



September 28, 2018

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

RE: Automated Health Services – Amendment 2
Clear2There – Amendment 1
Maximus Health Services Inc. – Amendment 3

Dear Ms. Lee:

The Department of Finance and Administration, Division of TennCare, is submitting for consideration by the Fiscal Review Committee the following three (3) amendments and all required documentation and approvals.

- 1) Automated Health Systems (AHS) is the competitively procured contractor for the provision of a TennCare/Chip Member Service Center. TennCare seeks to exercise this contracts final extension as authorized per section B.2. of the contract along with a maximum liability increases to ensure continuation of services through the end of the contract and to accommodate the final extension. The contract term included an initial three (3) year contract period with an additional two (2) extension options that the State may exercise. The proposed amendment is needed in order to exercise the contracts final extension option as well as increase the maximum liability in anticipation of exercising the final extension option.
- 2) Clear2There is the sole source approved contractor utilized by TennCare for State Appeals hearings. They possess the only telephone bridging and digital recording system specifically created and designed for state appeals hearings. There is currently 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. Clear2There's system is specific to meeting the technical and legal requirements for appeals hearings. The appeal volume and necessity of hearing procedures provided by Clear2There has greatly impacted TennCare during its initial term. 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. Estimated costs for past court reporting totaled from February 2018 – July 2018 to be \$440,000.00. Clear2There's estimated costs during the same timeframe total to \$32,842.27, an estimated savings of \$407,157.73. In order for TennCare to continue obtaining savings through the use of C2T, Renewal and Extension language is requested to be added to the contract. No funds will need to be added at this time.

- 3) This competitively procured contractor operates an Eligibility Redetermination Processing Center to support TennCare efforts to re-determine eligibility for enrollees of TennCare and those in CoverKids subject to re-determination. The state is scheduled to begin implementing the State of Tennessee's Eligibility Determination System (TEDS) late fall 2018 with a full go-live of the system in the spring of 2019. With the implementation of TEDS, current redetermination activities and processes will shift from its current operational model which is vendor dependent, to a TEDS model. In addition, as redetermination activities transition to TEDS, the amount of required vendor operational support will be reduced. This amendment request includes a change to the maximum liability to accommodate the requested extension, the payment structure, as well as utilizing the final term extension to the current end date as allowed in section B.2. of the contract.

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

Sincerely,



William Aaron
Chief Financial Officer

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

Amendment Request

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

APPROVED	
CHIEF PROCUREMENT OFFICER	DATE

Agency request tracking #	31865-00425	
1. Procuring Agency	Department of Finance and Administration Division of TennCare	
2. Contractor	Maximus Health Services, Inc.	
3. Edison contract ID #	47607	
4. Proposed amendment #	3	
5. Contract's Original Effective Date	September 8, 2015	
6. Current end date	December 07, 2018	
7. Proposed end date	December 07, 2019	
8. Current Maximum Liability or Estimated Liability	\$ 37,435,238.00	
9. Proposed Maximum Liability or Estimated Liability	\$ 41,435,238.00	
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 contractor operates an Eligibility Redetermination Processing Center to support TennCare efforts to re-determine eligibility for enrollees of TennCare and those in CoverKids subject to re-determination. The state is scheduled to begin implementing the State of Tennessee's Eligibility Determination System (TEDS) late fall 2018 with a full go live of the system in the spring of 2019. With the implementation of TEDS, current redetermination activities and processes will shift from its current operational model which is vendor dependent, to a TEDS model. In addition, as redetermination activities transition to TEDS, the amount of required vendor operational support will be</p>		

Agency request tracking #	31865-00425
greatly reduced. This amendment request includes a change to the maximum liability, the payment structure, as well as utilizing the final term extension to the current end date as allowed in section B.2. of the contract.	
14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract.	
<p>This contract was competitively procured. Payment structure changes to section C.3.b.3 (3.1) are directly related to the States implementation schedule of Tennessee's Eligibility Determination System (TEDS), occurring in late fall 2018 with a full go live of the system in the spring of 2019. With the implementation of TEDS, current redetermination activities and processes' will shift from its current operational model which is vendor dependent, to a TEDS model. In addition, as redetermination activities transition to TEDS, the amount of required vendor operational support will be greatly reduced which was the determining factor when adjusting section C.3.b.3. (3.1). In order to accommodate the final extension, funds are being added to ensure continuation of services.</p>	
<p>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)</p>	
 9/27/18	



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 31865-00425	Edison ID 47607	Contract #	Amendment # 03		
Contractor Legal Entity Name Maximus Health Services, Inc.			Edison Vendor ID 0000191173		
Amendment Purpose & Effect(s) Extend Term and Update Payment Term					
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: December 07, 2019			
TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):			\$ 4,000,000.00		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2016	\$95,416.10	\$858,745.05			\$954,161.15
2017	\$820,200.00	\$7,381,800.00			\$8,202,000.00
2018	\$4,276,149.70	\$12,828,449.15			\$17,104,598.85
2019	\$3,293,619.50	\$9,880,858.50			\$13,174,478.00
2020	\$500,000.00	\$1,500,000.00			\$2,000,000.00
TOTAL:	\$8,985,385.30	\$32,449,852.70			\$41,435,238.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				<i>CPO USE</i>	
Speed Chart (optional)		Account Code (optional)			

**AMENDMENT #3 TO CONTRACT 47607
 BETWEEN THE STATE OF TENNESSEE,
 DEPARTMENT OF FINANCE AND ADMINISTRATION,
 DIVISION TENNCARE
 AND
 MAXIMUS HEALTH SERVICES, 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 Maximus Health Services, 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 section B.1 is deleted in its entirety and replaced with the following:
 - B.1. This Contract shall be effective on September 8, 2015 ("Effective Date") and ending on December 7, 2019 ("Term"). The State shall have no obligation for goods delivered or services provided by the Contractor prior to the Effective Date.

2. Contract Section C.1 is deleted in its entirety and replaced with the following:
 - C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Forty One Million Four Hundred Thirty Five Thousand Two Hundred and Thirty Eight Dollars (\$41,435,238.00) ("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.

2. Contract Section C.3.b.3.(3.1) is deleted in its entirety and replaced with the following:
 - (3.1) Should Term Extension Option (Section B.2) be utilized, the following rates shall apply for services performed during extension period of December 8, 2018 through December 7, 2019.

Service Description	Amount (per compensable increment)
Administrative Fee Including all Services, hosting, licensing, Operations, Maintenance and Enhancements	\$ 329,800.00/month
Additional Fee to compensate Contractor for Full Time Equivalent (FTE) workforce expenses.. Contractor and State shall collaborate in good faith to determine the appropriate number of FTEs for which the State will request of the Contractor.	\$5,783/ Per FTE Monthly

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 December 7, 2018. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

MAXIMUS HEALTH SERVICES, INC.:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

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

LARRY B. MARTIN, COMMISSIONER

DATE

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Matt Brimm	*Contact Phone:	615-687-5811		
*Presenter's name(s):	William Aaron				
Edison Contract Number: <i>(if applicable)</i>	#47607	RFS Number: <i>(if applicable)</i>	31865-00425		
*Original or Proposed Contract Begin Date:	September 8, 2015	*Current or Proposed End Date:	December 7, 2018		
Current Request Amendment Number: <i>(if applicable)</i>	3				
Proposed Amendment Effective Date: <i>(if applicable)</i>	December 7, 2018				
*Department Submitting:	Department of Finance and Administration				
*Division:	Division of TennCare				
*Date Submitted:	September 30, 2018				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>	N/A				
*Contract Vendor Name:	Maximus Health Services, Inc.				
*Current or Proposed Maximum Liability:	\$37,435,238.00				
*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: 2016	FY: 2017	FY: 2018	FY: 2019	FY	FY
\$954,161.15	\$8,202,000.00	\$17,104,598.85	\$11,174,478.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)					
FY:2016	FY:2017	FY:2018	FY:	FY	FY
\$954,161.15	\$5,585,711.15	\$13,312,893.00 <small>*Expenditures Through April 2018</small>	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		N/A			
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		The unused funds were due to transition and development time required to build out the systems and functionality to do eligibility redetermination. Unused funds rolled forward for use for remainder of year and proposed term extension to continue			

Supplemental Documentation Required for
Fiscal Review Committee

	the services. Due to unused funds that roll forward, there are sufficient remaining funds and none are required for the amendment.		
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:	\$7,985,385.80	Federal:	\$29,449,852.20
<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>	
December 7 th , 2016		Extended Term, Updated Scope, and Payment Term	
September 30, 2017		Extended Term, Updated Scope, Increased Maximum Liability and Payment Term	
December 7 th , 2018		Extend Term, Update Payment Structure	
Method of Original Award: <i>(if applicable)</i>		Request For Proposal (RFP)	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?		\$14,335,238.00 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 googled this contractor and	

Supplemental Documentation Required for
Fiscal Review Committee

<p style="text-align: center;">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>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 AMENDMENT COVER SHEET

Agency Tracking # 31865-00425	Edison ID 47607	Contract #	Amendment # 02
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Contractor Legal Entity Name Maximus Health Services, Inc.	Edison Vendor ID 0000191173
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Amendment Purpose & Effect(s)
Extends Term, Updates Scope, Maximum Liability, and Payment Terms

Amendment Changes Contract End Date: YES NO **End Date:** December 7, 2018

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **\$ 23,100,000.00**

Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2016	\$95,416.10	\$858,745.05			\$954,161.15
2017	\$820,200.00	\$7,381,800.00			\$8,202,000.00
2018	\$4,276,149.7	\$12,828,449.15			\$17,104,598.85
2019	\$2,793,620.00	\$8,380,858.00			\$11,174,478.00
TOTAL:	\$7,985,385.80	\$29,449,852.20			\$37,435,238.00

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

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



CPO USE

Speed Chart (optional) TN00000303	Account Code (optional) 70803000
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Maximus Health Services, Inc.
Edison Contract ID: 47607
Vendor #: 0000191173

CONTRACT EXPENDITURES BY FISCAL YEAR
(Payment Detail Attached)

FY 2016	\$954,161.15	
FY 2017	\$5,585,711.15	
FY 2018	<u>\$13,312,893.00</u>	(Expenditures through April 2018)
TOTAL	<u><u>\$19,852,765.30</u></u>	

Maximus Health Services, Inc.
 Edison Contract ID: 47607
 Vendor ID: 0000191173

FY 2016 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Pymt Amt
2016	31865	01377173	105705 0416 A	8/25/2016	\$190,832.23
2016	31865	01377175	105705 0516A	8/25/2016	\$190,832.23
2016	31865	01377176	105705 0616A	8/25/2016	\$190,832.23
2016	31865	01392878	105705 0316a	9/14/2016	\$190,832.23
2016	31865	01392881	105705 0216a	9/14/2016	\$190,832.23

Total FY 2016: \$954,161.15

FY 2017 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Pymt Amt
2017	31865	01385064	105705 0716a	9/6/2016	\$190,832.23
2017	31865	01422899	105705 0916a	11/16/2016	\$190,832.23
2017	31865	01429948	105705 0816a	12/1/2016	\$190,832.23
2017	31865	01436979	105705 1016a	12/13/2016	\$190,832.23
2017	31865	01455014	105705 1116a	1/19/2017	\$190,832.23
2017	31865	01483480	105705 1216a	3/6/2017	\$661,650.00
2017	31865	01483477	105705 0117a	3/6/2017	\$661,650.00
2017	31865	01504610	105705 0217a	4/11/2017	\$661,650.00
2017	31865	01516366	105705 0317a	5/4/2017	\$661,650.00
2017	31865	01531590	105705 0417a	5/31/2017	\$661,650.00
2017	31865	01565443	105705 0517a	7/26/2017	\$661,650.00
2017	31865	01569156	105705 0617a	8/8/2017	\$661,650.00

Total FY 2017: \$5,585,711.15

Maximus Health Services, Inc.

Edison Contract ID: 47607

Vendor ID: 0000191173

FY 2018 Payments

Fiscal Year	Unit	Voucher ID	Invoice	Pymt Date	Pymt Amt
2018	31865	01590966	105705 0717a	9/14/2017	\$661,650.00
2018	31865	01597843	105705 0817a	10/2/2017	\$661,650.00
2018	31865	01623164	105705 0917a	11/20/2017	\$744,142.00
2018	31865	01657723	105705 1117a	1/31/2018	\$1,852,299.00
2018	31865	01657724	105705 1017a	1/31/2018	\$1,861,612.00
2018	31865	01661153	105705 1217a	2/8/2018	\$1,837,867.00
2018	31865	01677222	105705 0118a	3/5/2018	\$1,827,043.00
2018	31865	01706553	105705 0218a	4/26/2018	\$1,827,043.00
2018	31865	01706554	105705 0318a	5/3/2018	\$1,827,043.00
2018	31865	01737555	105705 0218CO	7/5/2018	\$24,600.00
2018	31865	01750912	105705 0618CO	8/3/2018	\$93,972.00
2018	31865	01757424	105705 0418a	8/14/2018	\$93,972.00

Total FY 2018:

\$13,312,893.00