an annual basis.</p> <p>Additionally, the amendment is adding additional requirements to perform an annual review of abortion, sterilization, and hysterectomy (ASH) documentation at the health plan level, to assure compliance with state and federal regulations. The federal government has protocols related to the payments for abortions, sterilizations, and hysterectomies. The requirements are primarily related to age, medical condition, and consent. In the past these compliance audits have been conducted sporadically. However, because of an increase in violations of the federal requirements we feel is necessary to conduct them more frequently. Because the EQRO has the expertise to determine the codes for sampling as well as the expertise in conducting larger audits, we feel this would be an appropriate function for them to perform.</p>	
<p>Name & Address of the Contractor's Principal Owner(s) – NOT required for a TN state education institution</p> <p>QSource 3175 Lenox Park Blvd., Suite 309 Memphis, TN 38115</p>	
<p>Evidence Contractor's Experience & Length Of Experience Providing the Service</p> <p>Qsource is a nonprofit, 501(c)(3) healthcare quality improvement and information technology consultancy headquartered in Tennessee since 1973. Qsource's approach to providing state contract services is based on nearly four decades of continuous services as the federally qualified quality improvement organization (QIO) in Tennessee. QSource has been awarded competitively procured contracts and served as the TennCare provider of External Quality Review regulations and protocols for Medicaid Managed Care Organizations and the Dental Benefits Manager since 2006.</p>	
<p>Efforts to Identify Reasonable, Competitive, Procurement Alternatives</p> <p>TennCare released a Request for Proposal and QSource was awarded the contract for External Quality Review. This amendment increases the scope to include CMS required audit functions as they pertain to increased numbers of PIPs, EPSDT audits, annual review of abortion, sterilization, and hysterectomy (ASH) documentation at the health plan level, as well as provide payment structure to coincide with added contractor tasks.</p>	

Request Tracking #	31865-00323
JUSTIFICATION <p>Qsource is a nonprofit, 501(c)(3) healthcare quality improvement and information technology consultancy headquartered in Tennessee since 1973. QSource was awarded this competitively procured contract to perform as the TennCare provider of External Quality Review per regulations and protocols for Medicaid Managed Care Organizations and the Dental Benefits Manager. This amendment increases the scope to include CMS required audit functions as they pertain to increased numbers of PIPs, EPSDT audits, annual review of abortion, sterilization, and hysterectomy (ASH) documentation at the health plan level, as well as provide payment structure to coincide with added contractor tasks. The Bureau of TennCare respectfully requests approval of this contract amendment.</p>	
Agency Head Signature and Date – <i>MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances</i>  ①	



CONTRACT AMENDMENT

Agency Tracking # 31865-00323	Edison ID 22711	Contract # FA1133154	Amendment # 02		
Contractor Legal Entity Name QSource			Edison Vendor ID 76873		
Amendment Purpose & Effect(s) Updates Scope and Payment Terms; Increases Maximum Liability					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: September 30, 2015			
TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):			\$939,240.00		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	\$375,297.75	\$1,125,893.25			\$1,501,191.00
2012	\$500,397.00	\$1,501,191.00			\$2,001,588.00
2013	\$501,957.00	\$1,505,871.00			\$2,007,828.00
2014	\$634,102.50	\$1,902,307.50			\$2,536,410.00
2015	\$677,631.00	\$2,032,893.00			\$2,710,524.00
2016	\$169,407.75	\$508,223.25			\$677,631.00
TOTAL:	\$2,858,793.00	\$8,576,379.00			\$11,435,172.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> 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. 			<i>OCR USE</i>		
Speed Chart (optional) TN00000064		Account Code (optional) 70803000			

**CONTRACT AMENDMENT #2 TO FA1133154
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE**

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

1. Contract Section A.15 is deleted in its entirety and replaced with the following:
 - A.15. The Contractor shall perform validation of six (6) Performance Improvement Projects (PIPs) for each MCO by region and provide a report for each individual PIP. In addition to compliance or non-compliance with CMS protocols, the report shall include an evaluation of appropriateness of the PIP, taking into account results of other surveys completed, and include recommendations for improvement based on the documents and processes reviewed. The Contractor shall also include an indication if the PIP was related to activities in the QI/UM work plan and whether the need for this PIP was supported by data, etc. Additionally, the Contractor shall provide a summary report to include, but not limited to, identification of PIP by MCO region and type (e.g., clinical, non-clinical, Behavioral Health, CHOICES), current status according to year, approval/disapproval status and summary recommendations. If the MCC is permitted by TennCare to submit a special focus study conducted by the Contractor (refer to Section A.28) in place of a PIP, the Contractor shall not be responsible for performing validation of the PIP.

2. Contract Section A.36 is deleted in its entirety and replaced with the following:
 - A.36. The Contractor shall submit the report of annual evaluation for six (6) Performance Improvement Projects for each MCO per region to the State annually to be submitted by December 15th, for calendar year 2013, and by September 15th for calendar year 2014 and 2015.

3. The following is added as new contracts Section A.75 and A.76.:
 - A.75. The Contractor shall, under the direction of the State, perform an annual review of abortion, sterilization, and hysterectomy (ASH) documentation, at the health plan level, to assure compliance with state and federal regulations in accordance with the Contractor Risk Agreements (CRAs) and TennCare Select Agreement and Title 42 of the Code of Federal Regulations (CFR), 441, Subparts E and F.
 - a. The sample of medical records to be reviewed shall include the following for the identified time frame of the audit:
 1. Paid claims for all absolute abortions;
 2. A statistically valid random sample plus a 10% oversample of the absolute sterilizations and hysterectomies;
 3. A statistically valid random sample plus a 10% oversample of any possible abortions, sterilizations and hysterectomies, and
 4. Sample would be pulled by TennCare's Healthcare Informatics Division.

- b. The medical record review shall assess for medical documentation of the following Federal guidelines:
 - 1. *Certification of Medical Necessity for Abortion*, including documentation that pregnancy is the result of rape or incest or continuation of pregnancy would endanger mother's life;
 - 2. *Sterilization Consent Form*, including documentation that informed consent was given between thirty (30) days and one hundred eighty (180) days prior to the sterilization (72 hours in the case of premature delivery or emergency surgery), individual over 21 years of age at time consent obtained, and the individual is mentally competent and not institutionalized, and
 - 3. *Statement of Receipt of Information Concerning Hysterectomy*, including documentation that the procedure is medically necessary, is not performed primarily for the purpose of sterilization and is not for cancer prophylaxis.
 - c. The Contractor shall validate and analyze the data and submit individual health plan reports by region to be submitted to TennCare within thirty (30) days of the audit. An overall summary of findings report shall be submitted following the last audit.
- A.76. The Contractor shall, under the direction of the State, perform an annual focused EPSDT audit. The Contractor, together with QO staff, shall determine the specific focus area to be addressed for each audit based on identified need or state/federal requirements. The sample of medical records to be reviewed shall include the following for the identified time frame of the audit:
- a. A statistically valid random sample plus a 15% over sample of paid claims coded as periodic screens ;
 - b. An identified list of provider specialty codes;
 - c. Other specifics as determined by annual focus area, and
 - d. The sample would be pulled by TennCare's Healthcare Informatics Division

Training for the audit shall be provided by QO and data will be entered into laptops at the time of audit using a database. The Contractor shall analyze the data and prepare and submit a summary report, including deficiencies and recommendations, to TennCare within thirty (30) days of the audit.

- 4. Contract Section C.1 is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Eleven Million Four Hundred Thirty-Five Thousand One Hundred Seventy-Two Dollars (\$11,435,172.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the

State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

5. Contract Section C.3.b(2) is deleted in its entirety and replaced with the following:

C.3.b (2) Should term extension option be utilized, for service performed from October 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 185,702.00 per month
Performance Audit and Validation	\$39,135.00 per month

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

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

IN WITNESS WHEREOF,

QSOURCE:

CONTRACTOR SIGNATURE

DATE

Dawn Fitzgerald, Chief Executive Officer

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

LARRY B. MARTIN, INTERIM COMMISSIONER

DATE



CONTRACT AMENDMENT

Agency Tracking # 31865-00323	Edison ID 22711	Contract # FA1133154	Amendment # 01
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Contractor Legal Entity Name QSource	Edison Vendor ID 76873
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Amendment Purpose & Effect(s)
Updates Scope and Payment Terms; Extends Term; Increases Maximum Liability

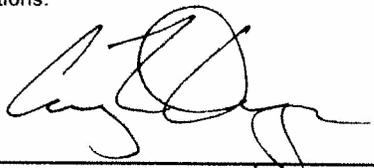
Amendment Changes Contract End Date: YES NO **End Date:** September 30, 2015

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **\$4,491,168.00**

Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	\$375,297.75	\$1,125,893.25			\$1,501,191.00
2012	\$500,397.00	\$1,501,191.00			\$2,001,588.00
2013	\$501,957.00	\$1,505,871.00			\$2,007,828.00
2014	\$546,048.75	\$1,638,146.25			\$2,184,195.00
2015	\$560,226.00	\$1,680,678.00			\$2,240,904.00
2016	\$140,056.50	\$420,169.50			\$560,226.00
TOTAL:	\$2,623,983.00	\$7,871,949.00			\$10,495,932.00

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

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



OCR USE

Speed Chart (optional) TN00000064	Account Code (optional) 70803000
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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 Ketrone, Chairman
Senators

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

Rep. Curtis Johnson, Vice-Chairman
Representatives

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

M E M O R A N D U M

TO: Jessica Robertson, Chief Procurement Officer
 Department of General Services

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

DATE: November 27, 2012

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 11/26/12)

RFS# 318.65-00323 (Edison # 22711)
Department: Finance and Administration
Division: Health Care Finance and Administration/Bureau of TennCare
Vendor: QSource Center for Healthcare Quality
Summary: The vendor is responsible for external quality review of the TennCare Managed Care Contractors including the Managed Care Organizations and the Dental Benefits Manager. The proposed amendment revises the scope of services; extends current contract an additional two years; increases the maximum liability by \$4,491,168; and adds the payment rate for the additional service.
Current maximum liability: \$6,004,764
Proposed maximum liability: \$10,495,932

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

cc: The Honorable Darin Gordon, Deputy Commissioner



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

October 31, 2012

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

Attention: Ms. Leni Chick

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

Dear Mr. Geise:

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

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

Lucian Geise, Director
October 31, 2012
Page 2

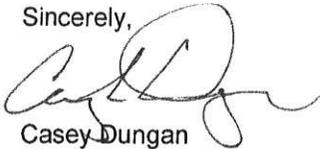
Additionally, we are submitting for consideration amendment #1 to the existing competitively procured contract with QSource, the competitively procured contractor for the provision of TennCare's External Quality Review. This amendment, pursuant to RFP and contract language, provides for term extension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

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

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

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

Sincerely,



Casey Dungan
Chief Financial Officer

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

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Casey Dungan	*Contact Phone:	507-6482		
*Original Contract Number:	FA1133154	*Original RFS Number:	31865-00323		
Edison Contract Number: <i>(if applicable)</i>	22711	Edison RFS Number: <i>(if applicable)</i>			
*Original Contract Begin Date:	January 1, 2010	*Current End Date:	September 30, 2013		
Current Request Amendment Number: <i>(if applicable)</i>	1				
Proposed Amendment Effective Date: <i>(if applicable)</i>	January 1, 2013				
*Department Submitting:	Finance and Administration				
*Division:	Health Care Finance and Administration Bureau of TennCare				
*Date Submitted:	October 31, 2012				
*Submitted Within Sixty (60) days: <i>If not, explain:</i>	Yes				
*Contract Vendor Name:	QSource				
*Current Maximum Liability:	\$6,004,764.00				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet) Attached</i>					
FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY	FY
\$1,501,191.00	\$ 2,001,588.00	\$2,001,588.00	\$500,397.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY	FY
\$1,501,191.00	\$2,001,588.00	\$333,598.00	\$	\$	\$
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:		NA			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		NA			
*Contract	State:	\$1,501,191.00	Federal:	\$4,503,573.00	

Supplemental Documentation Required for
Fiscal Review Committee

Funding Source/Amount:				
Interdepartmental:			<i>Other:</i>	
If "other" please define:				
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
NA				
Method of Original Award: <i>(if applicable)</i>		Request for Proposal		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		The projected costs associated with this contract were based on Cost Proposals submitted with Request for Proposal. Prior to completion of RFP, costs could not be projected. These documents are public information and available upon request.		

Supplemental Documentation Required for Fiscal Review Committee

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

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

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

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.

b. The Contractor shall be compensated based upon the following payment rates:

(1) For service performed from October 1, 2010, through September 30, 2013, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 166,799.00 per month

(2) Should term extension option be utilized, for service performed from October 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 185,702.00 per month

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

This contract amendment does not include proposed savings, however, it is a competitively procured contract based on best technical and cost proposal. Per the RFP and the current competitively procured contract language, this amendment to QSource extends the term for the remainder of the contract and adds funding to support the term extension. The monthly rates submitted in the

Effective October 30, 2009

Supplemental Documentation Required for
Fiscal Review Committee

amendment reflect the cost proposal rates submitted with the competitive procurement.

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.

QSource was awarded the competitively procured contract for provision of External Quality Review as required by federal regulations and protocols for Medicaid Managed Care organizations. Pursuant to State of Tennessee contract rules, an RFP is the optimum state procurement method and no other options were explored. All technical and cost proposals submitted as a result of this RFP are available for public inspection.

Payments Against a Contract

Qsource

Edison Contract ID: 22711

Contract #: FA1133154

Vendor ID: 0000076873

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2011	31865	00226626	EQRO160	12/3/2010	\$ 166,799.00
2011	31865	00239169	EQRO161	12/22/2010	\$ 166,799.00
2011	31865	00255775	EQRO162	2/11/2011	\$ 166,799.00
2011	31865	00272383	EQRO163	3/4/2011	\$ 166,799.00
2011	31865	00293277	EQRO164	4/13/2011	\$ 166,799.00
2011	31865	00304991	EQRO165	5/6/2011	\$ 166,799.00
2011	31865	00320266	EQRO166	6/3/2011	\$ 166,799.00
2011	31865	00333249	EQRO167	7/1/2011	\$ 166,799.00
2011	31865	00354183	EQRO168	8/5/2011	\$ 166,799.00

Total FY 2011: \$ 1,501,191.00

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2012	31865	00365352	EQRO169	9/2/2011	\$ 166,799.00
2012	31865	00382512	EQRO170	10/6/2011	\$ 166,799.00
2012	31865	00396283	EQRO171	11/4/2011	\$ 166,799.00
2012	31865	00415990	EQRO172	12/7/2011	\$ 166,799.00
2012	31865	00426315	EQRO173	1/5/2012	\$ 166,799.00
2012	31865	00439192	EQRO174	2/3/2012	\$ 166,799.00
2012	31865	00455598	EQRO175	3/2/2012	\$ 166,799.00
2012	31865	00476819	EQRO176	4/5/2012	\$ 166,799.00
2012	31865	00493190	EQRO177	5/3/2012	\$ 166,799.00
2012	31865	00516806	EQRO178	6/8/2012	\$ 166,799.00
2012	31865	00527560	EQRO179	7/5/2012	\$ 166,799.00
2012	31865	00542563	EQRO180	8/9/2012	\$ 166,799.00

Total FY 2012: \$ 2,001,588.00

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Sum Amount
2013	31865	00557596	EQRO181	8/31/2012	\$ 166,799.00
2013	31865	00578871	EQRO182	10/10/2012	\$ 166,799.00

Total FY 2013: \$ 333,598.00

Non-Competitive Amendment Request

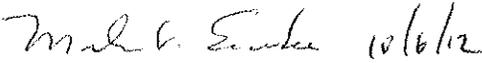
NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

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

APPROVED

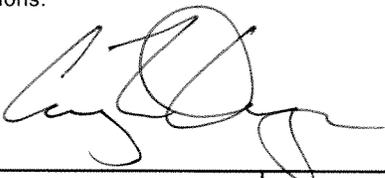
CENTRAL PROCUREMENT OFFICE

Request Tracking #	31865-00323	
Procuring Agency	Department of Finance and Administration Division of Healthcare Finance and Administration	
Contractor	QSource	
Contract #	FA1133154	
Proposed Amendment #	# 1	
Edison ID #	22711	
Contract Begin Date	January 1, 2010	
Current Contract End Date – with ALL options to extend exercised	September 30, 2013	
Proposed Contract End Date – with ALL options to extend exercised	September 30, 2015	
Current Maximum Contract Cost – with ALL options to extend exercised	\$6,004,764.00	
Proposed Maximum Contract Cost – with ALL options to extend exercised	\$ 10,495,932.00.00	
Office for Information Resources Endorsement – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
eHealth Initiative Support – health-related professional, pharmaceutical, laboratory, or imaging service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Human Resources Support – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
Explanation Need for the Proposed Amendment		
This competitively procured contract is being amended to extend the term relevant to RFP and contract term extension language and provide funding for the term extension based on rates submitted in competitive Cost Proposals. Additionally, CHOICES scope of work language and monthly rates are being added to the contract to provide an annual CHOICES survey and written		

Request Tracking #	3 1 8 6 5 - 0 0 3 2 3
evaluations regarding member's responses regarding CHOICES participation and satisfaction.	
Name & Address of the Contractor's Principal Owner(s) – NOT required for a TN state education institution	
QSource 3175 Lenox Park Blvd., Suite 309 Memphis, TN 38115	
Evidence Contractor's Experience & Length Of Experience Providing the Service	
Qsource is a nonprofit, 501(c)(3) healthcare quality improvement and information technology consultancy headquartered in Tennessee since 1973. Qsource's approach to providing state contract services is based on nearly four decades of continuous services as the federally qualified quality improvement organization (QIO) in Tennessee. QSource has been awarded competitively procured contracts and served as the TennCare provider of External Quality Review regulations and protocols for Medicaid Managed Care Organizations and the Dental Benefits Manager since 2006.	
Efforts to Identify Reasonable, Competitive, Procurement Alternatives	
TennCare released a Request for Proposal and QSource was awarded the contract for External Quality Review. This amendment is pursuant to term extension in the executed contract and payment rates submitted in competitive cost proposal document.	
JUSTIFICATION	
Qsource is a nonprofit, 501(c)(3) healthcare quality improvement and information technology consultancy headquartered in Tennessee since 1973. QSource has been awarded competitively procured contracts and served as the TennCare provider of External Quality Review regulations and protocols for Medicaid Managed Care Organizations and the Dental Benefits Manager since 2006. This amendment, pursuant to RFP and contract language, provides for term extension and funding to support the extension based on competitive rates.	
Agency Head Signature and Date – MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances	
	
	



CONTRACT AMENDMENT

Agency Tracking # 31865-00323	Edison ID 22711	Contract # FA1133154	Amendment # 01		
Contractor Legal Entity Name QSource			Edison Vendor ID 76873		
Amendment Purpose & Effect(s) Updates Scope and Payment Terms; Extends Term; Increases Maximum Liability					
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: September 30, 2015			
TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):			\$4,491,168.00		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	\$375,297.75	\$1,125,893.25			\$1,501,191.00
2012	\$500,397.00	\$1,501,191.00			\$2,001,588.00
2013	\$501,957.00	\$1,505,871.00			\$2,007,828.00
2014	\$546,048.75	\$1,638,146.25			\$2,184,195.00
2015	\$560,226.00	\$1,680,678.00			\$2,240,904.00
2016	\$140,056.50	\$420,169.50			\$560,226.00
TOTAL:	\$2,623,983.00	\$7,871,949.00			\$10,495,932.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> 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. 			<i>OCR USE</i>		
Speed Chart (optional) TN00000064		Account Code (optional) 70803000			



**CONTRACT AMENDMENT #1 TO FA1133154
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
QSOURCE**

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

1. The following is added as new contract Section A.74.:

A.74. The Contractor shall complete an annual evaluation of customer satisfaction within the TennCare CHOICES program.

- a. The Bureau of TennCare shall provide a sample size to agencies with which the Bureau contracts for survey conduction.
- b. The evaluation shall determine:
 - (1) CHOICES members' understanding of the CHOICES program
 - (2) the degree to which CHOICES members' needs are being met by the CHOICES program
 - (3) CHOICES members' attitudes about their care coordinator's job performance
- c. The Contractor shall provide comparisons of responses based on the CHOICES Group in which the member is enrolled.
- d. As requested by TennCare, the Contractor shall provide comparisons of responses bases on other characteristics of respondents, such as demographic features.
- e. The Contractor shall provide a final written summary of the survey findings, including comparisons between the two groups in CHOICES. Presentations of the results will be made to the state and other groups as requested by the Bureau of TennCare.
- f. The Bureau of TennCare shall provide data to the Contractor before December 1 of each fiscal year. The final report shall be completed before January 31 of each fiscal year.

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

B.1. This Contract shall be effective for the period commencing on October 1, 2010 and ending on September 30, 2015. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

3. 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 Ten Million Four Hundred Ninety-Five Thousand Nine Hundred Thirty-Two Dollars (\$10,495,932.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all



other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

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

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.

b. The Contractor shall be compensated based upon the following payment rates:

(1) For service performed from October 1, 2010, through September 30, 2013, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 166,799.00 per month

(2) Should term extension option be utilized, for service performed from October 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 185,702.00 per month

(3) Should term extension option be utilized, for service performed from January 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
Annual CHOICES Survey and Written Evaluation (Contract Section A.74)	\$ 1,040.00 per month

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



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

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

IN WITNESS WHEREOF,

QSOURCE:

11/28/2012

CONTRACTOR SIGNATURE

DATE

Dawn Fitzgerald, Chief Executive Officer (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:

11/30/2012

MARK A. EMKES, COMMISSIONER

DATE



CONTRACT

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

Begin Date October 1, 2010	End Date September 30, 2013	Agency Tracking # 31865-00323	Edison ID 22711
Contractor Legal Entity Name QSource Center for Healthcare Quality			Registration ID 0000076873
Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor		CFDA # 93.778	FEIN or SSN 620924699

Service Caption (one line only)
TennCare External Quality Review Organization

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	\$375,297.75	\$1,125,893.25			\$1,501,191.00
2012	\$500,397.00	\$1,501,191.00			\$2,001,588.00
2013	\$500,397.00	\$1,501,191.00			\$2,001,588.00
2014	\$125,099.25	\$375,297.75			\$500,397.00
TOTAL:	\$1,501,191.00	\$4,503,573.00			\$6,004,764.00

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

Ownership/Control

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

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

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

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

M J [Signature]
F&A Secured Document

Speed Code TN00000064	Account Code 70803000
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FA1133154

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
BUREAU OF TENNCARE
AND
QSOURCE**

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 QSource, hereinafter referred to as the "Contractor," is for the provision of External Quality Review, as further defined in the "SCOPE OF SERVICES."

The Contractor is non profit corporation.

Contractor Federal Employer Identification or Social Security Number: 620924699

Contractor Place of Incorporation or Organization: Tennessee

A. SCOPE OF SERVICES

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.
- A.2. The services to be provided under this contract include multiple tasks and deliverables that are consistent with applicable federal External Quality Review (EQR) regulations and protocols for Medicaid Managed Care Organizations, state specific requirements related to Federal court orders, including but not limited to, *Grier and John B*, Contractor Risk Agreements (CRA) with TennCare Managed Care Contractors (MCCs) including the Managed Care Organizations (MCOs) and the Dental Benefits Manager (DBM). This Contract will allow the State to be compliant with Federal EQR regulations and rules and to measure MCC specific compliance with State specific Federal court orders and the TennCare Section 1115 Waiver. The specifications for deliverables required in this contract may evolve from year to year in response to program changes such as MCC participation or enrollment levels, changes to the TennCare Waiver, court orders, or CRA, or changes in Federal or State requirements. Amendments to this Contract may be required to reflect such aforementioned changes. The Contractor will be required to perform all tasks and functions identified in the Contract according to specified levels of quality and comprehensiveness as determined by the State. Applicable terms used in this contract are defined in Attachment A.
- A.3. The Contractor shall, under the direction of the State, conduct the TennCare Program External Quality Review Organization (EQRO) functions during the term of this contract and provide for an orderly transition of the EQRO functions to any new Contractor, or the State, at the end of the contract period. The Contractor, a Quality Improvement Organization (QIO) or QIO like entity as required by federal law for this type service, shall provide services in accordance with the TennCare Waiver and related amendments which can be found on the Bureau of TennCare's website at <http://www.tn.gov/tenncare/>. Should a new contractor be identified at the end of this Contract, the Contractor shall provide assistance during the final month of the contract with the transition of TennCare EQRO functions.
- A.4. The Contractor shall be responsible for conducting all reviews scheduled after the end of September 2010, and producing all regularly scheduled monthly, quarterly and annual reports, including those for the month and quarter ending September 2010. Key staff shall be the key people who will be assigned to accomplish the work required by this Contract as identified in Contractor's proposal. Key staff shall be available on site in Nashville, Tennessee on September 1, 2010 to receive documents, software, and orientation from the previous EQRO Contractor including, but not limited to:

- a. the procedures for the EQRO periodic and special reviews of MCOs, participation in various committees, ad hoc report generation and analysis, and the operation and maintenance of EQRO Systems;
- b. review operating procedures and receive training on all software used to support the EQRO functions;
- c. receive and review all files, data, and other materials from the previous EQRO Contractor, and
- d. review the inventory of all work in progress by the previous EQRO Contractor and its projected status at the end of the Contract.

A.5. The Contractor shall perform the following EQRO functions in accordance with all Federal, State and TennCare requirements:

- a. The Contractor shall develop a comprehensive work plan, including complete staffing allocations in FTE units, due to the State within fifteen (15) days prior to Contract start date. The plan will outline key tasks and sub-tasks, with associated timeframes for completion and delivery assigned to each task, as deemed necessary to deliver the required work product to the State;
- b. Operate and maintain a system of internal controls (manual and automated), approved by the State, to safeguard access to data and ensure the integrity, completeness, and accuracy of the data, the processing, and the output products;
- c. Perform analysis of existing and new Federal and State policies, procedures and regulations to determine their impact on the EQRO components of the TennCare program, and related State and Contractor-performed functions. The analysis shall include a review of portions of the Federal Register that would impact the Bureau of TennCare. By January 1st of each year, annually provide a written impact analysis to the State with analysis of alternatives and recommendations for changes and enhancements to support the requirements;
- d. Conduct training for Contractor personnel on a continuing basis to maintain satisfactory levels of proficiency relative for all Contractor functions and report to TennCare regarding ongoing Contractor training;
- e. Operate and maintain an internal control program approved by the State to ensure accuracy of all EQRO functions and processing that meets the State's requirements; internal quality control program shall encompass all annual special reviews, studies, reports, and any other outputs that are produced;
- f. Develop the external quality review (EQR) survey tools for surveying the MCC's based on current contractual procedures, applicable court orders, the TennCare 1115 Waiver, and State and Federal regulations. The plan shall include specific compliance monitoring activities, a mechanism for obtaining background information from the State, MCC document review, conducting MCC interviews, the collection of accessory information, analyzing and compiling of findings by MCC and reporting evaluation results to the State. The Contractor shall advise the State on an ongoing basis of changes to improve and enhance the audits;
- g. Perform all the functions of the EQRO in accordance with State requirements and per State-approved standards and procedures;
- h. Conduct periodic and special quality reviews of the managed care organizations per the State's schedule and provide written reports of findings and recommendations for corrective action within the predefined time frame;

- i. Maintain internal records in such a fashion as to provide complete audit trails of activities, account for all transactions, and document all charges;
 - j. Maintain disaster recovery procedures acceptable to the State, and
 - k. Implement and maintain processes and policies compliant with Health Insurance Portability and Accountability Act (HIPAA) regulations. Ensure the proper handling of Protected Health Information (PHI).
 - l. Within fifteen (15) days of the start date of the Contract, the Contractor shall submit to TennCare a detailed proposal by which it plans to ensure inter-rater Reliability in the analyses performed under this Contract.
- A.6. The Contractor shall perform its TennCare EQRO functions in accordance with Federal and State laws, regulations and policies pertaining to Medicaid, including the Tennessee State Medicaid Plan, and policies and procedures pertaining to TennCare including the terms and conditions of the TennCare Waiver. The Contractor shall maintain office space and personnel sufficient to fulfill all contractual obligations in Nashville Tennessee, at a location to be mutually agreed upon by the State and the Contractor. In the event the Contractor has need of an interpretation of any laws, regulations and/or policies, the request will be made to the State. The State shall provide timely notification to the Contractor of all changes and/or amendments in Federal and State laws, regulations, policies, State Plan, the MCC Contractor Risk Agreement and the TennCare Waiver which can reasonably be expected to affect the performance of the contract. The Contractor shall maintain, on a current and ongoing basis, a full and detailed knowledge of applicable Federal and State laws, regulations, policies, the State Medicaid Plan, the MCC Contractor Risk Agreement and the TennCare Waiver.
- A.7. The Contractor's responsibilities as the (EQRO) for TennCare shall include providing and maintaining an administrative structure, including personnel of sufficient background, training, number, scope and authority to perform its contractual responsibilities to the satisfaction of the State. The Contractor shall provide the State with the names and resumes of individuals who are authorized to act on behalf of the Contractor, together with a description of their responsibilities, authorities, and the amount of time by each employee, devoted to the project in Full Time Equivalents (FTE's). The State shall have final approval of FTEs on TennCare projects. The Contractor's key personnel shall include a full-time Physician Consultant, a full-time Contract Manager, and sufficient resources to fulfill contractual obligations. The Contractor must provide access to a biostatistician and epidemiologist on a timely basis that is adequate to meet TennCare's requirements under its Contract. Resumes for all key personnel must be current.
- A.8. The Contractor shall perform an annual quality survey of each MCC to determine contractual compliance, preparing a written report of findings, and forwarding said report to the State no later than thirty (30) days after completion of the survey, unless otherwise agreed to in writing by the State. An annual survey shall be done to include measures that have been removed from accreditation standards, contractual requirements that are not fully duplicated in the National Committee on Quality Assurance (NCQA) survey or the Annual Network Adequacy (ANA), and all criteria related to TennCare Court cases. Timelines associated with the annual quality survey include but are not limited to:
- a. By January 31st Contractor shall submit the proposed review criteria to the State for approval.
 - b. By March 2nd, Contractor shall present the proposed schedule for the annual quality survey to the State for approval.
 - c. Appointments with the MCCs shall be scheduled thirty (30) days in advance of visit.

- d. The State shall be notified of any changes to the approved appointment schedule immediately.
 - e. An MCC specific draft report of the survey findings along with recommendations for improvement shall be provided to the State thirty (30) days after each MCC's onsite survey. The recommendations for improvement should include specific information the MCC can utilize to make appropriate changes and, when appropriate, the MCC can adopt other state and national best practices. The final report shall be submitted to the State sixty (60) days following the review of each MCC.
- A.9. The Contractor shall develop review criteria to assess contract compliance and compliance with current industry, Federal, and State requirements for Medicaid managed care. Criteria must include, but not be limited to review of enrollee rights and protections, quality assessment and performance improvement, structure and operation standards, measurement and improvement standards and compliance with the appeal process. The survey process shall include document review, interviews with key MCC personnel, and an assessment of the adequacy of information management systems. Review, analysis, and recommendations for improvement of the MCC Structure and overall integration of the health care delivery system shall include but not be limited to, review and assessment of the following documents/activities listed below. After a MCC is NCQA accredited all of the following requirements will not have to be reviewed if the criteria for each area have been fully reviewed by NCQA. Any deletions from the survey must be approved by TennCare.
- a. MCC Structure
 - (1) Quality Improvement Program Description (QIPD)
 - (2) Utilization Management Program Description (UMPD)
 - (3) The associated work plans for the QIPD and UMPD
 - (4) The annual evaluation of the MCC Quality Improvement Program
 - (5) Adequacy of MCC's material resources and staffing
 - (6) Oversight of Quality Program by the MCC's governing body
 - b. Appropriate documentation of all committee meetings, i.e., Quality, Credentialing, and Peer Review
 - c. Oversight of all MCC's initial and recredentialing processes to include:
 - (1) Onsite credentialing file review
 - (2) Review of committee minutes
 - (3) Timeliness of credentialing/recredentialing process
 - (4) Incorporation of quality assessment (Site visit and medical record documentation Practices)
 - (5) Assessment of quality of care and service issues which may include but not be limited to physician/provider specific confirmed and trended quality of care and service concerns, appeals data, over/under utilization data, and pharmacy utilization data
 - (6) MCC's process for medical record review of primary care physicians and high volume specialists
 - d. MCO Clinical Practice Guidelines
 - (1) Adoption, annual review, and dissemination of Clinical Practice Guidelines (CPG) to all appropriate network providers.
 - (2) A CPG must be designated for each of the required Disease Management Programs (as specified in the CRA).
 - (3) The review must indicate whether each CPG is a nationally recognized one or if they were developed by the MCO. If developed by the MCO, indicate if they are based on national guidelines and if so, which ones.

- e. Audited HealthCare Effectiveness Data and Information Systems (HEDIS) and Consumer Assessment of Health Plan Surveys (CAHPS) data by MCO to validate opportunities for improvement and areas where meaningful improvement has been achieved. In lieu of prior requirements, the Contractor shall review and analyze the customer satisfaction survey required of the DBM.
- f. MCO Disease Management Programs for the following components:
 - (1) Relevance to MCO population
 - (2) Consistency with nationally recognized clinical practice guidelines
 - (3) Assessment of member adherence to treatment plans
 - (4) Systematic identification of eligible population, initially and at least annually thereafter
 - (5) Program materials clearly provide information to members about how to use the services, how they were identified for participation, and how to opt out of the program
 - (6) Annual measurement of participation rates
 - (7) Interventions provided to enrollees based on stratification
 - (8) Providers are informed and educated about the program
 - (9) Program effectiveness is measured using the standard performance measure that has been agreed to by all plans.
- g. MCC mechanism for identifying potential under/over utilization trends within provider network and actions taken when performance falls below established standards
- h. MCC process for review and update of medical necessity criteria
- i. MCC process to ensure continuity and coordination of care
- j. MCO case management services
 - (1) Selection criteria
 - (2) Available resources
 - (3) Penetration rate
 - (4) Turn-over rate (length of time in case management)
 - (5) Frequency of enrollee contact
 - (6) Evidence of network physician/provider participation
- k. MCC Utilization Management denial files as designated by TennCare.
- l. MCO Home Health services denials – the number of files reviewed shall be of sufficient number to produce a statistically valid review
- m. Adequacy of MCC provider networks
 - (1) Compliance with required access standards
 - (2) Compliance with required wait time standards
 - (3) Analysis of open/closed panels by MCC
 - (4) Compliance with established standards for appointment availability
- n. MCC compliance with Call Center Standards
 - (1) Member Services
 - i. Call answer timeliness
 - ii. Call abandonment rate
 - (2) Health Services (Prior Authorization)
 - i. Call answer timeliness

- ii. Call abandonment rate
 - iii. Percent of calls returned within twenty-four (24) hours
 - o. Appeal overturn rate by MCC
 - p. Accuracy and timeliness of MCC claims payment
 - q. Comparative analysis of MCC overall provider satisfaction survey results and CHOICES satisfaction survey results.
 - r. MCC operational and departmental policies and procedures
 - s. Analysis of MCC communication to enrollees and providers outlining member rights and responsibilities
 - t. Verification of MCC commitment to improve patient safety
 - u. Annual comparative analysis of MCC compliance with Early and Periodic Screening Diagnosis and Treatment (EPSDT) requirements to include:
 - (1) Identification of best practices
 - (2) Evidence of enrollee and provider educational outreach by individual MCC
 - v. Evaluation of the timeliness and appropriateness of triage and referrals for behavioral health to include a review of written protocols.
- A.10. The Contractor shall perform an annual evaluation of each MCC's compliance with the EPSDT requirements set forth in the Contractor Risk Agreement and as required by the *John B. Consent Decree*. The evaluation shall include, but not be limited to, a review and assessment of the following for each MCC:
- a. Timely provision of medically necessary care
 - b. Proof the MCC has aggressively and effectively informed enrollees of the TENNderCARE (EPSDT) program and services
 - c. Network Adequacy Review
 - d. Review and assess MCC practices in regards to making decisions about medical necessity, and identify any practices which are inconsistent with federal law.
 - e. Review and assess the effectiveness of the MCC's practices and procedures in appropriately referring children from one level of screening or diagnoses to another as required to determine a child's physical health, behavioral health and developmental needs as to medically necessary services.
 - f. Review the definition of "medically necessary" treatment being used by the MCC and ensure it is the correct definition for the TennCare population as found in TennCare Rule 1200-13-16.
 - g. Review appropriate information to determine that absolute service limits are not used by the MCC in the determination of coverage for the TENNderCARE (EPSDT) population, including, but not limited to, reviewing for the inclusion of rehabilitation services and maintenance services.
 - h. Review and assess the MCC's contractual compliance in providing appropriate continuation of services.

- i. Review the MCC prior authorization and utilization review decision processes to ensure that no prior authorization is required for periodic TENNderCARE (EPSDT) screenings, or assessments, and determine if decisions are being made only by qualified personnel with education, training or experience in child and adolescent health.
- j. Review documentation to determine if that MCC is in compliance with the reasonable and promptness requirements of providing services as required within the MCC Contractor Risk Agreement.
- k. Review utilization management denial files to determine that MCCs provide all medically necessary covered services.
- l. Review MCC policy and documentation as to how the MCC provides each primary care provider seeing TENNderCARE (EPSDT) eligible members a quarterly supplemented listing of specialists to whom referrals may be made. Assess MCC compliance with the requirement.
- m. Review and assess the adequacy and effectiveness of MCC's case management activities for the TENNderCARE (EPSDT) population consistent with federal law.
- n. Review and assess the MCC's compliance with the requirement to provide transportation and non-emergent transportation for the TENNderCARE (EPSDT) population.
- o. Review and assess the protocols and procedures in place within the MCC for handling transportation referrals and review necessary information to determine that the MCCs are not imposing blanket restrictions on the provision of transportation.
- p. Review and assess the MCC's coordination of children's health and education services and programs with other State agencies and assess MCC compliance with the current IEP process.
- q. Review MCC provider contracts to specifically determine if any provisions exist which would encourage violations of the TENNderCARE (EPSDT) mandate (John B. Consent Decree).
- r. Review and assess MCC's processes and ability to assist in scheduling appointments.
- s. Review and assess the MCC's processes and documentation of TENNderCARE (EPSDT) services declined by enrollees.
- t. Review and assess the MCC's processes/efforts for identifying and reaching out to children who have missed appointments or failed to receive TENNderCARE (EPSDT) screenings timely. Determine MCC compliance with all required outreach efforts.
- u. Review and assess the MCC's processes for identifying and reaching out to inform the illiterate, blind, deaf and LEP populations of TENNderCARE (EPSDT) programs.
- v. Review and assess the MCC's processes/efforts for informing families of the costs of services.
- w. Review and assess the MCC's criteria and process for identifying "at-risk" populations and special processes/information used for outreach to this population.
- x. Review and assess the MCC's criteria and process for notifying pregnant women of available EPSDT services for the unborn child and pregnant women if under 21 years of age.

- A.11. The Contractor shall perform an annual network adequacy review pursuant to TCA Section 56-32-231 and shall establish a procedure to verify that each MCC is delivering the health benefits required by their Contract with the State, that each is delivering the benefits within the required time frames, and that each MCC has an adequate provider network to ensure the effective and efficient delivery of healthcare services to TennCare enrollees. The Contractor may use the NCQA standards or other nationally recognized standards that will produce a statistically valid review to evaluate the adequacy of each MCC network and benefit delivery compliance with the CRA. This review shall include, but not be limited to, the following specialties:
- a. Primary Care Providers
 - b. Selected High Volume Specialty Providers
 - c. Dentists
 - d. Mental Health Providers
- A.12. The Contractor shall perform a quarterly validation of the accuracy of the provider information reported by the MCCs. A survey tool shall be developed by the Contractor and approved by the State prior to implementation of the first quarterly telephonic survey and as necessary thereafter. A random sample large enough to produce statistically valid MCC specific results shall be drawn from the most current TennCare provider enrollment file each quarter.
- a. Providers included in the sample shall be active, inplan providers of the following specialty types:
 - (1) Primary care providers and physician extenders
 - (2) Specialty care providers including, but not limited to, OB, Cardiology, Gastroenterology, Neurology, Neurosurgery, Oncology/Hematology, Ophthalmology, Orthopedics, Otolaryngology, and Urology
 - (3) All reported dental providers
 - (4) All vision providers
 - (5) All BHO providers
 - b. Elements to be validated shall include, but not be limited to, the following:
 - (1) Verification of provider address and specialty
 - (2) Status of contract with MCC
 - (3) Panel age restrictions
 - (4) Telephone number
 - (5) Provides TENNderCARE (EPSDT) services (applies to all PCPs and OB/GYNs seeing children <21 years)
 - (6) Panel status (open/closed)
 - (7) Appointment availability for routine and urgent care
 - (8) Prenatal and delivery services (OB/GYN or prenatal providers)
- A.13. The Contractor shall prepare an annual comparative analysis of NCQA Relative Resource Use results using audited data submitted to TennCare by each MCC using Quality Compass from NCQA in order to provide state and regional comparisons of Relative Resource Use data. These comparisons shall be presented in a variety of formats including written, graphs, and charts. The Contractor shall assist in developing the comparative analysis of HEDIS and CAHPS results as requested by TennCare. The Contractor shall prepare an annual comparative analysis of HEDIS and CAHPS results for the Stakeholders of TennCare, presented in a variety of formats including written text, graphs, and charts.
- A.14. The Contractor shall complete an annual review and evaluation of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations to determine if the Program encompasses activities required to meet contract compliance and compliance with current industry, federal, and state requirements for Medicaid managed care programs. These reports are due annually no later than May 15th. In addition to QI/UM, the Contractor shall also complete a review to determine

compliance with CMS protocols. A review shall be completed to examine the content of the program description, work plan and evaluation to determine if the MCOs and DBM address deficiencies found within the other surveys; determine if the self-evaluation includes appropriate measures, both intermediate and long-term, and to determine if HEDIS results and UM data are utilized in the development of the work plans. Additionally, the report on the review must include deficiencies identified and recommendations to TennCare related to how the MCOs could improve their activities.

- A.15. The Contractor shall perform validation of two Performance Improvement Projects (PIPs) for each MCO by region. In addition to CMS protocols, the report shall include an evaluation of appropriateness of the PIPs, taking into account results of other surveys completed, and include recommendations for improvement upon the documents and processes reviewed. If the MCC is permitted by TennCare to submit a special focus study conducted by the Contractor (refer to Section A.28) in place of a PIP, the Contractor shall not be responsible for performing validation of the PIP.
- A.16. The Contractor shall perform validation of MCC performance measures as designated by TennCare.
- A.17. The Contractor shall utilize data files to analyze and summarize enrollment, utilization, and health outcome data for routine and ad hoc reporting.
- A.18. The Contractor shall provide technical assistance to the MCCs as directed by the State regarding performance improvement.
- A.19. The Contractor shall host meetings three times per year with MCCs and interrelated oversight agencies to inform them of pertinent/current issues. A list of dates and places for the meetings for the upcoming year shall be sent to TennCare no later than January 15th. In conjunction with TennCare, efforts shall be made to secure speakers to discuss pertinent topics and continuing education credits shall be offered to relevant health plan participants at each meeting.
- A.20. The Contractor shall provide and maintain adequate liaison and communication with the State in connection with the Contractor's specified contractual responsibilities.
- A.21. The Contractor shall provide and maintain books, records, claims, documents and other evidence pertaining to the Contract to the extent and in such detail as shall properly reflect conformance with the contract and make these available for inspection by the State or its designee.
- A.22. The Contractor shall provide the State with the documented costs in an annual cost allocation plan to be approved by CMS to support the claim for Federal Financial Participation including providing documentation to support wages, benefits and all other expenditure items. The report shall be submitted to the state annually no later than October 15th.
- A.23. The Contractor shall perform all EQRO operations activities and related systems maintenance/modifications on-site at the facilities in Nashville, Tennessee approved by the State.
- A.24. The Contractor shall identify and inform the State of any procedure which may reduce the cost and/or increase the effectiveness of administering the EQRO function to the TennCare Program.
- A.25. The Contractor shall provide the State with the names of individuals, who are authorized to act on behalf of the Contractor, together with a description of their responsibilities and authorities and all such individuals who will be dedicated to the TennCare project on a full-time basis shall be identified and approved by TennCare.
- A.26. The Contractor shall participate in TennCare meetings as requested by TennCare.
- A.27. The Contractor shall perform all other EQRO activities not otherwise designated as State responsibilities, which are necessary for optimal operation of the EQRO functions.

- A.28. The Contractor shall conduct special focus studies as designated by TennCare.
- A.29. The Contract shall assist in the annual review of the Quality Strategy as requested by TennCare.
- A.30. The Contractor shall prepare for each key activity a draft report, an executive summary, and a full written report detailing findings and recommendations for each MCC. Each identified report shall encompass results for each health plan by grand region and identify best practices and opportunities for improvement, as well as recommendations specific to each MCC program. Unless otherwise specified all reports shall be submitted to the State in both hard copy and electronic format. The number of hard copy reports and the electronic format shall be determined for each report and shall be mutually agreed upon by the Contractor and the State.
- A.31. The Contractor shall submit a draft of the Annual External Quality Review Report within thirty (30) days following the completion of each MCC's onsite review with the final report due no later than sixty (60) days from the last review. The report shall also assess MCC compliance with contractual and all EQR-related mandatory and optional activities, including but not limited to the methodology of how data was collected, aggregated, analyzed and conclusions drawn as to the quality, timeliness, effectiveness and access to the care furnished by the MCC. The report of the quality review should include, but not be limited to, the following components:
- a. A detailed assessment of the strengths and weaknesses of each MCC
 - b. Recommendations for improving the quality of care by each MCC
 - c. Comparative charts on all MCCs
 - d. An assessment of the degree to which each MCC effectively addressed the recommendations for quality improvement made during the previous year's EQR
- A.32. The Contractor shall provide an annual onsite assessment of each MCC's compliance with the EPSDT requirements as defined in the CRA and the John B Consent Decree. A draft report shall be submitted to the State annually by July 15th. The final EPSDT report shall be submitted to the State annually by August 15th.
- A.33. The Contractor shall submit network adequacy review reports annually by June 1. The reports shall be submitted directly to the Commissioner of the Department of Commerce and Insurance, the Comptroller of the Treasury, and the Bureau of TennCare.
- A.34. The Contractor shall submit to the State quarterly validation of the accuracy of the provider information reported by each of the MCCs by the end of each calendar year quarter. The report shall include detail regarding all errors and discrepancies identified for each MCC during the survey process.
- A.35. The Contractor shall submit the annual comparative analysis of MCC HEDIS and CAHPS results to the State annually by August 15th.
- A.36. The Contractor shall submit the report of annual evaluation for two (2) Performance Improvement Projects for each MCO per region to the State annually by September 15th.
- A.37. The Contractor shall submit the report of annual validation of each MCO Performance Measures to the State annually by September 1.
- A.38. The Contractor shall submit an Annual EQR Technical Report utilizing the results of the annual network adequacy report, the annual quality survey, and information and results from the validation of PIPs and performance measures as required in accordance with 42 CFR 438.364. The Annual EQR Technical Report shall be submitted to the State by September 30th of each year. At a minimum the following should be included in the report:
- a. A description of the manner in which the data from all activities conducted in accordance with 42 CFR 438.358 (validation of PIPs and performance measures and compliance with standards audit) were aggregated and analyzed and conclusions were drawn as to the

quality, timeliness, and access to care furnished by the MCCs. The report must also include the following for each activity conducted in accordance with 42 CFR 438.364:

- (1) Objectives
 - (2) Technical methods of data collection
 - (3) Description of the data obtained
 - (4) Conclusions drawn from the data
- b. An assessment of each MCC's strengths and weaknesses
 - c. Recommendations for improving quality of health care services
 - d. Comparative information as the State deems methodologically appropriate
 - e. An assessment of the degree to which each MCC has addressed effectively the recommendations for quality improvement made by the EQRO during the previous year
- A.39. The Contractor shall ensure that all reports produced shall include an accurate description of the care delivered to TennCare enrollees. Reviews of care shall be conducted in accordance with generally accepted principles of research design, statistical analysis, and other appropriate validation techniques in order to produce valid and reliable analysis. The reports must include information from the health plan that indicates care is actually being delivered according to contractual requirements and the health plan's policies and procedures. All information shall clearly identify instances in which care can be improved and provide a baseline for future assessments to determine whether care actually has improved. In addition, the reports should include comparative information on all MCOs and an assessment of the degree to which the MCC effectively addressed the recommendation for quality improvement made during the previous year's EQR.
- A.40. The Contractor shall provide ad hoc reports as requested by the State for such purposes as assessing the health care needs of the TennCare population or subsets of the population, identification of best practices and/or opportunities for improvement within contracted MCCs, or achieving compliance with State or Federal Regulations. Ad hoc reports shall be completed within a timeframe that is commensurate to the complexity of the report and shall be prepared at no additional cost to the State. The State and the Contractor shall develop and agree to the reporting timeframes on a report-by-report basis.
- A.41. The Contractor shall submit a detailed report of activities performed during each month. The report should be submitted to TennCare, in a format designated by TennCare, along with the monthly invoice described in Section C.5.
- A.42. The Contractor shall develop and maintain a plan for quality control to be approved by the State including, but not limited to, reviewer training, inter-rater reliability testing, record over read of ten (10) percent, and determination of sample sizes needed in order to produce results that can be extrapolated to the entire universe being examined. The plan shall cover, at a minimum, the following areas:
- a. Annual quality reviews
 - b. Special reviews
 - c. Report development and generation
 - d. Deliverable production
 - e. Provider Network analysis
- A.43. The Contractor shall develop and maintain written detailed procedures and protocols for all reviews, audits, performance measurements, and surveys identifying all steps in each process. These procedures and protocols must be written in such detail that reviewers will approach all activities in the same manner and with the same interpretation of results. A copy of these procedures and protocols must be provided to TennCare and approved before that activity is

initiated. Any changes to these procedures and protocols must also be provided to TennCare for approval.

A.44. The Contractor shall maintain sufficient professional and technical staff to carry out the duties and responsibilities of the EQRO function and agree to the following requirements:

- a. The Contractor warrants and represents that all persons assigned by it to the performance of this Contract shall be employees of the Contractor and shall be fully qualified to perform the work required herein. The Contractor shall include a similar provision in any contract with any subcontractor selected to perform work hereunder.
- b. The State shall have the absolute right to approve or disapprove the Contractor's and any subcontractor's key personnel assigned to this Contract, to approve or disapprove any proposed changes in key staff, or to require the removal or reassignment of any key Contractor employee or subcontractor personnel found unacceptable by the State.
- c. To the extent possible the Contractor shall notify the State in writing of any change in key personnel at least thirty (30) days prior to the change. The Contractor shall upon request, provide the State with a resume of any members of its staff or a subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this Contract.
- d. Personnel commitments made in the Contractor's proposal that resulted in award of this contract shall not be changed except as herein above provided, or due to the resignation of any named individual. Key personnel shall be replaced within thirty (30) days of departure of existing staff, unless exception is granted in writing by TennCare.

A.45. The Contractor shall be required to provide and maintain a staff of qualified health professionals on-site in Nashville, Tennessee sufficient to complete all regularly scheduled and specially requested quality reviews as described in this Contract. At a minimum, the Contractor shall provide and maintain an on-site staff of sufficient professionals at all times, meeting the following requirements:

- a. The combined experience of this staff must include previous experience in healthcare quality assurance, management and improvement; knowledge and understanding of the NCQA Standards for Accreditation of Managed Care Organizations and Behavioral Health Organizations and the accreditation process; the current HEDIS technical specifications; familiarity with ICD, CPT and hospital revenue codes; practical or clinical health care experience; understanding of managed care plans; and knowledge of Medicaid, Medicare, or similar program, and understanding of the managed care organizations systems.
- b. The EQRO must have experience and expertise in the epidemiological and statistical measurement of health and service status indicators in defined populations. At a minimum access to a biostatistician and an epidemiologist is required.
- c. At least two-thirds of the staff must have 5 or more years of relevant experience.
- d. The review staff must be supervised by individuals with 5 or more years of experience in quality assurance management or review and at least 3 years of management experience.

A.46. The Contractor shall provide sufficient analysis and technical staff, in addition to the professional staff, for the reviews, with experience and expertise in the epidemiological and statistical measurement of health and service indicators, including behavioral health, in defined populations to support the requirements in this Contract. This must include in-depth understanding of the scope and methodologies of data collection, the interpretation of data, and the social and economic factors that affect the interpretation of the data. The Contractor must ensure that activities are conducted in accordance with generally accepted principles of research design and statistical analysis in order to produce valid, reliable, and generalizable information. At a

minimum, the Contractor shall provide staff with the skills and experience to perform the following functions:

- a. Conduct ongoing analysis of encounter and other data and provide the State with written reports of patterns of utilization, areas of potential over/under utilization, target for special reviews or investigation, and recommendations for improving the efficiency and quality of the TennCare program.
 - b. Provide technical recommendations to TennCare regarding identified opportunities for improvement within the Managed Care Organizations assessed performance and methodology of reporting.
 - c. Conduct periodic analysis of the quality of encounter and other data collected from the managed care organizations including testing samples of data, reviewing procedures and processes for capturing and maintaining data, and developing edits for data quality and consistency.
 - d. Provide the State with current information on the development and implementation of quality assurance programs in other states, national standards and measures, industry practices and other information pertinent to the EQRO functions.
 - e. Provide ad hoc and special reports as requested by the State.
- A.47. The Contractor must perform the EQRO functions so as to provide for sufficient flexibility to rapidly conform to changes in Federal and/or State law, regulations, policies, and priorities. In addition, the State expects to see increasing demands for information reporting and data analysis. The Contractor must be able to quickly and accurately respond to requests for information.
- A.48. The Contractor shall conduct and maintain reporting systems and may incorporate any new technologies, methods, or products the Contractor deems necessary or desirable with the approval, in advance, of TennCare, and if judged necessary by TennCare, the State. EQRO Systems, and components thereof, incorporated in the EQRO Systems by any means such as, but not limited to, licenses for use or purchase for ownership, shall become the exclusive property of TennCare and the State upon termination of the Contract regardless of the reason for termination. EQRO Systems Maintenance shall include, but not be limited to, the following:
- a. Implementing new technologies and methods that are generally available (not in alpha test, beta test, or trials of any form unless explicitly approved by the State office of the CIO and TennCare office of the CIO) and will improve the Contractor's ability to meet reporting responsibilities. Such implementations of technologies and methods must be approved by TennCare, and if judged to be necessary by TennCare, the State.
 - b. Implementing modifications to technologies and methods that are necessary to preserve any interoperability with State and TennCare systems and facilities necessary for the Contractor to meet EQRO reporting responsibilities. This includes maintaining communications with the State and TennCare sufficient to be aware of and prepared for any changes to the technological environment of the State and TennCare.
 - c. Updating the EQRO Systems' components such that they are based on recent technologies and methods that are generally available in conformance with state standards and the State Architecture and supported by the suppliers and not subject to sunseting or termination of support for a period of not less than twelve (12) calendar months.
- A.49. The Contractor shall provide physical site and data security sufficient to safeguard the operation and integrity of all TennCare-related data as specified and approved by the State. The Contractor shall also consider that all of the information, data, forms, and files are confidential

and may not be released or used for any purpose other than carrying out the duties and responsibilities as defined in this Contract without the express consent of the State. The Contractor must ensure that all employees have access to information on a "need to know" basis and that all reasonable efforts are maintained to ensure confidentiality. Any subcontractors, vendors, and anyone other than an employee of the Contractor must not have access to the data or information related to this Contract without explicit State approval. The Contractor shall ensure compliance with Federal and Tennessee State Law as related to confidentiality of information and security.

- A.50. The Contractor shall restrict access to workstations, terminals, on-line functions, and files as designated by the State and as required to maintain confidentiality and security. Security shall be imposed at both workstation or terminal and operator levels. On-line access over unsecured communications paths or media must be secured in a manner acceptable to the State office of the CIO and TennCare office of the CIO.
- A.51. The Contractor shall maintain historical records encounter data, reference files, and any other files as required for backup and recovery purposes to support the analysis and reporting processes and to support State and Federal audit trail requirements.
- A.52. The Contractor must adhere to all applicable TennCare and State standards and architectures for hardware, operating systems, programming languages, software tools or other components proposed by Contractor for constituting the EQRO Systems. Any exceptions to these standards must be explicitly approved by TennCare office of the CIO and the State office of the CIO. All hardware and software proposed by Contractor for constituting the EQRO Systems must be reviewed and approved by TennCare office of the CIO and the State office of the CIO.
- A.53. The Contractor shall ensure, at all times that the EQRO Systems are continually protected against hardware, software, and human error. The system shall include appropriate checkpoint/restart capabilities and other features necessary to guarantee reliability and recovery, including telecommunications reliability and disaster recovery.
- A.54. The Contractor shall follow change control procedures that minimize the possibility of human error. All changes must go through a rigorous testing and quality control procedure prior to implementation into production. The Contractor shall develop and follow production procedures that include verification, quality checking, and balancing for each job and for each report or other output. The Contractor must be able to demonstrate that sufficient positive measures are taken in every step of the processing to ensure the completeness and correctness of the results.
- A.55. The Contractor shall update, test, and maintain a disaster recovery plan that is designed to minimize any disruption to the processing of State transactions and that addresses all processing, files, and software maintained on the EQRO System. The disaster recovery plan developed by the Contractor must meet OIR standards and must be approved by the State and other applicable State agencies. Likewise any changes to the disaster recovery plan must be approved by the State or other agencies designated by the State. The Contractor shall continually review the disaster recovery plan and make necessary updates to provide that the plan always contains accurate and up-to-date information.
 - a. The disaster recovery plan shall include, but not be limited to:
 - (1) Checkpoint/restart capabilities
 - (2) Retention and storage of backup files and software
 - (3) Hardware/network backup plan for the EQRO System
 - (4) Backup procedures for all schedule-critical manual operations in the event of a computer or telecommunications outage or a disaster at either the Metro Center site or the EQRO site
 - (5) Recovery procedures for loss of manual files and hardcopy documents
 - (6) Annual test of the disaster recovery plan

- b. The disaster recovery plan and procedures shall, at a minimum, provide the following:
 - (1) Continued processing assuming the loss of the primary processing site.
 - (2) A detailed backup plan and procedures, including the off-site storage of crucial transaction and master files. The plan and procedures shall include a detailed schedule for backing up critical files and their rotation to an off-site storage facility.
 - (3) The maintenance of current system software, including source code, and documentation at an off-site location.

A.56. The Contractor shall maintain System Documentation as follows:

- a. Current documentation shall be maintained for all packaged software and custom-developed software constituting the EQRO Systems.
 - (1) Minimum documentation requirements for packaged software are:
 - i. All vendor documentation regarding installation, configuration and operation of software,
 - ii. Data model and definitions as specifically implemented for the State,
 - iii. Full documentation of software configuration as installed for the State,
 - iv. Documentation of any customizations for the State,
 - v. Import, export or interface specifications, and
 - vi. Supporting documentation as required to support maintenance and operations.
 - (2) Minimum documentation requirements for all custom-developed software including reports, queries, control files, parameters, and scripts are:
 - i. Data model and definitions,
 - ii. Current program listings,
 - iii. Program narrative,
 - iv. Import, export or interface specifications,
 - v. Definitions of values used for codes and switches, and
 - vi. Supporting documentation as required to support maintenance and operations.
- b. Operating documentation shall be maintained for all regularly performed data analyses and reporting processes executed.
- c. Layouts and data definitions shall be maintained, at a minimum, for all master files and all databases.
- d. The Contractor shall, at all times, provide that all copies of the System Documentation are current and the Contractor shall incorporate all updates. Four (4) copies of the documentation and all updates shall be provided for the State. Each copy shall consist of hardcopy of all documents other than code and electronic copies of any documents that originated electronically such as but not limited to word processor files, spreadsheets, and entity relationship diagrams, electronic copies of all code that is necessary for building the EQRO system and appropriate for use in the environment in which the EQRO system is built, such as but not limited to, compiler input, commercially obtained code libraries, loader/binder inputs, and build scripts. The Contractor shall be responsible for maintaining and updating each of the State's copies.

A.57. The Contractor shall be subject to periodic review and audit by both State and Federal authorities and shall:

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

- b. Produce the source or hardcopy documentation and records which will substantiate information in requested files, or which is missing from the above files, within ten (10) days of receipt of request from the State. Such documentation shall be made available to the State at the State's facility in Nashville, Tennessee.
- c. Provide reasonable access to facilities and personnel used by the Contractor in delivery of services to the State.
- d. Be responsible for responding to audit inquiries and findings.

A.58. The Contractor shall be required to execute and enforce the provisions of the TennCare Business Associate Agreement and ensure that, at all times, EQRO Systems and all data contained therein shall continue to be protected against unauthorized access. All systems and facilities shall include appropriate and reasonable access control measures and other features necessary to ensure security, including active monitoring and incident response. Contractor duties shall include, but not be limited to, the following:

- a. Maintain, in facilities used by the Contractor for the EQRO functions, system security software which prevents unauthorized access to the system and identifies any such attempts at access.
- b. Require all Contractor employees and all subcontractor personnel to sign relevant TennCare and State agreements for access to systems and data, acknowledging their duties with regard to security, confidentiality, and acceptable use, with copies maintained in their personnel files.
- c. Maintain complete confidentiality of all passwords and IDs used by Contractor employees and all subcontractor personnel. Employees shall not be permitted to share passwords or IDs among themselves except as explicitly authorized by the State. The Contractor shall ensure that only authorized personnel are granted access to systems or data and will maintain appropriate policy and procedure to ensure that access is revoked when no longer needed or appropriate for the performance of EQRO functions.
- d. Limit and control access to the facilities used for EQRO functions. Security measures shall include, but not be limited to, entry logs or identification badges. In addition, all server and shared data storage equipment shall be housed in space with controlled access, with doors locked at all times.
- e. Limit and appropriately protect data stored on personal computers, or other equipment not housed in locked space, with controlled access.
- f. Secure all data files (i.e. magnetic tapes and disks) controlled by the Contractor in a fireproof vault when not in use.
- g. Secure all reports, whether test or production, in printed or electronic format, which are not forwarded to the State and contain provider or enrollee information until properly disposed of. Disposition shall be in accordance with State requirements.
- h. Maintain backups of data and software per the disaster recovery plan and secured in the data storage vault. Off-site copies of these backups shall also be arranged. The confidentiality of data in offsite copies will be protected by technological means under the control of the Contractor and as approved by the State office of the CIO and TennCare office of the CIO.

A.59. The Contractor shall ensure that network connectivity, including leasing of lines/capacity and the provision of communications devices, from the ingress/egress site(s), specified by TennCare and the State, to the ingress/egress site(s) specified by Contractor and approved by TennCare and the State, must be approved by TennCare and the State. The configuration of Contractor

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

- A.60. The Contractor shall be solely responsible for the State-owned or provided hardware and equipment that is used and controlled by the Contractor during the term of the Contract. Any hardware and related equipment needing to be replaced or repaired because of abuse, theft, or loss attributable to the Contractor or due to their negligence shall be at no cost to the State. The Contractor shall turn over all State-owned hardware and equipment at the termination of the Contract, regardless of the reason for termination, in satisfactory working condition.
- A.61. The Contractor shall obtain approval from TennCare and the State for all hardware and software proposed by Contractor for constituting the EQRO Systems and data communications with TennCare and the State. The acquisition of and payment for all such hardware and software is the responsibility of the Contractor unless otherwise authorized by TennCare and the State. All hardware and software acquired by the Contractor to meet the responsibilities of the Contract shall become the exclusive property of TennCare and the State, at the option of the State, upon termination of the Contract regardless of the reason for termination.
- A.62. The Contractor shall be responsible for obtaining and maintaining licenses and maintenance agreements for use of any software or hardware purchased or leased for this Contract that is in addition to the software or hardware currently in operation at the time the Contract commences. The Contractor shall ensure that all license and maintenance agreements remain in effect for twelve (12) months past the term of the Contract.
- A.63. The Contractor shall provide all expendable supplies needed to support the EQRO operations at the Contractor's facility to include, but not be limited to diskettes, computer paper stock, laser printer paper, toner, printer ribbon, etc., at no cost to the state.
- A.64. The Contractor shall provide and maintain, at all times, an inventory of all forms that are required to support the functions of the EQRO related to this Contract. The Contractor shall be responsible for providing and maintaining an adequate inventory of forms, supplies etc. to be available for use during the operational dates of the contract at no additional cost to the state.
- A.65. The Contractor shall provide and maintain the flexibility throughout the Contract, to modify the content or format of any form or document used in performing the EQRO functions and to develop and produce any other forms required by the State. All changes shall be made at the direction of and be approved by the State. The Contractor should consider this requirement when determining the level of inventories to be maintained.
- A.66. The Contractor shall independently obtain adequate liability insurance for hardware and related equipment. The Contractor may, with approval of the State, make other suitable arrangements to insure against loss or damage. In addition, the State shall approve the amount and type of protection provided by the Contractor. The State shall be the loss payee (beneficiary) for insurance obtained pursuant to this Section for State owned equipment and hardware.
- A.67. The Contractor shall demonstrate the following competency and independence requirements:
 - a. The Contractor must demonstrate experience with Medicaid recipients, policies, data systems and processes, MCC delivery systems and financing, Quality Assurance and Quality Integrity, research design and methodology.
 - b. The Contractor must possess sufficient physical, technological and financial resources to conduct EQRO and EQR related activities as well as other clinical and non-clinical skills

necessary to carry out the EQRO and EQR related activities and to oversee the work of any subcontractor.

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

- A.68. The Contractor shall provide assistance in the turnover of the TennCare EQRO functions to the State or a new Contractor prior to the conclusion of the Contract, or in the event of a termination for any reason. The Contractor shall be responsible for all work in progress until the end date of this contract as currently written or amended in Section B.1. This includes report requests, analysis projects, special studies, and any other tasks which fall within the scope of work of this Contract and are currently in progress at the time of Transition. The Contractor's responsibilities during the Turnover Phase shall include, but not be limited to, the following:
- a. Prepare and submit a detailed written Turnover Phase plan within thirty (30) days of written request by the State. The plan shall define the turnover approach, define all tasks and subtasks, and provide a schedule for the turnover effort to achieve State requirements.
 - b. Provide a current listing of all software used to support the EQRO functions.
 - c. Transfer all files, data, and other materials of the TennCare EQRO function to the State or its designated agent, as requested.
 - d. Provide copies of all procedures for performing the functions of the EQRO.
 - e. Provide procedures used to the State or its designated agent in the performance of all contract-related functions including, but not limited to, the procedures for the EQRO, periodic reviews of managed care organizations, and ad hoc report generation and analysis.
 - f. Provide an estimated inventory of all work in progress and its projected status at the end of the contract within one (1) week after the beginning of the Turnover Phase.
 - g. Update the work in progress inventory estimates weekly throughout the Turnover Phase.
 - h. Provide a final, detailed inventory and accounting of all work in progress and completed work.
 - i. Prepare and submit a final report summarizing turnover task results and certifying the completion of all turnover responsibilities.
 - j. Cooperate with the State and new Contractor throughout the Turnover Phase to ensure a smooth transition.
- A.69. The State shall be responsible for the overall management and general administration of the TennCare Program including establishment of policy and approval of overall administrative procedures including, but not limited to:

- a. Establish and interpret program and medical policy

- b. Authorize administrative procedures
 - c. Monitor overall program performance
 - d. Contract with MCCs and dental benefit manager
 - e. Review changes in federal regulations and devise methods to comply with the changes
 - f. Approve contractual arrangements for TennCare programs
 - g. Prepare budgets for the TennCare program
 - h. Liaison with the Legislature, other State agencies, and the public
 - i. Coordinate cases of fraud and noncompliance investigation with the Contractor, providers, recipients, legal authorities, and the Federal Government
 - j. Establish, monitor, and manage receivable accounts to recover program funds owed by providers, enrollees and other third parties
 - k. Perform all provider relations functions including training, response to inquiries (written and phone), and preparation and distribution of manuals, bulletins, and training materials.
 - l. Provide record retention and destruction guidelines.
 - m. Impose any sanctions and/or other corrective action required on MCCs as a result of deficiencies and/or failure to comply with TennCare requirements.
- A.70. The State shall be responsible for administering this Contract and providing direction as required to facilitate Contractor operations, including, but not limited to:
- a. Operate and maintain an administrative structure sufficient to assure Contractor compliance with contractual responsibilities
 - b. Provide for liaison and communications with the Contractor in connection with mutual contractual responsibilities
 - c. Provide the Contractor with the names of individuals, who are authorized to act on the behalf of the State with respect to this Contract, together with a description of their respective responsibilities and authorities
 - d. Provide interfaces with State and Federal agencies as necessary for the Contractor
 - e. Provide Contractor with a list of primary interfaces from the State for each functional area.
 - f. Provide Contractor with contact names, associated phone numbers and e-mail addresses for each MCC.
 - g. Oversee Contractor's performance; approve Contractor's work plan annually, conduct periodic audits of Contractor's performance; monitor compliance with contract terms and conditions and all applicable State and Federal laws and regulations.
 - h. Perform fiscal audits of the Contractor
 - i. Review and approve all deliverables; provide Contractor with identification of discrepancies or performance deficiencies that require corrective action; approve Contractor's corrective action plan.

- j. Direct Contractor to make ongoing modifications and enhancements to Contractor procedures if required to support program policy, rules and regulations; improve program and operational performance; resolve problems; and address overall program effectiveness and quality.
 - k. Approve release of any reports, data, forms, files, or other information related to the Contract to any agency or entity outside the State.
 - l. Provide Contractor with requirements for ad hoc data and report requests and approve specifications.
 - m. Provide Contractor with request requirements for "on request" processes
 - n. Prepare specific requirements and definition (with Contractor assistance) for ongoing modifications and enhancements to the EQRO functions.
 - o. Provide access to data and systems required for the performance of EQRO functions, in a manner consistent with current policy and procedures.
 - p. Making EQR results available to interested parties upon request. Information released must comply with Federal HIPAA regulations regarding confidentiality of protected health information.
- A.71. In an effort to ensure smooth transition from one EQRO contractor to the next, the State shall have the following responsibilities during the transition phase for this Contract.
- a. Monitor the implementation of the turnover plan and schedule prepared by the previous Contractor and monitor and assist with the transfer (turnover) of the EQRO functions from the previous Contractor.
 - b. Ensure that appropriate program State staff and previous Contractor staff are available for orientation and data transfer to the Contractor relative to the operation of the EQRO functions.
 - c. Review and approve turnover progress reports from the previous Contractor which document the completion of each turnover task to ensure that the transition phase progresses on schedule.
- A.72. The State shall have the following responsibilities in the turnover of the TennCare EQRO functions to the State or a new Contractor prior to the conclusion of the Contract, or in the event of a termination for any reason.
- a. Review and approve the turnover plan and schedule to facilitate and organize the transfer of the EQRO functions to the State or the new Contractor.
 - b. Make State staff and designated Contractor staff available for training the new Contractor in the operation of the EQRO functions.
 - c. Review and approve Contractor's turnover progress reports which document the completion of each turnover task.
- B. CONTRACT TERM:**
- B.1. This Contract shall be effective for the period commencing on October 1, 2010 and ending on September 30, 2013. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

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

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event Six Million Four Thousand Seven Hundred Sixty-Four Dollars (\$6,004,764.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

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

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.

b. The Contractor shall be compensated based upon the following payment rates:

(1) For service performed from October 1, 2010, through September 30, 2013, the following rates shall apply:

Service Description	Amount (per compensable increment)
General Administration and Operation	\$ 166,799.00 per month

(2) Should term extension option be utilized, for service performed from October 1, 2013, through September 30, 2015, the following rates shall apply:

Service Description	Amount (per compensable increment)
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General Administration and Operation	\$ 185,702.00 per month
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- c. The Contractor shall not be compensated for travel time to the primary location of service provision.
- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.
 - a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

Bureau of TennCare
310 Great Circle Road
Nashville, Tennessee 37243
 - b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.
 - (1) Invoice/Reference Number (assigned by the Contractor);
 - (2) Invoice Date;
 - (3) Invoice Period (period to which all invoiced charges are applicable);
 - (4) Contract Number (assigned by the State to this Contract);
 - (5) Account Name: Department of Finance and Administration, Bureau of TennCare
 - (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
 - (7) Contractor Name;
 - (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
 - (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
 - (10) Contractor Remittance Address;
 - (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
 - iv. Amount Due by Service; and
 - v. Total Amount Due for the invoice period.
 - c. The Contractor understands and agrees that an invoice to the State under this Contract shall:
 - (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) not include any future work but will only be submitted for completed service; and
 - (3) not include sales tax or shipping charges.
 - d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.

- e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.
- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any Contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least sixty (60) 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 terminate the Contract and withhold payments in excess of fair compensation for completed services.
 - a. The State will provide notification of termination for cause in writing. This notice will: (1) specify in reasonable detail the nature of the breach; (2) provide the Contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the Termination Notice; and (3) shall specify the effective date of termination in the event the Contractor fails to correct the breach. The Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the

time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.

- b. Notwithstanding the foregoing, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment B, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

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

- D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Deputy Commissioner
Department of Finance and Administration
Bureau of TennCare
310 Great Circle Road
Nashville TN 37243
(615) 507-6443 (Phone)
(615) 253-5607 (FAX)

The Contractor:

Dawn M. Fitzgerald, MS, MBA
Chief Executive Officer
QSource

3175 Lenox Park Blvd., Suite 309
Memphis, TN 38115
dfitzgerald@qsource.org
Telephone # 800-528-2655 x 2650
FAX # 901-761-3786

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

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. 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 Attachment C, 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. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any

local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.6. 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.tn.gov/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

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

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

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

- E.8. HIPAA and HITECH Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and Health Information Technology for Economic and Clinical Health Act (HITECH) under the American Recovery and Reinvestment Act of 2009 (ARRA) and their accompanying regulations.
- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and HITECH and their accompanying regulations, and shall comply with all applicable HIPAA and HITECH requirements in the course of this Contract including but not limited to the following:
 1. Compliance with the Privacy Rule, Security Rule, Notification Rule;
 2. The creation of and adherence to sufficient Privacy and Security Safeguards and Policies;
 3. Timely Reporting of Violations in Use and Disclosure of PHI; and
 4. Timely Reporting of Security Incidents.

Failure to comply may result in actual damages that the State incurs as a result of the breach and liquidated damages as listed in Attachment A.
 - 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 HITECH and their regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA and HITECH.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and HITECH and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA and HITECH.
- E.9. 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:
- 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).
 - b. Title 45 CFR, Part 74, General Grants Administration Requirements.
 - 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.).
 - 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. Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e) in regard to employees or applicants for employment.
 - 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.
 - 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.

- 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.
- 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.
- 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.
- k. Tennessee Consumer Protection Act, T.C.A. Section 47-18-101 et seq.
- l. The CMS waiver and all Special Terms and Conditions which relate to the waiver.
- m. Executive Orders, including Executive Order 1 effective January 26, 1995.
- n. The Clinical Laboratory Improvement Act (CLIA) of 1988.
- o. Requests for approval of material modification as provided at TCA 56-32-201 etc. seq.
- p. Title IX of the Education Amendments of 1972 (regarding education programs and activities)
- q. The Rehabilitation Act of 1973
- r. The Balanced Budget Act of 1997 Section 422.208 and 422.210
- s. EEO Provisions
- t. Copeland Anti-Kickback Act
- u. Davis-Bacon Act
- v. Contract Work Hours and Safety Standards
- w. Rights to Inventions Made Under a Contract or Agreement
- x. Byrd Anti-Lobbying Amendment
- y. Debarment and Suspension
- z. The Church Amendments, 42 U.S.C. 300a-7.
- aa. Public Health Service Act (PHS Act) Section 245, 42 U.S.C. 238n.
- bb. Weldon Amendment, originally adopted as section 508(d) of the Labor-HHS Division (Division F) of the 2005 Consolidated Appropriations Act, Public Law 108-447, 118 Stat. 2809, 3163 (Dec. 8, 2004), has been readopted (or incorporated by reference) in each subsequent HHS appropriations act. (Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, Public Law 110-329, Div. A, Sec. 101, 122 Stat. 3574, 3575 (Sept. 30, 2008).

E.10. 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.11. Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.

E.12. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract in perpetuity.

E.13. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

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

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

E.14. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

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

- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

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

- E.15. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-31865-00323 (Attachment 6.2) and resulting in this Contract.

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

- E.16. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.

- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.
- b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
- c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
- d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

- E.17. Public Accountability. If the Contractor is subject to *Tennessee Code Annotated*, Title 8, Chapter 4, Part 4 or if this Contract involves the provision of services to citizens by the Contractor on behalf of the State, the Contractor agrees to establish a system through which recipients of services may present grievances about the operation of the service program, and the Contractor shall display in a prominent place, located near the passageway through which the public enters in order to receive services pursuant to this Contract, a sign at least twelve inches (12") in height and eighteen inches (18") in width stating:

NOTICE: THIS AGENCY IS A RECIPIENT OF TAXPAYER FUNDING. IF YOU OBSERVE AN AGENCY DIRECTOR OR EMPLOYEE ENGAGING IN ANY ACTIVITY WHICH YOU CONSIDER TO BE ILLEGAL, IMPROPER, OR WASTEFUL, PLEASE CALL THE STATE COMPTROLLER'S TOLL-FREE HOTLINE: 1-800-232-5454

- E.18. Performance Bond. The Contractor shall provide to the State a performance bond guaranteeing full and faithful performance of all undertakings and obligations under this Contract and in the amount equal to Two Million Dollars (\$2,000,000.00). The Contractor shall submit the bond no later than the day immediately preceding the Contract start date and in the manner and form prescribed by the State (at Attachment D hereto), and the bond shall be issued through a company licensed to issue such a bond in the state of Tennessee. The performance bond shall guarantee full and faithful performance of all undertakings and obligations under this Contract for:
- a. the Contract term and all extensions thereof; or
 - b. the first, calendar year of the Contract (ending December 31st following the Contract start date) in the amount of Two Million Dollars (\$2,000,000.00) and, thereafter, a new performance bond in the amount of Two Million Dollars (\$2,000,000.00) covering each subsequent calendar year of the contract period. In which case, the Contractor shall provide such performance bonds to the State no later than each December 10th preceding the calendar year period covered beginning on January 1st of each year.

Failure to provide to the State the performance bond(s) as required herein prior to the Contract start date and, as applicable, no later than December 10th preceding each calendar year period covered beginning on January 1st of each year, shall result in contract termination. The Contractor understands that the stated amount of the performance bond required hereunder shall not be reduced during the contract period for any reason.

- E.19. 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.20. Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover").

Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, 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.21. 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 federal General Accounting Office, federal Department of Health and Human Services, the Center for Medicare and Medicaid Services, or any other state or federal agency has or will benefit financially or materially from this Contract. This Contract may be terminated by TennCare as provided in Section D.4, 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, its agent, or employees.
- E.22. Independent Review of the Contractor. In accordance with Chapter 4 of the waiver approved by the Centers for Medicare and Medicaid Services may select a PRO, Private Accreditation Organization or an External Quality Review Organization (EQRO) to provide a periodic or an annual independent review of the Contractor. The results of the review shall be provided to TennCare and to the Contractor and shall be available, on request, to the Department of Health and Human Services, the Office of Inspector General and General Accounting Office.
- E.23. Ownership of Hardware and Software. All software used on the EQRO LAN in conjunction with the performance of work under this Contract shall be turned over to the State at the end of this Contract. Licenses for such software must be transferred to the State and must be valid for a period of not less than six (6) months. Any computer hardware added to the EQRO LAN by the Contractor and used in conjunction with the performance of work under this Contract shall become the exclusive property of the State at the end of this contract.
- E.24. Accounting Requirements. The Contractor shall establish and maintain an accounting system in accordance with generally accepted accounting principles.

The accounting system shall maintain records pertaining to the tasks defined in this Contract and any other costs and expenditures made under the Contract.

Specific accounting records and procedures are subject to State and Federal approval. Accounting procedures, policies, and records shall be completely open to State and Federal audit at any time during the Contract period and for six (6) years thereafter.

All reports and files, which include claims and capitation paid in any month, shall be balanced and reconciled prior to payment of the monthly operations fee to the Contractor.

The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records and documentation of the Contractor insofar as they relate to work performed or money received under this Contract shall be maintained in conformity with generally accepted accounting principles for a period of six (6) full years from the date of the final payment under this Contract, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the State, the Tennessee Comptroller of the Treasury, the Comptroller General of the United States, the Health Care Financing Administration, or their duly appointed representatives. The records shall be maintained in accordance with generally accepted accounting principles and at no less than those recommended in the Accounting Manual for Recipients of Grant Funds in Tennessee published by the Comptroller of the Treasury, State of Tennessee. All records shall be maintained during the pendency of such audit or during the pendency of any lawsuit involving this Contract.

Upon completion of any audit, a copy of the audit report shall be submitted immediately to the Tennessee Department of Finance and Administration.

- E.25. Reporting Requirements. The Contractor shall maintain strict confidentiality of member and patient medical records and other similar records in accordance with the law and established ethical standards.

The Contractor agrees that the substance of this requirement shall be inserted in each subcontract hereunder. The Contractor further agrees to make excerpts or transcripts of the records described available at the State's offices in a reasonable time, upon request. The herein described records shall be made available at all reasonable times at the Contractor's general offices.

If such original documentation is not made available as requested, the Contractor agrees to provide transportation, lodging and subsistence, at no cost to the State or Federal government, for the State and/or Federal representatives to carry out their audit functions at the principal offices of the Contractor or other locations of such records.

All original applications, ballots, or claims processed under the Contract shall be retained unless otherwise notified by the State; copies of all claims shall be retained for at least three (3) years from the date of expiration or termination of the Contract; storage shall be in the State of Tennessee throughout this period.

Unless the State specifies in writing a shorter period of time, the Contractor agrees to preserve and make available all other pertinent books, documents, papers, and records of the Contractor involving transactions related to the Contract for a period of six (6) years from the date of expiration or termination of the Contract.

Records involving matters in litigation shall be retained for the greater of one (1) year following the termination of litigation including all appeals or six (6) years from the date of the expiration or termination of the Contract.

Authorized Federal and State representatives shall have access to and the right to examine and/or copy the items listed above during the Contract period and during the six (6) year post-contract period or until resolution. During the Contract period, the access to these items shall be provided at the Contractor's office in the Nashville area at all reasonable times. During the six (6) year post-contract period, delivery of and access to the listed items shall be at no cost to the State.

The provisions of this Section shall be incorporated in any subcontract of \$10,000 or more.

- E.26. TBI MFCU Access to Contractor and Provider Records
Program Integrity Access to Contractor, Provider, and Enrollee Records

Pursuant to Executive Order 47 and 42 C.F.R. § 1007, the Tennessee Bureau of Investigation Medicaid Fraud Control Unit (TBI MFCU) is the state agency responsible for the investigation of provider fraud, abuse, and neglect in the State Medicaid program (TennCare).

Program Integrity assists TBI MFCU with provider cases and has the primary responsibility to investigate TennCare enrollee fraud and abuse.

The Contractor shall immediately report to the TBI MFCU any known or suspected fraud, abuse, waste and/or neglect, including, but not limited to, the false or fraudulent filings of claims and/or the acceptance or failure to return monies 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 the TBI MFCU, and must cooperate fully in any investigation by the TBI MFCU or subsequent legal action that may result from such an investigation.

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

Pursuant to the Health Insurance Portability and Accountability Act (HIPAA) privacy regulations, TBI MFCU is a health oversight agency. See 45 C.F.R. §§ 164.501 and 164.512(d) and 65 F.R. § 82462. In its capacity as a health oversight agency, TBI MFCU does not need authorization in order to obtain enrollee protected health information (PHI). PHI is defined at 45 C.F.R. § 164.501. Because MFCU will request the information mentioned above for health oversight activities, "minimum necessary" standards do not apply to those disclosures to TBI MFCU that are required by law. See 45 C.F.R. §§ 164.502(b)(2)(iv), 164.502(b)(2)(v), and 164.512(d) and 65 F.R. §§ 82462 and 82673.

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.

The Contractor and its participating and non-participating providers shall report TennCare enrollee fraud and abuse to Program Integrity. The Contractor and/or provider may be asked to help and assist in investigations by providing requested information and access to records. The Contractor and its health care providers, whether participating or non-participating providers, shall, upon request, make available any and all supporting documentation/records relating to delivery of items or services for which TennCare monies are expended. Shall the need arise, Program Integrity 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.

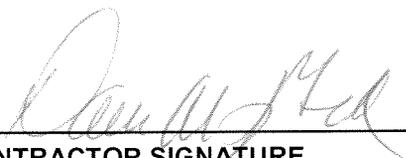
- E.27. Award of Related Contracts. The State may undertake or award supplemental contracts for work related to the Tennessee TCMS, EQRO functions, or any portion thereof. The Contractor shall be bound to cooperate fully with such other Contractors and the State in all such cases. All subcontractors shall be required to abide by this provision as a condition of the Contract between the subcontractor and prime Contractor. The Contractor shall not enter into any service contracts or agreements for electronic claims media or otherwise, without obtaining the prior written approval of the state and such approval shall not be unreasonably withheld. The State may reject any such contract or agreement if it determines it is not in the best interest of the State. The Contractor shall be responsible for the performance of all services and/or Contractor responsibilities.
- E.28 Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, including hardware and related equipment, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.

(3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence.

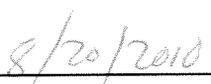
b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

IN WITNESS WHEREOF,

QSOURCE:



CONTRACTOR SIGNATURE



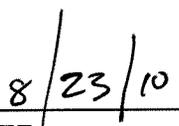
DATE

Dawn Fitzgerald, Chief Executive Officer (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE:



M. D. GOETZ, JR., COMMISSIONER



DATE

ATTACHMENT A

Applicable Terms and Definitions

1. Access – an enrollee's ability to obtain medical care. The ease of access is determined by components such as the availability of medical services and their acceptability to the enrollee, the location of health care facilities, transportation, hours of operation, and cost of care.
2. (The) Act – The Social Security Act. Title XIX of the Act governs the federal Medicaid program.
3. Administrative Cost – All costs related to the administration of this Contract.
4. Adverse Action - Any action taken by the MCC to deny, reduce, terminate, delay or suspend a covered service as well as any other acts or omissions of the MCC which impair the quality, timeliness or availability of such benefits.
5. Appeal Procedure - The process to resolve an enrollee's right to contest verbally or in writing, any adverse action taken by the MCC to deny, reduce, terminate, delay, or suspend a covered service as well as any other acts or omissions of the MCC which impair the quality, timeliness or availability of such benefits. The appeal procedure shall be governed by TennCare rules 1200-13-12-.11, 1200-13-13-.11, 1200-13-14-.11 and any and all applicable court orders. Complaint shall mean an enrollee's right to contest any other action taken by the MCC or service provider other than those that meet the definition of an adverse action.
6. Balanced Budget Act (BBA) – A congressional law and a set of statutes that amends and modifies Medicaid regulations. The rules can be found in 42 CFR Part 438, Subparts A-J.
7. Baseline Assessment Tool (BAT) – Tool provided by the National Committee for Quality Assurance to complete and forward to the approved Health Employer Data and Information Set auditing firm as the initial step in the HEDIS audit.
8. Behavioral Health Services – Generally recognized and accepted mental health and substance abuse services.
9. Benefits - A schedule of health care services to be delivered to enrollees covered in the Contractor Risk Agreement.
10. Best Practice Guidelines—Guidelines for provision of health and behavioral health services to children in state custody.
11. Best Practice Network (BPN)—A group of Best Practice Providers.
12. Best Practice Provider (BPP)—A provider (primary care, behavioral health, or dental) who has been determined by the state to have the interest, commitment, and competence to provide appropriate care for children in state custody, in accordance with the Remedial Plan and statewide Best Practice Guidelines, and who has agreed to be in the MCO network.
13. Business Associate – A vendor as defined in 45 CFR 160.103 that provides a service or performs or assists in the performance of an activity, for or on behalf of the Covered Entity that involves the use or disclosure of protected health information (PHI). Any reference to Business Associate includes the Business Associate's employees, agents, officers, subcontractors, third party contractors, volunteers, or directors.
14. Case Manager - An organization or a provider responsible for supervising or coordinating the provision of initial and primary care to patients; for initiating and/or authorizing referrals for specialty care; and for monitoring the continuity of patient care services.
15. Center of Excellence for Children in or at Risk of State Custody - Tertiary care academic medicine center designated by the state as possessing, or being in a position to quickly develop, expertise in pediatrics, child behavioral health issues (including aggression, depression, attachment disorders and sexualized behaviors), and the unique health care needs of children in or at risk of state custody.
16. Center of Excellence for AIDS – Integrated networks designated by the State as able to provide a standardized and coordinated delivery system encompassing a range of services needed by TennCare eligibles with HIV disease.

17. CFR - Code of Federal Regulations.
18. Children At Risk of State Custody - Children who are determined to belong in one of the following two groups:
19. Children at imminent risk of entering custody - Children who are at risk of entering state custody as identified pursuant to TCA 37-5-103(10).
20. Children at serious risk of entering custody - Children whom DCS has identified as a result of a CPS referral; or children whose parents or guardians are considering voluntary surrender (who come to the attention of DCS); and who are highly likely to come into custody as a result of being unable to access behavioral health services.
21. Clean claim - A claim received by the MCO for adjudication, and which requires no further information, adjustment, or alteration by the provider of the services in order to be processed and paid by the MCO.
22. Clinical Practice Guidelines - Systematically developed tools that help practitioners make decisions about appropriate health care for specific clinical circumstances. Such guidelines are usually evidence-based. **See practice guidelines.**
23. CMS - Centers for Medicare & Medicaid Services [formerly Health Care Financing Administration (HCFA)].
24. Community Service Area - one (1) or more counties in a defined geographical area in which the MCC is authorized to enroll and serve TennCare members in exchange for a monthly capitation fee.
 - a. The following geographical areas shall constitute the twelve (12) Community Service Areas in Tennessee:
 - b. Northwest CSA - Lake, Obion, Weakley, Henry, Dyer, Crockett, Gibson, Carroll and Benton
 - c. Southwest CSA - Lauderdale, Haywood, Madison, Henderson, Decatur, Tipton, Fayette, Hardeman, Hardin, Chester and McNairy
 - d. Shelby CSA - Shelby County
 - e. Mid-Cumberland CSA - Stewart, Montgomery, Robertson, Sumner, Trousdale, Houston, Dickson, Cheatham, Wilson, Humphreys, Williamson and Rutherford
 - f. Davidson CSA - Davidson County
 - g. South Central CSA - Perry, Hickman, Maury, Marshall, Bedford, Coffee, Wayne, Lewis, Lawrence, Giles, Lincoln and Moore
 - h. Upper Cumberland CSA - Macon, Clay, Pickett, Smith, Jackson, Overton, Fentress, Dekalb, Putnam, Cumberland, White, Cannon, Warren and Van Buren
 - i. Southeast CSA - Franklin, Grundy, Sequatchie, Bledsoe, Rhea, Meigs, McMinn, Polk, Bradley and Marion
 - j. Hamilton CSA - Hamilton County
 - k. East Tennessee CSA - Scott, Campbell, Claiborne, Morgan, Anderson, Union, Grainger, Hamblen, Jefferson, Cocke, Sevier, Blount, Monroe, Loudon and Roane
 - l. Knox CSA - Knox County
 - m. First Tennessee CSA - Hancock, Hawkins, Sullivan, Greene, Washington, Unicoi, Carter and Johnson
25. Complaint – The process to resolve an enrollee’s right to contest any action taken by the MCC or service provider other than an adverse action. The MCC shall not treat anything as a complaint that falls within the definition of adverse action.
26. Consumer Assessment of Health Plans Study (CAHPS) - A set of standardized surveys that measure patient satisfaction with experience of care. CAHPS is sponsored by the Agency for Health Care Quality.
27. Contractor Risk Agreement (CRA) – The Agreement between the MCCs and TennCare that outlines TennCare Benefits, the scope of work, fiscal agreement, etc.
28. Covered Service - See Benefits.
29. Dental Benefits Manager (DBM) - An entity responsible for the provision and administration of dental services, as defined by TennCare.
30. Department of Children’s Services (DCS) – The state agency responsible for child protective services, foster care, adoption, programs for delinquent youth, probation,

- aftercare, treatment and rehabilitation programs for identified youth, and licensing for all child-welfare agencies, except for child (day) care agencies and child support.
31. DCS Custody Children - Children who have been identified by DCS as belonging in one of the following groups:
 - a. Children in the custody of DCS—Children in the legal and physical custody of DCS whose living arrangement is provided by DCS.
 - b. Children in the legal, but not physical, custody of DCS—Children who are in DCS’s legal custody but who reside with parents or guardians or other caretakers.
 32. DHHS - United States Department of Health and Human Services.
 33. Disenrollment - The discontinuance of a member's entitlement to receive covered services under the terms of this Contract, and deletion from the approved list of members furnished by TennCare to the MCC.
 34. Early and Periodic Screening Diagnosis and Treatment (EPSDT) - Federally required Program requiring Medicaid-eligible individuals under twenty-one (21) years of age be provided early and periodic screening, diagnostic and treatment services, involving a comprehensive process in which children and adolescents are screened for health deficiencies, diagnosed, and then treated to the extent that medically necessary services are covered.
 35. Eligible Person - Any person certified by TennCare as eligible to receive services and benefits under the TennCare Program.
 36. Emergency Medical Condition - A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in placing the health of the individual (or with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part.
 37. Enrollee - Any person who has enrolled in the MCC's plan in accordance with the provisions of this Contract. (See Member, also).
 38. Enrollee Month - A month of health care coverage for a TennCare eligible enrolled in an MCO plan.
 39. Enrollees with Special Health Care Needs – Enrollees with special health care needs shall refer to enrollees identified through the Department of Children’s Services (DCS).
 40. Enrollment - The process by which a person becomes a member of the MCC's plan.
 41. EQRO Systems - the technological environment, consisting, of but not limited to, all hardware, software, firmware, network connectivity, and documentation of such, that is utilized and necessary for the collection, creation, and maintenance of data associated with EQRO reporting responsibilities, and the creation and maintenance of reports necessary to meet the EQRO reporting responsibilities.
 42. Essential Hospital Services – Hospital services to which it is essential for an MCO to provide access. Essential Hospital services include, but are not limited to, neonatal, perinatal, pediatric, trauma and burn services.
 43. External Quality Review (EQR) - The review and evaluation by an External Quality Review Organization of information on quality, timeliness, and access to the health care and services that an MCO, or their contractor(s) furnish to Medicaid recipients.
 44. External Quality Review Organization (EQRO) - An organization that meets the competence and independence requirements set forth in 42 CFR § 438.354, and performs external quality review, and other EQR-related activities as set forth in 42 CFR § 438.358, or both.
 45. External Quality Review Protocols - A series of procedures or rules to monitor, measure, and document information on quality, timeliness, and access to the health care and services that an MCO or their contractors furnish to Medicaid recipients.
 46. Facility – Any premises (a) owned, leased, used or operated directly or indirectly by or for the MCC or its affiliates for purposes related to this Contract; or (b) maintained by a subcontractor or provider to provide services on behalf of the MCC.

47. Fee-for-Service - A method of making payment for health services based on a fee schedule that specifies payment for defined services.
48. Fixed Administrative Fee Payment - The fee which is paid by TennCare to a MCC for each enrollee covered under a plan for the administration of this Contract and arrangement of medical services, whether or not the enrollee utilizes services during the payment period.
49. FTE - Full time equivalent position.
50. Grand Region – A defined geographical region that include specified Community Service Areas in which a MCC is authorized to enroll and serve TennCare members in exchange for a monthly capitation fee. The following Community Service Areas constitute the three (3) Grand Regiesse:
51.

<u>East Grand Region</u>	<u>Middle Grand Region</u>	<u>West Grand Region</u>
First Tennessee	Upper Cumberland	Northwest
East Tennessee	Mid Cumberland	Southwest
Knox	Davidson	Shelby
Southeast Tennessee	South Central	
Hamilton		
52. Health Maintenance Organization (HMO) - An entity certified by the Department of Commerce and Insurance under applicable provisions of Tennessee Code Annotated (T.C.A.) Title 56, Chapter 32.
53. HEDIS – HealthCare Effectiveness Data and Information Set (HEDIS) – The most widely used set of performance measures used in the managed care industry, designed to allow reliable comparison of the performance of managed health care plans. HEDIS is developed and maintained by the National Committee for Quality Assurance.
54. HEDIS Compliance Audit - A comprehensive assessment by a HEDIS Certified Auditor using findings from the HEDIS Baseline Assessment Tool (BAT), from audits in prior years (if applicable) and the HEDIS logical measure groups to select a core set of measures from all MCO-reported measures. The auditor evaluates the core set of measures across all applicable domains described in the HEDIS specifications and extrapolates findings from the core set to all measures reported by the MCO.
55. HIPAA - Health Insurance Portability and Accountability Act of 1996, as codified at 42 USCA §1320d-d8
56. Home Health Services - Home health services are a mandatory benefit for individuals entitled to nursing facility services under the State's Medicaid plan. Services must be provided at a recipient's place of residence and must be ordered by a physician as part of a plan of care that the physician reviews every sixty days. Home health services must include nursing services, as defined in the State's Nurse Practice Act, that are provided on a part-time or intermittent basis by a home health agency, home health aide services provided by a home health agency, and medical supplies, equipment, and appliances suitable for use in the home. Physical therapy, occupational therapy, speech pathology, and audiology services are optional services States may choose to provide. To participate in the Medicaid program, a home health agency must meet the conditions of participation for Medicare.
57. Hospice - Services as described in Medicaid Rule 1200-13-10 and the Code of Federal Regulations 42 CFR Part 418 which are provided to terminally ill individuals who elect to receive hospice services provided by a certified hospice agency.
58. IRS - Drugs that are Identical, Related or Similar to LTE drugs.
59. Institutes for Mental Diseases (IMD) - In 1988, P.L. 100-360 defined an institution for mental diseases as a hospital, nursing facility, or other institution of more than 16 beds primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. This definition is in §1905(i) of the Act and in 42 CFR § 435.1009. The regulations also indicate that an institution is an IMD if its overall character is that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases.
60. Inter-rater Reliability – the ability of two individuals to review and analyze the same information and come up with substantially consistent results.
61. Key Personnel – Vendor staff being proposed to do the work under this proposal.

62. Long-term care – the services of one of the following: a nursing facility (NF); An Intermediate Care Facility for the Mentally Retarded (ICF/MR), or a Home and Community-Based Services (HCBS) waiver program. (Services provided under a HCBS waiver program are considered to be alternatives to long-term care)
63. LTE - Drugs that the Food and Drug Administration (FDA) considers to be Less Than Effective because there is a lack of substantial evidence of effectiveness for all labeled indications and for which there is no compelling justification for their medical need.
64. MCC – Managed Care Contractor. Collectively this refers to all entities contracted to provide care to TennCare enrollees, including the managed care organizations, behavioral health organizations, and dental benefit manager.
65. Managed Care Organization (“MCO”) - An HMO which participates in the TennCare program.
66. Marketing - Any activity conducted by or on behalf of the MCC where information regarding the services offered by the MCC is disseminated in order to persuade eligible persons to enroll or accept an application for enrollment in the MCC's plan operated pursuant to this Contract.
67. Market Area - One (1) or more community service areas in which the MCC is authorized, by terms of this Contract, to market eligible persons for enrollment in the MCC's plan.
68. Medical Loss Ratio – The percentage of capitation payment received from TennCare that is paid for medical expenses (covered medical services).
69. Medical Management Policies and Procedures – All policies and procedures related to the coordination and provision of services including, but not limited to:
 - a. Utilization Management policies and procedures, including prior authorization policies and procedures
 - b. Referral and Exemption Requirements
 - c. Out of Area or Out of Plan Use policies and procedures
 - d. Transplant policies and procedures established in accordance
 - e. Prescription Drug Formulary
 - f. Prenatal Care policies and procedures
 - g. Quality Monitoring/Quality Improvement Program
 - h. Management of Medical Care and Coordination of Care policies and procedures
70. Medical Record - A single complete record kept at the site of the member's treatment(s), which documents all of the treatment plans developed, medical services ordered for the member and medical services received by the member.
71. Medically Necessary – Defined by Tennessee Code Annotated, Section 71-5-144, and shall describe a medical item or service that meets the criteria set forth in that statute. The term “medically necessary,” as defined by TCA Section 71-5-144 applies to TennCare enrollees. Implementation of the term “medically necessary” is provided for in these rules, consistent with the statutory provisions, which control in case of ambiguity. No enrollee shall be entitled to receive and TennCare shall not be required to pay for any items or services that fail fully to satisfy all criteria of “medically necessary” items or services, as defined either in the statute or in the Medical Necessity rule chapter 1200-13-16.
72. Member - A person who enrolls in the MCC's plan under the provisions of this Contract with TennCare. (See Enrollee, also).
73. NAIC – National Association of Insurance Commissioners.
74. National Committee for Quality Assurance (NCQA) – A nonprofit organization committed to assessing, reporting on and improving the quality of care provided by organized delivery systems. Useful information on NCQA may be accessed at the NCQA website: www.ncqa.org
75. Non-TennCare Provider – A provider who is not enrolled in TennCare and who accepts no TennCare reimbursement for any service, including Medicare crossover payments.
76. OIG – The agency formed outside of TennCare to help prevent, identify and investigate fraud and abuse within the healthcare system, most notably the TennCare system.
77. Out-of-Plan Services - Services provided by a non-contract provider.

78. Performance Improvement Project (PIP) – Activities conducted by managed care organizations designed to improve the quality of care or services received by Medicaid managed care recipients.
79. Performance Indicators – A preset criteria which involve the recipient or provider and show the outcomes and impact level of Contract performance on specified sets of the population.
80. Pharmacy Benefits Manager (PBM) – An entity responsible for the provision and administration of pharmacy services.
81. Post-stabilization Care Services - Non-emergency services subsequent to an emergency that a treating physician views as medically necessary to maintain the stabilized condition after an emergency medical condition has been stabilized or to improve or resolve the enrollee's condition. An MCOs financial responsibility for post stabilization care services shall end when one of the following are met:
 - a. A plan physician with privileges at the treating hospital assumes responsibility for the enrollee's care
 - b. A plan physician assumes responsibility for the enrollee's care through transfer
 - c. An MCO representative and the treating physician reach an agreement concerning the enrollee's care
 - d. The enrollee is discharged.
82. Practice Guidelines – Systematically developed descriptive tools or standardized specifications for care to assist practitioner and patient decisions about appropriate health care for specific clinical circumstances. Practice guidelines are typically developed through a formal process and are based on authoritative sources that include clinical literature and expert consensus. Practice guidelines may also be called practice parameters, treatment protocols, clinical criteria, or clinical guidelines.
83. Presumptive Eligibility - Temporary eligibility granted to a pregnant woman whose family income is at or below a specified percentage of the federal poverty level in order for the woman to receive prenatal care services.
84. Primary Care Physician - A physician responsible for supervising, coordinating, and providing initial and primary care to patients; for initiating referrals for specialist care; and for maintaining the continuity of patient care. A primary care physician is a physician who has limited his practice of medicine to general practice or who is a Board Certified or Eligible Internist, Pediatrician, Obstetrician/Gynecologist, or Family Practitioner.
85. Primary Care Provider - A primary care physician or registered professional nurse or physician assistant practicing in accordance with state law who is responsible for supervising, coordinating, and providing initial and primary care to patients; for initiating referrals for specialist care; and for maintaining the continuity of patient care.
86. Primary Treatment Center (PTC)—A center developed by DCS for the purpose of providing short-term evaluation and treatment to children who have just come into custody, children already in state custody, children who have been released from state custody and who have been recommitted, and children who are at imminent risk of entering custody.
87. Prior Authorization - The act of authorizing specific services or activities before they are rendered or activities before they occur.
88. Privacy/Security Incident - Any use or disclosure that is not permitted under the Privacy and Security rules that compromises the protected health information (PHI) that poses a potential for significant risk of financial, reputational, or other harm to the enrollee as determined by TennCare.
89. Program Integrity – The Program Integrity unit is responsible for assisting with the prevention, identification and investigation of fraud and abuse within the health care system.
90. Protected Health Information (PHI) - information created or received by Business Associate from or on behalf of Covered Entity that relates to the provision of health care to an individual; the past, present, or future physical or mental health or condition of an individual; or past, present, or future payment for provision of health care to an individual. 45 CFR §160.103. PHI includes demographic information that identifies the individual or about which there is reasonable basis to believe, can be used to identify the individual.

45 CFR § 160.103. PHI is information transmitted or held in any form or medium. 45 CFR §160.103. PHI does not include education records covered by the Family Educational Rights and Privacy Act, as amended, 20 USCA §1232g(a)(4)(B)(iv).

91. Provider - An appropriately licensed institution, facility, agency, person, corporation, partnership, or association that delivers health care services. Providers are categorized as either TennCare Providers or Non-TennCare Providers. TennCare Providers may be further categorized as being one of the following:
 - a. Participating Providers or In-Network Providers;
 - b. Non-Participating Providers or Out-of-Network Providers
 - c. Out-of-State Emergency Providers
92. Provider Agreement - An agreement between an MCO and a provider or an MCO's subcontractor and a provider of health care services which describes the conditions under which the provider agrees to furnish covered services to the MCO's members.
93. Quality Assurance (QA) - A formal set of activities to review and affect the quality of services provided. Quality assurance includes quality assessment and corrective actions to remedy any deficiencies identified in the quality of direct patient, administrative and support services.
94. Quality Improvement (QI) - The effort to assess and improve the performance of a program or organization. Quality Improvement includes quality assessment and implementation of corrective actions to address any deficiencies identified. The ongoing process of responding to data gathered through quality monitoring efforts, in such a way as to improve the quality of health care delivered to individuals. This process necessarily involves follow-up studies of the measures taken to effect change in order to demonstrate that the desired change has occurred.
95. Quality Monitoring (QM) - The ongoing process of assuring that the delivery of health care is appropriate, timely, accessible, available, and medically necessary and in keeping with established guidelines and standards and reflective of the current state of medical knowledge.
96. Remedial Plan for Children in Custody—The Agreed Order entered into by the state to insure the proper coordination and delivery of health services for children in custody, pursuant to the EPSDT mandate of the Medicaid Act and in accordance with the EPSDT Consent Decree.
97. Routine Care - Non urgent medical care such as screenings, immunizations, or health assessments.
98. Seriously Emotionally Disturbed (SED) - This determination can only be made by a qualified provider on behalf of a minor child.
99. Serious Mental Illness (SMI) - This determination can only be made by a qualified provider on behalf of an adult.
100. Service Location - Any location at which an enrollee obtains any health care service covered by the MCC pursuant to the terms of this Contract.
101. Service Site - The locations designated by the MCC at which members shall receive primary care provider and preventive services.
102. Shall - Indicates a mandatory requirement or a condition to be met.
103. Specialty Services - Includes Essential Hospital Services, services provided by a Center of Excellence, and specialty physician services.
104. State - State of Tennessee.
105. State Plan - The State Plan is a comprehensive statement submitted by the state Medicaid agency describing the nature and scope of its program and giving assurance that it will be administered in conformity with the specific requirements stipulated in the pertinent title of the Act, and other applicable official issuances of the Department of Health and Human Services (HHS). The State Plan contains all information necessary for the Department to determine whether the plan can be approved, as a basis for Federal Financial Participation (FFP) in the State program.

The State Plan consists of written documents furnished by the State to cover each of its programs under the Act including the medical assistance program (Title XIX). After approval of the original plan by HHS, all relevant changes, required by new statutes, rules, regulations, interpretations, and court decisions, are required to be submitted

currently so HHS may determine whether the plan continues to meet federal requirements and policies. Determinations regarding State Plans (including plan amendments and administrative practice under the plans) originally meet, or continue to meet, the requirements for approval based on relevant federal statutes and regulations. (may be accessed from the TennCare website <http://www.tn.gov/tenncare/>)

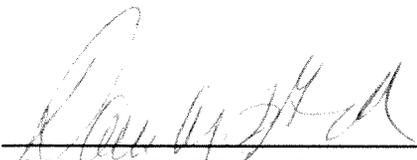
106. Subcontract - An agreement entered into by the Contractor with any other organization or person who agrees to perform any administrative function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to TennCare under the terms of this Contract, when the intent of such an agreement is to delegate the responsibility for any major service or group of services required by the TennCare/Contractor Contract. This shall also include any and all agreements between any and all subcontractors for the purposes related to securing or fulfilling the Contractor's obligations to TennCare under the terms of this Contract.
107. Subcontractor - Any organization or person who provides any function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to TennCare under the terms of this Contract.
108. TennCare - The State of Tennessee and any entity authorized by statute or otherwise to act on behalf of the State of Tennessee in administering and/or enforcing the terms of this Contract. Such entity(s) may include, but are not limited to, the TennCare Bureau, the Department of Health, the Department of Finance and Administration, the Department of Mental Health and Mental Retardation, the TennCare Division within the Tennessee Department of Commerce and Insurance and the Tennessee Bureau of Investigation, Medicaid Fraud Control Unit.
109. TennCare Medicaid Enrollee - An enrollee who qualifies and has been determined eligible for benefits in the TennCare program through Medicaid eligibility criteria as described in the Medicaid/TennCare Rules and Regulations.
110. TennCare Provider - A provider who accepts as payment in full for furnishing benefits to a TennCare enrollee, the amounts paid pursuant to an approved agreement with an MCC or TennCare. Such payment may include copayments from the enrollee or the enrollee's responsible party. Except in the case of Out-of-State Emergency Providers, a TennCare provider must be enrolled with TennCare. TennCare providers must abide by all TennCare rules and regulations, including the rules regarding provider billing of patients as found in Rule 1200-13-13.08. TennCare Providers must be appropriately licensed for the services they deliver and must not be providers who have been excluded from participation in Medicare or Medicaid.
111. TennCare Standard Enrollee - an enrollee who qualifies and has been determined eligible for benefits in the TennCare program through eligibility criteria designated as "TennCare Standard" as described in the February 12, 2002 TennCare Program Design and Waiver Modifications as submitted to CMS and the TennCare Rules and Regulations. (This eligibility category is scheduled to be disenrolled as part of the proposed TennCare Reform.
112. Tennessee Bureau of Investigation, Medicaid Fraud Control Unit (TBI MFCU) - The State agency responsible for the investigation of provider fraud and abuse in the State Medicaid Program.
113. Tennessee Department of Mental Health and Developmental Disabilities ("TDMHDD") - The State agency having the statutory authority to provide care for persons with mental illness and persons with developmental disabilities. For the purposes of this Contract, TDMHDD shall mean the State of Tennessee and any entity authorized by statute or otherwise to act on behalf of the State of Tennessee in administering and/or enforcing the terms of this Contract.
114. Third Party Resource - Any entity or funding source other than the enrollee or his/her responsible party, which is or may be liable to pay for all or part of the cost of medical care of the enrollee.
115. Third Party Liability (TPL) - Any amount due for all or part of the cost of medical care from a third party.
116. Urgent Care - Any request for medical care or treatment with respect to which the application of the time periods for making non-urgent care determinations:

- a. Could seriously jeopardize the life or health of the member or the member's ability to regain maximum function, based on a prudent layperson's judgment, or
 - b. In the opinion of a practitioner with knowledge of the member's medical condition, would subject the member to severe pain that cannot be adequately managed without the care or treatment that is the subject of the request.
117. Vital MCC Documents – Consent forms and notices pertaining to the reduction, denial, delay, suspension or termination of services. All vital documents must be available in Spanish.

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-11-33154-00
CONTRACTOR LEGAL ENTITY NAME:	QSource
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	620924699

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



CONTRACTOR SIGNATURE

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

Dawn M. Fitzgerald, Chief Executive Officer

PRINTED NAME AND TITLE OF SIGNATORY

8/20/2010

DATE OF ATTESTATION

ATTACHMENT C

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

In addition to the specific liquidated damages listed below, TennCare shall have the right to assess a general liquidated damages claim of five hundred dollars (\$500) per calendar day for each day that the Contractor fails to comply with the provisions and requirements of this Contract. The damage that may be assessed shall be \$500 per calendar day for each separate failure to comply with the Contract.

Performance Area	Definition	Penalty
<p>A. Contractor shall provide and maintain an administrative structure, including personnel of sufficient background, training, size, scope and authority to perform its contractual responsibilities to the satisfaction of the State. (A.7)</p>	<p>Failure to notify the State (i) on the day the Transition Phase begins, (ii) the day the Operation and Maintenance Phase begins and (iii) when the Turnover Phase begins of the number of staffing/FTEs/man hours for those personnel assigned to the project.</p> <p>Failure to maintain the required the number of staffing/FTEs/man hours for those personnel assigned to the project (during each applicable Phase of the project) for more than thirty (30) days at a time.</p> <p>Failure to notify the State of staffing changes, including changes in Key Personnel , as required in the contract.</p>	<p>\$250.00 per State business day for each day such notifications are late or deficient,</p> <p>\$250.00 for each vacant personnel position per calendar day for each day beyond the 30th day following the day on which such personnel vacancy occurred that the Contractor fails to adequately fill each vacancy.</p> <p>\$250.00 per State business day for each staffing change for each day such notifications are late or deficient,</p>
<p>B. Contractor shall annually submit the proposed survey tool(s) for the Annual Quality</p>	<p>Due Date for annual submission of proposed survey tool to State shall be</p>	<p>\$500.00 per State business day for each day such</p>

Performance Area	Definition	Penalty
Survey of the MCCs to the State (A.8.a.)	January 31 st .	survey tool submission is late or deficient,
C. Contractor shall annually present the proposed schedule for the MCC Annual Quality Surveys to the State for approval (A.8.b.)	Schedule defining the dates established (agreed to by the MCC) for the on-site Annual Quality Survey of each MCC shall be submitted to the State annually by March 2 nd .	\$500.00 per calendar day for each day such schedule is late or deficient,
D. Contractor shall perform an Annual Quality Survey of each MCC to determine contractual compliance, and compliance with current industry, Federal, and State requirements for Medicaid managed care. Contractor shall prepare a written report of findings which shall be delivered to the State. (A.8.b. and A.8.e.)	Completion of Annual Quality Survey and submission of draft and final reports to the State thirty (30) and sixty (60) days, respectively, from the last day of the onsite review of each MCC. The State will use the established review schedule submitted for each MCC unless additional information is provided.	\$500.00 per State business day for each day that each report is late or deficient.
E. Contractor shall perform an annual assessment of each MCC's compliance with the Early and Periodic Screening Diagnosis and Treatment (TENnderCARE EPSDT) requirements as defined in the Contractor Risk Agreement and the John B Consent Decree and shall prepare and submit a report thereof. (A.10)	Completion of the annual MCC EPSDT assessment and submission of MCC specific EPSDT report to the State. The draft report shall be submitted annually by July 15 th . The final report shall be submitted annually by August 15 th .	\$500.00 per State business day for each day that each report is late or deficient.
F. Contractor shall perform an annual assessment of each MCC's network adequacy and submit reports thereof to the appropriate State agencies. Contractor shall establish a procedure to verify that each MCC is delivering the health benefits required by the Contractor Risk Agreement within the required time frames and that each MCC has an adequate provider network to ensure the effective and efficient delivery of healthcare services to TennCare enrollees and submit a report thereof.	MCC specific reports shall be submitted to the appropriate State agencies annually by June 1 st detailing findings of network adequacy assessment.	\$500.00 per State business day for each day that each report is late or deficient.

Performance Area	Definition	Penalty
(A.10.c. and A.33)		
G. Contractor shall perform a quarterly validation of the accuracy of the provider information reported by the MCCs and submit a report thereof. (A.12 and A.34)	Report of the findings of the quarterly telephonic survey shall be submitted to the State by the last day of each calendar quarter.	\$500.00 per State business day for each day that each report is late or deficient.
H. Contractor shall prepare an annual comparative analysis of HEDIS and CAHPS results using audited data submitted to TennCare by each MCC and submit a report thereof. (A.13 and A.35)	Comprehensive Report comparing the HEDIS and CAHPS results for the MCCs shall be submitted to the State annually by August 15 th .	\$500.00 per State business day for each day that the Comprehensive Report is late or deficient.
I. Contractor shall complete an annual review and evaluation of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations and submit a report thereof. (A.14)	Report of the findings from a review of each MCC's Quality Improvement Program Descriptions, Utilization Management Program Descriptions, associated Work Plans and Annual Evaluations shall be submitted to the State annually by May 15 th .	\$500.00 per State business day for each day that each report is late or deficient.
J. Contractor shall perform a validation of Performance Improvement Projects (PIPS) and submit a report thereof. (A.15 and A.36)	Submission of MCO/BHO specific report validating the Performance Improvement Projects (PIPs) shall be submitted to the State annually by September 1 st .	\$500.00 per State business day for each day that each report is late or deficient.
K. Contractor shall perform a validation of MCC performance measures annually and submit a report thereof. (A.16 and A.37)	Report of validation of performance measures for each MCO/BHO shall be submitted to the State annually by September 1 st .	\$500.00 per State business day for each day that each report is late or deficient
L. Annual Technical Report completed and report submitted to the State. (A.38)	Report includes all mandatory EQR activities and any optional activities selected by the State due annually by August 15 th .	\$500.00 per State business day for each day that each report is late or deficient.
M. Annual Cost Allocation Plan (A.22)	Report to support claim for Federal Financial Participation. Contractor must be able to provide documentation to support wages, benefits, and other expenditure items shall be submitted to the State annually by October 15th.	\$500.00 per State business day for each day report is late or deficient.
N. Ad hoc Reports as requested by the State (A.40)	The State and the Contractor shall mutually agree upon the due date for each ad hoc report requested.	\$500.00 per State business day for each day that each report is late or deficient.

Performance Area	Definition	Penalty
O. Failure to comply with Offer of Gratuities constraints (E.21)	As defined in Contract.	110% of the total benefit provided by the Contractor to inappropriate individuals and possible termination for Breach as described in this Contract.
P. Failure to submit a timely and complete comprehensive work and staffing plan(s) as required in A.5.	As defined in Contract	\$500 per calendar day for each plan until complete plan(s) are accepted by TennCare
Q. Key Personnel as listed in A. must be replaced within thirty (30) days of departure of existing staff, unless an exception is granted in writing by TennCare as required in A.44.c.	As defined in Contract	\$500.00 for each vacant Key Personnel position per calendar day for each day beyond the 30 th day following the day on which such Key Personnel vacancy occurred that the Contractor fails to adequately fill each Key Personnel vacancy
R. Failure of provide full time Key Personnel to be available on site in Nashville, TN on September 1, 2010 to receive documents, software, and orientation from previous EQRO Contractor. (A.4)	As defined in Contract	\$500 per calendar day after September 1, 2010 for each day Key Personnel fails to be available for receipt of documentation from previous contractor.
S. Failure to comply with HIPAA and HITECH Rules resulting in an unauthorized disclosure of PHI. (E.8.)	As required under special term and conditions.	Up to \$50,000 per incident.
T. Failure to have adequate Privacy and Security Safeguards and Policies (E.8)	As required under special term and conditions.	Up to \$25,000.00
U. Failure to timely report violations in use and Disclosure of PHI (E.8)	As required under special term and conditions.	\$500.00 per day until cured.
V. Failure to timely report Privacy/Security incidents. (E.8)	As required under special term and conditions.	\$500.00 per day until cured.

PERFORMANCE BOND

PERFORMANCE BOND

The Surety Company issuing bond shall be licensed to transact business in the State of Tennessee by the Tennessee Department of Commerce and Insurance. Bonds shall be certified and current Power-of-Attorney for the Surety's Attorney-in-Fact attached.

KNOW ALL BY THESE PRESENTS:
That we,

(Name of Principal)

(Address of Principal)
as Principal, hereinafter called the Principal, and

(Name of Surety)

(Address of Surety)
as Surety, hereinafter call the Surety, do hereby acknowledge ourselves indebted and securely bound and held unto the State of Tennessee as Obligee, hereinafter called the Obligee, and in the penal sum of

Two Million Dollars (\$2,000,000.00)
good and lawful money of the United States of America, for the use and benefit of those entitled thereto, for the payment of which, well and truly to be made, we bind ourselves, our heirs, our administrators, executors, successors, and assigns, jointly and severally, firmly by these presents.
BUT THE CONDITION OF THE FOREGOING OBLIGATION OR BOND IS THIS:
WHEREAS, the Obligee has engaged the Principal for a sum not to exceed

(Contract Maximum Liability)
to complete Work detailed in the Scope of Services detailed in the State of Tennessee Request for Proposals bearing the RFP Number:

RFP NUMBER 31865-00323
a copy of which said Request for Proposals and the resulting Contract are by reference hereby made a part hereof, as fully and to the same extent as if copied at length herein.
NOW, THEREFORE, if the Principal shall fully and faithfully perform all undertakings and obligations under the Contract hereinbefore referred to and shall fully indemnify and hold harmless the Obligee from all costs and damage whatsoever which it may suffer by reason of any failure on the part of the Principal to do so, and shall fully reimburse and repay the Obligee any and all outlay and expense which it may incur in making good any such default, and shall fully pay for all of the labor, material, and Work used by the Principal and any immediate or remote subcontractor or furnisher of material under the Principal in the performance of said Contract, in lawful money of the United States of America, as the same shall become due, then this obligation or bond shall be null and void, otherwise to remain in full force and effect.
AND for value received, it is hereby stipulated and agreed that no change, extension of time, alteration, or addition to the terms of the Contract or the Work to be performed there under or the specifications accompanying the same shall in any wise affect the obligation under this bond, and notice is hereby waived of any such change, extension of time, alteration, or addition to the terms of the Contract or the Work or the specifications.
IN WITNESS WHEREOF the Principal has hereunto affixed its signature and Surety has hereunto caused to be affixed its corporate signature and seal, by its duly authorized officers, on this

_____ day of _____ , _____ .
WITNESS:

(Name of Principal)

(Name of Surety)

(Authorized Signature of Principal)

(Signature of Attorney-in-Fact)

(Name of Signatory)

(Name of Attorney-in-Fact)

(Title of Signatory)

(Tennessee License Number of Surety)

PERFORMANCE BOND

PERFORMANCE BOND

Bond #41255840

The Surety Company issuing bond shall be licensed to transact business in the State of Tennessee by the Tennessee Department of Commerce and Insurance. Bonds shall be certified and current Power-of-Attorney for the Surety's Attorney-in-Fact attached.

KNOW ALL BY THESE PRESENTS:

That we,

Qsource

(Name of Principal)

3340 Players Club Parkway, Ste 300, Memphis, TN 38125

(Address of Principal)

as Principal, hereinafter called the Principal, and
Platte River Insurance Company

(Name of Surety)

1600 Aspen Commons, Middleton, WI 53563

(Address of Surety)

as Surety, hereinafter call the Surety, do hereby acknowledge ourselves indebted and securely bound and held unto the State of Tennessee as Oblige, hereinafter called the Oblige, and in the penal sum of

Two Million Dollars (\$2,000,000.00)

good and lawful money of the United States of America, for the use and benefit of those entitled thereto, for the payment of which, well and truly to be made, we bind ourselves, our heirs, our administrators, executors, successors, and assigns, jointly and severally, firmly by these presents.

BUT THE CONDITION OF THE FOREGOING OBLIGATION OR BOND IS THIS:

WHEREAS, the Oblige has engaged the Principal for a sum not to exceed

Two Million Dollars (\$2,000,000.00***)

(Contract Maximum Liability)

to complete Work detailed in the Scope of Services detailed in the State of Tennessee Request for Proposals bearing the RFP Number:

RFP NUMBER 31865-00323

a copy of which said Request for Proposals and the resulting Contract are by reference hereby made a part hereof, as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, if the Principal shall fully and faithfully perform all undertakings and obligations under the Contract hereinbefore referred to and shall fully indemnify and hold harmless the Oblige from all costs and damage whatsoever which it may suffer by reason of any failure on the part of the Principal to do so, and shall fully reimburse and repay the Oblige any and all outlay and expense which it may incur in making good any such default, and shall fully pay for all of the labor, material, and Work used by the Principal and any immediate or remote subcontractor or furnisher of material under the Principal in the performance of said Contract, in lawful money of the United States of America, as the same shall become due, then this obligation or bond shall be null and void, otherwise to remain in full force and effect.

AND for value received, it is hereby stipulated and agreed that no change, extension of time, alteration, or addition to the terms of the Contract or the Work to be performed there under or the specifications accompanying the same shall in any wise affect the obligation under this bond, and notice is hereby waived of any such change, extension of time, alteration, or addition to the terms of the Contract or the Work or the specifications.

IN WITNESS WHEREOF the Principal has hereunto affixed its signature and Surety has hereunto caused to be affixed its corporate signature and seal, by its duly authorized officers, on this

1st day of October, 2012
WITNESS:

Q Source Center for Healthcare Quality
(Name of Principal)

[Handwritten Signature]
(Authorized Signature of Principal)

Dawn M. Fitzgerald
(Name of Signatory)

CEO
(Title of Signatory)

Platte River Insurance Company
(Name of Surety)

[Handwritten Signature]
(Signature of Attorney-in-Fact)

B. Doyle Campbell
(Name of Attorney-in-Fact)

License #18619
(Tennessee License Number of Surety)

Although this is a three (3) year contract, the bond shall cover the term of one (1) year beginning October 1, 2012 and ending September 30, 2013, with the surety retaining the right of review for any subsequent years prior to renewal of any subsequent year(s).

PLATTE RIVER INSURANCE COMPANY
POWER OF ATTORNEY

41255840

KNOW ALL MEN BY THESE PRESENTS, That the PLATTE RIVER INSURANCE COMPANY, a corporation of the State of Nebraska, having its principal offices in the City of Middleton, Wisconsin, does make, constitute and appoint

-----B. DOYLE CAMPBELL-----

its true and lawful Attorney(s)-in-fact, to make, execute, seal and deliver for and on its behalf, as surety, and as its act and deed, any and all bonds, undertakings and contracts of suretyship, provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed in amount the sum of

-----ALL WRITTEN INSTRUMENTS IN AN AMOUNT NOT TO EXCEED: \$5,000,000.00-----

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of PLATTE RIVER INSURANCE COMPANY at a meeting duly called and held on the 8th day of January, 2002.

“RESOLVED, that the President, and Vice-President, the Secretary or Treasurer, acting individually or otherwise, be and they hereby are granted the power and authorization to appoint by a Power of Attorney for the purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more vice-presidents, assistant secretaries and attorney(s)-in-fact, each appointee to have the powers and duties usual to such offices to the business of the Corporation; the signature of such officers and the seal of the Corporation may be affixed to such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Corporation in the future with respect to any bond or undertaking or other writing obligatory in the nature thereof to which it is attached. Any such appointment may be revoked, for cause, or without cause, by any of said officers, at any time.”

IN WITNESS WHEREOF, the PLATTE RIVER INSURANCE COMPANY has caused these presents to be signed by its officer undersigned and its corporate seal to be hereto affixed duly attested, this 2nd day of May, 2011.

Attest:

Richard W. Allen III
President
Surety & Fidelity Operations



PLATTE RIVER INSURANCE COMPANY

David F. Pauly
CEO & President

STATE OF WISCONSIN } S.S.:
COUNTY OF DANE

On the 2nd day of May, 2011 before me personally came David F. Pauly, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Dane, State of Wisconsin; that he is President of PLATTE RIVER INSURANCE COMPANY, the corporation described herein and which executed the above instrument; that he knows the seal of the said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.



CERTIFICATE

Daniel W. Krueger
Notary Public, Dane Co., WI
My Commission Is Permanent

STATE OF WISCONSIN } S.S.:
COUNTY OF DANE

I, the undersigned, duly elected to the office stated below, now the incumbent in PLATTE RIVER INSURANCE COMPANY, a Nebraska Corporation, authorized to make this certificate, DO HEREBY CERTIFY that the foregoing attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolution of the Board of Directors, set forth in the Power of Attorney is now in force.

Signed and sealed at the City of Middleton, State of Wisconsin this 1st day of October, 2012



Alan S. Ogilvie
Secretary

THIS DOCUMENT IS NOT VALID UNLESS PRINTED ON GREEN SHADED BACKGROUND WITH A RED SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER. IF YOU HAVE ANY QUESTIONS CONCERNING THE AUTHENTICITY OF THIS DOCUMENT CALL 800-475-4450.