

Alabama Medicaid Agency
Managed Care

ITB for 1915(B)
Independent Assessment Activities

Bid No. 06-2169947

Contact:

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**Alabama Medicaid Managed Care
ITB For 1915(B) Independent Assessment Activities**

Section I Introduction to Procurement

1.1 General Requirements

The Alabama Medicaid Agency, hereafter called Medicaid, an Agency of the State of Alabama, solicits bids from organizations qualified to perform an independent assessment of the programs governed by the 1915(b) waiver authority. These programs are the Patient 1st Program (Primary Care Case Management - PCCM) and the Maternity Care Program (PIHP). The governing waiver authority requires that as part of the renewal process, an independent assessment be conducted of the quality of, access to and cost-effectiveness of the programs. Refer to Section Three for details on the programs and to Section Four for the required scope of work. Interested bidders are encouraged to review Centers for Medicare and Medicaid (CMS) regulations/instructions regarding independent assessment activities. Regulations can be found at 42 CFR 438. CMS also publishes on its website instructions/guidelines for independent assessment activities.

The successful bidder, hereafter called Contractor, shall be responsible for performance of all duties contained within this Invitation to Bid (ITB) for the amount of compensation quoted in bidder's response to this ITB. Bids shall state a firm and fixed price. The contract is for a one year period; however the scope work is to be completed within 60 days. The additional time will allow for any follow-up that may be necessary. Please note that this bid is not procuring assistance with proving cost-effectiveness.

All documents related to this ITB will be posted on the Agency's website under What's New. The website address is www.medicaid.alabama.gov.

1.2 Contract Administrator

The individual designated by this ITB to coordinate activities, resolve questions, monitor Contractor performance, ensure that all contract requirements are met, approve payments and be the Alabama Medicaid Agency contact for the Contractor is: Kim Davis-Allen. Contractor will be notified of any change in Contract Administrator.

1.3 Bidder Qualifications

The successful bidder must meet the following requirements:

- a) Licensed as business or established entity for at least five years;
- b) A minimum of two years experience in conducting assessment type activities for government programs;
- c) Successful completion of at least one patient specific survey;
- d) The contractor, including its subsidiaries and affiliates, has not unilaterally and willfully terminated any previous review contract prior to the end of the contract term with a state or federal government and has not had a contract terminated by a state or federal government for cause, prior to the end of the contract term, within the last five years;
- e) Certify that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract by any federal department or agency;
- f) Demonstrate the ability to secure and retain professional staff to meet contract requirements;

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- g) Assure through documented work plans the avoidance of real or perceived conflicts of interest.
- h) Submit letter of interest by the date specified in the Schedule of Activities.

1.4 Bid Qualifications

- a) Submit price sheet with firm and fixed price as specified in Section 2.5.
- b) Sign and notarize page one of the ITB.
- c) Submit a brief overview of the history and structure of company, as well as a brief description of the organization’s overall capabilities.
- d) Submit a minimum of two references—one must come from a state Medicaid agency or other government program. The activities must have been accomplished in order to qualify as a reference. Include client name, contact name, title, telephone number, contract type, size and duration.
- e) Submit the original bid and three hard copies and one electronic copy of the bid on disc in Word 6.0 or higher format.
- f) Provide all required documentation as specified by the ITB.
- g) Submit bid for time period covered by the ITB.
- h) Accept requirement/submission of a performance bond in the amount of \$50,000.
- i) Submit bid guarantee of \$5,000.

1.5 Pre-Bid Questions

Written questions can be submitted to the attention of the Contract Administrator in the following ways:

Mail: Kim B. Davis-Allen, Director
Medical Services Division
Alabama Medicaid Agency
501 Dexter Avenue
P. O. Box 5624
Montgomery, AL 36103
Fax (334) 353-4818
E-mail: kim.davis-allen@medicaid.alabama.gov

All questions must be submitted in writing and received by the deadline as specified in the Schedule of Activities. All amendments and question and answer documents pertaining to this ITB will be distributed in writing via US mail to identified bidders and will be posted on the Agency web-site at www.medicaid.alabama.gov. Bidders may also provide a FAX and/or e-mail address in addition to a postal mailing address.

1.6 Letter of Intent

The submission of this letter will not bind the bidder to actually submit a bid. The purpose of the letter is to assure the Agency that there is interest in this bid. The letter of intent can be mailed, emailed or faxed to the attention of the Contract Administrator.

1.7 Schedule of Activities

<i>Activity</i>	<i>Date</i>
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Invitation to Bid (ITB) issued	6/20/2006 5:00 p.m. CST
Deadline for questions	6/27/2006 5:00 p.m. CST
Answers to Bidder's Questions mailed/posted	6/29/2006 (nlt)
Letter of Intent to Bid	7/5/2006
ITB Proposals Due	7/17/2006 5:00 p.m. CST
Open bid responses	7/18/2006 10:00 a.m. CST
Contract Award (estimated)	7/21/2006

1.8 Post Contract Award Schedule

The following timetable outlines the tasks that must be accomplished post contract award. The dates specified are for guidance and not firm.

<i>Post Contract Activity</i>	<i>Est. Date</i>
Contractor Meeting	8/4/2006 nlt
Survey Tool Defined	8/14/2006
Survey Period	8/18-28/06
Draft Report Due (not including survey results)	8/25/08
Final Reports Due (not including survey results)	8/31/06
Survey Results	9/21/06

1.9 Headings and Titles

Any headings or titles used to help identify any part of this ITB or any contract upon which it is based are for reference purposes only and shall not be deemed as controlling the interpretation or meaning of any provision of this ITB or any contract upon which it shall be based.

1.10 Rights of Medicaid

This Invitation to Bid (ITB) does not commit the State to award a contract, or pay any costs incurred in the preparation of a proposal in response to this request. The Alabama Medicaid Agency reserves the right to reject all proposals, and at its discretion may withdraw or amend this ITB at any time. Based on estimated costs and limited funding available for this procurement, Medicaid does not anticipate making an award for any bid exceeding seventy-five thousand dollars (\$75,000.00). Bidders are encouraged to submit their best offer and not consider the above amount to be an acceptable price.

Alabama Medicaid may by written notice revise and amend the solicitation prior to the due date for the proposal. If, in the opinion of Medicaid, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this ITB, the proposing party grants to Medicaid the right to contact or arrange a visit in person with any or all of the bidder's clients. Upon selection of the Contractor, a letter of intent to the selected contractor will be issued.

Section II Bid Procedures**2.1 Response Requirements**

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Sealed bid packages shall be delivered or sent by mail to:

State of Alabama
Division of Purchasing
RSA Union Building
100 N. Union Street, Suite 192
Montgomery, AL 36130-2401

Attention: Bernie Arant

The outside cover of the package containing the response shall be marked:

Alabama Medicaid Managed Care Independent Assessment
BID #
Opening Date: July 18, 2006

Bids submitted in whole or part by modem or fax will be rejected. Late responses will not be accepted. It is the responsibility of the bidder to ensure the bid is delivered by the time specified. Bids received after that time will not be considered.

2.2 Transmittal Letter

Each bid must contain a transmittal letter which shall include:

- a) Identification of all materials and enclosures being submitted collectively as a response to this ITB.
- b) A statement identifying each addendum to the ITB that has been received; if no addenda have been received, a statement to that effect shall be included. The bidder shall list each ITB addendum acknowledged and received by addendum number.
- c) Identification of the bidder that will be the prime contractor and the name of the corporation or other legal entity submitting the proposal. It shall also include a statement identifying any and all subcontractors that are needed in order to satisfy the requirements of this ITB. The percentage of work, as measured by percentage of total contract price, to be performed by the prime contractor shall be provided. The bidder will assume sole and exclusive responsibility for all of the contractor responsibilities and work indicated in the ITB (including any and all addenda).
- d) A statement certifying that, if a foreign corporation, the bidder has a current Certificate of Authority to do business in Alabama issued from the Alabama Secretary of State.
- e) A statement of compliance with Affirmative Action and Equal Employment Opportunity regulations that confirms that the bidder does not discriminate in its employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, developmental disability, political affiliation, national origin, or handicap, and complies with all applicable provisions of Public Law 101-336, Americans with Disabilities Act.
- f) A statement acknowledging and agreeing to all of the rights of the Alabama Medicaid Agency contained in the provisions of this ITB.
- g) A statement that the prices proposed have been arrived at independently without consultation, communication, or agreement with any other bidder or competitor for this procurement.
- h) A statement that the bidder, through its duly authorized representatives, has in no way entered into any arrangement or agreement with any other bidder or competitor which could lessen or destroy free competition in awarding the contract sought by the attached proposal.

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- i) A statement that, unless otherwise required by law, the prices quoted shall not be knowingly disclosed by the bidder, directly or indirectly, prior to award of the contract, to any other bidder or to any competitor.
- j) A statement that the bidder has not and will not make any attempt to induce any other person or firm to withhold or submit a proposal for the purposes of restricting competition.
- k) A statement that the person signing this bid is authorized to make decisions on behalf of the bidder's organization as to the prices quoted.
- l) A statement that the bidder has not employed anyone, other than a bona fide employee working solely for the bidder, in soliciting or securing this contract.
- m) A statement that no person or agency has been employed or retained to solicit or secure the proposed contract based on an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
- n) A statement that the bidder, and any subcontractors, will maintain a drug-free workplace.

If the use of subcontractors is proposed, a statement from each subcontractor, on official letterhead, shall be attached to the Transmittal Letter, signed by an individual authorized to legally bind the subcontractor to perform the scope of work as assigned, stating:

- a. The general scope of work to be performed by the subcontractor
- b. The subcontractor's willingness to perform the work indicated
- c. The names and titles of individuals who will be responsible for the subcontractor's efforts
- d. That the subcontractor's firm does not discriminate in its employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, developmental disability, political affiliation, national origin, or handicap, and complies with all applicable provisions of Public Law 101-336, Americans With Disabilities Act

If the bidder's response deviates, in any way whatsoever, from the detailed specifications and requirements in the ITB, the Transmittal Letter shall explicitly identify and explain these deviations. The Alabama Medicaid Agency reserves the right, at its sole discretion, to reject any proposal containing such deviations or to require modifications and/or clarifications before acceptance.

2.3 Bid Response

The bid response must present a complete and detailed description of the bidder's qualifications to perform, and its approach to carry out the requirements in Section Four, Scope of Work, of this ITB. Any deviations in the bidder's response from the outline described below could disqualify that bid due to evaluation considerations. The name and number of this ITB shall be included on the title page of each volume.

Bidders may not place any conditions, reservations, limitations, or substitutions in their response with regard to the contract terms and conditions. The bidder selected under this ITB may request non-substantive changes to the contract language, but the State reserves the sole right to accept or reject any requested changes.

2.4 Bid Format

The response shall include seven separate sections (with named and numbered tabs) presented in the following order:

1. Transmittal Letter
2. Table of Contents and ITB Cross-Reference
3. Executive Summary
4. Work plan for various required components

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5. Corporate Capabilities and Commitment
6. Two references, at a minimum for both Contractor and Key Personnel
7. Submission of Pricing Schedule for firm and fixed bid price

Each response (including all copies thereof) shall be 1) clearly page-numbered on the bottom (center or right) of each page, 2) submitted in three-ring binders, and 3) use 8.5 x 11-inch paper and two-sided copies. A type size of 11 points or larger shall be used.

Brochures or other presentations, beyond that sufficient to present a complete and effective response, are not desired. Audio and/or videotapes are not allowed. Elaborate artwork or expensive paper is not necessary or desired.

The Division of Purchasing desires and encourages that bids be submitted on recycled paper, printed on both sides. While the appearance of proposals and professional presentation is important, the use of non-recyclable or non-recycled glossy paper is discouraged.

2.5 Pricing Schedule

Bidder should submit a total firm and fixed price for the total scope of work. Award will be based on the submitted total firm and fixed price.

2.6 Bid Guarantee

Each sealed response shall be accompanied by a bid guarantee consisting of a bid bond issued by a company authorized to do business in the State of Alabama. The guarantee shall be payable to the State of Alabama in the amount of \$5,000, as a guarantee of good faith and to ensure a firm bid for contracting purposes for 90 calendar days after bid due date. Bid guarantees provided by unsuccessful bidders shall be returned after 90 calendar days. A cashiers check is acceptable in lieu of the bid bond.

2.7 Acceptable Bid Responses

All bids become the property of the State of Alabama, and none shall be returned to the bidder. Only bids that conform to the requirements of this solicitation shall be acceptable. The state reserves the right to reject any or all bids. There is no guarantee that a contract shall result from this solicitation. The State accepts no obligation for costs incurred by any bidder in the preparation of a bid in response to this ITB.

2.8 Bid Opening

Bid responses shall be opened in accordance with the Schedule of Activities at the office of the State Department of Finance, Division of Purchasing, Suite 192, RSA Union Building, 100 N. Union Street, Montgomery, Alabama. This process is open to the public.

2.9 Evaluation of Bids

The State of Alabama will conduct a comprehensive, fair, and impartial evaluation of bids received in response to the ITB. Initially only the bid with the low price will be evaluated to determine whether mandatory requirements are met. If it is found to be non-responsive then the next lowest bid will be considered. This process will be followed until such time a bid is found to be responsive.

2.10 Evaluation Participants

Alabama Medicaid Agency management staff will be responsible for reviewing the bids for responsiveness to the bid requirements.

2.11 Evaluation Of Mandatory Requirements

The purpose of this phase is to determine whether the low price bid has met the response submission requirements, and conforms to the rules of the procurement. Bids will be evaluated on a pass/fail basis for each requirement.

Any response that fails to comply with response submission instructions or meet the mandatory requirements listed in this ITB will be deemed “non-responsive” and the bid will be rejected by the Evaluation Committee. The State reserves the right to reject any and all bids.

2.12 Contract Award

The low price bid that has met the response submission requirements and passes the mandatory requirements will be considered for contract award. Upon selection of the Contractor, a letter of intent to the selected contractor will be issued. Bid results will be posted to the Agency website after the letter of intent is issued.

Section III Alabama Medicaid Agency Overview

3.1 Program Outline

The Alabama Medicaid Agency is responsible for administration of the Alabama Medicaid Program under a federally approved State Plan for Medical Assistance. Through teamwork, the Agency strives to enhance and operate a cost efficient system by building an equitable partnership with health care providers, both public and private.

Medicaid’s central office is located at 501 Dexter Avenue in Montgomery, Alabama. The central office personnel are responsible for data processing, program management, financial management, program integrity, general support services, professional services, and recipient eligibility services.

For certain recipient categories, eligibility determination is made by agency personnel located in ten district offices throughout the state and 170 outstationed workers in designated hospitals, health departments and clinics. Medicaid eligibility is also determined by established policies through the Alabama Department of Human Resources and the Social Security Administration. In FY 2004, more than 900,000 Alabama citizens qualified for Medicaid benefits through a variety of programs for children, families and pregnant women as well as for elderly and/or disabled people.

Services covered by Medicaid include, but are not limited to, the following:

- Physician Services

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- Inpatient and Outpatient Hospital Services
- Rural Health Clinic Services
- Laboratory and X-ray Services
- Nursing Home Services
- Early and Periodic Screening, Diagnosis and Treatment (includes Dental)
- Home Health Care Services and Durable Medical Equipment
- Family Planning Services
- Nurse-Midwife Services
- Federally Qualified Health Center Services
- Hospice Services
- Prescribed Drugs
- Optometric Services
- Transportation Services
- Hearing Aids
- Intermediate Care Facilities for the Mentally Retarded and Mental Disease Services
- Prosthetic Devices
- Outpatient Surgical Services
- Renal Dialysis Services
- Home and Community Based Waiver Services
- Prenatal Clinic Services
- Mental Health Services
- Coordinated Care Services

All information contained in the ITB and amendments reflect the best and most accurate information available to Medicaid at the time of ITB preparation. No inaccuracies in such data shall constitute a basis for change of the payments to the contractor or a basis for legal recovery of damages, actual, consequential or punitive except to the extent that such inaccuracies are the result of intentional misrepresentation by Medicaid. Interested bidders are encouraged to view the Agency's website for complete Agency information including annual reports and details on individual programs.

3.2 Patient 1st Program

The Patient 1st Program was initially implemented January 1, 1997. In February 29, 2004, the program ended and was reimplemented beginning December 1, 2004 with the State fully implemented February 1, 2005. The Patient 1st Program is a traditional primary care case management program in which patients are assigned a Primary Medical Provider (PMP). The PMP is responsible for either providing direct services or making appropriate referrals. PMPs are paid a monthly case management fee in addition to fee for services reimbursement. The complete Patient 1st Provider Manual can be found at the Agency's website under Programs, Patient 1st.

3.3 Maternity Care Program

The Maternity Care Program was implemented in 1988 under the authority of a 1915(b) waiver and was converted to a State Plan option in 1999. It was transitioned back to a 1915b Waiver in 2005. Through this program the state is divided into 14 districts. Each district is responsible for the implementation of a coordinated, comprehensive system of maternity services to provide for prenatal through delivery care. Most Medicaid eligibles in the district are required to receive their care through the program. Upon delivery, the Primary Contractor is paid a global fee for all components of care. The fee paid is a bid price that has been agreed upon by the State. The annual budget for the Maternity

Care Program is approximately \$120 million. The complete Maternity Care Provider Manual can be found at the Agency's website under Programs, Maternity Care.

Section IV Scope of Work

4.1 General

Independent assessment activities are required to determine whether programs are meeting the requirements outlined in the approved waiver document. Activities are broken down into three main areas: access to care, quality of services and cost effectiveness. Typically independent assessment activities compare a pre-waiver period to a post-waiver period. Activities will be modified somewhat for these programs in that both programs do not have a true pre-waiver period for comparison. Many of the required areas as outlined below will require validation that the Agency is actually accomplishing what is outlined in the waiver/manual. Other areas will require actual validation of Agency findings and/or reporting. It is anticipated that the majority of the scope of work requirements can be met through on-site staff interviews and document review. Contractors should expect to spend a minimum of three weeks on-site for staff interviews and document review. To facilitate bid preparation and to comply with CMS requirements, this bid has outlined the time periods for comparison as well as the specific areas to be addressed.

Final reports will have to delineate how each program is meeting the requirement unless the requirement is specific to only one program.

4.2 Comparison Period

Patient 1st Program: December 1, 2004 – May 31, 2006

Maternity Care Program: August 1, 2005 – May 31, 2006

4.3 Administration

The following areas should be addressed. Unless otherwise noted, both programs should be considered.

- a. Describe strategies and accomplishments achieved in meeting program goals and performance standards.
- b. Describe the use and effectiveness of the provider profiles (Patient 1st) or in monitoring the achievement of program goals and objectiveness.
- c. Monitoring procedures and results used to determine whether Providers meet the terms and conditions and performance agreements of the written contract with the Agency.
- d. Described procedures used to ensure that a smooth, undisrupted placement/transition occurs for enrollees when the primary care provide dis-enrolls for the program or changes practice locations (Patient 1st).
- e. Describe the ongoing quality assurance program and how this procedure is used to evaluate the quality of health services to enrollees.

4.4 Enrollee Access and Receipt of Program Services

- a) Describe procedures or strategies used to monitor/ensure timely access of covered services for new and existing enrollees.
- b) Describe procedures used to ensure that providers are geographically accessible to enrollees, especially in rural and remote areas of the state.
- c) Describe procedures utilized to follow-up on problems or issues brought to the State's attention by program enrollees or as a result of program monitoring or evaluation.
- d) Describe procedures and monitoring results associated with enrollee wait time or hold time for telephone appointments, for provider services, referral and subsequent appointments.

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- e) Describe procedures and monitoring results of providers substantiating that enrollees have 24 hour access to their primary care providers, including monitoring for provider maintaining specific office hours.
- f) Describe procedures used to ensure that new enrollees are assigned or have chosen a provider within the required timeframe;
- g) Describe procedures to ensure that enrollees are provided written information, with appropriate reading proficiency levels, for all program services;
- h) Describe procedures to ensure that non-English speaking enrollees have written information appropriate to the nationality or language;
- i) Describe procedures to ensure that enrollees have ability to choose their own provider or change their provider without penalties.
- j) Describe procedures used to monitor direct and/or coordinated care services by primary care providers. This should include arranging for and or providing follow-up of referral services. (Patient 1st).
- k) Describe corrective action taken to remedy barriers associated with access to care.

4.5 Provider Network

- a) Describe procedures for monitoring or ensuring acceptable provider-enrollee ratios.
- b) Describe procedures and outcome results used to monitor or to provide assurances that the total number of primary care providers and specialty providers equal or exceed the total numbers of providers enrolled in the previous Patient 1st waiver period (Patient 1st)
- c) Describe procedures for ensuring that women are allowed to choose their delivery healthcare provider (Maternity Care).

4.6 Enrollee Information

- a) Describe the process used and the results indicating that enrollee rights are protected and the appeal process is appropriately followed.
- b) Describe the process used to monitor established procedures and assurances for enrollee grievances being resolved.

4.7 Recipient Survey

A recipient survey shall be conducted of a minimum of 1,000 of Patient 1st enrollees (geographically distributed) and 300 (geographically distributed) of Maternity Care Program enrollees to determine their perception of the quality of and access to services under the respective programs. Contractor should expect to utilize a combination of mail and telephone survey methods. Final survey questions will be decided jointly between the Agency and Contractor but there will a minimum of twenty questions such as whether patients know about the program, is their caregiver accessible, etc.

4.8 Key Personnel

The scope of work under this ITB will require that Contractor have in place a Project Manager and adequate support personnel to meet the scope of work requirements. The Project Manger must possess/demonstrate three (3) years experience in evaluating health care programs. The Project Manager shall be the person assigned under this contract, responsible for operation of contract duties. Contractor's Project Manager shall serve as liaison and shall be available and responsible, as the need arises, for consultation and assistance with Medicaid personnel. Whenever the Project Manager is not reasonably available, Contractor shall provide a designated alternate fully capable of meeting the requirements of this paragraph. A resume for the Project Manager must be included and must outline education and experience. At least two references from at least two of the most recent projects must be included.

Medicaid shall have the absolute right to approve or disapprove Contractor's and any subcontractor's staff or to require the removal or reassignment of any personnel found by Medicaid to be unwilling or unable to perform under the terms of the contract. Contractor shall upon request provide Medicaid with a resume of any member(s) of its staff or a subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this contract. Personnel commitments made on Contractor's response shall not be changed except as herein above provided or due to the resignation of any named individual. Contractor shall notify Medicaid in writing of any proposed change in personnel at least 30 days prior to the change, if possible.

Section V General Terms and Conditions

5.1 General

This ITB and Contractor's response thereto shall be incorporated into a contract by the execution of a formal agreement. No alteration or variation of the terms of the contract shall be valid unless made in writing and duly signed by the parties thereto. The contract may be amended by written agreement duly executed by the parties. Every such amendment shall specify the date its provisions shall be effective as agreed to by the parties. The contract and amendments, if any, are subject to approval by the Governor of the State of Alabama and CMS.

5.2 Compliance with State and Federal Regulations

Contractor shall perform all services under the contract in accordance with applicable federal and state statutes and regulations. Medicaid retains full operational and administrative authority and responsibility over the Alabama Medicaid Program in accordance with the requirements of the federal statutes and regulations as the same may be amended from time to time.

5.3 Confidentiality

Contractor shall treat all information, and in particular information relating to enrollees that is obtained by or through its performance under the contract, as confidential information to the extent confidential treatment is provided under State and Federal laws including 45 CFR §160.101 – 164.534. Contractor shall not use any information so obtained in any manner except as necessary for the proper discharge of its obligations and rights under this contract. All information as to personal facts and circumstances concerning enrollees obtained by Contractor shall be treated as privileged communications, shall be held confidential, and shall not be divulged to anyone other than the agencies already specified without written consent of Medicaid or the enrollee, provided that nothing stated herein shall prohibit the disclosure of information in summary, statistical, or other form that does not identify particular individuals. The use or disclosure of information concerning enrollees shall be limited to purposes directly connected with the administration of the State Plan. Upon signing of this contract by all parties, the terms of the contract become available to the public pursuant to Alabama law. Contractor agrees to allow public access to all documents, papers, letters, or other materials subject to the current Alabama law on disclosure. It is expressly understood that substantial evidence of Contractor's refusal to comply with this provision shall constitute a material breach of contract.

Contractor shall insure safeguards that restrict the use or disclosure of information concerning applicants and recipients to the purpose directly connected with the administration of the Plan in accordance with 42 CFR Part 431, Subpart F, as specified in 42 CFR § 434.6(a)(8). Purposes directly related to the Plan administration include:

- (a) Establishing eligibility;
- (b) Determining the amount of medical assistance;
- (c) Providing services for recipients; and

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- (d) Conducting or assisting an investigation, prosecution, or civil or criminal proceeding related to the administration of the Plan.

Pursuant to requirements of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 (Public Law 104-191), the successful contractor will be required to sign a Business Associate agreement with the Agency.

5.4 Term of Contract

The contract shall take effect when signed by all parties, and shall terminate on June 30, 2007, unless mutually extended. If extended, the reimbursement rate will be at the previous contract period amount. This will allow for any follow-up work which may be required by CMS in relation to Contractor's finding. Follow-up may include but is not limited to interaction with CMS, more detailed reporting and follow-up on recommendations. The firm and fixed price should include personnel for this period of time.

The contract shall include the following:

1. Executed contract,
2. ITB, and any amendments thereto,
3. The CFR regulations governing Managed Care Programs and required quality assessment functions,
4. Contractor's response to the ITB, and shall be construed in accordance with and in the order of the applicable provisions of:
 - Title XIX of the Social Security Act, as amended and regulations promulgated thereunder by HHS and any other applicable federal statutes and regulations
 - The statutory and case law of the State of Alabama
 - The Alabama State Plan for Medical Assistance under Title XIX of the Social Security Act, as amended
 - The Alabama Medicaid Agency Administrative Code
 - Medicaid's written response to prospective bidder's questions
 - Approved 1915 (b) Waiver documents

5.5 Contract Amendments

The contract shall be deemed to include all applicable provisions of the State Plan and of all state and federal laws and regulations applicable to the Alabama Medicaid Program, as they may be amended. In the event of any substantial change in such Plan, laws, or regulations, that materially affects the operation of the Alabama Medicaid Program or the costs of administering such Program, either party, after written notice and before performance of any related work, may apply in writing to the other for an equitable adjustment in compensation caused by such substantial change. In the event of any such substantial change that decreases Contractor's cost of performance, Medicaid shall be entitled to a decrease in Contractor reimbursement commensurate with such substantiated change. In the event of any substantial change mandated by Medicaid that increases Contractor's cost of performance, Contractor may, in the sole discretion of Medicaid, be entitled to an increase in reimbursement commensurate with such substantiated increased cost.

5.6 Termination for Bankruptcy

The filing of a petition for voluntary or involuntary bankruptcy or a company or corporate reorganization pursuant to the Bankruptcy Act shall, at the option of Medicaid, constitute default by Contractor effective the date of such filing. Contractor shall inform Medicaid of any such action(s) immediately upon occurrence by the most expeditious means possible.

5.7 Termination for Default

Medicaid may, by written notice, terminate performance under the contract, in whole or in part, for failure of Contractor to perform any of the contract provisions. In the event, Contractor defaults in the performance of any of Contractor's material duties and obligations, written notice shall be given to Contractor specifying default. A copy of the written notice shall be sent to the Surety for Contractor's Performance Bond. Contractor shall have 10 calendar days, or such additional time as agreed to in writing by Medicaid, after the mailing of such notice to cure any default. In the event Contractor does not cure a default within 10 calendar days, or such additional time allowed by Medicaid, Medicaid may, at its option, notify Contractor in writing that performance under the contract is terminated and proceed to seek appropriate relief from Contractor and Surety.

5.8 Termination for Unavailability of Funds

Performance by the State of Alabama of any of its obligations under the contract is subject to and contingent upon the availability of state and federal monies lawfully applicable for such purposes. If Medicaid, in its sole discretion, deems at any time during the term of the contract that monies lawfully applicable to this agreement shall not be available for the remainder of the term, Medicaid shall promptly notify Contractor to that effect, whereupon the obligations of the parties hereto shall end as of the date of the receipt of such notice and the contract shall at such time be cancelled without penalty to Medicaid, State or Federal Government.

5.9 Force Majeure

Contractor shall be excused from performance hereunder for any period Contractor is prevented from performing any services pursuant hereto in whole or in part as a result of an act of God, war, civil disturbance, epidemic, or court order; such nonperformance shall not be a ground for termination for default.

5.10 Transfer of Documents

At Medicaid's discretion, but no later than three working days following expiration or termination of the contract, Contractor, at its expense, shall box, label, and deliver to Medicaid, any information, data, manuals, or other documentation collected hereto and which shall permit Medicaid to continue contract performance or contract for further performance by others.

5.11 Nondiscriminatory Compliance

Contractor shall comply with Title VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Executive Order No. 11246, as amended by Executive Order No. 11375, both issued by the President of the United States, the Americans with Disabilities Act of 1990, and with all applicable federal and state laws, rules and regulations implementing the foregoing statutes with respect to nondiscrimination in employment.

5.12 Small and Minority Business Enterprise Utilization

In accordance with the provisions of 45 CFR Part 74 and Attachment D, paragraph 9 of OMB Circular A-102, affirmative steps shall be taken to assure that small and minority businesses are utilized when possible as sources of supplies, equipment, construction, and services.

5.13 Worker's Compensation

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Contractor shall take out and maintain, during the life of this contract, Worker's Compensation Insurance for all of its employees under the contract or any subcontract thereof, if required by state law.

5.14 Employment of State Staff

Contractor shall not knowingly engage on a full-time, part-time, or other basis during the period of the contract any professional or technical personnel, who are or have been in the employment of Medicaid during the previous 12 months, except retired employees or contractual consultants, without the written consent of Medicaid.

5.15 Security and Release of Information

Contractor shall take all reasonable precautions to ensure the safety and security of all information, data, procedures, methods, and funds involved in the performance under the contract, and shall require the same from all employees so involved. In compliance with 42 CFR §431.300 et seq. Contractor shall conform to the requirements of federal and state regulations regarding confidentiality of information about eligible recipients. Contractor shall not release any data or other information relating to the Alabama Medicaid Program without prior written consent of Medicaid.

This provision covers both general summary data as well as detailed, specific data. Contractor shall not be entitled to use of Alabama Medicaid Program data in its other business dealings without prior written consent of Medicaid. All requests for program data shall be referred to Medicaid for response by the Commissioner only.

5.16 Share of Contract

No official or employee of the State of Alabama shall be admitted to any share of the contract or to any benefit that may arise therefrom.

5.17 Conflict of Interest

A conflict of interest exists where the Contractor will receive direct or indirect financial gain as a result of the certification of managed care rates. A conflict of interest also exists where the Contractor has a contract, business arrangement or other professional association with, or acts as the personal or professional representative of a physician, pharmacist, or other Medicaid provider affected by the decision made on the rates. Medicaid reserves the right to determine in its sole discretion what constitutes a conflict of interest.

5.18 Performance Bond

Contractor shall post a performance bond with a corporate bonding company licensed by the Alabama Department of Insurance as surety upon execution of the contract to be effective no later than the first day of the first month in which payments are made in accordance with the provisions of Code of Alabama, 1975, Section 41-16-28. The performance bond shall be in the amount of \$50,000. This bond shall be in force from that date through the term of the contract and shall be conditioned on faithful performance of all contractual obligations.

Failure of Contractor to perform satisfactorily, breach of contract, or termination of the contract shall cause the performance bond to become due and payable to the State of Alabama to the extent necessary to cover the cost incurred by Medicaid as a result of Contractor's failure to perform its contractual obligations. These costs include, but are not limited to, costs to correct any Medicaid program errors caused by Contractor's default and costs incurred by Medicaid for completion of the contracted work, including any costs associated with the preparation, solicitation, and award of a

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competitive bid for these contract services and any federal state or other penalties, sanctions, disallowances, or other such costs incurred by Medicaid as a result of Contractor's default and legal, administrative, and delay costs incurred as a result of Contractor's default and any liquidated damages necessary as a result of Contractor's default. The Commissioner of Medicaid shall be custodian of the performance bond. Said bond shall be extended in the event Medicaid exercises its option to extend the contract.

5.19 Indemnification

Contractor shall hold harmless, defend and indemnify Medicaid as to any penalties or federal recoupment and any interest incurred by reason of any Title XIX noncompliance due to the fault of Contractor and/or any subcontractors. The term "Title XIX noncompliance" shall be construed to mean any failure or inability of Medicaid to meet the requirements of Title XIX of the Social Security Act, due to an act or omission of Contractor or subcontractor and/or any regulations promulgated by the federal government in connection therewith. Contractor shall be liable and agrees to be liable for and shall indemnify, defend, and hold the State and Medicaid and their officers, employees and agent harmless from all claims, suits, judgments or damages, including court costs and attorney fees, arising out of or in connection with this contract due to negligent or intentional acts of omissions of the Contractor and/or any subcontractors. Contractor shall hold the State and Medicaid harmless from all subcontractor liabilities under the terms of this contract.

Contractor agrees to indemnify, defend, and hold harmless Medicaid, its officers, agents, and employees from:

1. Any claims or losses attributable to a service rendered by Contractor or any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the contract regardless of whether Medicaid knew or should have known of such improper service, performance, materials or supplies unless otherwise specifically approved by Medicaid in writing in advance.
2. Any claims or losses attributable to any person or firm injured or damaged by the erroneous or negligent acts, including without limitation, disregard of Federal or State Medicaid regulations or statutes, of Contractor, its officers, employees, or subcontractors in the performance of the contract, regardless of whether Medicaid knew or should have known of such erroneous or negligent acts.
3. Any failure of Contractor, its officers, employees, or subcontractors to observe Alabama laws, including, but not limited to, labor laws and minimum wage laws, regardless of whether Medicaid knew or should have known of such failure.
4. If at any time during the operation of this contract, Medicaid gains actual knowledge of any erroneous, negligent, or otherwise wrongful acts by Contractor, its Officers, employees, or subcontractors, Medicaid agrees to give Contractor written notice thereof. Failure by Medicaid to give said notice does not operate as a waiver of Contractor's obligations to Medicaid, or a release of any claims Medicaid may have against Contractor.

5.20 Waivers

No covenant, condition, duty, obligation, or undertaking contained in or made a part of the contract shall be waived except by written agreement of the parties.

5.21 Warranties Against Broker's Fees

Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission percentage, brokerage, or contingency fee excepting bona fide employees. For breach of this warranty, Medicaid shall have the right to terminate the contract without liability.

5.22 Novation

In the event of a change in the corporate or company ownership of Contractor, Medicaid shall retain the right to continue the contract with the new owner or terminate the contract. The new corporate or company entity must agree to the terms of the original contract and any amendments thereto. During the interim between legal recognition of the new entity and Medicaid execution of the novation agreement, a valid contract shall continue to exist between Medicaid and the original contractor. When, to Medicaid's satisfaction, sufficient evidence has been presented of the new owner's ability to perform under the terms of the contract, Medicaid may approve the new owner and a novation agreement will be executed.

5.23 Employment Basis

It is expressly understood and agreed that Medicaid enters into this agreement with Contractor and any subcontractor as authorized under the provisions of this contract as an independent contractor on a purchase or service basis and not on an employer-employee basis and not subject to State Merit System law.

5.24 Disputes and Litigation

Except in those cases where the bid response exceeds the requirements of the ITB, any conflict between the bid response of Contractor and the ITB shall be controlled by the provisions of the ITB. Any dispute concerning a question of fact arising under the contract which is not disposed of by agreement shall be decided by the Commissioner of Medicaid.

Any litigation brought by Medicaid or Contractor to enforce any provision of the contract shall be brought in either the Circuit Court of Montgomery County, Alabama, or the United States District Court for the Middle District of Alabama, Northern Division, according to the jurisdictions of these courts. This provision shall not be deemed an attempt to confer any jurisdiction on these courts which they do not by law have, but is a stipulation and agreement as to forum and venue only.

5.25 Records Retention and Storage

In accordance with 45 CFR §74.164, Contractor shall maintain financial records, supporting documents, statistical records, and all other records pertinent to this contract for a period of three years from the date of the final payment made by Medicaid to Contractor under the contract. However, if audit, litigation, or other legal action by or on behalf of the State or Federal Government has begun but is not completed at the end of the three year period, or if audit findings, litigation, or other legal action have not been resolved at the end of the three year period, the records shall be retained until resolution. Subsequent to the contract term, documents shall be returned to Medicaid within three working days following expiration or termination of the contract. Micromedia copies of source documents for storage may be used in lieu of paper source documents subject to Medicaid approval.

5.26 Inspection of Records

Contractor agrees that representatives of the Comptroller General, HHS, the General Accounting Office, the Alabama Department of Examiners of Public Accounts, and Medicaid and their authorized representatives shall have the right during business hours to inspect and copy Contractor's books and

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records pertaining to contract performance and costs thereof. Contractor shall cooperate fully with requests from any of the agencies listed above and shall furnish free of charge copies of all requested records. Contractor may require that a receipt be given for any original record removed from Contractor's premises.

5.27 Use of Federal Cost Principles

For any terms of the contract which allow reimbursement for the cost of procuring goods, materials, supplies, equipment, or services, such procurement shall be made on a competitive basis (including the use of competitive bidding procedures) where practicable, and reimbursement for such cost under the contract shall be in accordance with 48 CFR, Chapter 1, Part 31. Further, if such reimbursement is to be made with funds derived wholly or partially from federal sources, such reimbursement shall be subject to Contractor's compliance with applicable federal procurement requirements, and the determination of costs shall be governed by federal cost principles.

5.28 Invoice Submission

Contractor shall submit to Medicaid a detailed invoice for compensation for the deliverable and/or work performed. Defined deliverables include draft and final reports.

5.29 Payment

Payments are dependent upon successful completion and acceptance of described work and delivery of required documentation.

5.30 Notice to Parties

Any notice to Medicaid under the contract shall be sufficient when mailed to the Medicaid Contract Administrator. Any notice to Contractor shall be sufficient when mailed to Contractor at the address given on the return receipt from this ITB or on the contract after signing. Notice shall be given by certified mail, return receipt requested.

5.31 Cooperation

Effective operation of the Alabama Medicaid Program shall require close cooperation between Medicaid and Contractor. To this end, the parties agree to work mutually in solving operational problems. Contractor shall make known and fully describe to Medicaid, in writing, any difficulties encountered that threaten required performance or when such a potential exists. If Contractor determines that Medicaid's input or direction is required to resolve the difficulties, such an explanation describing the desired input along with any applicable timetables and projected corrections shall be included in a report. Contractor shall notify the Medicaid Contract Administrator by telephone within one working day of discovery of any problem which has already occurred, or within one working day of the identification of potential problems that threaten required performance. All telephone notices shall be followed up in writing, including any action taken.

5.32 Disclosure of Information

Contractor and Medicaid shall agree that all information, records, and data collected in connection with this contract, shall be protected from unauthorized disclosure. Access to such information shall be limited by Contractor and Medicaid to persons or agencies conducting authorized business relating to the administration of this contract, including, but not limited to, Health and Human Services (HHS) and Centers for Medicare and Medicaid Services (CMS). All disclosures are subject to the confidentiality restrictions expressed in this contract, State and Federal law, and regulations.

5.33 Disclosure Statement

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The successful bidder will be required to complete a financial disclosure statement with the executed contract.

5.34 Subcontracting

The contract shall not be assigned without written consent of Medicaid. Contractor may subcontract for the professional services necessary for the completion and maintenance of this contract and for the performance of its duties under this contract with advance written approval of both the subcontracted function and the subcontractor by Medicaid. Subcontractors shall demonstrate the capability to perform the function to be subcontracted at a level equal or superior to the requirements of the contract relevant to the service to be performed. All subcontracts shall be in writing, with the subcontractor functions and duties clearly identified, and shall require the subcontractor to comply with all applicable provisions of this ITB. Contractor shall at all times remain responsible for the performance by subcontractors approved by Medicaid. Contractor's performance bond and Contractor's responsibility for damages shall apply whether performance or non-performance was by Contractor or one of its subcontractors. Medicaid shall not release Contractor from any claims or defaults of this contract which are predicated upon any action or inaction or default by any subcontractor of Contractor, even if such subcontractor was approved by Medicaid as provided above. Contractor shall give Medicaid notice in writing by registered mail of any action or suit made against Contractor by any subcontractor or vendor, which, in the opinion of Contractor, may result in litigation related in any way to this contract with the State of Alabama.