TN Division of TennCare

April 25, 2018

Ms. Krista Lee, Executive Director
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

RE: TennCare Amendments (6) for Fiscal Review Consideration

Dear Ms. Lee:

The Department of Finance and Administration, Division of TennCare, is submitting for consideration by the Fiscal Review Committee the following four (4) Managed Care Organization (MCO) amendments, one (1) service contract amendment, and (1) purchase of software license.

(1) AMERIGROUP Tennessee, Inc. (Edison # 40180, amendment #8)
(2) UnitedHealthcare Plan of the River Valley, d/b/a UnitedHealthcare Community Plan (Edison # 40181, amendment #8)
(3) Volunteer State Health Plan, Inc. d/b/a Blue Care Tennessee (Edison # 40197, amendment #8)
(4) Volunteer State Health Plan, TennCare Select (Edison # 29635, Amendment #43)

These managed care contracts are being amended to provide relative changes to the managed care program including: (1) addition of Dignity of Risk and Supported Decision-Making requirements to PCSP development process; (2) incorporates 21st Century Cures Act requirements for EVV System; (3 addition of language for initiation of services requirements as requested by MCOs; (4) language clarification regarding 1915c HCBS Waiver transfers; (5) addition of Change of Ownership (CHOW) process requirements for ECF CHOICES Providers and CLS/CLS-FM Providers; (6) clarification on when critical incidents and reportable events 24-hour reporting timeframe begins; (7) provide access standards for Opioid Use Disorder; (8) include travel time access in accordance with Managed Care Regulations; (9) extends Contract Term and increase maximum liability to cover term extension; (10) updates Cap Rate to reflect current rates, (does not apply to VSHP Select) and (11) contract housekeeping (Definitions, Reporting, etc,).

(5) Cognosante Consulting, LLC (Edison # NV3-37266, amendment #4) - This competitively procured contract is for the provision of Independent Validation and Verification (IV&V) services for the Medicaid Modernization Program. The purpose of this contract amendment is to provide term extension pursuant to approved Rule Exception Request #cy17-8451 and funding to support this extended period of time. The continuation of this contract is crucial to the continuation of IV&V support through the current TennCare Eligibility Determination System (TEDS) implementation. Additionally, this term extension will align with the Medicaid Management Information System (MMIS) modularization, and strategic HITECH Initiatives.

TN Division of TennCare

IV&V's direct project participation and oversight has been expanded and is required by CMS to allow TennCare to qualify for enhanced funding for the aforementioned system implementation areas.

(6) Serena Software, Inc. (Edison #53052, amendment #1) - This contract between TennCare and Serena Software was created to provide maintenance services for several different types of Serena-issued licenses purchased by the State prior to the contract. At the time of procurement for these maintenance services there was no indication that any additional licenses would be needed in the future. Due to the growth within TennCare, the need for additional licenses has been re-evaluated. The amendment of this purchase contract will provide the option to purchase new licenses on contract in the future, along with maintenance to support each license.

TennCare respectfully submits the above referenced contract amendments for consideration and approval by the Fiscal Review Committee. We look forward to promptly providing any additional information as may be requested by the Committee.

Sincerely,

William Aaron
Chief Financial Officer

cc: Wendy Long, M.D., Deputy Commissioner

cy18-10785

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED	
Kevin C. Bartels for Michael F. Perry	Digitally signed by Kevin C. Bartels for Michael F. Perry DN: cn=Kevin C. Bartels for Michael F. Perry, o=CPO, ou, email=Kevin.C.Bartels@tn.gov, c=US Date: 2018.04.16 13:37:35 -05'00'
CHIEF PROCUREMENT OFFICER	DATE

Agency request tracking #	**31865-00352**
1. Procuring Agency	**Department of Finance and Administration Division of Health Care Finance and Administration**
2. Contractor	**Cognosante, LLC**
3. Edison contract ID #	**NV3-37266**
4. Proposed amendment #	**4**
5. Contract's Effective Date	**July 1, 2013**
6. Current end date	**June 30, 2018**
7. Proposed end date	**June 30, 2019**
8. Current Maximum Liability or Estimated Liability	**$27,947,998.68**
9. Proposed Maximum Liability or Estimated Liability	**$43,536,909.99**
10. Office for Information Resources Pre-Approval Endorsement Request *– information technology service (N/A to THDA)*	**x Not Applicable** ☐ **Attached**
11. eHealth Pre-Approval Endorsement Request *– health-related professional, pharmaceutical, laboratory, or imaging*	**x Not Applicable** ☐ **Attached**
12. Human Resources Pre-Approval Endorsement Request *– state employee training service*	**x Not Applicable** ☐ **Attached**

13. Explain why the proposed amendment is needed

Contract # 37266 is a competitively procured contract with Cognosante Consulting LLC for the provision of Independent Validation and Verification (IV&V) services for the Medicaid Modernization Program. The purpose of this contract amendment is to provide term extension pursuant to approved Rule Exception Request #cy17-8451 and funding to support this extended period of time. The continuation of this contract is crucial to the continuation of IV&V support through the current TennCare Eligibility Determination System (TEDS) implementation. Additionally, this term extension will align with the Medicaid Management Information System (MMIS) modularization, and strategic HITECH Initiatives.

Agency request tracking #	31865-00352

IV&V's direct project participation and oversight has been expanded and is required by CMS to allow TennCare to qualify for enhanced funding for the aforementioned system implementation areas.

The TEDS project has a very aggressive timeframe and is mandated by federal requirements. Furthermore, Tennessee has been selected by CMS to participate as the first state in the nation for a pilot roll-out of the new Medicaid Eligibility and Enrollment Systems Review Process and respective toolkit. The IV&V vendor is required by CMS to provide the first review, assessment of the artifacts, and recommendation to CMS prior to TennCare's engagement for CMS review. Successful completion of these milestones is required in order to continue receiving enhanced funding.

TennCare is currently implementing several large HITECH strategic initiatives which will require consistent IV&V participation and oversight. These initiatives will provide for more effective Care Coordination, Quality of Care measurements, and the systems which support the quest for achievement of Meaningful Use in accordance with the Electronic Health Record Incentive Program.

CMS has provided recent guidance encouraging states to modularize their MMIS, by breaking them down into smaller components or "modules" to encourage more marketplace competition. Each module will be certified using the CMS MECT 2.1 tool kit, which outlines increased responsibilities for IV&V as previously described. This extension also aligns with federal enhanced funding requirements to advance the capability level of the MITA 3.0 Maturity Module Framework through key projects such as: Identity Access Management, Master Data Management, Payment Reform Reporting, further modularization of targeted MMIS functionality, and Service-Oriented Architecture enablement for MMIS. This extension will also allow IV&V oversight for federal mandates, such as the Transformed Medicaid Statistical Information System (T-MSIS), the new Social Security Number Removal Initiative (SSNRI), as well as continuing phases of CAQH core projects.

Continuing with Cognosante as the IV&V vendor will allow TennCare to concentrate its resources without interruption on the implementation of the TEDS, MMIS Modularization, Federally Mandated initiatives, and other strategic HITECH initiatives. These initiatives are critical to strategic system implementations, as required for continued enhanced CMS funding, in addition to ensuring that the other projects are in alignment with CMS requirements for enhanced 90/10 and 75/25 funding. This contract will be paid according to established rates and qualifies for an enhanced funding match at 90 federal/10 state.

14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract.

N/A

Signature of Agency head or authorized designee, title of signatory, and date (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)

4/13/18

CONTRACT AMENDMENT COVER SHEET

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00352	NV3 --- 37266		04

Contractor Legal Entity Name	Edison Vendor ID
Cognosante Consulting LLC	0000197686

Amendment Purpose & Effect(s)
Increases Maximum Liability and Extends Term for One Year

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** June 30, 2019

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$ 15,588,911.31**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$213,103.09	$1,917,927.79			$2,131,030.88
2016	$450,217.06	$4,051,953.50			$4,502,170.56
2017	$727,026.00	$6,543,230.00			$7,270,256.00
2018	$1,280,525.57	$11,524,730.11			$12,805,255.68
2019	$1,558,891.13	$14,030,020.18			$15,588,911.31
TOTAL:	**$4,353,691.41**	**$39,183,218.58**			**$43,536,909.99**

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

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

Speed Chart (optional)	Account Code (optional)
TN00000396	

CPO USE

CONTRACT AMENDMENT #4
TO # NV#3--37266
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF TENNCARE
AND
COGNOSANTE CONSULTING, LLC

This Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division TennCare, hereinafter referred to as the "State" or "TennCare" and Cognosante Consulting, LLC, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

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

   B.1. This Contract shall be effective for the period beginning July 1, 2013 and ending on June 30, 2019. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

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 Forty-Three Million Five Hundred Thirty-Six Thousand Nine Hundred Nine Thousand Dollars and Ninety-Nine Cents ($43,536,909.99). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

Amendment Effective Date. The revisions set forth herein shall be effective June 30, 2018. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

COGNOSANTE CONSULTING, LLC.:

SIGNATURE **DATE**

Thomas Rabung, Vice President, Contracts

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF TENNCARE

Larry B. Martin, Commissioner **DATE**

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Alma Chilton	*Contact Phone:	615-507-6384
*Presenter's name(s):	William Aaron		
Edison Contract Number: *(if applicable)*	NV2-37266	RFS Number: *(if applicable)*	31865-00352
*Original or Proposed Contract Begin Date:	July 1, 2013	*Current or Proposed End Date:	June 30, 2017
Current Request Amendment Number: *(if applicable)*	4		
Proposed Amendment Effective Date: *(if applicable)*	June 30, 2018		
*Department Submitting:	Department of Finance & Administration		
*Division:	Division of TennCare		
*Date Submitted:	April 26, 2018		
*Submitted Within Sixty (60) days:	Yes		
If not, explain:			
*Contract Vendor Name:	Cognosante, LLC		
*Current or Proposed Maximum Liability:	$27,947,998.68		
*Estimated Total Spend for Commodities:	N/A		

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

FY: 2014	FY: 2015	FY: 2016	FY: 2017	FY: 2018	FY
$1,239,285.56	$2,131,030.88	$4,502,170.56	$7,270,743.00	$12,805,255.68	$

*Current Total Expenditures by Fiscal Year of Contract:

(attach backup documentation from Edison)

FY: 2014	FY: 2015	FY:2016	FY: 2017	FY: 2018	FY
$1,208,568.59	$2,057,412.32	$4,298,763.27	$7,381,518.58	$ 7,228,507.49 **(thru 2/2018)**	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	N/A
IF Contract Expenditures exceeded Contract Allocation, please give the	N/A

Supplemental Documentation Required for Fiscal Review Committee

reasons and explain how funding was acquired to pay the overage:			
*Contract Funding Source/Amount:			
State:	$2,794,800.28	Federal:	$25,153,198.40
Interdepartmental:		*Other*:	
If "*other*" please define:			
If "*interdepartmental*" please define:			

Dates of All Previous Amendments or Revisions: *(if applicable)*	Brief Description of Actions in Previous Amendments or Revisions: *(if applicable)*
March, 2015 – Amendment #1	Updated scope to include increased expertise for Medicaid and Eligibility IV&V and funding to support increased expertise.
May, 2016 – Amendment #2	Updated scope of provide CMS required sections, extended term option, and included funds to support extension.
June, 2017 – Amendment #3	Updated scope to provide CMS required sections, extended term option, and included funds to support extension. Per RER #cy17-8451 received approval to extend contract term beyond standard five (5) year term and reflected total term extension option in contract language.

Method of Original Award: *(if applicable)*	RFP
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?	$3,717,856.68 (plus term extensions) Cost Proposals
*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.	7 vendors submitted responses to RFP 31865-00352. Cognosante submitted the response evaluated with highest combined technical and cost response.
Provide information on the circumstances and status of any disciplinary action taken or pending against the vendor during the past 5 years with state agencies/ departments, professional organizations, or through any legal action.	No disciplinary actions identified.
In addition, please provide any information regarding the due diligence that the	TennCare Googled and did not identify any illegal activity. Language in the

Supplemental Documentation Required for Fiscal Review Committee

Department has taken to ensure that the vendor is not or has not been involved in any circumstances related to illegal activity, including but not limited to fraud.	contract requires immediate notification to the state regarding illegal activity or fraud if discovered during the term of this Contract.

NEW VENDOR ID

CONTRACT

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

Begin Date	End Date	Agency Tracking #	Edison Record ID
July 1, 2013	June 30, 2018	31865-00352	**NV3 -- 37266**

Contractor Legal Entity Name	Edison Vendor ID
Cognosante Consulting LLC	0000216204

Goods or Services Caption (one line only)

IV&V Services – Edison Vendor ID Revision

Contractor	CFDA #
☒ Contractor	93.778

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$213,103.09	$1,917,927.79			$2,131,030.88
2016	$450,217.06	$4,051,953.50			$4,502,170.56
2017	$727,026.00	$6,543,230.00			$7,270,256.00
2018	$1,280,525.57	$11,524,730.11			$12,805,255.68
TOTAL:	**$2,794,800.28**	**$25,153,198.4**			**$27,947,998.68.00**

Contractor Ownership Characteristics:

☐ Minority Business Enterprise (MBE):

☐ African American ☐ Asian American ☐ Hispanic American ☐ Native American

☐ Woman Business Enterprise (WBE)

☐ Tennessee Service Disabled Veteran Enterprise (SDVBE)

☐ Disabled Owned Business (DSBE)

☐ Tennessee Small Business Enterprise (SBE): $10,000,000.00 averaged over a three (3) year period or employs no more than ninety-nine (99) employees.

☐ Government ☐ Non-Minority/Disadvantaged ☒ Other: LLC

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

☒ Competitive Selection	RFP
☐ Other	

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

Speed Chart (optional)	Account Code (optional)

Cognosante Consulting LLC
Edison Contract ID: 37266 / NV2-37266 / NV3-37266
Vendor #: 0000073557 / 0000197686 / 0000216204

CONTRACT EXPENDITURES BY FISCAL YEAR
(Payment Detail Attached)

FY 2014	$1,208,568.59	
FY 2015	$2,057,412.32	
FY 2016	$4,298,763.27	
FY 2017	$7,381,518.58	
FY 2018	$7,228,507.49	(Expenditures through February 2018)
TOTAL	$22,174,770.25	

Cognosante Consulting LLC
Edison Contract ID: 37266
Vendor ID: 0000073557

FY 2014 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Payment Date	Payment Amt
2014	31865	00760860	010860	8/26/2013	$70,873.12
2014	31865	00768610	010910	9/17/2013	$86,560.88
2014	31865	00786699	010958	10/16/2013	$82,572.82
2014	31865	00806072	011019	11/25/2013	$100,400.26
2014	31865	00822133	011060	12/24/2013	$87,987.95
2014	31865	00836822	011107	1/21/2014	$75,419.57
2014	31865	00858325	011164	2/21/2014	$73,803.96
2014	31865	00877057	011219	3/24/2014	$75,430.75
2014	31865	00903016	011277	4/30/2014	$106,059.63
2014	31865	00912612	011334	5/21/2014	$143,385.84
2014	31865	00929053	011404	6/17/2014	$139,992.29
2014	31865	00949959	011463	7/17/2014	$166,081.52

Total FY 2014: **$1,208,568.59**

FY 2015 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Payment Date	Payment Amt
2015	31865	00967194	011508	8/18/2014	$143,892.81
2015	31865	00987567	011571	9/19/2014	$123,886.23
2015	31865	01000333	011606	10/16/2014	$113,964.23
2015	31865	01024655	011658	11/20/2014	$104,321.43
2015	31865	01040485	011704	12/19/2014	$115,821.37
2015	31865	01055615	011765	1/20/2015	$159,763.86
2015	31865	01071433	011812	2/23/2015	$154,827.95
2015	31865	01091613	011864	3/19/2015	$152,609.88
2015	31865	01107465	011908	4/20/2015	$215,885.07
2015	31865	01126629	011974	5/28/2015	$265,361.88
2015	31865	01141254	012032	6/25/2015	$228,245.72
2015	31865	01144726	012060	6/30/2015	$11,467.65
2015	31865	01159947	012106	7/24/2015	$267,364.24

Total FY 2015: **$2,057,412.32**

Cognosante Consulting LLC
Edison Contract ID: 37266 / NV2-37266
Vendor ID: 0000073557 / 0000197686

FY 2016 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Payment Date	Payment Amt
2016	31865	01196522	012145	10/1/2015	$331,565.05
2016	31865	01196529	012202	10/5/2015	$369,302.04
2016	31865	01211400	012243	10/30/2015	$324,191.19
2016	31865	01225889	012272	12/1/2015	$348,882.18
2016	31865	01249679	012320	1/8/2016	$345,308.01
2016	31865	01264726	012337	2/10/2016	$315,643.72
2016	31865	01290635	INV-0000000512	3/23/2016	$319,114.38
2016	31865	01294892	INV-0000000619	3/23/2016	$342,654.40
2016	31865	01335056	INV-0000000784	6/3/2016	$408,304.74
2016	31865	01335067	INV-0000000837	6/8/2016	$369,890.26
2016	31865	01357700	INV-0000000965	7/15/2016	$408,210.72
2016	31865	01369374	INV-0000001042	8/22/2016	$415,696.58

Total FY 2016: **$4,298,763.27**

FY 2017 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Payment Date	Payment Amt
2017	31865	01385138	INV-0000001136	9/8/2016	$421,956.81
2017	31865	01404503	INV-0000001254	10/13/2016	$541,215.73
2017	31865	01432924	INV0000001331	12/8/2016	$560,705.33
2017	31865	01448072	INV-0000001500	1/9/2017	$604,431.91
2017	31865	01455020	INV-0000001547	2/22/2017	$573,241.97
2017	31865	01487706	INV-0000001651	3/16/2017	$545,493.73
2017	31865	01496198	INV-0000001749	4/4/2017	$614,025.12
2017	31865	01504600	INV-0000001916	4/5/2017	$629,113.65
2017	31865	01524141	INV-0000002120	5/10/2017	$708,430.30
2017	31865	01539509	INV-0000002207	6/13/2017	$682,243.51
2017	31865	01550887	INV-0000002396	7/11/2017	$719,410.79
2017	31865	01576485	INV-0000002536	8/25/2017	$781,249.73

Total FY 2017: **$7,381,518.58**

Cognosante Consulting LLC
Edison Contract ID: NV2-37266 / NV3-37266
Vendor ID: 0000197686 / 0000216204

FY 2018 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Payment Date	Payment Amt
2018	31865	01587653	INV-0000002679	9/14/2017	$751,576.45
2018	31865	01605164	INV-0000002821	10/18/2017	$959,386.38
2018	31865	01619458	INV-0000002940	11/17/2017	$826,743.51
2018	31865	01629688	INV-0000002965	12/5/2017	$943,263.01
2018	31865	01657533	INV-0000003091	3/14/2018	$966,448.81
2018	31865	01684495	INV-0000003276	3/16/2018	$894,365.87
2018	31865	01692607	INV-0000003474	4/3/2018	$1,027,964.65
2018	31865	Pending	INV-0000003608	Pending	$858,758.81

Total FY 2018: **$7,228,507.49**

NEW VENDOR ID

CONTRACT

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

Begin Date	End Date	Agency Tracking #	Edison Record ID
July 1, 2013	June 30, 2018	31865-00352	**NV3 -- 37266**

Contractor Legal Entity Name	Edison Vendor ID
Cognosante Consulting LLC	0000216204

Goods or Services Caption (one line only)

IV&V Services – Edison Vendor ID Revision

Contractor	CFDA #
☒ Contractor	93.778

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$213,103.09	$1,917,927.79			$2,131,030.88
2016	$450,217.06	$4,051,953.50			$4,502,170.56
2017	$727,026.00	$6,543,230.00			$7,270,256.00
2018	$1,280,525.57	$11,524,730.11			$12,805,255.68
TOTAL:	**$2,794,800.28**	**$25,153,198.4**			**$27,947,998.68.00**

Contractor Ownership Characteristics:

☐ Minority Business Enterprise (MBE):

☐ African American ☐ Asian American ☐ Hispanic American ☐ Native American

☐ Woman Business Enterprise (WBE)

☐ Tennessee Service Disabled Veteran Enterprise (SDVBE)

☐ Disabled Owned Business (DSBE)

☐ Tennessee Small Business Enterprise (SBE): $10,000,000.00 averaged over a three (3) year period or employs no more than ninety-nine (99) employees.

☐ Government ☐ Non-Minority/Disadvantaged ☒ Other: LLC

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

☒ Competitive Selection	RFP
☐ Other	

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

Speed Chart (optional)	Account Code (optional)

CONTRACT AMENDMENT COVER SHEET

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00352	NV2 --- 37266		03

Contractor Legal Entity Name	Edison Vendor ID
Cognosante Consulting LLC	0000197686

Amendment Purpose & Effect(s)
Increases Maximum Liability and Extends Term for One Year

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** June 30, 2018

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$ 12,805,255.68**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$213,103.09	$1,917,927.79			$2,131,030.88
2016	$450,217.06	$4,051,953.50			$4,502,170.56
2017	$727,026.00	$6,543,230.00			$7,270,256.00
2018	$1,280,525.57	$11,524,730.11			$12,805,255.68
TOTAL:	**$2,794,800.28**	**$25,153,198.4**			**$27,947,998.68.00**

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.

CPO USE

Speed Chart (optional)	Account Code (optional)
TN00000396	

CONTRACT AMENDMENT #3
TO# 37266
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION,
BUREAU OF TENNCARE
AND
COGNOSANTE CONSULTING, LLC

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 Cognosante Consulting, LLC, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, 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.2 is deleted in its entirety and replaced with the following:

A.2. The Contractor shall assign experienced and qualified full time and hourly staff to provide all services and deliverables as required, described, and detailed herein or other related IV&V services as requested by the State. The Contractor shall provide staff who will use their own expertise and also develop and use Tennessee state-specific expertise, in providing IV&V Services to TennCare, TennCare contractors and other State agencies (as directed by TennCare) in connection with various Medicaid Modernization Program (MMP) components and State contracts. These functions shall include, but are not limited to, the following IV&V functions:

a. Tennessee Eligibility Determination System (TEDS) Project;
b. Tennessee Eligibility Appeals Management System (TEAMS);
c. TennCare, Medicaid and CHIP Eligibility Determinations, requirements for MMP systems development;
d. Medicaid Information Technology Architecture (MITA), including 3.0 SS-A and roadmap update;
e. Medicaid Management Information Systems (MMIS), including:
(1) CMS required IV&V services for MMIS enhancements and operations, and Payment Reform Initiatives;
(2) CMS required services for approved MMIS procurement, including oversight of Completion of Advanced Planning Document (APD) and CMS payment reconciliation;
(3) CMS required services for development of Enterprise Architecture strategy and governance;
f. Program Management Operations (PMO), and Strategic Planning;
g. PBM and DBM projects including any modular certifications;
h. Assessment of other vendor deliverables, and
I. CMS initiatives such as required.

The Contractor staff will be embedded with State staff, the Eligibility Determination System contractor, and other State designated vendor and contractor staff on-site and shall participate in all project meetings and activities, as required to perform IV&V services and to effectively monitor, evaluate and assess the system implementation projects. All references in this Contract to "Eligibility Determination System" shall mean the Medicaid and CHIP eligibility determination system contract that started in November 2012, as well as the development and assessment of activities for the competitively procured contract for Eligibility Determination System, projected to start in October 2016. The Contractor acknowledges that in performing the IV&V services set forth herein, the Contractor shall comply with all IV&V requirements specified in this Contract and in

partnership with State staff, the Eligibility Determination System contractor, and other State designated vendor and contractor staff.

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

B.1. This Contract shall be effective for the period beginning July 1, 2013 and ending on June 30, 2018. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

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

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 seven (7) years, provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of a contract amendment. If the term extension necessitates additional funding beyond that which was including in the original Contract, an increase in the Stat's maximum liability will also be effected through contract amendment, and shall be based upon payment rates provided in the original contract.

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

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Twenty-Seven Million Nine Hundred Forty-Seven Thousand Nine Hundred Ninety-Eight Dollars and Sixty-Eight Cents ($27,947,998.68). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

5. Contract Sections C.3.b.(2)c and C.3.b.(2)d are added as follow:

C.3.b.(2)c. For IV&V services performed from July 1, 2018, through June 30, 2019, the following rates shall apply:

Service Description	Amount (per compensable unit)

Monthly Rate for full time Eligibility and MMIS IV&V PM/SME	$34,400 per month
Monthly rate for full time senior account/project manager or senior staff	$28,854.29 per month
Monthly rate for full time junior staff	$21,014.29 per month
Hourly Rate for Medicaid Business SME	$219.96 per hour
Hourly Rate for Eligibility and MMIS IV&V PM/SME	$197.05 per hour
Hourly rate for senior staff	$162.31 per hour
Hourly rate for junior staff	$131.34 per hour

C.3.b.(2)d. For IV&V services performed from July 1, 2019, through June 30, 2020, the following rates shall apply:

Service Description	**Amount (per compensable unit)**
Monthly Rate for full time Eligibility and MMIS IV&V PM/SME	$34,400 per month
Monthly rate for full time senior account/project manager or senior staff	$28,854.29 per month
Monthly rate for full time junior staff	$21,014.29 per month
Hourly Rate for Medicaid Business SME	$219.96 per hour
Hourly Rate for Eligibility and MMIS IV&V PM/SME	$197.05 per hour
Hourly rate for senior staff	$162.31 per hour
Hourly rate for junior staff	$131.34 per hour

At HCFA's direction, Cognosante will assign the appropriate level of resource to accomplish the scope of the contract using the above rate table.

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

Amendment Effective Date. The revisions set forth herein shall be effective June 30, 2017. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

COGNOSANTE CONSULTING, LLC.:

Bruce Dunham — June 15, 2017

SIGNATURE — **DATE**

Bruce Dunham, Program Director

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CRE FINANCE AND ADMINISTRATION:

Larry B. Martin — 6/20/17

Larry B. Martin, Commissioner — **DATE**

CONTRACT AMENDMENT COVER SHEET

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00352	NV2-- 37266		02

Contractor Legal Entity Name	Edison Vendor ID
Cognosante Consulting LLC	0000197686

Amendment Purpose & Effect(s)
Updates Scope, Payment Terms, Increases Maximum Liability and Extends Term for One Year

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** June 30, 2017

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$ 7,857,908.00**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$213,103.09	$1,917,927.79			$2,131,030.88
2016	$450,217.06	$4,051,953.50			$4,502,170.56
2017	$727,026.00	$6,543,230.00			$7,270,256.00
TOTAL:	**$1,514,274.71**	**$13,628,468.29**			**$15,142,743.00**

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

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

Speed Chart (optional)	Account Code (optional)
TN00000396	

CPO USE

CONTRACT AMENDMENT #2
TO# 37266
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION,
BUREAU OF TENNCARE
AND
COGNOSANTE CONSULTING, LLC

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 Cognosante Consulting, LLC, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, 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.2 is deleted in its entirety and replaced with the following:

   A.2. The Contractor shall assign experienced and qualified full time and hourly staff to provide all services and deliverables as required, described, and detailed herein or other related IV&V services as requested by the State. The Contractor shall provide staff who will use their own expertise and also develop and use Tennessee state-specific expertise, in providing IV&V Services to TennCare, TennCare contractors and other State agencies (as directed by TennCare) in connection with various Medicaid Modernization Program (MMP) components and State contracts. These functions shall include, but are not limited to, the following IV&V functions:

   a. Tennessee Eligibility Determination System (TEDS) Project;
   b. Tennessee Eligibility Appeals Management System (TEAMS);
   c. TennCare, Medicaid and CHIP Eligibility Determinations, requirements for MMP systems development;
   d. Medicaid Information Technology Architecture (MITA), including 3.0 SS-A and roadmap update;
   e. Medicaid Management Information Systems (MMIS), including:
      (1) CMS required IV&V services for MMIS enhancements and operations, and Payment Reform Initiatives;
      (2) CMS required services for approved MMIS procurement, including oversight of completion of Advanced Planning Document (APD) and CMS payment reconciliation; and
      (3) CMS required services for development of Enterprise Architecture strategy and governance.
   f. Program Management Operations (PMO), and Strategic Planning.

   The Contractor staff will be embedded with State staff, the Eligibility Determination System contractor, and other State designated vendor and contractor staff on-site and shall participate in all project meetings and activities, as required to perform IV&V services and to effectively monitor, evaluate and assess the system implementation project. All references in this Contract to "Eligibility Determination System" shall mean the Medicaid and CHIP eligibility determination system contract that started in November 2012, as well as the development and assessment of activities for the competitively procured contract for Eligibility Determination System, projected to start in October 2016. The Contractor acknowledges that in performing the IV&V services set forth herein, the Contractor shall comply with all IV&V requirements specified in this Contract and in partnership with State staff, the Eligibility Determination System contractor, and other State designated vendor and contractor staff.

2. The following is added as Contract sections A.34. – A.38.

A.34. Standards for Electronic Health Record Technology. The Contracting State Agency and the Contractor shall comply with all federal requirements related to 42 CFR 495, Standards for the Electronic Health Record Technology Incentive Program, Subpart D, such as, but not limited to 42 CFR 495.324, 495.346, 495.348, 495.354 and 495.360.

A.35. IV&V Conflict of Interest. The Contractor, and its subcontractors, serving in the role of independent validation and verification (IV&V) service contractor to the state for the Medicaid Modernization projects are prohibited from soliciting, proposing, or being awarded any project management, quality assurance, software design, development, or other manner of planning, design, development, or implementation phase activity on the Medicaid Modernization projects for which these IV&V services are being performed.

a. This exclusion likewise extends to any other project within the department that may interact with or otherwise provide services to the Medicaid Modernization projects or to the department during the full term of this contract. This exclusion is executed in accordance with federal regulations at 45 CFR 95.626, which require that this IV&V effort, "... be conducted by an entity that is independent from the State (unless the State receives an exception from the Department)".

b. For purposes of clarity, CMCS defines "the State" in the above regulatory citation as being a state's IT project, the IV-D agency itself, and the IV-D agency's umbrella agency or department. The primary purpose of this exclusion is to ensure the IV&V service provider avoids any real or perceived conflicts of interest. For federal purposes, the scope of IV&V includes planning, management, and other programmatic activities in conformance with the term's usage in federal regulations at 45 CFR 95.626.

c. Independent V&V is the set of verification and validation activities performed by an agency not under the control of the organization developing the software. IV&V services must be provided and managed by an organization that is technically and managerially independent of the subject software development project. This independence takes two mandatory forms.

(1) First, technical independence requires that the IV&V services provider organization, its personnel, and subcontractors are not and have not been involved in the software development or implementation effort or in the project's initial planning and/or subsequent design. Technical independence helps ensure that IV&V review reports are free of personal or professional bias, posturing, or gold plating, and

(2) Second, managerial independence is required to make certain that the IV&V effort is provided by an organization that is departmentally and hierarchically separate from the software development and program management organizations. Managerial independence helps ensure that the IV&V service provider can deliver findings and recommendations to state and federal executive leadership and management without restriction, fear of retaliation, or coercion (e.g., reports being subject to prior review or approval from the development group before release to outside entities, such as the federal government).

A.36. Overview of the MMIS Certification Lifecycle. The Medicaid Certification Enterprise Lifecycle (MECL) administered by CMS contains four (4) lifecycle phases and three (3) types of certification milestone reviews. The milestone reviews occur at different phases of system/module development. The types of milestone reviews are the Project Initiation Milestone Review, the Operational Milestone Review, and the MMIS Certification Final Review. The lifecycle and its milestone reviews are explained in detail in the CMS Medicaid Enterprise Certification Toolkit. HCFA may identify multiple MMIS modules to be released. As a result, each respective module will need to undergo the following reviews: 1) Project Initiation Milestone, 2) Operational Milestone Review(s), and 3) Final

Certification Review(s). The total number of reviews required may fluctuate and will align with a given module's release plan.

A.37. The Contractor shall provide IV&V services for CMS and the State of Tennessee in support of the MECL, in accordance with guidance found in the Medicaid Enterprise Certification Toolkit.

a. Periodically, the IV&V Contractor shall produce exception-based Certification Progress Reports that objectively illustrate the strengths and weaknesses of the project and provide recommendations for correcting any identified weaknesses. The IV&V Contractor shall uses the provided report template, the Medicaid Enterprise Certification Checklists, and the MMIS Critical Success Factors (CSFs) to prepare the reports. Certification Progress Reports are prepared in advance of MMIS certification milestone reviews with CMS.

b. The IV&V Contractor staff shall interview and observe Medicaid Modernization project management staff, and the Medicaid Modernization project development Contractor staff (including any sub-contractors). Contractor staff also shall observe project meetings and activities to understand the processes, procedures, and tools used in the MMIS program and Medicaid Modernization project environments. They shall review and analyze all applicable and available documentation for adherence to accepted, contractually-defined industry standards. The IV&V Contractor shall fill out the reviewer comment portion of the Medicaid Enterprise Certification Checklists and append them to the progress report.

c. In preparation for the MMIS certification milestone reviews, the IV&V Contractor shall evaluate state documents and evidence along with any working modules/ code applicable to that particular review, and complete the reviewer comments portion of the relevant Medicaid Enterprise Certification Checklists. The completed checklists are appended to the Certification Progress Report. The progress report shall be delivered one (1) week prior to the scheduled MMIS certification milestone review.

d. The IV&V service provider shall provide the certification progress reports to CMS at the same time they are presented to the state. This reporting process, in accordance with federal regulations, includes final report issuance as well as all draft report submissions.

e. The IV&V service provider will periodically submit project progress data to the CMS dashboard.

A.38. Oversight. IV&V services will be part of the larger oversight of the day-to-day operations and management of the Medicaid Modernization project. The IV&V Contractor shall have complete access to Medicaid Modernization documents, facilities, and staff during normal business hours as required to carry out its oversight role. The IV&V Contractor shall have access to all key staff on site at the Medicaid Modernization project location(s) daily, as needed to observe meetings, review deliverables and documentation, and conduct interviews, etc., to ensure a high level of integrity and confidence in the IV&V Contractor's Medicaid Modernization oversight and monitoring. The IV&V Contractor shall review project and MMIS system processes and progress in areas including, but not limited to, the following:

a. Project Management

(1) Progress against budget and schedule;
(2) Risk management;
(3) Inclusion of state goals / objectives and all federal MMIS requirements in requests for proposal and contracts;
(4) Adherence to the state's software development lifecycle (SDLC);

(5) Incorporation of the Seven Standards and Conditions into design and development;
(6) Reasonability, thoroughness, and quality of MITA self-assessment, concept of operations, information architecture, and data architecture;
(7) Reflection of the state's MITA goals and plans into actual MMIS design and development;
(8) Configuration management that is robust and includes state or developer configuration audits against configuration baseline;
(9) Change management, and
(10) Adherence to service level agreements.

b. Modular development

(1) Completeness and reasonability of MMIS concept of operations, architecture, and designs;
(2) Accuracy of capture of interfaces and data sharing requirements with systems external to the MMIS;
(3) Viability and completeness of the data transition plan;
(4) Traceability of requirements through design, development, and testing;
(5) Adequacy of system security and privacy policies, plans, technical designs, and implementations;
(6) Coverage and integrity of all system testing, including stress testing and testing of interfaces between modules and with external partner systems;
(7) Capacity management, including consideration of future vendors' support and release plans for underlying databases, software, and hardware, and
(8) Adequacy of disaster recovery planning.

The IV&V Contractor shall evaluate and make recommendations about the state artifacts that are required for MMIS certification milestone reviews. A list of required artifacts is included in the CMS Medicaid Enterprise Certification Toolkit.

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

B.1. This Contract shall be effective for the period beginning July 1, 2013 and ending on June 30, 2017. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

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 Fifteen Million One Hundred Forty-Two Thousand Seven Hundred Forty-Three Dollars ($15,142,743.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

amounts or to request any work at all from the Contractor during any period of this Contract.

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

C.3.b.(2)a. For IV&V services performed from July 1, 2016, through June 30, 2018, the following rates shall apply:

Service Description	**Amount** (per compensable increment)
Monthly rate for one (1) full time senior account/project manager or senior staff	$ 28,854.29 per month
Monthly rate for each full time junior staff (3 staff persons total)	$ 21,014.09 per month
Hourly rate for senior staff	$ 162.31 per hour
Hourly rate for junior staff	$131.34 per hour

C.3.b.(2)b. For Eligibility and MMIS IV&V services performed from July 1, 2016, through June 30, 2018, the following rates shall apply:

Service Description	**Amount** (per compensable increment)
Monthly Rate for Ten (10) full time Eligibility and MMIS IV&V PM/SME	$ 34,400.00 per month
Monthly rate for five (5) full time senior account/project manager or senior staff	$28,854.29 per month
Monthly rate for one (1) full time junior staff	$ 21,014.29 per month
Hourly Rate for (1) Medicaid Business SME	$ 219.96 per hour
Hourly Rate for Eligibility and MMIS IV&V PM/SME	$ 197.05 per hour
Hourly rate for senior staff	$ 162.31 per hour
Hourly rate for junior staff	$ 131.34 per hour

6. The following is added as new Section E. 31.

Contractor Name. All references to "Cognosante, LLC" shall be deleted and replaced with "Cognosante Consulting, LLC."

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

Amendment Effective Date. The revisions set forth herein shall be effective May 31, 2016. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

COGNOSANTE CONSULTING, LLC.:

Thomas Rabung 5-17-16

CONTRACTOR SIGNATURE **DATE**

Thomas Rabung, Vice President, Contracts

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

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

Larry B. Martin/cb 5/17/2016

Larry B. Martin, Commissioner **DATE**

CONTRACT AMENDMENT COVER SHEET

Agency Tracking #	Edison ID	Contract #	Amendment #
31865-00352	37266		01

Contractor Legal Entity Name	Edison Vendor ID
Cognosante, LLC	0000073557

Amendment Purpose & Effect(s)
Updates Scope and Payment Terms and Increases Maximum Liability for IV&V Services

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** June 30, 2016

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$ 3,566,978.32**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$213,103.09	$1,917,927.79			$2,131,030.88
2016	$391,451.86	$3,523,066.70			$3,914,518.56
TOTAL:	**$728,483.51**	**$6,556,351.49**			**$7,284,835.00**

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

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

Speed Chart (optional)	Account Code (optional)
TN00000301	

CPO USE

CONTRACT AMENDMENT #1
TO# 37266
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION,
BUREAU OF TENNCARE
AND
COGNOSANTE, LLC

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 Cognosante, LLC, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, 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.2 is deleted in its entirety and replaced with the following:

   A.2. The Contractor shall assign experienced and qualified full time and hourly staff to provide all services and deliverables as required, described, and detailed herein or other related IV&V services as requested by the State. The Contractor shall provide staff who will use their own expertise and also develop and use Tennessee state-specific expertise, in providing IV&V Services to TennCare, TennCare contractors and other State agencies (as directed by TennCare) in connection with various Eligibility Modernization Program (EMP) components and State contracts, including, but not limited to, the following: Tennessee Eligibility Determination System (TEDS) Project, Tennessee Eligibility Appeals Management System (TEAMS), TennCare, Medicaid and CHIP Eligibility Determinations, requirements for EMP systems development, Medicaid Information Technology Architecture (MITA), Medicaid Management Information Systems (MMIS), Program Management Operations (PMO), and Strategic Planning. The Contractor staff will be embedded with State staff, the Eligibility Determination System Contractor, and other State designated vendor and contractor staff on-site and shall participate in all project meetings and activities, as required to perform IV&V services and to effectively monitor, evaluate and assess the system implementation project. All references in this Contract to "Eligibility Determination System" shall mean the Medicaid and CHIP eligibility determination system contract that started in November 2012. The Contractor acknowledges that in performing the IV&V services set forth herein, the Contractor shall comply with all IV&V requirements specified in this contract and in partnership with State staff, the Eligibility Determination System Contractor, and other State designated vendor and contractor staff.

2. Contract Section A.10 is deleted in its entirety and replaced with the following:

   A.10. The Contractor shall develop a comprehensive strategy to validate and verify the technical design elements of the Eligibility Determination System. The strategy must be developed and implemented to ensure that the Eligibility Determination System reflects the business requirements established by the State. The Contractor shall conduct an ongoing assessment of requirements and associated business processes throughout the project to verify system completeness and readiness and develop a final report of the system readiness based on requirements provided for the Eligibility Determination System.

3. Contract Section A.26 is deleted in its entirety and replaced with the following:

   A.26. The Contractor shall provide verification and validation of the new software, systems, supporting processes and the system performance measures and reports that will be used to monitor the system's performance after implementation. Once the system has been thoroughly assessed and evaluated in accordance with the State approved

system performance measures after the implementation start date, the Contractor shall provide a written assessment of post implementation operations. If deficiencies are identified, the Contractor shall provide recommendations for improvement in its reports.

4. The following new sections are added as Contract Sections A.27 – A.33:

A.27. The Contractor shall provide support to establish the Business Operating Model (BOM), which TennCare will rely upon to ensure enterprise alignment of Medicaid Eligibility business capabilities, processes, people, systems and technologies. The Contractor shall participate in BOM meetings and activities as directed. The Contractor shall ensure that the standards and practices developed by TennCare and other State vendors and contractors in the areas of eligibility, the Medicaid Management Information Systems (MMIS), information systems security, Center for Medicare and Medicaid Services (CMS) Seven Conditions and Standards, and MITA 3.0 are consistent across all of these areas and are operationalized by continuously reviewing and reporting inconsistencies to the State.

A.28 The Contractor shall provide staff with documented experience in Medicaid eligibility policy, operations and Medicaid eligibility determination systems. Staff should be knowledgeable of Affordable Care Act regulations and CMS guidance related to state's implementation of the ACA. Staff should be considered subject matter experts on Medicaid eligibility policy and operationalizing federal ACA regulations. The SMEs shall serve as an additional resource to state eligibility policy staff in meeting with the Eligibility Determination System vendor and other designated contractors involved in its design, development and implementation. Contractor staff will conduct Quality Control review of all documentation produced by the system vendor's for accuracy and confirm the documents clearly reflect discussions held in meeting with state staff and any agreements made during the course of those meetings.

a. Within fifteen (15) days of amendment effective date, the Contractor shall develop a staffing plan_that includes project roles, staff assignments, classification according to the contract rate schedule, with supporting justification, and expected utilization, including designation of full time or hourly billing status. The Contractor shall submit the staffing plan to the State Project Director for review and approval. The Contractor shall submit any proposed, requested or required changes to the staffing plan in advance of the subject service or billing period, or as soon as reasonably possible but in no event later than seven (7) calendar days following a change in staffing. The State may approve or deny the staffing plan, in whole or part, or request changes, including assignment, classification, or replacement of staff.

b. Within thirty (30) days of the amendment effective date, the Contractor shall develop an initial IV&V Project Management Plan (PMP) that describes the activities, staff, timeline, deliverables, and methodology for conducting the services requested in this Contract. Project timelines proposed by the Contractor in the project management plan are subject to review and approval by the State. The Contractor shall amend the IV&V PMP as necessary and directed by the State. Any deliverables created must be submitted to the State Project Director for review and approval.

A.29. The Contractor shall provide research, analysis and recommendations regarding compliance with relevant federal and State law, including but not limited to, the Affordable Care Act, and CMS and IRS regulations, policy and guidance. The Contractor shall provide to the State and all State designated vendors and contractors, all necessary expertise to support the Eligibility Modernization Program (EMP).

A.30. The Contractor's designated subject matter expert personnel must consult on a regular basis with designated State staff members and State designated vendors and

contractors who are experts or involved in TennCare's compliance with relevant federal and state laws, including, but not limited to, the Affordable Care Act, Health Insurance Portability and Accountability Act of 1996, (HIPAA), civil rights, and CMS and IRS regulations, policy and guidance, and all applicable federal and state court rulings and consent decrees. Decisions by TennCare staff members on federal and state laws, compliance matters, and business decisions are final.

A.31 Within three (3) business days of the effective date of this Contract amendment and on the first (1st) business day of each month thereafter during the Contract term, the State has the right to designate to the Contractor, in writing, which tasks the Contractor will be required to work on during the coming month and will provide proposed due dates and instructions, as applicable. The Contractor shall restrict its activities to the designated tasks during that time period, unless otherwise notified by the State in writing. The State and Contactor shall meet to discuss the designated tasks and determine mutually agreeable due dates for such tasks prior to the Contactor beginning work. The State may modify the schedule for delivery of the designated tasks to Contractor by notifying the Contractor in writing of the new delivery date.

A.32 Monthly Activities Report Deliverable. The Contractor shall produce a monthly project activities report (Monthly Activities Report) that will provide a summary of the tasks performed during the preceding month. This report will provide a summary of the current state of the Project Schedule, timeliness and quality of project artifacts, and staff activities for the reporting period. The Contractor will submit a Deliverable Expectation Document (DED) to define the format and content of the Monthly Activities Report and submit it for State approval within fifteen (15) calendar days of the Contract amendment date. TennCare may direct that the format and content of the report be revised from time to time depending upon the needs of the State. At a minimum, however, each Monthly Activities Report shall contain the following information:

a. Review of Project Schedule with proposed revisions, as needed, by Contactor;

b. Review of resource activities and utilization

c. Review of project artifacts;

d. Project risks and issues;

e. Review of project budget;

f. Detailed description of services provided during the preceding month broken down by task;

g. Identification of staff performing the services on each task;

h. Itemization of proposed hours to be invoiced for the preceding month broken down by staff member and applicable task;

i. The previously agreed upon dates for performance of the tasks and the date of actual performance;

j. Status of each task as of the last business day of the preceding month; and

k. Such other information as the State may specify.

Written confirmation by the State of satisfactory performance of tasks shown on the Monthly Activities Report shall serve as authorization for the Contractor to invoice the State for the approved staff hours associated with each such task.

A.33. Monthly Activity Report. The Contractor and State shall meet to discuss the Monthly Activities Report, for the preceding month on or before the fifteenth (15) business day

of the following month, as required by Section A.32. The State shall determine which tasks were provided and/or completed in a timely manner and are acceptable to the State. Final approval and acknowledgement that a task was completed satisfactorily shall be provided by the State for each task shown on the Monthly Activities Report. Such determination of satisfactory performance of a task shall be made in the sole discretion of the State, be provided in writing, and shall serve as authorization for the Contractor to invoice the State for the approved staff hours associated with each task. The State shall only pay for the staff hours appearing on an invoice submitted by the Contractor that the State has previously approved. If there are any remaining incomplete and/or unapproved tasks from the preceding month appearing in a Monthly Activities Report, the State shall provide instruction to the Contactor regarding completion of these items, including revised due dates, and the Contactor shall include the progress on these items in the next Monthly Activities Report.

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

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seven Million Two Hundred Eighty Four Thousand Eight Hundred Thirty Five Dollars ($7,284,835.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

6. Contract Section C.3.b.(1) is deleted in its entirety and replaced with the following:

C.3.b.(1).a. For services performed from July 1, 2013, through June 30, 2016, the following rates shall apply:

Service Description	**Amount** (per compensable increment)
Monthly rate for one (1) full time senior account/project manager or senior staff	$27,731.96 per month
Monthly rate for each full time junior staff (3 staff persons total)	$ 19,609.64 per month
Hourly rate for senior staff	$ 155.99 per hour
Hourly rate for junior staff	$ 122.56 per hour

C.3.b.(1).b. For eligibility services performed from March 10, 2015 through June 30, 2016, the following rates shall also apply:

Service Description	Amount (per compensable increment)
Monthly Rate for one (1) full time Medicaid Business SME	$38,400.00 per month
Monthly Rate for three (3) full time Eligibility IV&V PM/SME	$ 34,400.00 per month
Monthly rate for two (2) full time senior account/project manager or senior staff	$27,731.96 per month
Monthly rate for one (1) full time junior staff	$ 19,609.64 per month
Hourly Rate for Medicaid Business SME	$ 219.96 per hour
Hourly Rate for Eligibility IV&V PM/SME	$ 197.05 per hour
Hourly rate for senior staff	$ 155.99 per hour
Hourly rate for junior staff	$ 122.56 per hour

7 Contract Attachment B, Liquidated Damages, is deleted in its entirety and replaced with Revised Attachment B.

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

Amendment Effective Date. The revisions set forth herein shall be effective March 10, 2015. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

COGNOSANTE, LLC.:

3-2-2015

CONTRACTOR SIGNATURE **DATE**

Jim Joyce, Senior Vice President and General Manager

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

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

Larry B. Martin/cb — 3/9/2015

Larry B. Martin, Interim Commissioner — **DATE**

LIQUIDATED DAMAGES

TennCare may elect to apply the following liquidated damages remedies in the event the Contractor fails to perform its obligations under this Contract in a proper and/or timely manner. Upon determination by TennCare that the Contractor has failed to meet any of the requirements of this Contract in a proper and/or timely manner, TennCare will notify the Contractor in writing of the deficiency and of the potential liquidated damages to be assessed. Liquidated damages shall be assessed for any part of each week during which the deficiency occurs or remains uncorrected, unless the amount of liquidated damages is otherwise designated as "per occurrence" or "per incident" in the following table. Should the deficiency remain uncorrected for more than thirty (30) days from the date of the original notification of the deficiency by TennCare, TennCare may impose an additional liquidated damage of Five Hundred Dollars ($500) per calendar day from the date of the original notification to Contractor until said deficiency is resolved.

All liquidated damages remedies set forth in the following table may, at TennCare's election, be retroactive to the date of the initial occurrence of the failure to comply with the terms of the Contract as set forth in the notice of deficiency from TennCare and may continue until such time as the State Project Director, or his or her designee, determines the deficiency has been cured.

If liquidated damages are assessed, TennCare shall reduce the Contractor's payment for administrative services in the following month's invoice by the amount of damages. In the event that damages due exceed the amount TennCare is to pay to Contractor in a given payment cycle, TennCare shall invoice Contractor for the amount exceeding the amount payable to Contractor, and such excess amount shall be paid by Contractor within thirty (30) calendar days of the invoice date. In situations where the Contractor wishes to dispute any liquidated damages assessed by TennCare, the Contractor must submit a written notice of dispute, including the reasons for disputing the liquidated damages, within thirty (30) days of receipt of the notice from TennCare containing the total amount of damages assessed against the Contractor. If the Contractor fails to timely dispute a liquidated damages assessment as set forth herein, such failure shall constitute a bar to the Contractor seeking to have the assessment amount overturned in a forum or court of competent jurisdiction.

A general liquidated damage of $500.00 per calendar day/occurrence, as applicable, may be assessed at the sole discretion of the State for any violation of a contract provision that is not specifically listed in the following table.

	PROGRAM ISSUES		DAMAGE
1.	Failure to monthly develop a staffing plan for review and approval by the Project Director and provide notice of no later than seven (7) calendar days following a change in staffing; failure to provide a staffing plan within fifteen (15) days of amendment effective date, per Section A.3.		The damage that may be assessed shall be five hundred dollars ($500) per business day until the requirements are met.
2.	Failure to identify, document and communicate project risks and issues that may impact project schedule, scope or successful completion and submitting status reports to the State and to CMS as required by Section A.5.		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence until the requirements are met.
3.	Failure to develop strategy to validate and verify the technical design elements of the Eligibility Determination System per Section A.10.		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence until the requirements are met.

4.	Failure by the Contractor to meet the standards for privacy, security, and confidentiality of individual data as evidenced by a breach of the security per Section E.28.		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence.
5.	Failure by the Contractor to execute the appropriate agreements to effectuate transfer and exchange of TennCare enrollee PHI or TennCare confidential information including, but not limited to, a data use agreement, trading partner agreement, business associate agreement or qualified protective order prior to the use or disclosure of PHI to a third party. (See Business Associate Agreement between the parties)		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence.
6.	Failure by the Contractor to seek express written approval from TennCare prior to the use or disclosure of TennCare enrollee data or TennCare confidential information in any form via any medium with any third party beyond the boundaries and jurisdiction of the United States. (See Business Associate Agreement between the parties)		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence.
7.	Failure by the Contractor to timely report violations in the access, use and disclosure of PHI or timely report a security incident or timely make a notification of breach or notification of provisional breach per Sections E.20.a.3 & 4.; E23. (See also Business Associate Agreement between the parties)		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence.
8.	Failure to provide the Monthly Activity Report that is complete and in the format specified by TennCare on or before the fifteenth (15th) business day of each month (Section A.33)		The damage that may be assessed shall be one thousand dollars ($1,000.00) per business day until the Monthly Activity Report is provided.
9.	Failure to provide the initial IV&V Project Management Plan for review by the State within thirty (30) days of amendment start date; failure to provide project deliverables, as defined in the IV&V Project Management Plan, for review and approval according to the State approved project (Section A.28)		The damage that may be assessed shall be one thousand dollars ($1,000.00) per business day until the IV&V Project Management Plan and deliverables are provided.

CONTRACT

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

Begin Date	End Date	Agency Tracking #	Edison Record ID
July 1, 2013	June 30, 2016	31865-00352	37266

Contractor Legal Entity Name	Edison Vendor ID
Cognosante, LLC	0000073557

Service Caption (one line only)

Independent Validation and Verification (IV&V) Services

Subrecipient or Vendor	CFDA #
☐ Subrecipient ☒ Vendor	93.778 Dept of Health & Human Services/Title XIX

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	$123,928.56	$1,115,357.00			$1,239,285.56
2015	$123,928.56	$1,115,357.00			$1,239,285.56
2016	$123,928.56	$1,115,357.00			$1,239,285.56
TOTAL:	**$371,785.68**	**$3,346,071.00**			**$3,717,856.68**

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.

Speed Chart (optional)	Account Code (optional)

OCR USE - FA

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION,
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION,
BUREAU OF TENNCARE
AND
COGNOSANTE, LLC

This Contract, 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 Cognosante, LLC, hereinafter referred to as the "Contractor," is for the provision of a Independent Validation and Verification (IV&V) Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Limited Liability Company.
Contractor Place of Incorporation or Organization: Delaware
Contractor Edison Registration ID # 73557

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all services and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

A.2. The Contractor shall assign experienced and qualified full time and hourly staff to provide all services and deliverables as required, described, and detailed herein or other related IV&V services as requested by the State. The Contractor staff will be embedded with Eligibility Determination System Contractor and State staff on-site and shall participate in all project meetings and activities, as required to perform IV&V services and to effectively monitor, evaluate and assess the system implementation project. All references in this Contract to "Eligibility Determination System" shall mean the Medicaid and CHIP eligibility determination system contract that started in November 2012. The Contractor acknowledges that in performing the IV&V services set forth herein, the Contractor shall comply with all IV&V requirements specified in this contract and in partnership with the Eligibility Determination System Contractor.

A.3. The Contractor shall develop a monthly staffing plan that includes project roles, staff assignments, classification as senior or junior staff according to the contract rate schedule, with supporting justification, and expected utilization, including designation of full time or hourly billing status. The Contractor shall submit the staffing plan to the State Project Director for review and approval. The Contractor shall submit any proposed, requested or required changes to the staffing plan in advance of the subject service or billing period, or as soon as reasonably possible but in no event later than seven (7) calendar days following a change in staffing. The State may approve or deny the staffing plan, in whole or part, or request changes, including assignment, classification, or replacement of staff. The Contractor shall not bill for staffing or services not approved by the State.

A.4. The Contractor shall develop an IV&V project management plan that describes the activities, staff, timeline, deliverables, and methodology for conducting the services requested in this Contract. Project timelines proposed by the Contractor in the project management plan are subject to review and approval by the State. Any deliverables created must be submitted to the State Project Director for review and approval.

A.5. The Contractor shall participate in project meetings and shall review project deliverables and artifacts to confirm that deliverables meet specifications, that requirements are addressed, and to assess project progress and status. The Contractor shall identify, document and communicate project risks and issues that may impact project schedule, scope or successful completion. The Contractor shall compile and submit regular status reports to the State and to the Centers for Medicare & Medicaid Services (CMS) as required.

A.6. The Contractor shall review all written criteria and standards developed by the Eligibility Determination System Contractor for accepting all Design, Development and Implementation (DDI) deliverables. If directed by the State, the Contractor will collaborate with the Eligibility Determination System Contractor to recommend all acceptance criteria and standards. All criteria and standards developed by the Contractor are subject to review and approval by the State.

A.7. The Contractor shall participate in walk-throughs for DDI deliverables. Additionally, the Contractor will review deliverables produced by the Eligibility Determination System Contractor in draft and final form to ensure that the State receives all required materials according to quality standards and Project Work Plan deadlines, as required by the State. The Contractor will use the Acceptance Criteria as approved by the State for all deliverables reviews, and will make formal recommendations as to whether the deliverables should be accepted by the State. The Contractor shall be responsible for providing modification recommendations for DDI deliverables, as necessary. The Contractor shall be responsible for tracking all potential and actual liquidated damages assessments incurred by the Eligibility Determination System Contractor, as well as monitoring any Corrective Action Plans required to address those deficiencies, in a form and manner provided by the State.

A.8. The Contractor shall participate in meetings between the State and the Eligibility Determination System Contractor, as necessary. The Contractor should review all formal meeting minutes produced from these meetings to ensure that summaries are complete and accurate and that all decisions, action items, risks and issues are appropriately noted.

A.9. The Contractor shall develop a comprehensive strategy to validate and verify the business requirements of the Eligibility Determination System. The IV&V strategy must detail the activities that will be completed prior to the system design phase of the Eligibility Determination System project to ensure that all business requirements established by the State meet the requirements of the DDI scope of work and are correct, complete and consistent with State and Federal requirements.

A.10. The Contractor shall develop a comprehensive strategy to validate and verify the technical design elements of the Eligibility Determination System. The strategy must be developed and implemented to ensure that the Eligibility Determination System reflects the business requirements established by the State. The Eligibility Determination System Contractor will develop Requirements Traceability Matrices (RTM) for tracking requirements and processes through the project life cycle. The Contractor shall conduct an assessment of requirements and associated business processes, and develop a project level RTM based on the RTM provided by the Eligibility Determination System Contractor.

A.11. The Contractor will verify that all design milestones are met by the Eligibility Determination System Contractor during the design phase of the project. In support of this task, the Contractor will assist the State in the review or development of definitions of design milestones that are to be met by the Eligibility Determination System Contractor during the design phase of the project.

A.12. The Contractor shall meet with the State weekly, or as scheduled by the State, to provide project status and progress reports. During status update meetings, the Contractor will report on the status of all aspects of the project addressed during the preceding period. Additionally, the Contractor must confirm whether relevant deliverables, documents and artifacts are being generated and maintained in an accurate manner, consistent with all requirements established by the State and required by its Federal partners. The Contractor shall report to the State immediately if any issue critical to project success is identified

A.13. The Contractor will validate and verify the Eligibility Determination System Contractor's business process design mapping, interface design, and technical design prior to the beginning of detailed design work to ensure all system requirements have been accounted for and addressed by the Eligibility Determination System Contractor. As a part of this task, the Contractor's preliminary review should account for the Eligibility Determination System Contractor's description of and rationale for all design changes made with respect to Contract requirements, the design disclosed

in Eligibility Determination System Contractor's proposal, and any change orders approved by the State. The Contractor must explain the impact of these changes on project scope, program budget and project schedule

A.14 The Contractor shall then perform an assessment of the entire system's final design. This critical design review should account for functional requirements, performance requirements, program budget, program schedule, identified risks and issues, and other system constraints. Although this review is expected to be performed on the final system design, the Contractor should be prepared to perform incremental design reviews on individual subsystem or configuration items as they are designed. In these reviews, the Contractor will need to provide recommendations and reasoning on whether to move forward with the design process

A.15. The Contractor shall develop a comprehensive IV&V strategy to assess all system development activities proposed and executed by the Eligibility Determination System Contractor. The Contractor must assess the validity of the proposed development and testing environments, verify the System Development Life Cycle process, recommend enhancements and/or modifications to the proposed system, and make recommendations for developing new processes. The Contractor shall ensure all system development activities are conducted in accordance with State-approved system design deliverables and all state and federal requirements

A.16. The Contractor shall validate data conversion plans, procedures, software, and all related documentation. The Contractor shall incorporate reviews to validate relevant data conversion deliverables, procedures for analyzing the completeness and accuracy of converted data, procedures for monitoring errors and contingency plans.

A.17. The Contractor will also analyze data conversion results documentation to verify concerns, issues and risks and recommendations have met the requirements of the data conversion plans. The Contractor will ensure data integrity is maintained and data conversion is performed efficiently and according to schedule.

A.18. The Contractor shall propose a comprehensive IV&V strategy to assess all testing plans proposed by the Eligibility Determination System Contractor. The Contractor must review all Eligibility Determination System Contractor deliverables to determine the following: the testing adequately demonstrates technical performance; the retest methodology is defined and sound; and the size and scope of the tests thoroughly validate functionality. The Contractor will recommend additional beta, parallel, operational readiness, regression, and user test scenarios to execute if deemed necessary to validate the system's functionality. The Contractor will also be responsible for tracking and validating all load testing of the system prior to "go live".

A.19. The Contractor shall monitor, review, and validate all testing performed by the Eligibility Determination System Contractor. A key responsibility of the Contractor is to ensure that the system is free of defects and has been designed in accordance with all specified requirements prior to system testing and integration activities.

A.20. The Contractor shall review the integration test specifications, test procedures, test steps and other software test documentation to ensure it meets or exceeds testing and quality standards approved by the State. The testing techniques and reporting shall allow for structural and functional testing methods to be employed.

A.21. The Contractor shall analyze all system integration results documentation to ensure concerns, issues, risks, and recommendations have met the requirements of the approved testing plans.

A.22. The Contractor shall review the Eligibility Determination System Contractor's user acceptance testing (UAT) test scenarios and cases and also proposed additional priority test cases. The Contractor shall propose a selection methodology to ensure statistical software unit, integration and system measures of reliability are utilized. The use of statistics shall allow the use of Software reliability growth models (SWGM) which can be used for resource planning, release management, and certification while providing statistical artifacts such as the probability of failure within a time duration, the number of remaining errors in the software, and the mean time

between failure of the software system and components. The State expects the Contractor to utilize those software engineering best practices as defined in the IEEE Software Engineering Body of Knowledge (SWEBOK) in order to ensure test levels, test techniques and test measures are utilized and managed in a manner which shall produce a robust software product.

A.23. The Contractor shall review the results of system vulnerability and penetration testing. The Contractor shall track the resolution or mitigation of all identified issues

A.24. The Contractor shall conduct readiness reviews following the execution of UAT and validate the Eligibility Determination System Contractor's Final Readiness Assessment. Readiness reviews should identify the quantitative and qualitative impacts on any and all issues.

a. The Contractor will propose an IV&V strategy to assess all implementation plans proposed by the Eligibility Determination System Contractor. When performing the implementation support assessment, the IV&V Contractor should verify whether the Eligibility Determination System Contractor's implementation plan includes a resource distribution plan and a staffing plan adequate enough to ensure successful implementation.

b. The Contractor will provide a written assessment indicating whether the Eligibility Determination System Contractor is ready to start the implementation process. Recommendations on implementation readiness and suggestions for modifications, if necessary should be included in the written report.

c. In order to make its readiness recommendation, the Contractor will review and validate the final data and file conversion deliverables from the Eligibility Determination System Contractor. The Contractor will also review and monitor system processing and performance, threshold compliance, and implementation support before it assists the State in determining readiness for startup.

A.25. The Contractor shall support and participate in all external project reviews, including but not limited to project security and Stage Gate reviews conducted by CMS and IRS. The Contractor shall assist the State in preparing for and coordinating external project reviews. The Contractor will verify the Eligibility Determination System Contractor's review documentation satisfies all necessary criteria in advance of every Stage Gate Review.

A.26. The Contractor shall monitor the operation of the new software, systems and supporting processes after the system implementation and work with State staff to develop system performance measures and reports that will be used to monitor the system's performance after implementation. Once the system has been thoroughly assessed and evaluated in accordance with the State-approved system performance measures after the implementation start date, the Contractor shall provide a written assessment of post-implementation operations. If deficiencies are identified, the Contractor shall provide recommendations for improvement in its reports.

B. CONTRACT PERIOD:

B.1. This Contract shall be effective for the period beginning July 1, 2013 and ending on June 30, 2016. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

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 a contract amendment. If a term extension necessitates additional funding beyond that which was included in the original Contract, an increase of the State's maximum liability will also be effected through contract amendment, and shall be based upon payment rates provided in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Three Million Seven Hundred Seventeen Thousand Eight Hundred Fifty-Six Dollars and Sixty-Eight Cents ($3,717,856.68). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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.

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

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

b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

(1) For services performed from July 1, 2013, through June 30, 2016, the following rates shall apply:

Service Description	**Amount** (per compensable increment)
Monthly rate for one (1) full time senior account/project manager or senior staff	$27,731.96 per month
Monthly rate for each full time junior staff (3 staff persons total)	$ 19,609.64 per month
Hourly rate for senior staff	$ 155.99 per hour

Hourly rate for junior staff	$ 122.56 per hour

(2) Should term extension option be utilized, for services performed from July 1, 2016, through June 30, 2018, the following rates shall apply:

Service Description	**Amount** (per compensable increment)
Monthly rate for one (1) full time senior account/project manager or senior staff	$ 28,854.29 per month
Monthly rate for each full time junior staff (3 staff persons total)	$ 21,014.09 per month
Hourly rate for senior staff	$ 162.31 per hour
Hourly rate for junior staff	$131.34 per hour

The Contractor shall bill service rates according to senior or junior classification and full time or hourly designation in the approved staffing plan. The Contractor shall submit supporting documentation for staff hours during the billing purposes. For full time staff, a "month" shall be defined as a minimum of one hundred sixty (160) hours of service. The Contractor shall not bill more than the monthly rate even if the Contractor works more than 160 hours in a calendar month. If designated full time staff work less than one hundred sixty (160) hours during the billing period, the Contractor shall bill the lesser of the number of hours worked times the hourly rate or monthly rate prorated based on the number of hours worked divided by one hundred sixty (160) hours. The Contractor shall not be compensated for travel time to the primary location of service provision.

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

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

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Bureau of TennCare
310 Great Circle Road
Fiscal Division – 4 East
Nashville, TN 37243

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

(1) Invoice Number (assigned by the Contractor)
(2) Invoice Date

(3) Contract Number (assigned by the State)
(4) Customer Account Name: Department of Finance and Administration, Bureau of TennCare
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
(6) Contractor Name
(7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
(8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(9) Contractor Remittance Address
(10) Description of Delivered Service
(11) Complete Itemization of Charges, which shall detail the following:

i. Service or Milestone Description (including name & title as applicable) of each service invoiced
ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
iv. Amount Due by Service
v. Total Amount Due for the invoice period

b. The Contractor understands and agrees that an invoice under this Contract shall:

(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

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

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.

C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).

b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must

agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

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

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

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

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

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

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

D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or 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 Tennessee Code Annotated (Tenn. Code Ann.), § 12-4-124, *et seq.*, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

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

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

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

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann., § 12-4-124, *et seq.* 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 Tenn. Code Ann., §§ 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 Member

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
Telephone # (615) 507-6443
FAX # (615) 741-0882

The Contractor:

Mr. Thomas Stepka, Executive Vice President
and Chief Operating Officer
Cognosante, LLC
7926 Jones Branch Drive, Suite 330
McLean, Virginia 22102
Telephone # (480) 481-5965
FAX # (703) 827-0005
Tom.stepka@cognosante.com

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

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

E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in Tenn. Code Ann., § 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 Tenn. Code Ann., Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.5. 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.6. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

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

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

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

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

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

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

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

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

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

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

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

E.7. Printing Authorization. The Contractor agrees that no publication coming within the jurisdiction of Tenn. Code Ann., §12-7-101, *et. seq.*, shall be printed pursuant to this contract unless a printing authorization number has been obtained and affixed as required by Tenn. Code Ann., §12-7-103 (d).

E.8. 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.9. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.10. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.

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

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

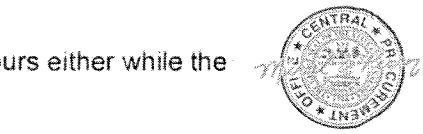
c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;

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

e. the Contractor's proposal seeking this Contract.

E.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. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Contractor shall prohibit smoking of tobacco products within any indoor premises in which services are provided pursuant to this Contract to individuals under the age of eighteen (18) years. The Contractor shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Contract.

E.14. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying," in accordance with its instructions.

c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subMembers shall certify and disclose accordingly.

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

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

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

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

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

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

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

E.16. 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-31865-00352 (Attachment 6.2, Section B) 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.17. Copyrights and Patents. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State. The State shall give the Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.

E.18. 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 Tenn. Code Ann. § 8-6-106.

E.19. Federal Funding Accountability and Transparency Act (FFATA). This Contract requires the Contractor to provide supplies and/or services that are funded in whole or in part by federal funds that are subject to FFATA. The Contractor is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Contractor provides information to the State as required.

The Contractor shall comply with the following:

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

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

i. 80 percent or more of the Contractor's annual gross revenues from Federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 C.F.R. 170.320 (and subawards); and

ii. $25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm.).

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

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

i. Salary and bonus.

ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

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

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

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

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

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

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

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

The Contractor's failure to comply with the above requirements is a material breach of this Contract for which the State may terminate this Contract for cause. The State will not be

obligated to pay any outstanding invoice received from the Contractor unless and until the Contractor is in full compliance with the above requirements.

E.20. 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, and as amended.

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 the Access, Use and Disclosure of PHI; and
4. Timely Reporting of Privacy and/or 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 B.

b. Contractor warrants that it shall cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and HITECH and their accompanying 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 shall 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.21. As a party to this Contract, the Contractor hereby acknowledges its designation as a covered entity and/or business associate under the HIPAA regulations and agrees to comply with all applicable HIPAA and HITECH (hereinafter "HIPAA/HITECH") regulations. In accordance with HIPAA/HITECH regulations, the Contractor shall, at a minimum:

a. Comply with requirements of the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), including, but not limited to, the transactions and code sets, privacy, security, and identifier regulations, by their designated compliance dates. Compliance includes meeting all required transaction formats and code sets with the specified data sharing agreements required under the regulations;

b. Transmit/receive from/to its providers, subcontractors, clearinghouses and TennCare all transactions and code sets required by the HIPAA/HITECH regulations in the appropriate standard formats, utilizing appropriate and adequate safeguards, as specified under the law and as directed by TennCare so long as TennCare direction does not conflict with the law;

c. Agree that if it is not in compliance with all applicable standards defined within the transactions and code sets, privacy, security and all subsequent HIPAA/HITECH standards, that it will be in breach of this Contract and will then take all reasonable steps to cure the breach or end the violation as applicable. Since inability to meet the transactions and code sets requirements, as well as the privacy and security requirements can bring basic business practices between TennCare and the Contractor and between the Contractor and its providers and/or subcontractors to a halt, if for any reason the Contractor cannot meet the requirements of this Section, TennCare may terminate this Contract in accordance with the Business Associate Agreement ancillary to this Contract;

d. Ensure that Protected Health Information (PHI) exchanged between the Contractor and TennCare is used only for the purposes of treatment, payment, or health care operations and health oversight and its related functions. All PHI not transmitted for these purposes or for purposes allowed under the federal HIPAA/HITECH regulations shall be de-identified to secure and protect the individual enrollee's PHI;

e. Report to TennCare's Privacy Office immediately upon becoming aware of any use or disclosure of PHI in violation of this Contract by the Contractor, its officers, directors, employees, subcontractors or agents or by a third party to which the Contractor disclosed PHI;

f. Specify in its agreements with any agent or subcontractor that will have access to PHI that such agent or subcontractor agrees to be bound by the same restrictions, terms and conditions that apply to the Contractor pursuant to this Section;

g. Make available to TennCare enrollees the right to amend their PHI in accordance with the federal HIPAA regulations. The Contractor shall also send information to enrollees educating them of their rights and necessary steps in this regard;

h. Make an enrollee's PHI accessible to TennCare immediately upon request by TennCare;

i. Make its internal policies and procedures, records and other documentation related to the use and disclosure of PHI available to the U.S. Secretary of Health and Human Services for the purposes of determining compliance with the HIPAA/HITECH regulations upon request;

j. Create and adopt policies and procedures to periodically audit adherence to all HIPAA/HITECH regulations, and for which Contractor acknowledges and promises to perform, including but not limited to, the following obligations and actions:

k. Agree to ensure that any agent, including a subcontractor, to whom it provides PHI that was created, received, maintained, or transmitted on behalf of TennCare agrees to use reasonable and appropriate safeguards to protect the PHI.

l. If feasible, return or destroy all PHI, in whatever form or medium (including any electronic medium) and all copies of an any data or compilations derived from and allowing identification of any individual who is a subject of that PHI upon termination, cancellation, expiration or other conclusion of the Agreement, and in accordance with this Section of this Contract. The Contractor shall complete such return or destruction as promptly as possible, but not later than thirty (30) days after the effective date of the termination, cancellation, expiration or other conclusion of the Agreement. The Contractor shall identify any PHI that cannot feasibly be returned or destroyed. Within such thirty (30) days after the effective date of the termination, cancellation, expiration or other conclusion of the Agreement, the Contractor shall: (1) certify on oath in writing that such return or destruction has been completed; (2) identify any PHI which cannot feasibly be returned or destroyed; and (3) certify that it will only use or disclose such PHI for those purposes that make its return or destruction infeasible;

m. Implement all appropriate administrative, physical and technical safeguards to prevent the use or disclosure of PHI other than pursuant to the terms and conditions of this Contract and, including, but not limited to, privacy, security and confidentiality requirements in 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164;

n. Set up appropriate mechanisms to limit use or disclosure of PHI to the minimum necessary to accomplish the intended purpose of the use or disclosure;

o. Create and implement policies and procedures to address present and future HIPAA/HITECH regulatory requirements as needed, including, but not limited to: use and disclosure of data; de-identification of data; minimum necessary access; accounting of

disclosures; enrollee's right to amend, access, request restrictions; notice of privacy practices and right to file a complaint;

p. Provide an appropriate level of training to its staff and employees regarding HIPAA/HITECH-related policies, procedures, enrollee rights and penalties prior to the HIPAA/HITECH implementation deadlines and at appropriate intervals thereafter;

q. Track training of Contractor staff, employees and subcontractors and maintain signed acknowledgements by staff, employees and subcontractors of the Contractor's HIPAA/HITECH policies;

r. Be allowed to use and receive information from TennCare where necessary for the management and administration of this Contract and to carry out business operations where permitted under the regulations;

s. Be permitted to use and disclose PHI for the Contractor's own legal responsibilities;

t. Adopt the appropriate procedures and access safeguards to restrict and regulate access to and use by Contractor employees and other persons performing work for the Contractor to have only minimum necessary access to PHI/PII within their organization;

u. Continue to protect and secure PHI/PII relating to enrollees who are deceased;

v. Be responsible for informing its enrollees of their privacy rights in the manner specified under the regulations;

w. Make available PHI in accordance with 45 C.F.R. 164.524;

x. Make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 C.F.R. 164.526; and

y. Obtain a third (3rd) party certification of their HIPAA transaction compliance within ninety (90) calendar days upon request by TennCare. .

The Contractor shall track all security incidents as defined by HIPAA/HITECH, and, as required by the HIPAA/HITECH Reports. The Contractor shall periodically report in summary fashion such security incidents.

E.22. TennCare and the Contractor are "information holders" as defined in Tenn. Code Ann. § 47-8-2107. In the event of a breach of the security of Contractor's information system, as defined by Tenn. Code Ann. § 47-18-2107, the Contractor shall indemnify and hold TennCare harmless for expenses and/or damages related to the breach. Such obligations shall include, but not be limited to, mailing notifications to affected enrollees. Substitute notice to written notice, as defined by Tenn. Code Ann. § 47-18-2107(e)(2)and(3), shall only be permitted with TennCare's express written approval. The Contractor shall notify TennCare's Privacy Office immediately upon becoming aware of any security incident that would constitute a "breach of the security of the system" as defined in Tenn. Code Ann. § 47-18-2107.

E.23. Notification of Breach and Notification of Provisional Breach - The Contractor shall notify TennCare's Privacy Office immediately upon becoming aware of any incident, either confirmed or provisional, that represents or may represent unauthorized access, use or disclosure of encrypted or unencrypted computerized data that materially compromises the security, confidentiality, or integrity of enrollee PHI maintained or held by the Contractor, including any unauthorized acquisition of enrollee PHI by an employee or otherwise authorized user of the Contractor 's system. This includes, but is not limited to, loss or suspected loss of remote computing or telework devices such as laptops, PDAs, Blackberrys or other Smartphones, USB drives, thumb drives, flash drives, CDs, and/or disks.

a. The Contractor will use the Loss Worksheet located at http://www.tn.gov/tenncare/forms/phi_piiworksheet.pdf to quickly gather and organize information about the incident. The Contractor must provide TennCare with timely updates as any additional information about the loss of PHI/PII becomes available.

b. If the Contractor experiences a loss or breach of said data, TennCare will determine whether or not notice to individuals whose data has been lost or breached shall be provided and the Contractor shall bear any costs associated with the notice or any mitigation.

E.24. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to Two (2) times the Maximum Liability amount detailed in section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

E.25. Employees Excluded from Medicare, Medicaid or CHIP. The Contractor does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly employ, in the performance of this Contract, employees who have been excluded or terminated from participation in the Medicare, Medicaid, and/or CHIP programs pursuant to Sections 1128 of the Social Security Act. The Contractor further attests that no individual or entity with a 55 or greater ownership interest has been excluded or terminated from participation in Medicare, Medicaid, and/or CHIP programs.

E.26. Social Security Administration (SSA) Required Provisions for Data Security. The Contractor shall comply with limitations on use, treatment, and safeguarding of data under the Privacy Act of 1974 (5 U.S.C. 552a), as amended by the Computer Matching and Privacy Protection Act of 1988, related Office of Management and Budget guidelines, the Federal Information Security Management Act of 2002 (44 U.S.C. § 3541, *et seq.*), and related National Institute of Standards and Technology guidelines. In addition, the Contractor shall have in place administrative, physical, and technical safeguards for data.

a. The Contractor shall not duplicate in a separate file or disseminate, without prior written permission from TennCare, the data governed by the Contract for any purpose other than that set forth in this Contract for the administration of the TennCare program. Should the Contractor propose a redisclosure of said data, the Contractor must specify in writing to TennCare the data the Contractor proposes to redisclose, to whom, and the reasons that justify the redisclosure. TennCare will not give permission for such redisclosure unless the redisclosure is required by law or essential to the administration of the TennCare program.

b. The Contractor agrees to abide by all relevant federal laws, restrictions on access, use, and disclosure, and security requirements in this Contract.

c. The Contractor shall provide a current list of the employees of such contractor with access to SSA data and provide such lists to TennCare upon request.

d. The Contractor shall restrict access to the data obtained from TennCare to only those authorized employees who need such data to perform their official duties in connection with purposes identified in this Contract. The Contractor shall not further duplicate, disseminate, or disclose such data without obtaining TennCare's prior written approval.

e. The Contractor shall ensure that its employees:

(1) properly safeguard PHI/PII furnished by TennCare under this Contract from loss, theft or inadvertent disclosure;

(2) understand that they are responsible for safeguarding this information at all times, regardless of whether or not the Contractor employee is at his or her regular duty station;

(3) ensure that laptops and other electronic devices/ media containing PHI/PII are encrypted and/or password protected;

(4) send emails containing PHI/PII only if encrypted or if to and from addresses that are secure; and,

(5) limit disclosure of the information and details relating to a PHI/PII loss only to those with a need to know.

Contractor employees who access, use, or disclose TennCare or TennCare SSA-supplied data in a manner or purpose not authorized by this Contract may be subject to civil and criminal sanctions pursuant to applicable federal statutes.

f. Loss or Suspected Loss of Data – If an employee of the Contractor becomes aware of suspected or actual loss of PHI/PII, he or she must immediately contact TennCare immediately upon becoming aware to report the actual or suspected loss. The Contractor will use the Loss Worksheet located at http://www.tn.gov/tenncare/forms/phi_piiworksheet.pdf to quickly gather and organize information about the incident. The Contractor must provide TennCare with timely updates as any additional information about the loss of PHI/PII becomes available.

If the Contractor experiences a loss or breach of said data, TennCare will determine whether or not notice to individuals whose data has been lost or breached shall be provided and the Contractor shall bear any costs associated with the notice or any mitigation.

g. TennCare may immediately and unilaterally suspend the data flow under this Contract, or terminate this Contract, if TennCare, in its sole discretion, determines that the Contractor has: (1) made an unauthorized use or disclosure of TennCare SSA-supplied data; or (2) violated or failed to follow the terms and conditions of this Contract.

h. Legal Authority – Federal laws and regulations giving SSA the authority to disclose data to TennCare and TennCare's authority to collect, maintain, use and share data with Contractor is protected under federal law for specified purposes.

i. Definitions

(1) "SSA-supplied data" – information, such as an individual's social security number, supplied by the Social Security Administration to TennCare to determine entitlement or eligibility for federally-funded programs (CMPPA between SSA and F&A; IEA between SSA and TennCare).

(2) "Protected Health Information/Personally Identifiable Information" (PHI/PII) (45 C.F.R. § 160.103; OMB Circular M-06-19) – Protected health information means individually identifiable health information that is: (i) Transmitted by electronic media; (ii) Maintained in electronic media; or (iii) Transmitted or maintained in any other form or medium.

(3) "Individually Identifiable Health Information" – information that is a subset of health information, including demographic information collected from an individual, and: (1) Is created or received by a health care provider, health plan, employer, or health care clearinghouse; and (2) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and (i) identifies the individual; or (ii) with

respect to which there is a reasonable basis to believe the information can be used to identify the individual.

(4) "Personally Identifiable Information" – any information about an individual maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and information which can be used to distinguish or trace an individual's identity, such as their name, Social Security Number, date and place of birth, mother's maiden name, biometric records, including any other personal information which can be linked to an individual.

E.27. Offer of Gratuities. By signing this Contract, the Contractor signifies that no member of or a delegate of Congress, nor any elected or appointed official or employee of the State of Tennessee, the General Accounting Office, Department of Health and Human Services, CMS, or any other federal agency has or will benefit financially or materially from this procurement. This Contract may be terminated by TennCare if it is determined that gratuities of any kind were offered to or received by any of the aforementioned officials or employees from the Contractor, his agent, or employees and may result in termination of the Contract as provided in Section D.4.

E.28 Privacy, Security and Confidentiality - The Contractor shall ensure it continuously meets all federal regulations and State laws, and as amended, regarding standards for privacy, security, and confidentiality of individual data, referred to as, but not limited to, individually identifiable data, protected health information, personal information, personally identifiable information, substance abuse and mental health information, federal tax information and genetic information. The actual damages for the Contractor's failure to comply with the legal standards and requirements and State policies shall be any penalties that the Bureau is assessed.

E.29. Medicaid and CHIP Safeguards - The Contractor must provide safeguards that restrict the use or disclosure of information concerning applicants and beneficiaries to purposes directly connected with the administration of the plan:

i. Purposes directly related to the administration of Medicaid and CHIP include:

a. Establishing eligibility;
b. Determining the amount of medical assistance;
c. Providing services for beneficiaries; and,
d. Conducting or assisting an investigation, prosecution, or civil or criminal proceeding related to Medicaid or CHIP administration.

ii. The Contractor must have adequate safeguards to assure that—

a. Information is made available only to the extent necessary to assist in the valid administrative purposes of those receiving the information, and information received under 26 USC section 6103(l) is exchanged only with parties authorized to receive that information under that section of the Code; and,
b. The information is adequately stored and processed so that it is protected against unauthorized disclosure for other purposes.

iii. The Contractor must have criteria that govern the types of information about applicants and beneficiaries that are safeguarded. This information must include at least--

a. Names and addresses;
b. Medical services provided;
c. Social and economic conditions or circumstances;
d. Contractor evaluation of personal information;
e. Medical data, including diagnosis and past history of disease or disability; and
f. Any information received for verifying income eligibility and amount of medical assistance payments, including income information received from SSA or the Internal Revenue Service,

g. Any information received for verifying income eligibility and amount of medical assistance payments,
h. Income information received from SSA or the Internal Revenue Service must be safeguarded according to Medicaid and CHIP requirements,
i. Any information received in connection with the identification of legally liable third party resources,
j. Social Security Numbers.

iv. The Contractor must have criteria approved by the State specifying:

a. The conditions for release and use of information about applicants and beneficiaries.
b. Access to information concerning applicants or beneficiaries must be restricted to persons or Contractor representatives who are subject to standards of confidentiality that are comparable to those of the State.
c. The Contractor shall not publish names of applicants or beneficiaries.
d. The Contractor shall obtain permission from a family or individual, whenever possible, before responding to a request for information from an outside source, unless the information is to be used to verify income, eligibility and the amount of medical assistance payment to an authorized individual or entity.
e. If, because of an emergency situation, time does not permit obtaining consent before release, the Contractor shall notify the State, the family or individual immediately after supplying the information.
f. The Contractor's policies must apply to all requests for information from outside sources, including governmental bodies, the courts, or law enforcement officials.
g. The Contractor shall notify the State of any requests for information on applicants or beneficiaries by other governmental bodies, the courts or law enforcement officials ten (10) days prior to releasing the requested information.
h. If a court issues a subpoena for a case record or for any Contractor representative to testify concerning an applicant or beneficiary, the Contractor must notify the State at least ten (10) days prior to the required production date so the State may inform the court of the applicable statutory provisions, policies, and regulations restricting disclosure of information, effective until Jan. 1, 2014.
i. The Contractor shall not request or release information to other parties to verify income, eligibility and the amount of assistance under Medicaid or CHIP, prior to express approval from the State.

E.30. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.

a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;
d. any technical specifications provided to proposers during the procurement process to award this Contract;
e. the Contractor's proposal seeking this Contract.

IN WITNESS WHEREOF,

COGNOSANTE, LLC.:

CONTRACTOR SIGNATURE DATE June 5, 2013

Thomas Stepka, Executive Vice President and Chief Operating Officer

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

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

Larry B Martin / WJ 6/6/13

Larry B. Martin, Interim Commissioner DATE

ATTACHMENT

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	37266
CONTRACTOR LEGAL ENTITY NAME:	Cognosante, LLC
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	68-0121468

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.

Thomas Stepka, Executive Vice President and Chief Operating Officer

PRINTED NAME AND TITLE OF SIGNATORY

June 5, 2013

DATE OF ATTESTATION

ATTACHMENT B
LIQUIDATED DAMAGES

TennCare may elect to apply the following liquidated damages remedies in the event the Contractor fails to perform its obligations under this Contract in a proper and/or timely manner. Upon determination by TennCare that the Contractor has failed to meet any of the requirements of this Contract in a proper and/or timely manner, TennCare will notify the Contractor in writing of the deficiency and of the potential liquidated damages to be assessed. Liquidated damages shall be assessed for any part of each week during which the deficiency occurs or remains uncorrected, unless the amount of liquidated damages is otherwise designated as "per occurrence" or "per incident" in the following table. Should the deficiency remain uncorrected for more than thirty (30) days from the date of the original notification of the deficiency by TennCare, TennCare may impose an additional liquidated damage of Five Hundred Dollars ($500) per calendar day from the date of the original notification to Contractor until said deficiency is resolved.

All liquidated damages remedies set forth in the following table may, at TennCare's election, be retroactive to the date of the initial occurrence of the failure to comply with the terms of the Contract as set forth in the notice of deficiency from TennCare and may continue until such time as the State Project Director, or his or her designee, determines the deficiency has been cured.

If liquidated damages are assessed, TennCare shall reduce the Contractor's payment for administrative services in the following month's invoice by the amount of damages. In the event that damages due exceed the amount TennCare is to pay to Contractor in a given payment cycle, TennCare shall invoice Contractor for the amount exceeding the amount payable to Contractor, and such excess amount shall be paid by Contractor within thirty (30) calendar days of the invoice date. In situations where the Contractor wishes to dispute any liquidated damages assessed by TennCare, the Contractor must submit a written notice of dispute, including the reasons for disputing the liquidated damages, within thirty (30) days of receipt of the notice from TennCare containing the total amount of damages assessed against the Contractor. If the Contractor fails to timely dispute a liquidated damages assessment as set forth herein, such failure shall constitute a bar to the Contractor seeking to have the assessment amount overturned in a forum or court of competent jurisdiction.

A general liquidated damage of $500.00 per calendar day/occurrence, as applicable, may be assessed at the sole discretion of the State for any violation of a contract provision that is not specifically listed in the following table.

	PROGRAM ISSUES		DAMAGE
1.	Failure to monthly develop a staffing plan for review and approval by the Project Director and provide notice of no later than seven (7) calendar days following a change in staffing per Section A.3.		The damage that may be assessed shall be five hundred dollars ($500) per business day until the requirements are met.
2.	Failure to identify, document and communicate project risks and issues that may impact project schedule, scope or successful completion and submitting status reports to the State and to CMS as required by Section A.5.		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence until the requirements are met.
3.	Failure to develop strategy to validate and verify the technical design elements of the Eligibility Determination System per Section A.10.		The damage that may be assessed shall be one thousand dollars ($1,000) per occurrence until the requirements are met.
4.	Failure by the Contractor to meet the standards for privacy, security, and confidentiality of individual data as evidenced by a breach of the security		$1,000 per affected member per occurrence.

	per Section E.28.		
5.	Failure by the Contractor to execute the appropriate agreements to effectuate transfer and exchange of TennCare enrollee PHI or TennCare confidential information including, but not limited to, a data use agreement, trading partner agreement, business associate agreement or qualified protective order prior to the use or disclosure of PHI to a third party. (See Business Associate Agreement between the parties)		$1,000 per affected member per occurrence.
6.	Failure by the Contractor to seek express written approval from TennCare prior to the use or disclosure of TennCare enrollee data or TennCare confidential information in any form via any medium with any third party beyond the boundaries and jurisdiction of the United States. (See Business Associate Agreement between the parties)		$1,000 per affected member per occurrence.
7.	Failure by the Contractor to timely report violations in the access, use and disclosure of PHI or timely report a security incident or timely make a notification of breach or notification of provisional breach per Sections E.20.a.3 & 4.; E23. (See also Business Associate Agreement between the parties)		$1,000 per affected member per occurrence.

CENTRAL PROCUREMENT OFFICE