

July 21, 2020

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

RE: Clear2There (C2T). – Amendment #3; Public Consulting Group, Inc. – Amendment #1;
Public Partnerships, LLC. – Amendment #1

Dear Ms. Lee Carsner:

The Department of Finance and Administration, Division of TennCare, is submitting for consideration by the Fiscal Review Committee the required documentation for three (3) Amendments as follows:

- 1) **Clear2There (C2T):** C2T is the only telephone bridging and digital recording system specifically created and designed for State appeals hearings. There is no other system that allows the State hearing schedule data to be uploaded to the vendors' database in order to provide meaningful indexing and search capabilities, as well as autodialing of the party phone numbers. C2T's system is specific to meeting the technical and legal requirements for appeals hearings.

The appeal volume and necessity of hearing procedures provided by C2T has greatly impacted TennCare. The web based functionality has all but eliminated the need of using court reporters as well as allowed TennCare to utilize digital storage, housing, and digital searching mechanisms that are not otherwise available or in use by standard court reporters. Currently there are no other providers that specifically supply the services C2T currently provides to TennCare and other State agencies. The cost benefit of utilizing C2T over standard Court Reporters is significant and has saved TennCare Hundreds of Thousands of Dollars over the term of the current contract. The purpose of this request is to exercise a renewal option in accordance with Section B.2 of Contract 56441.

- 2) **Public Consulting Group, Inc.:** This competitively procured contract with Public Consulting Group, Inc. is for the provision of an Asset Verification System (AVS) to meet the requirements of 42 U.S.C.A. § 1396w, all applicable state and federal laws. Section 1940 of the Social Security Act (42 U.S.C.A. § 1396w) requires all States to maintain a system for verifying the assets of aged, blind or disabled Applicants and Recipients of Medicaid and any other person whose resources are required by law to be disclosed to determine the eligibility of the Applicant or Recipient for such assistance.

It is necessary to amend the contract term for an additional 12-month period in accordance with Section B.2 of the contract for the continuation of asset verification services and continued



compliance with Section 1940 of the Social Security Act (42 U.S.C.A. § 1396w).

- 3) Public Partnerships, LLC.:** Public Partnerships Limited (PPL) has been a long-time business partner of TennCare performing Fiscal Employer Agent (FEA) and Supports Broker (SB) service in the CHOICES program since 2010 and the Employment and Community First (ECF) CHOICES program beginning in 2016. As part of our most recent competitive procurement for FEA/SB services, PPL was awarded a contract encompassing all of TennCare's Medicaid HCBS programs and populations which added three Section 1915(c) HCBS waivers operated by DIDD. PPL provides FEA/SB services to provide TennCare members the option to consumer direct eligible services. Legislation passed in 2018-2019 to establish a new standalone Katie Beckett Program. The services provided through Consumer Direction in Katie Beckett as well as the reimbursement model for types of assistance for those not utilizing direct support staff mirror those in ECF.

Due to our compressed timeframe for program design and implementation, TennCare leveraged the current PPL contract to extend the current systems and processes to Katie Beckett as well. The language changes are primarily to add the new Katie Beckett Program to the existing contract. In accordance with Contract Section B.2, TennCare is requesting to extend the contract two (2) additional years adding funding for those two (2) years plus additional funding for the new Katie Beckett additions. This will bring the Contract out to the maximum of sixty-one (61) months as allowable in section B.2.

TennCare respectfully submits the above referenced contract amendment(s) 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: Stephen Smith, Director of TennCare

Amendment Request

This request form is not required for amendments to grant contracts. Upload the completed document and route for approvals by selecting the Amendment Request e-Form in Edison. For additional guidance, please see the e-Forms Job Aid available online at the following: <https://www.teamtn.gov/cpo/learning-development/cpo-job-aids.html>.

APPROVED

CHIEF PROCUREMENT OFFICER

DATE

Agency request tracking #	31865-00486	
1. Procuring Agency	Department of Finance and Administration, Division of TennCare	
2. Contractor	Public Consulting Group, Inc.	
3. Edison contract ID #	57865	
4. Proposed amendment #	#1	
5. Contract's Original Effective Date	April 1, 2018	
6. Current end date	March 31, 2021	
7. Proposed end date	March 31, 2022	
8. Current Maximum Liability or Estimated Liability	\$ 3,266,750.00	
9. Proposed Maximum Liability or Estimated Liability	\$ 3,266,750.00	
10. Strategic Technology Solutions Pre-Approval Endorsement Request – <i>information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
11. eHealth Pre-Approval Endorsement Request – <i>health-related professional, pharmaceutical, laboratory, or imaging</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
12. Human Resources Pre-Approval Endorsement Request – <i>state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
13. Explain why the proposed amendment is needed		
<p>This competitively procured contract with Public Consulting Group, Inc. is for the provision of an Asset Verification System (AVS) to meet the requirements of 42 U.S.C.A. § 1396w, all applicable state and federal laws. Section 1940 of the Social Security Act (42 U.S.C.A. § 1396w) requires all States to maintain a system for verifying the assets of aged, blind or disabled Applicants and Recipients of Medicaid and any other person whose resources are required by law to be disclosed to determine the eligibility of the Applicant or Recipient for such assistance.</p>		

Agency request tracking #	31865-00486
It is necessary to amend the contract term for an additional 12-month period in accordance with Section B.2 of the contract for the continuation of asset verification services and continued compliance with Section 1940 of the Social Security Act (42 U.S.C.A. § 1396w).	
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)	



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 31865-00486	Edison ID 57865	Contract #	Amendment # #1
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Contractor Legal Entity Name Public Consulting Group, Inc.	Edison Vendor ID 0000004919
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Amendment Purpose & Effect(s)
Term Extension

Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	End Date: March 31, 2022
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TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): \$0

Funding ---

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2018	\$26,940.00	\$242,460.00	\$0.00	\$0.00	\$269,400.00
2019	\$91,648.25	\$824,834.27	\$0.00	\$0.00	\$916,482.52
2020	\$87,939.06	\$791,451.51	\$0.00	\$0.00	\$879,390.57
2021	\$100,000.00	\$900,000.00	\$0.00	\$0.00	\$1,000,000.00
2022	\$20,147.69	\$181,329.22	\$0.00	\$0.00	\$201,476.91
TOTAL:	\$326,675.00	\$2,940,075.00	\$0.00	\$0.00	\$3,266,750.00

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.	<i>CPO USE</i>
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Speed Code (optional) TN0000000303	Account Code (optional)
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**AMENDMENT #1
OF CONTRACT 57865
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF TENNCARE
AND
PUBLIC CONSULTING GROUP, INC.**

This Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, Division of TennCare, hereinafter referred to as the "State" and Public Consulting Group, Inc., 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 Sections B.1 and B.2 are deleted in their entirety and replaced with the following:
 - B.1. This Contract shall be effective for the period beginning April 1, 2018 ("Effective Date") and ending on March 31, 2022 ("Term"). The State shall have no obligation for goods delivered or services provided by the Contractor prior to the Effective Date.
 - B.2. Renewal Options. This Contract may be renewed upon satisfactory completion of the Term. The State reserves the right to execute up to one (1) renewal options under the same terms and conditions for a period not to exceed twelve (12) months by the State, at the State's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of sixty (60) months.

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 once all required approvals are obtained. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

PUBLIC CONSULTING GROUP, INC:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

**DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF TENNCARE:**

BUTCH ELEY, COMMISSIONER

DATE

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Matt Brimm	*Contact Phone:	615-687-5811
*Presenter's name(s):	William Aaron		
Edison Contract Number: <i>(if applicable)</i>	57865	RFS Number: <i>(if applicable)</i>	31865-00486
*Original or Proposed Contract Begin Date:	April 1, 2018	*Current or Proposed End Date:	March 31, 2021
Current Request Amendment Number: <i>(if applicable)</i>	1		
Proposed Amendment Effective Date: <i>(if applicable)</i>	March 1, 2021		
*Department Submitting:	Department of Finance and Administration, Division of TennCare		
*Division:	TennCare		
*Date Submitted:	July 21, 2020		
*Submitted Within Sixty (60) days:	Yes		
<i>If not, explain:</i>	N/A		
*Contract Vendor Name:	Public Consulting Group, Inc.		
*Current or Proposed Maximum Liability:	\$3,266,750.00		
*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:2018	FY:2019	FY:2020	FY:2021
\$269,400.00	\$1,007,600.00	\$1,137,000.00	\$852,750.00
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)			
FY:2018	FY:2019	FY:2020	
\$269,400.00	\$916,482.52	\$879,390.57 Expenditures through June 2020	
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		Sufficient funding is included in the contract maximum liability to cover all possible payments. Any unspent dollars in a Fiscal Year roll forward in this contract to be available for payments for the remainder of the contract.	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		This contract payment methodology is based on rates submitted in a competitive cost proposal. The maximum liability is calculated by	

Supplemental Documentation Required for
Fiscal Review Committee

	Fiscal Year to include the fixed rates in addition to projected percentage payments. All unused funds for a Fiscal Year roll forward for availability throughout the term of the contract.		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	N/A		
*Contract Funding Source/Amount:			
State:	\$681,988.00	Federal:	\$2,584,762.00
<i>Interdepartmental:</i>		<i>Other:</i>	
If “ <i>other</i> ” please define:			
If “ <i>interdepartmental</i> ” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
N/A		N/A	
Method of Original Award: <i>(if applicable)</i>		RFP Request for Proposal	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?		Cost Determined by Cost Proposal	
*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.		This contract was competitively procured, not a sole source.	
*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		TennCare conducted online research on the	

Supplemental Documentation Required for
Fiscal Review Committee

<p>information regarding the due diligence that the 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.</p>	<p>contractor and did not identify any illegal activity. Language in the contract requires immediate notification to the state regarding illegal activity or fraud if discovered during the term of this Contract.</p>
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CONTRACT

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

Begin Date April 1, 2018	End Date March 31, 2021	Agency Tracking # 31865-00486	Edison Record ID 57865
Contractor Legal Entity Name Public Consulting Group, Inc.			Edison Vendor ID 0000004919

Goods or Services Caption (one line only)
Asset Verification System (AVS)

Contractor <input checked="" type="checkbox"/> Contractor	CFDA # 93.778 Dept of Health & Human Services/Title XIX
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Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2018	\$26,940.00	\$242,460.00			\$269,400.00
2019	\$157,610.00	\$849,990.00			\$1,007,600.00
2020	\$284,250.00	\$852,750.00			\$1,137,000.00
2021	\$213,188.00	\$639,562.00			\$852,750.00
TOTAL:	\$681,988.00	\$2,584,762.00			\$3,266,750.00

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.

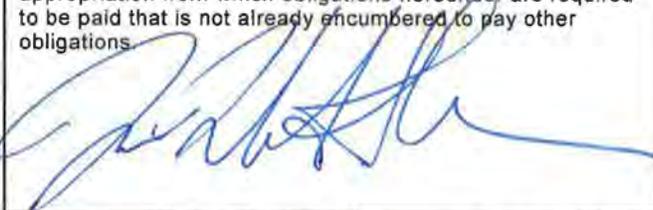
Government Non-Minority/Disadvantaged Other:

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

Competitive Selection RFP 31865-00486

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)
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Public Consulting Group, Inc.
Edison Contract ID: 57865
Vendor #: 0000004919

CONTRACT EXPENDITURES BY FISCAL YEAR
(Payment Detail Attached)

FY2018	\$269,400.00	
FY2019	\$916,482.52	
FY2020	\$879,390.57	(Expenditures through June 2020)
TOTAL	<u><u>\$2,065,273.09</u></u>	

***No Liquidated Damages have been assessed at this time.**

Public Consulting Group, Inc.
 Edison Contract ID: 57865
 Vendor ID: 0000004919

FY 2018 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Pymt Amount
2018	31865	01717189	183377	6/4/2018	\$89,800.00
2018	31865	01737553	183938	7/10/2018	\$179,600.00

Total FY 2018: \$269,400.00

FY 2019 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Pymt Amount
2019	31865	01757392	190234	8/27/2018	\$179,600.00
2019	31865	01793290	191069	11/8/2018	\$179,600.00
2019	31865	01844619	192551	2/26/2019	\$269,400.00
2019	31865	01877212	193553	4/30/2019	\$24,508.92
2019	31865	01877211	193554	4/30/2019	\$29,585.94
2019	31865	01877210	193555	4/30/2019	\$34,441.70
2019	31865	01904161	194364	6/28/2019	\$86,724.84
2019	31865	01904151	193997	7/1/2019	\$42,051.25
2019	31865	01923230	195087	7/26/2019	\$70,569.87

Total FY 2019: \$916,482.52

FY 2020 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Pymt Amount
2020	31865	01935959	200221	8/27/2019	\$79,411.30
2020	31865	01955067	200595	10/9/2019	\$101,665.87
2020	31865	01958164	200978	11/1/2019	\$72,731.64
2020	31865	01977595	201717	12/4/2019	\$87,077.66
2020	31865	01990073	202114	1/3/2020	\$73,544.92
2020	31865	02002110	202485	1/30/2020	\$79,130.24
2020	31865	02016116	202949	3/4/2020	\$71,738.96
2020	31865	02034270	203350	4/1/2020	\$72,940.94
2020	31865	02051080	203726	5/13/2020	\$70,073.53
2020	31865	02060554	204319	6/4/2020	\$59,967.33
2020	31865	02081790	204752	7/6/2020	\$50,934.54
2020	31865	Pending	205422	Pending	\$60,173.64

Total FY 2020: \$879,390.57



CONTRACT

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

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Government Non-Minority/Disadvantaged Other:

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

Competitive Selection RFP 31865-00486

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)
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**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF TENNCARE
AND
PUBLIC CONSULTING GROUP, INC.**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Division of TennCare ("State," or "TennCare") and Public Consulting Group, Inc. ("Contractor"), is for the implementation of an Asset Verification System (AVS) for verifying the assets of aged, blind or disabled Applicants and Recipients of TennCare Medicaid, and any other person whose resources are required by law to be disclosed to determine the eligibility of the Applicant or Recipient for such assistance, as further defined in the "SCOPE." The State and the Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is a For-Profit Corporation.

Contractor Place of Incorporation or Organization: Massachusetts

Contractor Edison Registration ID # 0000004919

A. SCOPE:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract. Refer to Contract Attachment A for definitions relevant to this Contract.

A.2. **Contract Overview.** Section 1940 of the Social Security Act (42 U.S.C.A. § 1396w) requires all States to implement a system for verifying the assets of aged, blind or disabled Applicants and Recipients of Medicaid and any other person whose resources are required by law to be disclosed to determine the eligibility of the Applicant or Recipient for such assistance. The Contractor shall provide an Asset Verification System (AVS) to meet the requirements of 42 U.S.C.A. § 1396w, all applicable state and federal laws, and Attachment D to this Contract. The State must have the ability to electronically forward a request for asset information for individuals applying and/or receiving TennCare Medicaid. Each Financial Institution shall respond electronically, providing any information it has about assets the Applicant, Recipient, and any other person whose resources are required by law to be disclosed, has or has had in the institution within the previous sixty (60) months. This information must be brought into the Tennessee Eligibility Determination System (TEDS), where the information is used to determine whether Applicant and/or Recipients meet certain financial eligibility requirements. TEDS go-live is currently scheduled for December 21, 2018 and the TEDS project is expected to be in the testing phase at the time this Contract is awarded. The Contractor shall work with the State, contracted Systems Integrator, and other state and federal entities, as requested, to implement and fully operationalize the AVS interface on or before TEDS go-live. Time is of the essence in this Contract. The following is an overview of the Contract project requirements:

A.2.1. The Asset Verification System Solution (AVS) shall be able to interface with TEDS and meet the requirements established by law and the Centers for Medicare and Medicaid Services (CMS). The State, in its sole discretion, shall decide whether the AVS is satisfactorily and timely implemented and fully operational.

A.2.2. The request and response system of the AVS shall be electronic. Verification inquiries shall be sent electronically via the internet or similar means from the State to the Financial Institution and returned in the same manner.

A.2.3. The AVS shall not be based on mailing paper-based requests.

- A.2.4. The AVS shall establish and maintain a database of Financial Institutions that participate in the State's AVS.
 - A.2.5. Verification requests shall be sent to Financial Institutions other than those identified by Applicants and Recipients, based on State approved logic including but not limited to geographic proximity to the Applicant's home address or previous addresses held within the last five (5) years, or other reasonable factors whenever the State determines that such requests are needed to determine or redetermine the individual's eligibility.
 - A.2.6. The verification requests shall include a request for information at the time of application, change of Applicant or Recipient status, renewal of eligibility, or at any other time as determined by the State.
 - A.2.7. The Contractor shall generate reports from the AVS on verification activity, including but not limited to, the number of requests, number of responses, and amounts of undisclosed assets found. These reports shall be delivered to the State as needed on an agreed-upon schedule.
 - A.2.8. Associated operational services shall be included in the AVS. This includes, but is not limited to, contracting with Financial Institutions, technical operations to focus on maintenance and changes to the system, and reporting.
 - A.2.9. The AVS shall have the ability to handle a minimum of five thousand to twelve thousand (5,000-12,000) inquiries per month for the State and be automatically scalable to handle inquiry amounts above this minimum level, as needed.
 - A.2.10. The Contractor shall submit a finalized work plan (Work Plan) within ten business (10) days after Contract award. The Work Plan shall include a detailed description of the schedule, tasks, deliverables, critical events, task dependencies, and payment schedule. The Work Plan shall be updated when deemed necessary by the State.
- A.3. **Financial Asset Verification Requirements.** The Contractor shall provide an AVS that meets the following functional requirements:
- A.3.1. The AVS shall provide an interface with TEDS in accordance with the Interface Control Documents for Asset Verification Interface (set forth in Attachment D) from which each active user may request a Financial Asset Verification Report for an Applicant, a Recipient, or any other person whose resources are required by law to be disclosed. The Financial Asset Verification Report shall identify open accounts in which the Applicant, Recipient, or any other person whose resources are required by law to be disclosed holds an ownership interest that has a positive account balance within a specified date range. The specified date range shall begin with the date of application, renewal application, or such other date as the State may request.
 - A.3.2. The Financial Asset Verification Report shall include at a minimum, the following specific information regarding each such account:
 - a. The name of the Financial Institution holding the account along with the branch location address and telephone number where the account is services;
 - b. The type of account (checking, savings, annuity, retirement, etc.) and the last four digits of the account number;
 - c. A statement that the Applicant or enrollee is not a current account holder;
 - d. A statement or message in accordance with the Interface Control Documents for Asset Verification Interface located in Contract Attachment D when there is a mismatch on one or more data elements if multiple other data elements are matched;

- e. The account balance in the account as of the start date of the specified date range sent in the request; and
- f. Such other information as the State may specify from time to time.

A.4. System Requirements

- A.4.1. The Contractor shall ensure that the AVS meets all the requirements of 42 U.S.C.A. § 1396w, all applicable state and federal laws, and Attachment D to this Contract.
- A.4.2. The Contractor shall provide an AVS interface, which shall be a bidirectional interface between TEDS and the AVS. A service call will originate from TEDS to AVS, and AVS shall send a response to TEDS within ten (10) business days. Both service calls shall prompt a real-time acknowledgement from the receiving system. TEDS will use this information during application, change and update flows to either prevent a member from getting eligibility for benefits that requires a resource check or to ensure that resources are appropriately verified.
- A.4.3. Inquiries shall be sent electronically via the AVS to Financial Institutions, and verifications shall be returned electronically from the Financial Institutions to the AVS.
 - a. The AVS shall not be based on mailing or faxing of paper-based requests, without the prior written consent of the State.
 - b. The AVS shall have the capability to provide for both electronic submission of requests to Financial Institutions and electronic receipt of responses from Financial Institutions.
- A.4.4. The AVS shall provide at a minimum, verification of checking, savings, investment accounts, IRA's, notes and bonds, certificates of deposit, annuities, and any other assets that may be held or managed by a Financial Institution.
- A.4.5. The AVS shall allow for verification requests to be sent to Financial Institutions based on suspicion of possible activity concerning financial assets or the declaration of the Applicant, Recipient, and any other person whose resources are required by law to be disclosed.
- A.4.6. The AVS shall allow for verification requests to be sent to Financial Institutions other than those identified by the Applicants, Recipients, and any other person whose resources are required by law to be disclosed, based on State approved logic such as geographic proximity to the Applicant's home address, residential history or some other reasonable factors when it is determined that such requests are needed to determine or redetermine the individual's eligibility.
- A.4.7. The AVS shall employ search techniques and algorithms to identify assets that might otherwise not be discovered through the eligibility determination process and may not have been disclosed by the Applicant, Recipient, or any other person whose resources are required by law to be disclosed.
- A.4.8. The AVS shall be able to use personally identifiable information to verify the Financial Institution's accounts.
- A.4.9. The AVS shall provide for identification of assets in Financial Institutions located inside and outside the state of Tennessee.
- A.4.10. The AVS shall request and return information to determine if the name of the Applicant, Recipient, or any other person whose resources are required by law to be disclosed, appeared on any account as a single or joint owner.

- A.4.11. The AVS shall notify or alert TEDS once a response from a Financial Institution is received, within ten (10) business days of the inquiry.
- A.4.12. The AVS shall provide to TEDS documentary evidence that the search was conducted, even when no assets were found.

A.5. Asset Verification Financial Institution Enrollment and Support Requirements:

- A.5.1. The Contractor shall have an established network of Financial Institutions that will participate in the AVS. The network shall be geographically diverse and shall include matching with Financial Institutions located outside of Tennessee.
- A.5.2. The Contractor shall readily identify Financial Institutions which are not enrolled in the AVS and therefore cannot be accessed. The Contractor shall update the enrollment status of Financial Institutions in the system on a daily basis.
- A.5.3. The AVS shall allow for verification requests to be sent to Financial Institutions based on the declaration of the Applicant, Recipient, or any other person whose resources are required by law to be disclosed or the State's suspicion of possible banking activity. In addition, the AVS shall allow for verification requests to be sent to Financial Institutions other than those identified by Applicants, Recipients, or any other person whose resources are required by law to be disclosed based on State approved logic such as geographic proximity to the Applicant's home address, residential history or some other reasonable factors when it is determined by the State that such requests are needed to determine or redetermine the Applicant or Recipient's eligibility.
- A.5.4. The Contractor shall provide a Letter of Commitment upon request by the State for currently participating Financial Institutions that indicates the level of access and communication agreed to by the Financial Institution.
- A.5.5. The Contractor shall have an established system and be responsible for recruiting, registering, training, and supporting Financial Institutions for participation in the AVS for Tennessee. The Contractor shall be responsible for all costs related to these activities. The Contractor shall establish and maintain a good working relationship with Financial Institutions and professional associations with which it is required to be in contact with during the performance of the Contract.
- A.5.6. The Contractor shall be responsible for registering and maintaining participation of Financial Institutions throughout the duration of the Contract period.
- A.5.7. The Contractor shall be responsible for any and all on-going support or assistance needed to maintain Financial Institution enrollment at acceptable levels. The Contractor shall be responsible for all costs related to these activities.
- A.5.8. The Contractor shall maintain a list of participating Financial Institutions as well as any and all branches or member institutions. This information shall be updated daily. The AVS shall incorporate this data into its system in a manner that is readily accessible. At a minimum, the list must include the following:
 - a. The name and address of the enrolled Financial Institution; and
 - b. The name, phone number, and e-mail address of the Financial Institution's preferred personal contact.
- A.5.9. In the event a Financial Institution ends its enrollment, the Contractor shall ensure that all requests for data that Contractor has made on behalf of the State to that Financial Institution and which are outstanding, are completed and responses are provided within

timeframes required herein.

- A.5.10. The Contractor may describe the contractual relationship between the Contractor and the State in its effort to enroll Financial Institutions in the Contractor's system. However, the Contractor shall not communicate or otherwise imply a legal or regulatory requirement exists for the Financial Institution to enroll in the Contractor's system or to provide information to the Contractor or to the State that is not otherwise required to be disclosed or provided by law or regulation.

A.6. Performance Standards

- A.6.1. The Contractor shall be responsible for ensuring Financial Institutions respond timely to inquiries submitted through the AVS. Responses shall be considered timely if all requirements below are met:
 - a. Ninety-five percent (95%) of all inquiries are responded to within ten (10) business days.
 - b. Ninety-nine percent (99%) of all inquiries are responded to within fifteen (15) business days.
 - c. A business day is a day, Monday through Friday, which is not a federal or state holiday.
 - d. Inquiries are considered submitted based on the request date in the transaction initiated by TEDS.
 - e. Inquiries are considered to be responded to when the Financial Institution's response is received by TEDS.
- A.6.2. The Contractor shall meet the Performance Standards as specified in Contract Section A.6 and shall be subject to liquidated damages as specified in Attachment C for failure to meet the Performance Standards.
- A.6.3. The Contractor shall monitor outstanding requests and initiate contact to Financial Institutions that have pending inquiries more than ten (10) business days old and attempt to solicit a response within five (5) banking days.

A.7. Maintenance and Availability

- A.7.1. The AVS shall be available and accessible for TEDS interfaces twenty-four (24) hours a day, seven (7) days a week, except for State-approved time for system maintenance.
- A.7.2. The system must have a 99.9% uptime guarantee excluding scheduled maintenance and downtime that has been mutually agreed upon between the Contractor and the State.
- A.7.3. Scheduled maintenance and scheduled downtime must be entirely performed during off-hours that fall outside of 6:00 am to 6:00 pm Central Time.
- A.7.4. All unscheduled downtime during these hours must be reported to the designated State personnel.
- A.7.5. Monthly reports shall be provided to State designated personnel to document system and application performance against the requirements stated herein.
- A.7.6. The Contractor shall immediately notify the State of any unscheduled downtime as soon as Contractor becomes aware of the need for downtime. Any unscheduled downtime

shall also be documented and explained in writing according to the State's requirements.

- A.7.7. The Contractor shall formally request approval for scheduled maintenance periods at least 2 business days prior to period. Scheduled maintenance periods shall be mutually agreed upon between the Contractor and the State.
- A.7.8. The Contractor shall notify the State within (15) minutes of discovery of outage(s) of State system(s) for which the Contractor has access.
- A.7.9. The State may make changes or revisions to the scope of the Contract at any time by written Change Order. Within five (5) business days of the Contractor's receipt of a Change Order, the Contractor shall provide to the State, in detail, any impact on cost, the schedule for implementing the change, and a Work Plan.

A Contractor may request a change within the scope of the Contract by written Change Order, identify any impact on cost, the schedule, or the Work Plan. The State shall attempt to respond to Contractor's requested Change Order within five (5) business days. The State must approve or reject all Change Orders in writing. If accepted, the Change Order shall be subject to the Control Memorandum Process.

A.8. System Help Requirements

- A.8.1. The Contractor shall provide help desk support for State personnel for follow-up, tracking progress, and other related assistance with requests referred to the Contractor.
- A.8.2. The Contractor shall provide a dedicated toll-free telephone for the help desk.
- A.8.3. The help desk shall provide technical assistance, answer questions related to referred requests, develop approaches to resolve issues or discrepancies, analyze problem or issue trends, and report final disposition of the call.
- A.8.4. The help desk shall be available from 7:30 a.m. to 5:30 p.m., Central Time, Monday through Friday.

A.9. Reporting Requirements

- A.9.1. The AVS shall allow for the flexible development of reports on verification activity, including but not limited to information such as the number of requests, number of responses, and amounts of undisclosed assets found.
- A.9.2. The Contractor shall provide reports in a manner specified by the State.
- A.9.3. Asset Verification Performance Report - The Contractor's system shall provide the State with a monthly report of the Contractor's performance. At a minimum, the report must provide:
 - a. A summary of inquiries made and the time in days until responses are received.
 - b. The number of detection responses that are provided to TEDS and the number of verifications that are provided to TEDS.
 - c. A calculation showing the month's performance relative to the standards established herein.
 - d. An aging summary of outstanding inquiries.
 - e. The status and corrective actions planned or taken on every inquiry outstanding for more than 25 banking days during the period of the report.

- A.9.4. The Contractor shall provide the State with all information regarding the AVS needed to comply with applicable federal reporting requirements found in 42 U.S.C.A. § 1396w. Such information shall be provided at such times, in such format, and containing all information that the State deems appropriate.

A.10. Key Personnel

- A.10.1. The Contractor shall submit to the State for prior review and approval the names, titles, and resumes of candidates for initial engagement of Key Personnel and whenever a change in Key Personnel is proposed. If, during the term of this Contract, any Key Personnel should leave the Contractor's employment or the State requests that a specific Key Personnel no longer work on this contract, the Contractor shall fill the vacant Key Personnel position, within thirty (30) calendar days from the date of the Key Personnel leaving his/her position with the Contractor or being barred from working on this contract, with a replacement that is satisfactory to the State. Until a qualified and acceptable replacement is available, the Contractor shall temporarily fill such Key Personnel position, within three (3) business days of a vacancy occurring, with a qualified Contractor staff resource who shall perform the Key Personnel duties. Failure to timely replace Key Personnel may result in Liquidated Damages as set forth in Attachment C.
- A.10.2. Upon the State's request, the Contractor shall offer the State an opportunity to interview Contractor's initial proposed Key Personnel and any proposed replacement(s) to Key Personnel. The State may, at any time during the Contract period disapprove any Key Personnel assigned by the Contractor to perform work under this Contract. Upon notification by the State to the Contractor that Key Personnel has been disapproved, the Key Personnel shall immediately cease work under this Contract. The decision of the State on these matters shall not be subject to appeal.
- A.10.3. The Contractor shall not remove any approved Key Personnel from her/his assigned duties under the Contract for any period of time exceeding two (2) weeks without State prior written approval. The Contractor shall notify the State in writing of any proposed change in Key Personnel at least thirty (30) calendar days prior to the change or as soon as the change is known if the employee's notification to the Contractor is less than this period. The State understands that Key Personnel will on occasion take vacation time or attend corporate functions, which will require brief time away from their assigned duties.
- A.10.4. For each position designated as Key Personnel, and other positions upon State request, the Contractor shall identify the individual(s) who will serve as "back up" or interim successor(s) to these Key Personnel positions in the event the Key Personnel position becomes vacant. Both the interim and permanent replacement shall remain subject to the State's right to review and approve such appointments.
- A.10.5. Unless substitution is approved by the State, Key Personnel shall be the same personnel proposed in the Contractor's Technical Proposal, which will be incorporated into the Contract by reference. This shall include, at a minimum, an Account Executive and a Technical Manager.

A.11. Problem Notification

- A.11.1. At the point at which the Contractor discovers or reasonably should have known of any problem that is reasonably likely to jeopardize the Contractor's ability to perform any function as specified in this Contract, the Contractor shall notify the applicable State staff (as well as the State's designated general contact for this Contract) in person, via phone, and email within one (1) hour if the problem is discovered within the business day and no later than 9:00 a.m. CST the following business day if the problem occurs after close of business.

A.11.2. Unless otherwise directed by the State, the Contractor shall, within three (3) business days of a problem's occurrence, deliver comprehensive written documentation, including a proposed Corrective Action Plan that describes how the Contractor shall determine the root cause of the issue, remedy the immediate operational challenges, and prevent this or similar problems from occurring again. The Corrective Action Plan shall be approved by the State prior to Contractor beginning the remedial work set forth therein.

A.12. Business Continuity and Disaster Recovery

A.12.1. The Contractor shall submit a formal Business Continuity-Disaster Recovery Plan (BC-DR) by no later than sixty (60) calendar day prior to TEDS go live, currently scheduled for December 21, 2018. The Contractor shall apply recognized industry standards governing disaster preparedness and recovery including the ability to continue operations in the event that the AVS is rendered inoperable.

A.12.2. The Contractor shall maintain the ability to implement the BC-DR plan within a two (2) hour window from the time of the State's direction to implement such plan. Such plan must provide for seamless operation of all contracted activities specified herein. Contractor employees must be familiar with emergency procedures.

A.12.3. Upon the State's request, the Contractor shall test the BC-DR with the results added to the BC-DR plan document. The BC-DR must be able to meet the requirements of any applicable state and federal regulations and policies of the State. The BC-DR must include sufficient information to show that the following requirements are met:

- a. Emergency procedures that include but are not limited to steps that must be taken in the event of short-term interruptions in normal operations, including but not limited to fire drills, temporary technical computer/application/server outage issues, and temporary power outages.
- b. Emergency procedures that include steps that must be taken in the occurrence of system interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of transactions that are active in a live system at the time of the outage or of data maintained in a live or archival system that does or does not cause unscheduled system unavailability.
- c. Emergency procedures that include steps that must be taken in the event of a disaster by storm, fire, water damage, sabotage, criminal action, bomb threats, etc., rendering the AVS inoperable.

A.12.4. The Contractor shall periodically, but no less than annually, test its BC-DR plan through simulated disasters and lower level failures in order to demonstrate to the State that it can restore functions per the standards outlined in this Contract. Advance notice of the test shall be given to the State. Test results must be shared with the State within three (3) business days of the conclusion of the test.

A.12.5. In the event that the Contractor fails to demonstrate in the tests of its BC-DR plan that it can restore system functions per the standards outlined in this Contract, the Contractor shall submit to the State a proposed Corrective Action Plan for review and approval by the State that describes how the failure shall be resolved. The Contractor shall deliver the Corrective Action Plan within three (3) business days of the conclusion of the test.

A.13. Transition Requirements. Prior to the end of the Contract term or extension of the Contract term, or in the event of a Contract Termination or Partial Takeover pursuant to Contract Sections D.5, D.6 and E.11, the State may contract with a successor contractor (Successor Contractor) to assume Contractor's duties and requirements upon termination of this Contract. This may result in

a period of transition during which Contractor shall continue to provide services while the Successor Contractor prepares to assume those services, with a switch over from the Contractor to the Successor Contractor occurring on an implementation date specified by the State. The Contractor shall be required to participate as directed by the State, at no additional cost, in assisting with the transition by providing information relating to Contractor's duties and attending meetings with the State and/or Successor Contractor. Contractor shall help State and/or Successor Contractor develop a Transition Plan. Contractor must at all times act in good faith towards the State and/or Successor Contractor to facilitate as smooth a transition as possible. The State will use the Control Memorandum process to specify deliverables required of the Contractor in aid of the transition process. Failure to fully and timely cooperate with the State's request or provide the requested deliverables may result in liquidated damages as specified in this Contract or in the applicable Control Memorandum. The State shall not be liable to the Contractor for any costs and expenses relating to these deliverables or to the services provided by the Contractor during the transition period, other than as set forth in Contract Section C.3.

A.14. **Start-Up Activities.** Immediately upon Contract start date of April 1, 2018, the Contractor shall begin all start-up activities associated with specifications in this contract scope of work and requirements in Contract Attachment D, including but not limited to system interface testing with the State's System Integrator, staffing and training, and establishing a network of Financial Institutions that will participate in the AVS. All Start-up activities shall be completed and approved by the State for TEDS go-live which is currently scheduled for December 21, 2018. Start-up Activities will be reimbursed according to rates established in Contract Section C.3.

A.15. **Control Memorandum Process.**

- a. The Control Memorandum ("CM") process shall be utilized by the State to clarify Contract requirements, issue instruction to the Contractor, document action required of the Contractor, or request information from the Contractor. In addition, the CM process shall be used by the State to impose assessments of damages, either actual or liquidated. This process will be used to address issues or matters that do not require a contract amendment. Each CM must be in writing and indicate the date on which it was issued. CMs may provide relevant history, background, and other pertinent information regarding the issue(s) being addressed in the CM. Each CM will establish a deadline or timeframe for the Contractor's reply or other action. All CMs submitted to the Contractor must be signed and approved by the State's Project Director (or his/her designee). When the CM pertains to damages, either actual or liquidated, the State may issue consecutive CMs, as may be necessary or appropriate.
- b. A CM may include one (1) or more of the five (5) components of the CM process described below:
 1. On Request Report – a request directing the Contractor to provide information by the time and date set out in the CM.
 2. Control Directive (CD) – instructions that require the Contractor to complete, within a designated timeframe, one (1) or more deliverables or to perform any other request from the State that is within the scope of the Contract. The CD may include a Corrective Action Plan. A CD may also provide clarification of certain Contract terms. Once a CM/CD has been issued, it shall be considered to be incorporated into this Contract.
 3. Notice of Potential Damages (Actual or Liquidated) (NPD) – notification to the Contractor that the State has determined that a potential Contract performance or compliance failure exists and that the State is contemplating assessing damages. The NPD shall identify the Contract provision(s) on which the State determination rests.

4. Notice of Calculation of Potential Damages (Actual or Liquidated) (NCPD) – notification to the Contractor that provides a calculation of the amount of potential damages that the State is contemplating assessing against the Contractor. NPDs and NPCDs may be issued consecutively or simultaneously.
 5. Notice of Intent to Assess Damages (Actual or Liquidated) (NIAD) – notification to the Contractor that the State is assessing damages and specifying whether the damages, due to a performance or compliance failure, are actual damages or Liquidated Damages and setting out the performance or compliance failure underlying each intended damage assessment. The NIAD shall identify the NPD and NCPD upon which it is based. The NIAD shall specify the total amount and type of damages, whether actual or liquidated, that the State intends to assess. Following the issuance of an NIAD, the State may elect to withhold damages from payments due to Contractor. The State may not issue a NIAD without first issuing a NPD and a NPCD. The State may not obtain both Liquidated Damages and Actual Damages for the same occurrence of a Contract performance or compliance failure.
- c. Damages for failure to comply with CM. The Contractor shall fully comply with all CMs. Failure to do so may result in the State pursuing recovery of damages, as defined in Section E.10, including Liquidated Damages as listed in Contract Attachment C, a corrective action plan, and/or termination of the Contract.
 - d. Appeal of Damages by Contractor. Contractor may appeal either the basis for NPD or calculation of NCPD potential damages, either actual or liquidated. To do so, the Contractor shall submit to the State's Project Director (or his/her designee) a written response to the NPD and/or NCPD within ten (10) business days of receipt of a CM which includes a NPD or a NCPD. The State's Project Director (or his/her designee) shall review the appeal and provide notice of his/her determination to the Contractor through a CM. If the Contractor disagrees with the State's Project Director's (or his/her designee) initial appeal determination or the State's Project Director (or his/her designee) is unable to resolve the appeal, the Contractor may submit a written request to the State's Project Director (or his/her designee) that the matter be escalated to senior management of the Agency. Contractor shall submit such a request for escalation within ten (10) business days of its receipt of the initial appeal determination from the State's Project Director (or his/her designee) or of notification by the State's Project Director that he/she is unable to resolve the appeal. The State's senior management shall provide written notice of its final determination to the Contractor within (10) days of the receipt of the appeal from the Contractor. Upon appeal or escalation, the State shall not increase the amount of the potential damages.

A.16. **Nondiscrimination Compliance Requirements.** The Contractor shall comply with all applicable federal and state civil rights laws, regulations, rules, and policies and Contract Section D.9 of this Contract.

- a. On an annual basis, The Contractor's staff and subcontractors assigned to perform duties under the terms of this Contract shall receive nondiscrimination training. The Contractor shall be able to show documented proof that the training was made available to the Contractor's staff and to its subcontractors that are considered to be performing duties under this Contract.
- b. The Contractor shall keep such records as may be necessary in order to submit timely, complete and accurate compliance reports that may be requested by the U.S. Department of Health and Human Services ("HHS"), the U.S. Department of Justice ("DOJ"), TennCare, and the Tennessee Human Rights Commission ("THRC") or their designees. If requested, the information shall be provided in a format and timeframe specified by HHS, DOJ, TennCare,

or THRC. The requested information may be necessary to enable HHS, DOJ, TennCare, or THRC to ascertain whether the Contractor is complying with the applicable civil rights laws.

- c. The Contractor shall permit access as set forth in the applicable civil rights laws, such as, 45 C.F.R. § 92.302 or 45 C.F.R. § 80.6 to HHS, DOJ, TennCare, and THRC or their designees during Normal Business Hours to such of its books, records, accounts, and other sources of information, and its facilities as may be pertinent to ascertain whether the Contractor is complying with the applicable civil rights laws.
 - d. Should a discrimination complaint be filed by a TennCare staff member or contractor alleging an incident claimed to be caused by either the Contractor's staff or one of its subcontractors who are considered to be performing duties under this contract, the Contractor shall work with TennCare to investigate and resolve the allegation. TennCare reserves the right to determine the complaint resolution and corrective action.
 - e. Electronic and Information Technology Accessibility Requirements. The Contractor agrees to comply with the electronic and information technology accessibility requirements under the federal civil rights laws including Section 504 and Section 508 of the Rehabilitation Act of 1973 ("Section 508") and the Americans with Disabilities Act. To comply with these accessibility requirements for Web content and non-Web electronic documents and software, the Contractor shall use W3C's Web Content Accessibility Guidelines ("WCAG") 2.0 AA (For the W3C's guidelines see: <http://www.w3.org/TR/WCAG20/>) (Two core linked resources are Understanding WCAG 2.0 <http://www.w3.org/TR/UNDERSTANDING-WCAG20/> and Techniques for WCAG 2.0 <http://www.w3.org/TR/WCAG20-TECHS/>).
- 1) The Contractor shall have a designated staff member responsible for Contractor's electronic and information technology accessibility compliance, the name and contact information for this individual shall be provided to TennCare within ten (10) days of the implementation of this Contract and within ten (10) days of this position being reassigned to another staff member.
 - 2) Prior to the start of this Contract and on an annual basis thereafter, the Contractor's staff that is designated to work on TennCare's electronic and information technology projects shall receive training on electronic and information technology accessibility requirements. The Contractor shall be able to show documented proof that this training was provided. In addition, Contractor shall provide a copy of its electronic and information technology accessibility training to TennCare upon request.
 - 3) Contractor agrees to perform regularly scheduled (i.e., automatic) scans and manual testing for WCAG 2.0 AA compliance for all user content and applications in order to meet the standards for compliance. The Contractor must ensure that any system additions, updates, changes or modifications comply with WCAG 2.0 AA. Commercial Off-the-shelf ("COTS") products may be used to verify aspects of WCAG 2.0 AA compliance.
 - 4) Should the system or a component of the system fail to comply with the accessibility standards, the Contractor shall develop and submit to TennCare for approval a noncompliance report that identifies the areas of noncompliance, a plan to bring the system or component into compliance, an alternative/work around that provides users with the equivalent access to the content, and a timeframe for achieving that compliance. TennCare shall review the noncompliance report to determine whether or not it is acceptable and should be implemented. Once the noncompliance report is approved by TennCare the Contractor may implement the compliance plan. TennCare, in its sole discretion, shall determine when a satisfactory compliance plan resolution has been reached and shall notify the Contractor of the approved resolution. If Contractor is unable to obtain content that conforms to WCAG 2.0 AA, it shall demonstrate through its reporting to TennCare that obtaining or providing

accessible content would fundamentally alter the nature of its goods and services or would result in an undue burden.

A.17. Non-Disclosure and Contractors

The Contractor shall, as directed by the State and at no additional cost to the State, coordinate with, facilitate the prompt exchange of information between, and work collaboratively with any and all other State contractors and State agencies. If required in order for the Contractor to proceed with any part of the Scope of Services which involves sharing or obtaining information of a confidential, proprietary, or otherwise valuable nature with or from another State contractor or State agency, the Contractor may be requested to sign mutually agreeable documents, including but not limited to Non-Disclosure Agreements (Non-Disclosure Documents), which are reasonably necessary to maintain cooperation and collaboration among and with any and all other State contractors and State agencies in the performance of the Contract.

All information the Contractor may receive, have disclosed to it, or otherwise becomes known to Contractor during the performance of this Contract from any other State contractor or State agency, that the State contractor or State agency considers to be propriety or confidential in nature pursuant to a Non-Disclosure Document entered into between the Contractor and another State contractor or State agency, shall be governed by such Non-Disclosure Document.

Nothing in this Section, including failure to negotiate and enter into a Non-Disclosure Document acceptable to Contactor with another State contractor or State agency, shall be construed to relieve the Contractor of its duty to perform any requirements or deliverables under this Contract. Other than as permitted in Section C of this Contract, Payment Terms and Conditions, the Contractor shall not invoice the State for any such coordination services, and the State shall not be liable to the Contractor for payment of any such coordination services.

B. TERM OF CONTRACT:

B.1. This Contract shall be effective for the period beginning April 1, 2018 ("Effective Date") and ending on March 31, 2021 ("Term"). The State shall have no obligation for goods delivered or services provided by the Contractor prior to the Effective Date.

B.2. Renewal Options. This Contract may be renewed upon satisfactory completion of the Term. The State reserves the right to execute up to two (2) renewal options under the same terms and conditions for a period not to exceed twelve (12) months by the State, at the State's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of sixty (60) months.

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 Two Hundred Sixty-Six Thousand Seven Hundred Fifty Dollars (\$3,266,750.00) ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
- b. The Contractor shall be compensated based upon the following payment methodology:
 - (1) For the period of April 1, 2018 – December 20, 2018 (or the TEDS go-live date, whichever is later), start-up activities shall be paid as follows:

Cost Item Description	Amount (per compensable increment)
Start-Up Activities - all activities required to be performed prior to TEDS Go-Live date of December 21, 2018	<p>\$898,000.00</p> <p>(to be paid in following increments)</p> <p>10% to be paid upon Contract Start Date</p> <p>20% to be paid May 31, 2018</p> <p>20% to be paid July 31, 2018</p> <p>20% to be paid September 30, 2018</p> <p>30% to be paid upon Successful Go-Live December 21, 2018 (or the successful go-live date whichever is later)</p>

- (2) For services performed from December 21, 2018 (or the TEDS go-live date, whichever is later) – March 31, 2021, the following rates shall apply:

Cost Item Description	Amount (per compensable increment)
Monthly Maintenance Fee	\$20,000.00 / month
Click Fees	\$2.99 / per verification

- (3) For services performed from April 1, 2021 – March 31, 2023, the following rates shall apply:

Cost Item Description	Amount (per compensable increment)
Monthly Maintenance Fee	\$20,000.00 / month
Click Fees	\$2.99 / per verification

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address:

Division of Health Care Finance and Administration
310 Great Circle Road
Nashville, TN 37243

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following 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, Division of Health Care Finance and Administration
 - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
 - (6) Contractor name;
 - (7) Contractor Tennessee Edison registration ID number;
 - (8) Contractor contact for invoice questions (name, phone, or email);
 - (9) Contractor remittance address;
 - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
 - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
 - (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
 - (13) Amount due for each compensable unit of good or service; and
 - (14) Total amount due for the invoice period.
- b. Contractor's invoices shall:
- (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
 - (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
 - (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
 - (4) Include shipping or delivery charges only as authorized in this Contract.
- c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that 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 other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services 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 that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.
- 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 that 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, properly completed documentation.
- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
 - b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. MANDATORY TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract, shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Deputy Commissioner
Department of Finance and Administration
Division of TennCare
310 Great Circle Road
Nashville TN 37243
Telephone # (615) 507-6444
FAX # (615) 253-5607

The Contractor:

Peter Cheesman, Associate Manager
Public Consulting Group, Inc.
148 State Street

10th Floor
Boston, MA 02109
Telephone # (207) 861-1950

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

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
- D.6. 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 materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation 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 under 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 (6) 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 (6) months has been, an employee of the State of Tennessee.

- D.9. 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, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination. In addition, the Contractor shall comply with the provisions of Contract Section A.16 (Nondiscrimination Compliance Requirements) and this Section D.9 shall not be deemed to limit or abridge any requirement set forth in Section A.16.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 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 agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment B, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor 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 Term, 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 under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from 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. Contractor's 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. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) 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.12. 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.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, 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 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.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party 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 are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising 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: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

- D.20. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.
- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
 - d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.
- D.21. Tennessee Consolidated Retirement System. 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 under Tenn. Code Ann. §§ 8-35-101, *et seq.*, 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 Term.
- D.22. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.23. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

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

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

- D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.
- D.25. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract. In addition, the Contractor shall comply with the provisions of Contract Section E.16, (Applicable Laws, Rules, Policies and Court Orders), and this Section D.25 shall not be deemed to limit or abridge any requirement set forth in Section E.16, Applicable Laws, Rules, Policies and Court Orders.
- D.26. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.

- D.27. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, 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, whether written or oral.
- D.28. 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 of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.29. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.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. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes Attachment A, Definitions, Attachment B, Attestation RE: Personnel Used in Contract Performance and Attachment C, Liquidated Damages;
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and
 - f. the Contractor's response seeking this Contract.
- D.31. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101 et.seq., addressing contracting with persons as defined at T.C.A. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
- D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. The deductible and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two

million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability Insurance

- 1) The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars (\$2,000,000).

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:

- i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
 - i. The Contractor employs fewer than five (5) employees;
 - ii. The Contractor is a sole proprietor;
 - iii. The Contractor is in the construction business or trades with no employees;
 - iv. The Contractor is in the coal mining industry with no employees;
 - v. The Contractor is a state or local government; or
 - vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

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, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.
- E.2. 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 that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, 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. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

The obligations set forth in this Section shall survive the termination of this Contract.
- E.3. State Ownership of Goods. The State shall have ownership, right, title, and interest in all goods provided by Contractor under this Contract including full rights to use the goods and transfer title in the goods to any third parties.
- E.4. Transfer of Ownership of Custom Software Developed for the State.
 - a. Definitions.
 - (1) "Contractor-Owned Software," shall mean commercially available software the rights to which are owned by Contractor, including but not limited to commercial "off-the-shelf" software which is not developed using State's money or resources.

- (2) "Custom-Developed Application Software," shall mean customized application software developed by Contractor for the State under this Contract intended to function with the Contractor-Owned Software or any Work Product provided under this Contract.
- (3) "Rights Transfer Application Software," shall mean any pre-existing application software and documentation owned or supplied by Contractor or a third party necessary for the use, functioning, support, or maintenance of the Contractor-Owned Software, the Custom-Developed Application Software, Third Party Software, and any Work Product provided to State.
- (4) "Third-Party Software," shall mean software supplied by Contractor under this Contract or necessary for the functioning of any Work Product not owned by the State or the Contractor.
- (5) "Work Product," shall mean all deliverables such as software, software source code, documentation, planning, etc., that are created, designed, developed, or documented by the Contractor for the State under this Contract. Work Product shall include Rights Transfer Application Software.

b. Rights and Title to the Software

- (1) All right, title and interest in and to the Contractor-Owned Software shall at all times remain with Contractor, subject to any license or transfer of rights or ownership granted under this Contract. Contractor grants the State a perpetual non-exclusive license to the Contractor-Owned Software to be used solely with the Custom-Developed Application Software and the Work Product.
- (2) Contractor shall provide the source code in the Custom-Developed Application Software, Work Product and the Contractor-Owned Software, with all subsequent modifications, enhancements, bug-fixes or any other changes in the source code of the Work Product and the Contractor-Owned Software and all other code and documentation necessary for the Custom-Developed Application Software to be installed and function as intended and as set forth in this Contract, to the State.
- (3) Contractor may lease or sell the Custom-Developed Application Software to third parties with the written permission of the State, which permission may be conditioned on the State receiving royalties from such sales or licenses.
- (4) All right, title and interest in and to the Custom-Developed Application Software, and to modifications thereof made by State, including without limitation all copyrights, patents, trade secrets and other intellectual property and other proprietary rights embodied by and arising out of the Custom-Developed Application Software, shall belong to State. To the extent such rights do not automatically belong to State, Contractor hereby assigns, transfers, and conveys all right, title and interest in and to the Custom-Developed Application Software, including without limitation the copyrights, patents, trade secrets, and other intellectual property rights arising out of or embodied by the Custom-Developed Application Software. Contractor and its employees, agents, contractors or representatives shall execute any other documents that State or its counsel deem necessary or desirable to document this transfer or allow State to register its claims and rights to such intellectual property rights or enforce them against third parties.
- (5) All right, title and interest in and to the Third-Party Software shall at all times remain with the third party, subject to any license or other rights granted to the State under this Contract or otherwise.

c. The Contractor may use for its own purposes the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of performing under this Contract. The Contractor may develop for itself, or for others, materials which are similar to or competitive with those that are produced under this Contract.

E.5 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 use under this Contract. Upon termination of this Contract, all property furnished by the State shall be returned to the State in the same condition as when received, less reasonable wear and tear. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the fair market value of the property at the time of loss.

E.6 Work Papers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis work papers, 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.7 Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.

E.8. 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 Contractor, 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 any contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

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

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

E.9. Intellectual Property Indemnity. 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 concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement. In any such claim or action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any settlement or final judgment, and the Contractor shall be responsible for all

legal or other fees or expenses incurred by the State arising from any such claim. The State shall give the Contractor notice of any such claim or suit, however, the failure of the State to give such notice shall only relieve Contractor of its obligations under this Section to the extent Contractor can demonstrate actual prejudice arising from the State's failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State of Tennessee in any legal matter, as provided in Tenn. Code Ann. § 8-6-106.

- E.10. Liquidated Damages In the event of a Contract performance or compliance failure by the Contractor, the State may, but is not obligated to address such Contract performance or compliance failure and/or assess damages ("Liquidated Damages") in accordance with Attachment C of the Contract. The State shall notify the Contractor of any amounts to be assessed as Liquidated Damages via the Control Memorandum process specified in Contract Section A.15. 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 Contractor performance or compliance failure, as these amounts are likely to be uncertain and not easily proven. Contractor has carefully reviewed the Liquidated Damages contained in Contract Attachment C and agrees that these amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of a Contract performance or compliance failure, are a reasonable estimate of the damages that would occur from a Contract performance or compliance failure, and are not punitive. The Parties agree that although the Liquidated Damages represent the reasonable estimate of the damages and injuries sustained by the State due to the Contract performance or compliance failure, they do not include any injury or damage sustained by a third party. The Contractor agrees that the Liquidated Damages are in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or any other sections of this Contract.

The State is not obligated to assess Liquidated Damages as a result of a Contract performance or compliance failure before availing itself of any other remedy. In the event of multiple Contract performance or compliance failures, the Parties recognize that the cumulative effect of these Contract performance failures may exceed the compensation provided by Liquidated Damages. In that event, the State may choose to avail itself of any other remedy available under this Contract or at law or equity. The Parties further recognize that the State may not obtain both Liquidated Damages and Actual Damages for the same occurrence of a Contract performance or compliance failure.

Without regard to whether the State has imposed Liquidated Damages or pursued any other remedy due to any action or inaction by the Contractor, the State may impose a corrective action plan or similar measure through a Control Memorandum. Such measure is neither punitive nor related to any damages the State might suffer.

- E.11. Partial Takeover of Contract. The State may, at its convenience and without cause, exercise a partial takeover of any service that the Contractor is obligated to perform under this Contract, including any service which is the subject of a subcontract between Contractor and a third party (a "Partial Takeover"). A Partial Takeover of this Contract by the State shall not be deemed a breach of contract. The Contractor shall be given at least thirty (30) days prior written notice of a Partial Takeover. The notice shall specify the areas of service the State will assume and the date the State will be assuming. The State's exercise of a Partial Takeover shall not alter the Contractor's other duties and responsibilities under this Contract. The State reserves the right to withhold from the Contractor any amounts the Contractor would have been paid but for the State's exercise of a Partial Takeover. The amounts shall be withheld effective as of the date the State exercises its right to a Partial Takeover. The State's exercise of its right to a Partial Takeover of this Contract shall not entitle the Contractor to any actual, general, special, incidental, consequential, or any other damages irrespective of any description or amount.
- E.12. Unencumbered Personnel. The Contractor shall not restrict its employees, agents, subcontractors or principals who perform services for the State under this Contract from

performing the same or similar services for the State after the termination of this Contract, either as a State employee, an independent contractor, or an employee, agent, subcontractor or principal of another contractor with the State.

- E.13. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify and/or procure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within forty-eight (48) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law.

- E.14. Federal Funding Accountability and Transparency Act (FFATA). This Contract requires the Contractor to provide supplies or services that are funded in whole or in part by federal funds that are subject to FFATA. The Contractor is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Contractor provides information to the State as required.

The Contractor shall comply with the following:

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

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

As defined in 2 C.F.R. § 170.315, "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 the Term, the Contractor must submit an executive total compensation report to the State by the end of the month in which the term extension 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.15. Survival. The terms, provisions, representations, and warranties contained in Sections D.11 (Records), D.19 (Hold Harmless), D.20 (HIPAA Compliance), E.2 (Confidentiality of Records), E.7 (Prohibited Advertising), E.9 (Intellectual Property) E.13 (Personally Identifiable Information), E.18 (Notification of Breach), E.20 (SSA Data), and E.24 (IRS Data) of this Contract shall survive the completion of performance, termination or expiration of this Contract.
- E.16. Applicable Laws, Rules, Policies and Court Orders. The Contractor agrees to comply with all applicable federal and State laws, rules, regulations, sub-regulatory guidance, executive orders, TennCare waivers, and all current, modified or future Court decrees, orders or judgments applicable to the State's TennCare program. Such compliance shall be performed at no additional cost to the State.
- E.17. Business Associate. As the Contractor will provide services to TennCare pursuant to which the Contractor will have access to, receive from, create, or receive on behalf of TennCare Protected Health Information, or Contractor will have access to, create, receive, maintain or transmit on behalf of TennCare Electronic Protected Health Information (as those terms are defined under HIPAA and HITECH), Contractor hereby acknowledges its designation as a business associate under HIPAA and agrees to comply with all applicable HIPAA regulations and the terms in the associated Business Associate Agreement.
- E.18. Notification of Breach and Notification of Suspected Breach. The Contractor shall notify TennCare's Privacy Office immediately upon becoming aware of and in no case later than forty-eight (48) hours after discovery of any incident, either confirmed or suspected, 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.
- E.19. Transmission of Contract Deliverables. All information or data that is necessary for one or more deliverable set forth in this Contract shall be transmitted between TennCare and Contractor via the data transfer method specified in advance by TennCare. This may include, but shall not be limited to, transfer through TennCare's SFTP system. Failure by the Contractor to transmit information or data that is necessary for a deliverable in the manner specified by TennCare, may, at the option of TennCare, result in liquidated damages as set forth on Contract Attachment C, hereto.
- E.20. 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 specify in its agreements with any agent or subcontractor that will have access to data 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;
 - b. 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.

- c. The Contractor agrees to abide by all relevant federal laws, restrictions on access, use, and disclosure, and security requirements in this Contract.
- d. The Contractor shall maintain a current list of the employees of such contractor with access to SSA data and provide such lists to TennCare at the start of the contract, and subsequently at any time there are changes or upon request.
- e. 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.
- f. The Contractor shall provide appropriate training and ensure that its employees:
 - (1) properly safeguard PHI/PII furnished by TennCare under this Contract from loss, theft or inadvertent disclosure;
 - (2) understand and acknowledge 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 the information is encrypted or if the transmittal is 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.

- g. Loss or Suspected Loss of Data—If an employee of the Contractor becomes aware of suspected or actual loss of PHI/PII, the Contractor must contact TennCare immediately upon becoming aware to report the actual or suspected loss. 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.

- h. 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 Section E.20.

- i. This Section further carries out Section 1106(a) of the Act (42 U.S.C. 1306), the regulations promulgated pursuant to that section (20 C.F.R. Part 401), the Privacy 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 ("OMB") guidelines, the Federal Information Security Management Act of 2002 ("FISMA") (44 U.S.C. 3541 et seq.), and related National Institute of Standards and Technology ("NIST") guidelines, which provide the requirements that the

SSA stipulates that the Contractor must follow with regard to use, treatment, and safeguarding data in the event data is exchanged with a federal information system.

j. Definitions

- (1) "SSA-supplied data" or "data" as used in this section – information, such as an individual's social security number or income, supplied by the Social Security Administration to TennCare to determine entitlement or eligibility for federally-funded programs (covered by a CMPPA between SSA and F&A, and 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.21. Medicaid and CHIP - 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:

- a) Purposes directly related to the administration of Medicaid and CHIP include:
 - 1) establishing eligibility;
 - 2) determining the amount of medical assistance;
 - 3) providing services for beneficiaries; and,
 - 4) conducting or assisting an investigation, prosecution, or civil or criminal proceeding related to Medicaid or CHIP administration.
- b) The Contractor must have adequate safeguards to assure that:
 - 1) Information is made available only to the extent necessary to assist in the valid administrative purposes of those receiving the information, and information

- 2) received under 26 USC is exchanged only with parties authorized to receive that information under that section of the Code; and, the information is adequately stored and processed so that it is protected against unauthorized disclosure for other purposes.
- c) The Contractor must have criteria that govern the types of information about applicants and beneficiaries that are safeguarded. This information must include at least--
- 1) Names and addresses;
 - 2) Medical services provided;
 - 3) Social and economic conditions or circumstances;
 - 4) Contractor evaluation of personal information;
 - 5) Medical data, including diagnosis and past history of disease or disability
 - 6) Any information received for verifying income eligibility and amount of medical assistance payments, including income information received from SSA or the Internal Revenue Service;
 - 7) Income information received from SSA or the Internal Revenue Service must be safeguarded according to Medicaid and CHIP requirements;
 - 8) Any information received in connection with the identification of legally liable third party resources; and.
 - 9) Social Security Numbers.
- d) The Contractor must have criteria approved by TennCare specifying:
- 1) the conditions for release and use of information about applicants and beneficiaries:
 - 2) 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 TennCare;
 - 3) The Contractor shall not publish names of applicants or beneficiaries;
 - 4) 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;
 - 5) If, because of an emergency situation, time does not permit obtaining consent before release, the Contractor shall notify TennCare, the family or individual immediately after supplying the information.
 - 6) The Contractor's policies must apply to all requests for information from outside sources, including governmental bodies, the courts, or law enforcement officials.
 - i) The Contractor shall notify TennCare 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.

- 7) 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 TennCare at least ten (10) days prior to the required production date so TennCare may inform the court of the applicable statutory provisions, policies, and regulations restricting disclosure of information.
 - 8) 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 TennCare.
- E.22. 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 from participation in the Medicare, Medicaid, and/or CHIP programs pursuant to Sections 1128 of the Social Security Act.
- E.23. Offer of Gratuities. By signing this contract, the Contractor signifies that no member of or a delegate of Congress, nor any elected or appointed official or employee of the State of Tennessee, the federal General Accounting Office, federal Department of Health and Human Services, the Center for Medicare and Medicaid Services, or any other state or federal agency has or will benefit financially or materially from this Contract. This Contract may be terminated by TennCare as provided in Section D.6, if it is determined that gratuities of any kind were offered to or received by any of the aforementioned officials or employees from the Contractor, its agent, or employees.
- E.24. Internal Revenue Service (IRS) Safeguarding Of Return Information:
- a) Performance - In performance of this contract, the contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:
 - (1) This provision shall not apply if information received or delivered by the Parties under this Contract is NOT "federal tax returns or return information" as defined by IRS Publication 1075 and IRC 6103.
 - (2) All work will be done under the supervision of the contractor or the contractor's employees. The contractor and the contractor's employees with access to or who use FTI must meet the background check requirements defined in IRS Publication 1075.
 - (3) Any Federal tax returns or return information (hereafter referred to as returns or return information) made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Disclosure to anyone other than an officer or employee of the contractor will be prohibited.
 - (4) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.
 - (5) The contractor certifies that the data processed during the performance of this contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the contractor at the time the work is completed. If immediate purging of all data storage components is not possible, the contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.

- (6) Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the agency or his or her designee. When this is not possible, the contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the agency or his or her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
- (7) All computer systems receiving, processing, storing, or transmitting Federal tax information must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to Federal tax information.
- (8) No work involving Federal tax information furnished under this contract will be subcontracted without prior written approval of the IRS.
- (9) The contractor will maintain a list of employees authorized access. Such list will be provided to the agency and, upon request, to the IRS reviewing office.
- (10) The agency will have the right to void the contract if the contractor fails to provide the safeguards described above.

b) Criminal/Civil Sanctions

- (1) Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as 5 years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRC sections 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.
- (2) Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone without an official need to know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee [United States for Federal employees] in an amount equal to the sum of the greater of \$1,000 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC section 7213A and 7431.

- (3) Additionally, it is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.
- (4) Granting a contractor access to FTI must be preceded by certifying that each individual understands the agency's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the agency's files for review. As part of the certification and at least annually afterwards, contractors should be advised of the provisions of IRC Sections 7431, 7213, and 7213A. The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. For both the initial certification and the annual certification, the contractor should sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.

Inspection - The IRS and the Agency with 24 hour notice, shall have the right to send its officers and employees into the offices and plants of the contractor for inspection of the facilities and operations provided for the performance of any work with FTI under this contract. The IRS and Agency's right of inspection shall include the use of manual and/or automated scanning tools to perform compliance and vulnerability assessments of information technology (IT) assets that access, store, process or transmit FTI. On the basis of such inspection, specific measures may be required in cases where the contractor is found to be noncompliant with contract safeguards.

- E.25. 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 Response to RFP 31865-00486 (Attachment 6.2, Section B.15) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a monthly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, Tennessee service-disabled veterans, and persons with disabilities. Such reports shall be provided to the State of Tennessee Governor's Office of Diversity Business Enterprise in the TN Diversity Software available online at:

<https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810>.

IN WITNESS WHEREOF,

PUBLIC CONSULTING GROUP, INC.:



CONTRACTOR SIGNATURE

3/14/18

DATE

William S. Mosakowski, President and CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF TENNCARE



LARRY B. MARTIN, COMMISSIONER

3/15/18

DATE

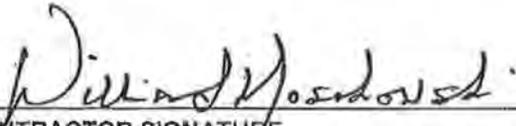
DEFINITIONS

Applicant	An individual who is seeking an eligibility determination for himself through an application submission or a transfer from another agency or insurance affordability program. Applicant also includes an individual who is seeking an eligibility determination for himself through an application for Medicare Savings Programs (MSP).
Change Order	Formal documentation prepared for a proposed change in the specifications.
Financial Institutions	Any office or branch of a bank, brokerage firm, savings and loan, or credit union.
Key Personnel	Personnel identified by the State and Contractor as essential to work on the scope of services under this Contract.
Recipient	An individual eligible for and enrolled in the TennCare program or in any Tennessee federal Medicaid waiver program approved by the Secretary of the U. S. Department of Health and Human Services pursuant to Sections 1115 or 1915 of the Social Security Act or in the CoverKids program. (42 U.S.C. §§ 1315 or 1396n). Recipient also includes individuals eligible for and enrolled in the Medicare Savings Programs (MSPs).
Systems Integrator	The State contractor responsible for design, development, implementation and ongoing maintenance of TEDS. At the time of this RFP, Deloitte Consulting LLP served as the Systems Integrator.
TEDS	Tennessee Eligibility Determination System – eligibility and enrollment system to be used by TennCare to process Medicaid and CHIP applications, renewals, and changes.
TennCare	The program administered by the Single State agency as designated by the State and CMS pursuant to Title XIX of the Social Security Act and the Section 1115 Research and Demonstration waiver granted to the State of Tennessee.

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	57865
CONTRACTOR LEGAL ENTITY NAME:	Public Consulting Group, Inc.
EDISON VENDOR IDENTIFICATION NUMBER:	0000004919

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. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

William S. Mosakowski, President and CEO

PRINTED NAME AND TITLE OF SIGNATORY

3/14/18

DATE OF ATTESTATION

LIQUIDATED DAMAGES

In the event of a Contract performance or compliance failure by Contractor and such Contract performance or compliance failure is not included in the following table with an associated Liquidated Damage amount, the parties hereby agree that the State may choose one of the following courses of action in order to obtain redressability for such Contract performance or compliance failure: (1) the State may assess actual damages resulting from the Contract performance or compliance failure against the Contractor in the event that such actual damages are known or are reasonably ascertainable at the time of discovery of such Contract performance or compliance failure or (2) if such actual damages are unknown or are not reasonably ascertainable at the time of discovery of the Contract performance or compliance failure, the State may (a) require the Contractor to submit a corrective action plan to address any such Contract performance or compliance failure and (b) assess liquidated damages against Contractor for an amount that is reasonable in relation to the Contract performance or compliance failure as measured at the time of discovery of the Contract performance or compliance failure. In the event that the State chooses to assess a Liquidated Damage for a Contract performance or compliance failure according to the immediately preceding sentence, in no event shall such Liquidated Damage be in excess of \$1,000 for any single Contract performance or compliance failure.

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 performance or compliance failure and of the potential liquidated damages to be assessed. Should the performance or compliance failure remain uncorrected for more than thirty (30) calendar days from the date of the original notification of the performance or compliance failure by TennCare, TennCare may impose an additional liquidated damage of Five Hundred Dollars (\$500) per day from the date of the original notification to Contractor until said performance or compliance failure 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 performance or compliance failure from TennCare and may continue until such time as the TennCare Deputy Commissioner, or the Deputy Commissioner's representative, determines the performance or compliance failure has been cured.

If liquidated damages are assessed, TennCare shall reduce the amount of any payment due to the Contractor in the next 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, 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, to the TennCare Deputy Commissioner or the Deputy Commissioner's representative within thirty (30) calendar 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.

Liquidated damages will apply to the Contract performance or compliance failures listed below. Contractor acknowledges that the actual damages likely to result from Contract performance or compliance failures are difficult to estimate and may be difficult for the State to prove. The parties intend that the Contractor's payment of assessed liquidated damages will compensate the State for breach of the Contractor obligations under this Contract. Liquidated damages do not serve as punishment for any breach by the Contractor.

	PROGRAM ISSUES	DAMAGE
1.	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. 2. and E.18 and Contractor's failure to timely and reasonably comply with its obligation to appropriately respond to any such breach.	For any occurrence affecting less than five hundred (500) members, the damage that may be assessed shall be one thousand dollars (\$1,000.00) per affected member. For any occurrence affecting five hundred (500) members or more, the damage that may be assessed shall be up to five hundred thousand dollars (\$500,000) and then ten dollars (\$10.00) per additional affected member thereafter.
2.	Failure by the Contractor to execute the appropriate agreements to effectuate transfer and exchange of 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 E.17. and Business Associate Agreement between the parties)	For any occurrence affecting less than five hundred (500) members, the damage that may be assessed shall be one thousand dollars (\$1,000.00) per affected member. For any occurrence affecting five hundred (500) members or more, the damage that may be assessed shall be up to one thousand dollars (\$1000) per affected member for the first five hundred (500) affected members and then ten dollars (\$10.00) per additional affected member thereafter
3.	Failure by the Contractor to seek express written approval from TennCare prior to the use or disclosure of 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 E.13 and Business Associate Agreement between the parties)	For any occurrence affecting less than five hundred (500) members, the damage that may be assessed shall be one thousand dollars (\$1,000.00) per affected member. For any occurrence affecting five hundred (500) members or more, the damage that may be assessed shall be up to one thousand dollars (\$1000) per affected member for the first five hundred (500) affected members and then ten dollars (\$10.00) per additional affected member thereafter
4.	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 suspected breach per Sections (See E.18 and Business Associate Agreement between the parties)	For any occurrence affecting less than five hundred (500) members, the damage that may be assessed shall be one thousand dollars (\$1,000.00) per affected member. For any occurrence affecting five hundred (500) members or more, the damage that may be assessed shall be up to one thousand dollars (\$1000) per affected member for the first five hundred (500) affected members

		and then ten dollars (\$10.00) per additional affected member thereafter
5.	Failure by the Contractor to ensure timelines are met as specified in Contract Section A.6.	The damage that may be assessed shall be five hundred dollars (\$500.00) per day beyond required timeline per record.
6.	Failure by the Contractor to comply with timelines specified in Contract Section A.10. regarding replacement of Key personnel.	The damage that may be assessed shall be one thousand dollars (\$1,000.00) per day beyond specified timelines.
7.	Failure by the Contractor to fully and timely cooperate with the State's request or to provide the requested deliverables pursuant to transition of services as required by Contract Section A.13.	The damage that may be assessed shall be one thousand dollars (\$1,000.00) per occurrence.
8.	Failure by the Contractor to provide a timely Corrective Action Plan as described in Section A.11.	The damage that may be assessed shall be one thousand dollars (\$1,000.00) per day beyond specified timelines.
9.	Failure to meet the approved implementation schedule, including integration testing verification or compliance with file layout specified in Attachment D.	The damage that may be assessed shall be one thousand dollars (\$1,000.00) per occurrence.

**Tennessee Eligibility Determination System
(TEDS) Project**

**Interface Control Documents
TEDS-AVS
Asset Verification Interface**

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1 Asset Verification Service (AVS)

This Interface Control Document (ICD) describes the relationship between the trading partner (the source system) and the Tennessee Eligibility Determination System (TEDS) (the target system).

This ICD specifies the interface requirements to be met by the participating systems and how those requirements will be implemented. It describes the concept of operations for the interface, defines the message structure and protocols that govern the interchange of data, and identifies the communication paths along which the data are expected to flow.

This Interface Control Document (ICD) documents and tracks the necessary information required to effectively define the TEDS system's interface as well as any rules for communicating with them in order to give the development team guidance on architecture of the system to be developed.

The intended audience of the TEDS Interface Control is all project stakeholders, including TennCare, TennCare IS, TEDS, TAS, IV&V, and the AVS Contractor.

1.1 Introduction

This document details the interface between the Tennessee Eligibility Determination System (TEDS) and the state's AVS agency for verifying if an existing individual in TEDS should have their benefits adjusted due to additional resource information.

Below are the system contacts:

Name	Department	Role	Email
Kim Hagan	TennCare	TEDS Director	Kimberly.Hagan@TN.gov
Scott Hiett	TennCare IS	TennCare IS Director	Scott.Hiett@TN.gov

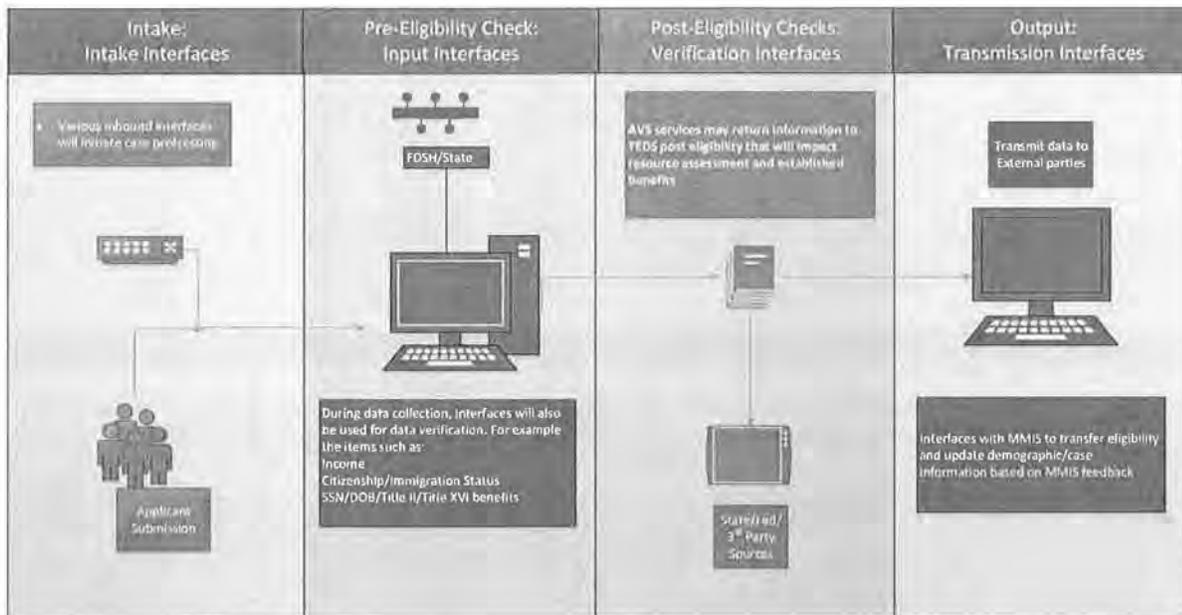
1.2 Purpose and Rationale

The Asset Verification Service is provided by the trading partner in order to verify the assets (both disclosed and undisclosed) of an applicant, in order to confirm that the state's Medicaid budget is allocated to those truly eligible for the program.

The AVS interface is a web service between AVS and TEDS. When a worker is completing an assessment for benefits that require a resource check (any COE that requires a resource check), they must call AVS from the Non-MAGI driver flow to see if the member has any countable resources, which could affect their eligibility. The Asset Verification Service will be accessible through TEDS.

1.3 Overview

TEDS will interface with the trading partner to verify the asset information of existing individuals or individuals applying for Aged, Blind and Disabled or Long-Term Care categories. The Asset Verification Service will provide verification for assets attested by an applicant as well as locate undisclosed assets of an existing individual or a new applicant. The figure below demonstrates the roles that the AVS interface plays in referencing information for TEDS' eligibility determinations:



1.4 Addressed Requirements/Business Rules

All requirement mappings to Design widgets will be found in the Requirements Tractability Matrix (RTM).

1.5 Scope

The purpose of this section is to describe the interface interactions and activities required for the following AVS:

- **Intake:** Member applies for a COE that requires resource validation. The AVS web service will be used to validate resources and prompt workers to investigate as appropriate
- **Change:** Member updates their attested resources to an unverified value. Web service is called to validate resources and prompt workers to investigate as appropriate

1.5.1 Constraints/Dependencies

Please refer to the Interface Standards document for common constraints and dependencies.

1.6 Interface Summary

The table below provides key summary information related to the interface as identified during requirements:

Category	Details
Trading Partner	TBD
Interface	Asset Verification System
Entity	TBD
Interface Mode	Real time
Interface Protocol	SOAP
Directionality from TEDS	Bi-directional between TEDS and the AVS
SSL (Secure Socket Layer)	N/A

Category	Details
Certificates	<Not yet received>
Frequency	Real time
Stakeholders	TEDS, Trading Partner, TennCare, TennCare IS
Transmission Media Format	XML
Is File Split Needed?	No
Is File Merge Needed?	No
Average Number of Records	1
File Message Record Size	Unknown
Asynchronous/Synchronous	Synchronous

1.7 Interface Business Background and Summary

The subsections below give high level functional details specific to this interface.

1.7.1 Functional Background

The AVS interface is a bidirectional interface between TEDS and the AVS. A service call will originate from TEDS to AVS, and AVS will send a response to TEDS when the information is available. Both service calls will prompt a real-time acknowledgement from the receiving system. TEDS will use this information during change and update flows to either prevent a member from getting eligibility for benefits that require a resource check or to ensure that resources are appropriately considered in eligibility determinations for benefits that require a resource check.

1.7.2 High Level Business Process Summary

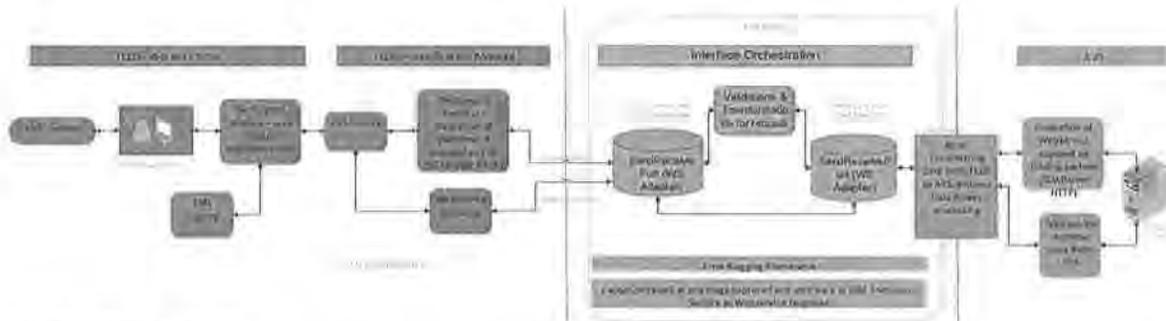
This section will summarize the high level business process attributes as it relates to the proposed interface:

Item	Details
Description	The AVS interface is a bidirectional interface between TEDS and the AVS. A service call will originate from TEDS to AVS, and AVS will send a response to TEDS when the information is available. Both service calls will prompt a real-time acknowledgement from the receiving system. TEDS will use this information during intake, change, and update flows to either prevent a member from getting eligibility for benefits that require a resource check or to ensure that resources are appropriately considered in eligibility determinations for benefits that require a resource check.
Trigger Event(s)	Either member is found eligible for benefits that require a resource check or member is pending for financial account verification
Result	AVS either verifies resources or provides additional resources
Business Process Step(s)	<ol style="list-style-type: none"> 1) TEDS sends a request to the trading partner 2) The trading partner sends an acknowledgement to TEDS 3) The trading partner sends a response to TEDS 4) TEDS sends an acknowledgement to the trading partner
Shared Data	PII information
Predecessor	TEDS invokes real time call to AVS for member generates and sends file
Successor	Either resources are verified or unverified, and eligibility is run as appropriate

Item	Details
Failure(s)	If a record fails for an error, it should show in the error report
Performance Measure(s)	Required data elements and received verification codes pass between entities.

1.7.3 Data Transfer and Transaction Details

A transactional message exchange pattern requiring real-time or near-real time (synchronous) responses supports the transfer of data between the TEDS and AVS. The steps following the image describe the sequence of events.

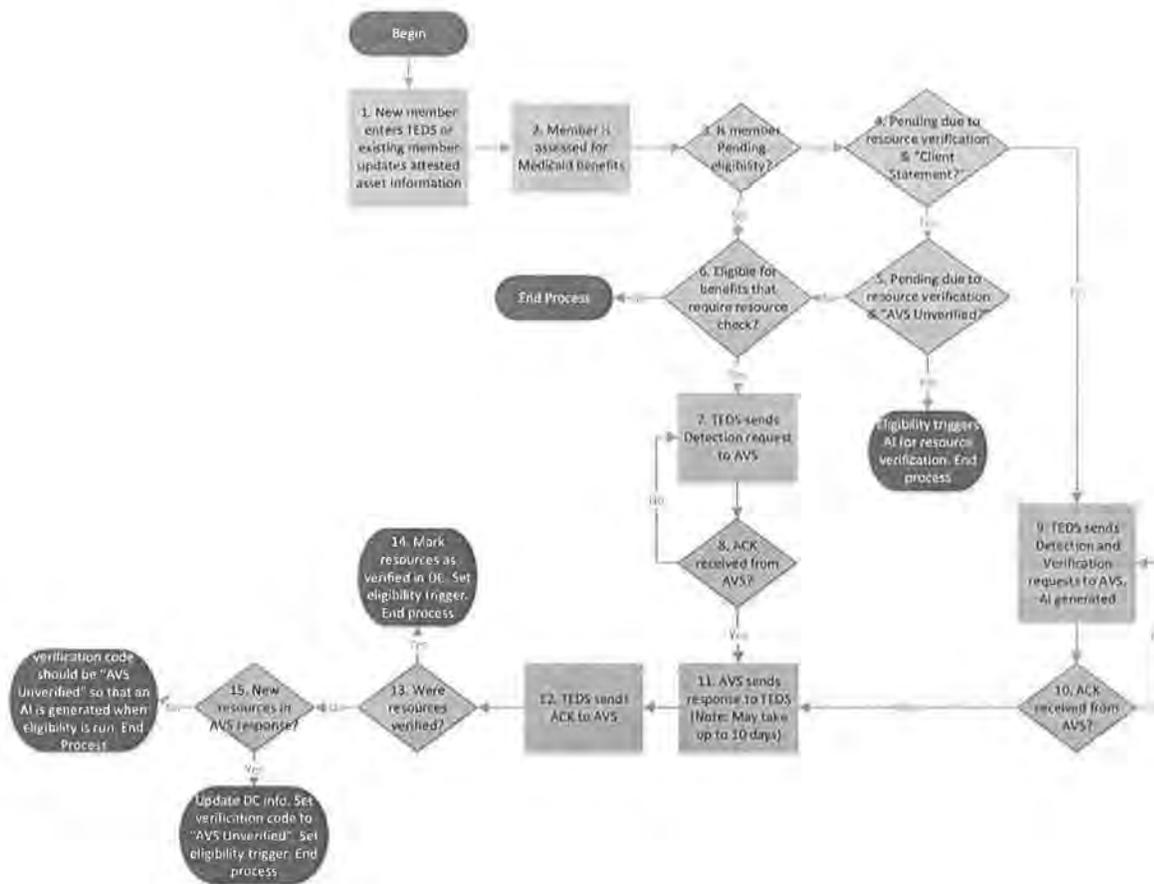


Intake Verification:

1. The TEDS Worker Portal System will serve as the calling application when the Intake Verification service is invoked as part of the verification process
2. Applicant data will be sent from the calling application to the Verification Module via Java method implementation
3. Applicant data will be sent to AVS via a Webservice Request that is invoked by ESB, and the request is sent to the SendReceivePort in the ESB layer
4. Validations and transformations for the request are carried out
5. Data moves to the SendReceivePort. Data is transmitted to AVS (after going through Data Power processing)
6. The Webservice is exposed by interface partner and invoked
7. Data is received at the AVS Web Service and a Webservice response is sent from AVS
8. Data is transmitted through Data Power
9. Data is received at the SendReceivePort within the ESB layer and the Webservice response is received in the TEDS Verification Module
10. The Webservice response is sent to TEDS
11. Java method framework is used and the data is moved to XML Logging

1.7.4 Detailed Logic Flow

The process flow below shows an overview in the processing logic for the TEDS system retrieving a response from the trading partner:



Processing Logic Flow Steps:

1. New member enters TEDS or existing member updates information for attested assets
2. During eligibility run, member is assessed for Medicaid benefits
3. Is member Pending eligibility?
 - a. If yes, proceed to step 4
 - b. If no, proceed to step 6
4. Is member Pending eligibility due to financial verification in resources screen and their verification code is "Client Statement" or "Requires Additional Information"?
 - a. If no, proceed to step 5
 - b. If yes, proceed to step 9
5. Is member Pending eligibility due to resource verification in resources screen and their verification code is "AVS Unverified"?
 - a. If yes, eligibility will trigger an AI for resource verification. End process
 - b. If no, proceed to step 6
6. Is member eligible for benefits that require a resource check?
 - a. If yes, proceed to step 7
 - b. If no, no further action. End process
7. TEDS sends Detection request to AVS
8. Is acknowledgement received from AVS synchronously?

- a. If no, service call is invoked again. Revert to step 7
 - i. Note: Service call may be re-invoked up to three times before an error is thrown
 - b. If yes, continue to step 11
9. TEDS sends Detection and Verification requests to AVS and an AI is generated for member to verify resources
10. Is acknowledgement received from AVS synchronously?
 - a. If no, service call is invoked again. Revert to step 9
 - i. Note: Service call may be re-invoked up to three times before an error is thrown
 - b. If yes, continue to step 11
11. AVS sends response to TEDS
 - a. Note: This is an asynchronous response (can take up to 10 business days)
12. TEDS sends a synchronous acknowledgement to AVS
13. TEDS will compare accounts returned from AVS to the resources attested to in TEDS (Table name: DC_EA_INCOME_RESOURCE). Were resources verified in the response from AVS?
 - a. If yes, proceed to step 14
 - b. If no, proceed to step 15
14. Mark resources as verified in DC Table name: DC_LIQUID_RESOURCE, Field: RESOURCE_VF_CD). Set <AVSElig01> trigger to run eligibility. End process
15. Were new resources identified in the AVS response?
 - a. If yes, update information in DC to include new resource information returned from AVS (DC_LIQUID_RESOURCE; Field: Liquid_Resource_Available). Set <AVSElig02> trigger to run eligibility and set verification code to "AVS Unverified." Once eligibility is run, the rules will trigger an AI to verify the additional resource. End process
 - b. If no, AND both a verification and a detection request were sent, then verification code should be "AVS Unverified." Else, if only a verification request was sent, mark resources as "unverified". End Process

1.7.5 Communication Methods

This interface transfers files to the interface partners utilizing SOAP on a real-time basis. For the monthly update for bank reference tables, an SFTP process will be used to receive the bank file.

1.7.6 Job Description

Job Rules:

- If an AI is returned and verifies a member's resources, then the response from AVS will not trigger another eligibility run
- If AVS returns account information in the verification response where the account does not exactly match the attested account, the interface will determine:
 - Is the resource attested (Table name: DC_LIQUID_RESOURCE; Field: BANK_ACCOUNT_NUM) to the only resource of the individual

- Is the attested resource and the electronically returned resource less than the allowable resource limit
 - i. Use the defined resource limits given by rules to perform this check (there are different resource limits depending on the number of individuals and the programs applied for)
- If a and b above are satisfied, then the verification code will be “Verified by AVS”
- TEDS will either treat the resource as either Verified or Unverified. If the existing resource is verified and additional resources are unverified, the case will overall be treated as an unverified case
- TEDS will store only the following records from the Bank file
 - First occurrence of distinct INST_ID’s from AVS Bank file with state code ‘TN’
 - If there is no record for a particular INST_ID in AVS Bank file with state code ‘TN’, TEDS will store the first occurrence for that INST_ID in the AVS Bank file, irrespective of State Code (The trading partner search is driven primarily by FI ID, irrespective of the location ID. Hence TEDS to store the first occurrence of the FI ID in the bank file share by The trading partner)
 - The records stored based on above logic will be available for the worker to view in the FI Look up screen
 - Every month when a new file is picked from MFT, the records from the previous month will be end dated. For a given month, only the records received in that month will be available for the worker to choose the Financial Institution ID.
- After the file is loaded the following records will be logged in the FW_BATCH_SUMMARY table.
 - Total Number of records processed from AVS Bank File
 - Total Number of errors while processing AVS Bank File
 - Batch Run Date/Time
 - The monthly batch for the bank file will have the job name: IN-RCAVS-MLY

Renewal Logic:

- All ABD and Non-MAGI renewals are done manually.
- If during the manual assessment a person is pended due to resource assessment OR they gain eligibility in a program that request resource checks, AVS services will be called in the same fashion as 1.7.4

1.7.7 Triggering Mechanism

There are different triggering types for the AVS file. The categories of change that result in a trigger will occur due to one of the following:

Change Category	Triggering Source	Triggering Action	Triggering Logic	Trigger Code
Run eligibility	AVS response service	AVS returns verified account information	If no other Pending <AVSElig01> triggers are set for an individual, this	<AVSElig01>

			trigger will be set to run eligibility	
Run eligibility	AVS response service	AVS returns new account information that is updated in TEDS	If no other Pending <AVSElig02> triggers are set for an individual, this trigger will be set to run eligibility	<AVSElig02>

1.7.8 Task Details

There are no tasks for this interface.

1.7.9 File Locations

All XMLs will be kept in the XML log table, which is called the **WEBSERVICE_TRACE** table.

For the monthly batch Inbound File:

All files sent from AVS on a monthly basis to TEDS are stored in the Inbound Interface File location. The file path will be as follows:

1. tncare/TEDS2/prod/interfaces/AVS/in
2. File names will follow the format "InRcvAVSMonthly_MMDDYYYYHHmmssSSS.ext"

Once the sender picks up the file, a copy will be kept locally in the archival file before transmitting locally to the target location. This will allow for retransmissions and will maintain a data archival.

Archived Files follow the below naming convention:

1. tncare/TEDS2/prod/interfaces/AVS/in/Archive
2. "InRcvAVSMonthlyArchive_MMDDYYYYHHmmssSSS.ext"

When files have failed during the SFTP process for any reason, the sender should store the file in an error file location for analysis or retransmission. Failed Files follow the below naming convention:

1. tncare/TEDS2/prod/interfaces/AVS/in/Error
2. "InRcvAVSMonthlyError_MMDDYYYYHHmmssSSS.ext"

1.7.10 Technical and Security Details

Refer to the Interface Standards for Technical and Security Details.

1.7.11 Database Impacts

The table below describes database impacts of the AVS inbound file. Further details regarding the data usage can be found in the *Message Formatting, Mapping, and Data Types* section:

Category	Table Name:	Description of Content:
Read Write	IN_AVS_STG	This staging table will hold information sent to TEDS via the AVS inbound file
Read Write	IE_APP_ONLINE.IN_BATCH_ER R	The batch will write exceptions that come out of processing into the table
Read Write	DC_Resources	Asset information will be updated by the AVS information

1.7.12 Data Maintenance

Refer to the Interface Standards for data maintenance standards.

1.7.13 Message Formatting, Mapping, and Data Types

Refer to spreadsheet on link below for required data mappings:

<http://tn.gov/assets/entities/tenncare/attachments/ATTACHMENTETEDSInterfaceControlDocumentAVSLayout.xlsx>

1.7.14 Interface Processing Time Requirements

This section will cover requirements for formatting and communicating as data is created.

File Name:	Frequency	File Drop Time (at SFTP Server):
InRcvAVSMonthly_MMDDYYYYHHmmssSSS.ext	Monthly	TBD

1.7.15 Exception Handling and Risk Mitigation

All exceptions determined during interface processing will go through project defined escalation path. Stakeholders will be involved early and updated on exception progress.

Field level validations and their corresponding actions are found in the mapping spreadsheet.

Exceptions and their proposed mitigation strategies associated with the AVS file can be found below:

No.	Exception	Mitigation Strategy
1	Web service fails due to technical reason	<ol style="list-style-type: none"> 1. Notify AVS and TennCare IS of the errors. 2. Raise a code defect and resolve in a timely manner

All exceptions produced from batch processing will be written into the table below:

TABLE IE_APP_ONLINE.IN_BATCH_ERR

Column Name	Type	Length
ERR_SEQ_NUM	NUMBER	
EXTRACT_FILE_NAME	VARCHAR2	50
RECORD_TYP_CD	VARCHAR2	3
RECORD_CD	VARCHAR2	30
CREATE_USER_ID	VARCHAR2	50
CREATE_DT	DATE	50

KEY_COL	VARCHAR2	200
KEY_VALUE	VARCHAR2	200
ERR_FIELD_NAME	VARCHAR2	4000
ERR_FIELD_VALUE	VARCHAR2	4000
ERR_DESCRIPTION	VARCHAR2	4000
ERROR_TYPE	CHAR	1

Web service errors will be logged in the following tables:

- FW_WS_ERROR_DETAILS
- FW_WS_TRANSACTION_STATUS