

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

April 30, 2009

CHANGE NOTICE NO. 5
 TO
 CONTRACT NO. 071B6200203
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR		TELEPHONE (517) 432-6078 Phyllis Easton
Maximus Inc. 11419 Sunset Hills Road Reston, VA 20190		
PhyllisEaston@maximus.com		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Laura Dotson Enrollment Broker Services and Cards – Department of Community Health		
CONTRACT PERIOD: From: April 1, 2006 To: March 31, 2011		
TERMS	SHIPMENT	
N/A	N/A	
F.O.B.	SHIPPED FROM	
N/A	N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective April 30, 2009, this Contract is hereby EXTENDED through March 31, 2011, and INCREASED by \$29,090,435.00. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request, Ad Board approval on 4/7/09, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$71,422,949.80

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

March 13, 2009

**CHANGE NOTICE NO. 4
 TO
 CONTRACT NO. 071B6200203
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Maximus Inc. 11419 Sunset Hills Road Reston, VA 20190 PhyllisEaston@maximus.com		TELEPHONE (517) 432-6078 Phyllis Easton
		BUYER/CA (517) 241-4225 Kevin Dunn
		Contract Compliance Inspector: Laura Dotson Enrollment Broker Services and Cards – Department of Community Health
CONTRACT PERIOD: From: April 1, 2006 To: April 30, 2009		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby EXTENDED through April 30, 2009. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$42,332,514.80

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

August 18, 2008

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B6200203
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Maximus Inc. 11419 Sunset Hills Road Reston, VA 20190 PhyllisEaston@maximus.com		TELEPHONE (517) 432-6078 Phyllis Easton
		BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Laura Dotson Enrollment Broker Services and Cards – Department of Community Health		
CONTRACT PERIOD: From: April 1, 2006 To: March 31, 2009		
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>	
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>		

NATURE OF CHANGE(S):

The attached pricing, statement of work, and the amended languages are hereby incorporated into this Contract. The effective date(s) are indicated in the respective attachments (see attachments for detail). All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$42,332,514.80

MAXIMUS HLA Results File Layout – Plan File

Revised May 20, 2008

Data Format for Michigan Electronic Enrollment - Header Record Record Size =500

No.	Data Item	Size	Type	Position	Req.	Format
1	File type	10	A/N	1-10	Y	“HLARESULTS”
2	Company Name	30	A	11-40	Y	Left Justified Blank Fill (LJBF)
3	Filler	2	N	41-42	Y	Blanks
4	MHP Number	7	N	43-49	Y	Right Justified 000 Fill (RJ0F)
5	Run Date	8	N	50-57	Y	CCYYMMDD
6	File Effective Date	8	N	58-65	Y	CCYYMMDD
7	Filler	434	A/N	66-500	Y	Blanks

Data Format for Michigan Electronic Enrollment - Trailer Record Record Size =500

No.	Data Item	Size	Type	Position	Req.	Format
1	File trailer	10	N	1-10	Y	“HLATRailer”
2	Record Count	7	N	11-17	Y	Total # of records, including Header and Trailer
3	Filler	483	A/N	18-500	Y	Blanks

Data Format for Michigan Electronic Enrollment - Detail Record Record Size = 500

No.	Data Item	Size	Type	Position	Req.	Format
1	Recipient ID	10	N	1-10	Y	RJ0F
2	Child/Adult indicator	1	A	11	Y	C=Child;A=Adult
3	Recipient Last Name	30	A	12-41	Y	String LJBF.
4	Recipient First Name	20	A	42-61	Y	String LJBF.
5	Recipient Middle Initial	1	A	62	N	String
6	Recipient DOB	8	N	63-70	Y	CCYYMMDD
7	Filler	6	A/N	71-76	Y	Blanks
8	Survey Date	8	N	77-84	Y	CCYYMMDD
9	Filler	8	A/N	85-92	Y	Blanks
10	Transaction Type	1	A/N	93	Y	
11	Filler	3	A/N	94-96	Y	Blanks
12	MHP Number	7	N	97-104	Y	RJ0F
13	MHP Enrollment Date	8	N	105-112	Y	CCYYMMDD
14	Case Number	9	A/N	113-121	Y	String
15	HOH Last Name	30	A	122-151	Y	String LJBF.
16	HOH First Name	20	A	152-171	Y	String LJBF.
17	HOH Middle Initial	1	A	172	Y	String
18	Filler	2	A/N	173-174	Y	Blanks

19	Response Code 1	1	A/N	175	N	
20	Response Code 2	1	A/N	176	N	
21	Response Code 3	1	A/N	177	N	
22	Response Code 4	1	A/N	178	N	
23	Response Code 5	1	A/N	179	N	
24	Response Code 6	1	A/N	180	N	
25	Response Code 7	1	A/N	181	N	
26	Response Code 8	1	A/N	182	N	
27	Response Code 9	1	A/N	183	N	
28	Response Code 10	1	A/N	184	N	
29	Response Code 11	1	A/N	185	N	
30	Response Code 12	1	A/N	186	N	
31	Response Code 13	1	A/N	187	N	
32	Response Code 14	1	A/N	188	N	
33	Filler	312	A/N	189-500	Y	Blanks

LJBF = Left Justified Blank Fill

RJBF = Right Justified Blank Fill

RJ0F = Right Justified Zero Fill

Healthy Lifestyles Screening Questions – 06/30/08

During a telephone call involving a new enrollment into a Medicaid health plan, the Michigan ENROLLS Call Center Agent will read the following introduction and then each question exactly as written. The appropriate questions (i.e., adult or child) will be asked of each case member for whom a new enrollment is being conducted. Callers requesting a change in plans will not be surveyed. Callers will be allowed to refuse to answer some or all of the questions. Responses (answers or refusals) will be recorded in a database and provided to both DCH and the Medicaid health plan in which member surveyed is enrolled.

Introduction by Michigan ENROLLS Call Center Agent:

The Michigan Medicaid program is very interested in helping you and your family get healthy and stay healthy. We'd like to ask you some questions about you and your family's health.

The survey should only take a few minutes for each person in your house who has Medicaid and must join a health plan. You are not required to answer any of the questions. Your Medicaid coverage stays the same whether or not you answer some or all of the questions.

Your answers will only be shared with the Medicaid health plan that you just picked so your plan knows better how to help you get and stay healthy. No one else will see your answers.

Let's begin. I'll read the question and the possible answers. Please pick the answer that is best describes your situation.

Adult Questions:

1. About how long has it been since you last visited a doctor for a routine checkup? A routine checkup is a general physical exam, not an exam for a specific injury, illness, or condition.
 - a. Within the past year (anytime less than 12 months)
 - b. Within past 2 years (1 year but less than 2 years ago)
 - c. Within past 5 years (2 years but less than 5 years ago)
 - d. 5 or more years ago
 - e. Don't Know / Not Sure
 - f. Refused

2. Have you ever been told by a doctor, nurse, or other health professional that you have diabetes?

Note: If "Yes" and respondent is female, ask: "Was this only when you were pregnant?"

- a. Yes
 - Yes, but female told only during pregnancy
 - No
 - No, pre-diabetes or borderline diabetes
 - Don't Know / Not Sure
 - Refused

3. Have you ever been told by a doctor, nurse, or other health professional that you had asthma?
 - a. Yes
 - b. No

- c. Don't Know / Not Sure
- d. Refused

4. Have you ever been told by a doctor, nurse, or other health professional that you have high blood pressure?

Note: If "Yes" and respondent is female, ask: "Was this only when you were pregnant?"

- a. Yes
- b. Yes, but female told only during pregnancy
- c. No
- d. Told borderline high or pre-hypertensive
- e. Don't Know / Not Sure
- f. Refused

5. Do you smoke cigarettes or use smokeless tobacco right now?

- a. Yes
- b. No [Go to Question #7]
- c. Don't Know / Not Sure
- d. Refused [Go to Question #7]

6. Do you want to quit smoking or using smokeless tobacco?

- a. Yes
- b. No
- c. Don't Know / Not Sure [Go to Question #7]
- d. Refused [Go to Question #7]

7. How often do you do some type of physical activity or exercise, such as walking or playing a sport?

- a. Every day
- b. Some days
- c. Not at all
- d. Don't Know / Not Sure
- e. Refused

8. How often do you drink beer, wine or liquor?

- a. Every day
- b. Some days
- c. Not at all
- d. Don't Know / Not Sure
- e. Refused

9. On a scale from one to five, with one being the worst and five being the best, how do you rate your health?

Child Questions:

Note: If respondent has children, continue with Question #10. Otherwise, go to the end.

Ask the questions of each child in the household who has active Medicaid and is mandatory for enrollment in a Medicaid health plan.

10. Preventive care visits include things like a well-child check-up, a routine physical exam, immunizations or shots, or health screening tests, During the past 12 months, did <name> (your child's name) visit his/her personal doctor or nurse for preventive care?
- a. Yes
 - b. No
 - c. Don't Know / Not Sure
 - d. Refused
11. Has a doctor, nurse or other health professional ever said that <name> (your child's name) has asthma?
- a. Yes
 - b. No
 - c. Don't Know / Not Sure
 - d. Refused
12. Has a doctor or health professional ever told you that <name> (your child's name) has diabetes?
- a. Yes
 - b. No
 - c. Don't Know / Not Sure
 - d. Refused
13. How often does <name> (your child's name) do some type of physical activity or exercise, such as walking or playing a sport?
- a. Every day
 - b. Some days
 - c. Not at all
 - d. Don't Know / Not Sure
 - e. Refused
14. On a scale from one to five, with one being the worst and five being the best, how do you rate <name> (your child's name) health?

Note: Repeat Child Questions for each child in the household before ending the survey.

Closing by Michigan ENROLLS Call Center Agent:

Thank you for answering our questions. We appreciate your cooperation.

MAXIMUS

HEALTHY LIFESTYLES SCREENING SURVEY STATEMENT OF WORK June 30, 2008

MAXIMUS will perform the following tasks:

1. Conduct a Healthy Lifestyles Screening (HLS) for newly eligible mandatory or voluntary Medicaid beneficiaries when they enroll in a Medicaid health plan through the call center.
 - a. All newly eligible beneficiaries on the same case will be surveyed.
 - b. Beneficiaries on a case enrolled in a health plan or who are changing plans within the first 90 days of enrollment will not be surveyed.
 - c. Call center counselors will conduct surveys after completing the enrollment and education.
2. Use the DCH-approved survey questions (dated 6/30/08) specific to adults (ages 18 and older) and children (ages 0 to 17).
3. Create a database to store survey results.
4. Record the survey results for each beneficiary in a database, or record that the beneficiary refused to complete the survey.
5. MAXSTAR will alert call center counselors which beneficiaries have received an enrollment letter (e.g., IA, VM, or PRG) within 90 days of the enrollment call. MAXSTAR will display the following information
 - a. date survey completed
 - b. survey status code
 - i. refused to complete survey
 - ii. completed survey (includes partial or complete)
 - iii. not eligible to complete survey (e.g., more than 90 days after the effective date of enrollment, auto assignment, POC, rural)
 - iv. newly eligible beneficiaries (including re-enrollments with a gap in coverage more than three months) have not completed a survey within 12 months of the enrollment call
6. Use the DCH-approved file format (see attached) to provide survey case records to the selected health plan. A survey case record is the survey results for one or more beneficiaries on the same case. Survey results will be provided electronically on a monthly basis no later than the first of the following month for each enrollment transaction posted in the state system.
7. Send survey case records (excluding refusals) to a second health plan if a beneficiary changes plans within the first 90 days. The call center will not resurvey beneficiaries who change plans within 90 days. The second plan will receive the survey case

MAXIMUS

record completed during the initial enrollment call. The total number of case records for all health plans combined will be the basis for the monthly invoiced amount.

8. Post files for each of the health plans on the MAXIMUS bulletin board (BBS).
9. Monitor and report to DCH, on a monthly basis, plan-specific information about retrieving the files from the BBS on a timely basis.
10. Submit a monthly report to DCH with the number of surveys completed by type (e.g., adult, child and refused). The monthly Michigan ENROLLS executive report will provide information about call length.
11. Term of this amendment is October 1, 2008 through March 31, 2009.

MAXIMUS

HEALTHY LIFESTYLES SCREENING SURVEY PRICING

June 30, 2008

1. MAXIMUS will invoice DCH monthly on unit-priced basis. The unit to be billed is a case record. A case record includes the survey results for one or more Healthy Lifestyles Screening surveys completed for each newly eligible beneficiary on the same case by the Michigan ENROLLS call center pursuant to the approved Statement of Work dated June 30, 2008. MAXIMUS will not bill for any case record for which the beneficiary refused to complete any survey questions.
2. The unit price to be billed for each case record will be calculated by taking the difference between the average call length for Michigan ENROLLS calls as reported in the Executive Report for the invoice month and the baseline average call length of 7.0 minutes per call. The baseline average call length is based on the average call length for Michigan ENROLLS calls between January 2005 and May 2008. An example of how the monthly billing will be calculated follows:
 - a. the average Michigan ENROLLS call length for the invoice month is 9.1 minutes
 - b. the difference between 9.1 and 7.0 (baseline) is 2.1 minutes
 - c. \$1.66 will be billed for each case record for which one or more surveys were either fully or partially completed
 - d. the total number of surveys to be billed will equal the total number of case records sent electronically to health plans (see Statement of Work, number 6).

3. The unit price per minute follows:

Difference Between Average Call Length involving HLS Surveys and Baseline Average Call Length of 7.0 Minutes	Price Per Case Record*	Expected Monthly Invoice Amount**
0.1 to 0.99 Minutes	\$0.58	\$5,655.00
1.0 to 1.99 Minutes	\$1.12	\$10,920.00
2.0 to 2.99 Minutes	\$1.66	\$16,185.00
3.0 to 3.99 Minutes	\$2.20	\$21,450.00
4.0 to 4.99 Minutes	\$2.74	\$26,715.00
5.0 to 5.99 Minutes	\$3.27	\$31,882.50

* One or more surveys completed for newly eligible Medicaid beneficiaries on the same case

**Estimated monthly number of case records is 9,750 based on an average of 13,000 new enrollments, 1.2 beneficiaries per case, and a 10% refusal rate

4. MAXIMUS expects the average call length will be approximately 3 minutes longer than the baseline average to complete one or more surveys for newly eligible Medicaid beneficiaries on the same case based on preliminary tests. MAXIMUS and DCH agree to review the survey process if the average call length is 6.0 or more minutes longer per call than the baseline average call length. MAXIMUS reserves the right to renegotiate this pricing if DCH procedures and requirements for conducting telephone enrollments change significantly.

MAXIMUS HLS Results File Layout – DCH File

May 21, 2008

Data Format for Michigan Electronic Enrollment - Header Record Record Size =500

No.	Data Item	Size	Type	Position	Req.	Format
1	File type	10	A/N	1-10	Y	“HLARESULTS”
2	Company Name	30	A	11-40	Y	Left Justified Blank Fill (LJBF)
3	Filler	2	A/N	41-42	Y	Blanks
4	Filler	7	A/N	43-49	Y	Blanks
5	Run Date	8	N	50-57	Y	CCYYMMDD
6	File Effective Date	8	N	58-65	Y	CCYYMMDD
7	Filler	434	A/N	66-500	Y	Blanks

Data Format for Michigan Electronic Enrollment - Trailer Record Record Size =500

No.	Data Item	Size	Type	Position	Req.	Format
1	File trailer	10	N	1-10	Y	“HLATRailer”
2	Record Count	7	N	11-17	Y	Total # of records, including Header and Trailer
3	Filler	483	A/N	18-500	Y	Blanks

Data Format for Michigan Electronic Enrollment - Detail Record Record Size = 500

No.	Data Item	Size	Type	Position	Req.	Format
1	Recipient ID	10	N	1-10	Y	RJOF
2	Child/Adult indicator	1	A	11	Y	C=Child; A=Adult
3	Recipient Last Name	30	A	12-41	Y	String LJBF.
4	Recipient First Name	20	A	42-61	Y	String LJBF.
5	Recipient Middle Initial	1	A	62	N	String
6	Recipient DOB	8	N	63-70	Y	CCYYMMDD
7	Recipient Sex	1	A	71	Y	F=Female; M=Male
8	Recipient Race Code	1	A/N	72	Y	MMIS race code
9	Recipient Language Code	2	A	73-74	Y	ISO 639-1 Language Code
10	Filler	1	A/N	75	Y	Blank
11	Survey Status Code	1	N	76	Y	1= Subject to survey, 2 = Refused, 3 = Completed and 4 = No response (Survey period timed out (90 days) or Beneficiary not enrolled through the Call Center)
12	Survey Date	8	N	77-84	Y	CCYYMMDD
13	IA, PRG or VM Letter Date	8	N	85-92	Y	CCYYMMDD

14	Transaction Type	1	A/N	93	Y	
15	Filler	3	A/N	94-96	Y	Blanks
16	MHP Number	7	N	97-104	Y	RJ0F
17	MHP Enrollment Date	8	N	105-112	Y	CCYYMMDD
18	Case Number	9	A/N	113-121	Y	String
19	HOH Last Name	30	A	122-151	Y	String LJBF.
20	HOH First Name	20	A	152-171	Y	String LJBF.
21	HOH Middle Initial	1	A	172	Y	String
22	Residence County Code	2	N	173-174	Y	RJ0F
23	Response Code 1	1	A/N	175	N	
24	Response Code 2	1	A/N	176	N	
25	Response Code 3	1	A/N	177	N	
26	Response Code 4	1	A/N	178	N	
27	Response Code 5	1	A/N	179	N	
28	Response Code 6	1	A/N	180	N	
29	Response Code 7	1	A/N	181	N	
30	Response Code 8	1	A/N	182	N	
31	Response Code 9	1	A/N	183	N	
32	Response Code 10	1	A/N	184	N	
33	Response Code 11	1	A/N	185	N	
34	Response Code 12	1	A/N	186	N	
35	Response Code 13	1	A/N	187	N	
36	Response Code 14	1	A/N	188	N	
37	Filler	312	A/N	189-500	Y	Blanks

LJBF = Left Justified Blank Fill

RJBF = Right Justified Blank Fill

RJ0F = Right Justified Zero Fill

Header and trailer records will not be included if the information is transmitted via CD

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

February 29, 2008

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B6200203
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Maximus Inc. 11419 Sunset Hills Road Reston, VA 20190 PhyllisEaston@maximus.com	TELEPHONE (517) 432-6078 Phyllis Easton
	BUYER/CA (517) 241-4225 Kevin Dunn
	Contract Compliance Inspector: Laura Dotson Enrollment Broker Services and Cards – Department of Community Health
CONTRACT PERIOD: From: April 1, 2006 To: March 31, 2009	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, the attached Statement of Work is hereby incorporated into this Contract. NOTE: The Buyer for this Contract is changed to Kevin Dunn (517) 241-4225. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$42,332,514.80

MAXIMUS P.A.C.E. Amendment.

The Department and MAXIMUS agree to collaborate in a Wayne County Pilot Project as defined in greater detail in Attachment A to this Addendum. Effective February 18, 2008, MAXIMUS shall provide staff to review and recommend approval or denial of Medicaid eligibility for applicants to the P.A.C.E. program in Wayne County, as referred by the department. The number of staff shall be determined at MAXIMUS' sole discretion.

The number of open cases in Wayne County will not exceed 230 cases. For purposes of the Wayne County Pilot Project, MAXIMUS agrees to provide this service without additional charges. This requirement is added pursuant to Section 1.101, paragraph 6 (page 7) of the contract.

In the event that the Department wishes to expand the scope of the provision as defined, a pricing adjustment will be negotiated at that time to the mutual agreement of the parties.

2-20-08

Attachment A

Pursuant to the amendment to section 1.101 of the contract, MAXIMUS will process PACE eligibility applications in Wayne County based on the following.

1. Technical Considerations
 - a. MAXIMUS will process applications in CIMS, Assist, and LOA2. DCH will approve the eligibility recommendation for each application.
 - b. The PACE organization is responsible for submitting a complete application including all required verifications. MAXIMUS will contact DCH to obtain missing information or documentation as necessary.
 - c. MAXIMUS will be assigned a County 84 designation (e.g., district, worker, load number) to provide
 - i. DCH reports needed for SOP and redetermination lists
 - ii. access to DHS Intranet for purposes of obtaining policy and procedure updates not on the DHS website; PEM already on DHS website
 - d. PACE beneficiaries will utilize the Beneficiary Helpline
 - e. PACE central unit files will be stored in the MAXIMUS facility in secure space
2. Transition Considerations
 - a. Staff and Training
 - i. Based on a maximum of 230 cases in Wayne County, existing MICHild eligibility specialists will perform the required eligibility functions.
 - b. DCH will provide initial and ongoing training to MAXIMUS workers including but not limited to:
 - i. Using state systems for registration, data entry, etc.
 - ii. Asset determinations
 - iii. Verification process and procedures – income and assets
 - iv. Specific PACE eligibility requirements
 - v. DCH standards and procedures for maintaining case files
 - vi. Referring applications involving disability reviews to DCH Nurse Reviewer in the Medical Services Administration's LTC and Operations Support Section Quality Assurance
 - vii. Similar to the process used for MICHild, a sample of eligibility recommendations will be reviewed monthly for compliance with policies and procedures and standard of promptness requirements.

2060

Component	Bid Price Years 1-3	Bid Price Year 4	Bid Price Year 5
Enrollment and Disenrollment Activities (Item 1.101.B)	\$ 6,010,691	\$ 2,116,972	\$2,171,400
Telephone Support (Item 1.101.A)	\$ 5,871,204	\$2,069,294	\$ 2,122,200
Technical Infrastructure (including IVRS) (Item 1.103)	\$ 5,318,779	\$1,397,313	\$ 1,415,727
Mihealth Card Services* (Item 1.101.E) for up to 470,000 cards annually	\$1,834,606	\$653,540	\$670,530
Quality Assurance Activities (Item 1.101.K)**	\$ 267,892	\$ 94,160	\$ 96,971
Outreach Activities (Items 1.101.L and M)	\$ 4,025,135	\$1,411,083	\$ 1,448,615
MiChild Program Management (Item 1.101.F)	\$4,255,820	\$1,498,312	\$1,541,670
Wayne County Pilot Project - P.A.C.E.	\$ 0	\$ 0	\$ 0
Development and Distribution of Printed Materials (excluding Other Insurance and Medicare related mailings) * (Items 1.101.C and part of G and H)	\$ 4,451,343	\$1,557,856	\$ 1,596,425
Office Space for co-located Staff (part of 1.101.N)	\$ 466,202	\$158,103	\$ 162,157
Administrative Processing - Healthy Kids Applications * (Item 1.101.G)	\$ 708,787	\$ 278,362	\$ 286,779
Administrative Processing - MOMS Applications * (Item 1.101.G)	\$ 291,384	\$ 102,432	\$ 105,216
Administrative Processing - Plan First Applications * (Item 1.101.G)	\$1,758,390	\$ 487,056	\$ 480,600
Premium Collection and Administration - MiChild * (Item 1.101.I)	\$969,974	\$ 333,027	\$ 342,502
Premium Collection and Administration - Freedom to Work * (Item 1.101.I)	\$ 8,465	\$2,720	\$ 2,788
Project Administration, Control and Reporting (Items 1.101.N and J)	\$5,216,410	\$1,808,084	\$1,840,028
Total Fixed Fee for Service Price	\$ 41,455,082	\$ 13,968,314	\$ 14,283,608
Mihealth Card Services* (Item 1.101.E) for cards produced in excess of 470,000 annually	\$1.10 per card	\$1.13 per card	\$1.16 per card
Other Insurance and Medicare related mailings (Item 1.101.C)*	\$1.26 per mailing	\$1.33 per mailing	\$1.37 per mailing

* Note - all prices reflect aggregate prices based on projected volumes as defined by Data Sheet attached to the ITB. MOMS volumes were based on information received from DMB, Acquisition Services, on 2/24/06.

**Does not include ISO certification

Handwritten signature/initials

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

June 5, 2007

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B6200203
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Maximus Inc. 11419 Sunset Hills Road Reston, VA 20190	TELEPHONE (517) 432-6078 Phyllis Easton
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
	Contract Compliance Inspector: Laura Dotson Enrollment Broker Services and Cards – Department of Community Health
CONTRACT PERIOD: From: April 1, 2006 To: March 31, 2009	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective immediately, the attached amended language is hereby incorporated into this Contract. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$42,332,514.80

The following changes are hereby incorporated into this Contract:

p. 28 – Section 1.101N, paragraph beginning with – “The Contractor must be incorporated in the State of Michigan...” is hereby amended to read as follows:

“The Contractor must be incorporated in the State of Michigan or authorized to conduct business in Michigan. The Contractor and its subcontractors must be independent from any health care organization or provider of health, dental, mental health or substance abuse care, or any other health care provider in the State Of Michigan, including MICHild, Medicaid, or the Children's Special Health Care Services Program, or any other program administered by the Department.”

p. 8 - Section 1.101A, paragraph beginning with - “The Contractor must ensure that telephone operators treat all callers with dignity” is hereby amended to read as follows:

*“The Contractor must ensure that telephone operators treat all callers with dignity. The callers' need for privacy must be respected and HIPAA guidelines followed. The Contractor must have the ability to receive incoming calls from beneficiaries and be able to transfer callers to the Customer Services Division, the CSHCS Parent Hotline and other areas within the Department of Community Health. All operators must be able to process enrollments, disenrollments, and change enrollments over the telephone and also be able to answer/handle general inquiries/complaints regarding all of the programs administered by the Department, and mail at the beneficiary's request information brochures/pamphlets. *The contractor must ensure that choice counseling and enrollment activities do not discriminate against individuals eligible to be covered under contract on the basis of health status or need for health services. The contractor must also ensure that enrollment discrimination is not promoted; in a way that assures that individuals are accepted by MCO's in the order in which they apply without restriction, up to the limits set under the MCO's contract.* A voice mailbox must be available for after hours with a callback the next working day. Contractor telephone lines must be equipped with a telecommunications device for the hearing impaired and translation services must be available.”*

p. 43 - Section 2.006, the following references are hereby added to this section:

- Section 504 of the Rehabilitation Act of 1973 [29 U.S.C. 794]
- Title IX of the Education Amendments of 1972 [20 U.S.C. 1681 et seq.]
- The Age Discrimination Act of 1975 [42 U.S.C. 6101 et seq.]
- Title VI of the Civil Rights Act of 1964 [42 U.S.C. 2000d et seq.]

The following is hereby incorporated in full as Appendix B:

The following is hereby incorporated in full as Appendix B:

APPENDIX B
Definition of Terms

TERM	DEFINITIONS
ABW	ADULT BENEFITS WAIVER. TITLE XXI PROGRAM, 1115 WAIVER THAT PROVIDES SOME COVERAGE TO CHILDLESS ADULTS WHO MEET THE ELIGIBILITY CRITERIA.
BCCPT	BREAST AND CERVICAL CANCER PREVENTION AND TREATMENT PROGRAM. MEDICAID PROGRAM TO PROVIDE HEALTH COVERAGE TO WOMEN RECEIVING TREATMENT FOR BREAST OR CERVICAL CANCER AND WHO MEET THE ELIGIBILITY FACTORS.
BENEFICIARY	ANY PERSON DETERMINED ELIGIBLE FOR THE DEPARTMENT'S PROGRAMS
BLANKET PURCHASE ORDER	ALTERNATE TERM FOR "CONTRACT" USED IN THE STATE'S COMPUTER SYSTEM (MICHIGAN AUTOMATED INFORMATION NETWORK - MAIN)
CANCELLATION	ENDING ALL RIGHTS AND OBLIGATIONS OF THE STATE AND CONTRACTOR, EXCEPT FOR ANY RIGHTS AND OBLIGATIONS THAT ARE DUE AND OWING
CHOICE COUNSELING	ANSWERING QUESTIONS AND PROVIDING INFORMATION, IN AN UNBIASED MANNER, ON AVAILABLE MANAGED CARE DELIVERY SYSTEMS OPTIONS, AND ADVISING ON WHAT FACTORS TO CONSIDER WHEN CHOOSING AMONG THEM.
CHCP	COMPREHENSIVE HEALTH CARE PROGRAM
CMIS	CLIENT MANAGEMENT INFORMATION SYSTEM. THIS SYSTEM PROVIDES BENEFICIARY ELIGIBILITY, OTHER INSURANCE INFORMATION, BENEFICIARY ADDRESS, SEX, ENROLLMENT INFORMATION, ETC.
CMS	CENTERS FOR MEDICARE AND MEDICAID SERVICES
CONTRACT	A BINDING AGREEMENT ENTERED INTO BY THE STATE OF MICHIGAN RESULTING FROM A BIDDER'S PROPOSAL; SEE ALSO BLANKET PURCHASE ORDER
CONTRACTOR	THE SUCCESSFUL BIDDER WHO IS AWARDED A CONTRACT
CSD	CUSTOMER SERVICES DIVISION OF MSA
CSHCS	CHILDREN'S SPECIAL HEALTH CARE SERVICES. A PROGRAM FOR SPECIALTY HEALTH CARE COVERAGE FOR SINGLE OR MARRIED INDIVIDUALS UNDER 21 YEARS OF AGE AND

	CERTAIN ADULTS WITH CYSTIC FIBROSIS OR HEREDITARY COAGULATION DEFECTS, WHO MEET SPECIFIC MEDICAL ELIGIBILITY CRITERIA; REQUIRE THE CARE OF PEDIATRIC OR ADULT SPECIALTY PHYSICIANS, AND ARE ELIGIBLE TO RECEIVE SERVICES UNDER TITLE V OF THE FEDERAL SOCIAL SECURITY ACT, BEING 42 US 701 TO 716, AND PURSUANT TO SECTIONS 5801 TO 4879 OF ACT NO. 368 OF THE PUBLIC ACTS OF 1978, AS AMENDED.
CTS	CONTACT TRACKING SYSTEM
CULTURALLY COMPETENT	THE SYSTEM OF CARE HONORS AND RESPECTS CULTURALLY RELATED BELIEFS, VALUES, INTERPERSONAL STYLES, ATTITUDES, AND BEHAVIORS OF FAMILIES. RESPECT FOR THOSE VALUES IS INCORPORATED AT ALL LEVELS OF POLICY, ADMINISTRATION AND PRACTICE.
CUT-OFF DATE	THIS IS THE LAST DATE OF THE MONTH THAT ANY CHANGES MAY BE MADE TO THE CMIS THAT WILL REFLECT ON THE NEXT MONTH'S ELIGIBILITY.
DCH OR MDCH	THE DEPARTMENT OF COMMUNITY HEALTH
DMB	MICHIGAN DEPARTMENT OF MANAGEMENT AND BUDGET
ENROLLEE	A MEDICAID BENEFICIARY THAT IS CURRENTLY ENROLLED IN A MANAGED CARE PROGRAM.
ENROLLMENT	THE PROCESS OF ENROLLING AN ELIGIBLE INDIVIDUAL WITH A HEALTH PLAN.
ENROLLMENT ACTIVITIES	ACTIVITIES SUCH AS DISTRIBUTING, COLLECTING AND PROCESSING ENROLLMENT MATERIALS; AND TAKING ENROLLMENTS BY PHONE OR IN PERSON.
ENROLLMENT BROKER	ENTITY THAT PERFORMS CHOICE COUNSELING AND ENROLLMENT ACTIVITIES ON BEHALF OF THE DEPARTMENT.
ENROLLMENT SERVICES	CHOICE SERVICES AND ENROLLMENT ACTIVITIES.
EXCLUDED FROM ENROLLMENT	THOSE POPULATIONS THAT, BY DEFINITION, MAY NOT ENROLL WITH A HEALTH PLAN (E.G., SPEND-DOWN BENEFICIARIES, BENEFICIARIES WITH PRIVATE HMOS OR MEDICARE, ETC.)
EXPIRATION	EXCEPT WHERE SPECIFICALLY PROVIDED FOR IN THE CONTRACT, THE ENDING AND TERMINATION OF THE CONTRACTUAL DUTIES AND OBLIGATIONS OF THE PARTIES TO THE CONTRACT PURSUANT TO A MUTUALLY AGREED UPON DATE.
FTW	FREEDOM TO WORK. A MEDICAID PROGRAM THAT IS DESIGNED TO ALLOW DISABLED PEOPLE WHO ARE ELIGIBLE FOR THE PROGRAM

	TO WORK, EARN INCOME AND INCREASE SAVINGS WHILE MAINTAINING THE OPPORTUNITY TO RECEIVE MEDICAID COVERAGE.
HEALTH PLAN	MANAGED CARE ORGANIZATION THAT PROVIDES OR ARRANGES FOR THE DELIVERY OF COMPREHENSIVE HEALTH CARE SERVICES TO THE ENROLLEES IN EXCHANGE FOR A FIXED PREPAID SUM OR PER MEMBER PER MONTH PREPAID PAYMENT WITHOUT REGARD TO THE FREQUENCY, EXTENT, OR KIND OF HEALTH CARE SERVICES.
HIPAA	HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT. FEDERAL LEGISLATIONS TO INSURE PROTECTION OF CONFIDENTIALITY OF PERSONAL HEALTH INFORMATION AS IT APPLIES TO PROVIDERS AND OTHER HEALTH PROFESSIONALS.
ITB	INVITATION TO BID – A GENERIC FORM USED BY ACQUISITION SERVICES TO SOLICIT QUOTATIONS FOR SERVICES OR COMMODITIES. THE ITB SERVES AS THE DOCUMENT FOR TRANSMITTING THE RFP TO INTERESTED POTENTIAL BIDDERS.
IVRS	INTERACTIVE VOICE RESPONSE SYSTEM THAT ALLOWS MEDICAID BENEFICIARIES TO VERIFY MEDICAID ELIGIBILITY
LOCK-IN	PERIOD OF TIME WHEN BENEFICIARIES ARE UNABLE TO CHANGE HEALTH PLANS
MCO	MANAGED CARE ORGANIZATION
MEDICAID/MEDICAL ASSISTANCE PROGRAM	A FEDERAL/STATE PROGRAM AUTHORIZED BY THE TITLE SIX OF THE SOCIAL SECURITY ACT, AS AMENDED, 42 O.K. 1396 ET SEQ., AND SECTION 105 OF 1939 PA 280 AMENDED, MEL 4001.1-400.122; WHICH PROVIDES FEDERAL MATCHING FUNDS FOR A MEDICAL ASSISTANCE PROGRAM, SPECIFIED MEDICAL AND FINANCIAL ELIGIBILITY REQUIREMENTS MUST BE MET.
MMIS	MEDICAID MANAGEMENT INFORMATION SYSTEM
MOMS	MATERNITY OUTPATIENT MEDICAL SERVICES. PROGRAM TO HELP PROVIDE PRENATAL HEALTH SERVICE COVERAGE TO PREGNANT WOMEN WHO ARE ACTIVE MEDICAID WITH EMERGENCY ONLY COVERAGE OR THOSE WHOSE MEDICAID APPLICATION IS PENDING.
MSA	MEDICAL SERVICES ADMINISTRATION. THE AGENCY WITHIN THE DEPARTMENT OF COMMUNITY HEALTH RESPONSIBLE FOR THE ADMINISTRATION OF THE MEDICAID PROGRAM.

	RESULT OF A SOLICITATION
THIRD PARTY RESOURCES/THIRD PARTY LIABILITY	AN INDIVIDUAL, ENTITY, OR PROGRAM, EXCLUDING MEDICAID, THAT IS, MAY BE, COULD BE, SHOULD BE, OR HAS BEEN LIABLE FOR ALL OR PART OF THE COST OF MEDICAL SERVICES RELATED TO ANY MEDICAL SERVICES COVERED BY MEDICAID.
TMA	TRANSITIONAL MEDICAL ASSISTANCE. MEDICAID PROGRAM TO ALLOW RECIPIENTS WHO MOVE FROM WELFARE TO WORK WILL HAVE THE OPPORTUNITY TO HAVE HEALTH COVERAGE DURING THE TRANSITION.
TMA-PLUS	TRANSITIONAL MEDICAL ASSISTANCE PLUS. STATE FUNDED PREMIUM BASED HEALTH COVERAGE PROGRAM FOR THOSE WHO HAVE EXHAUSTED THE TIME LIMITED TMA PROGRAM AND STILL MEET THE ELIGIBILITY FACTORS FOR TMA-PLUS.
WORK PRODUCT	WORK PRODUCT MEANS ANY DATA COMPILATIONS, REPORTS AND ANY OTHER MEDIA, MATERIALS, OR OTHER OBJECTS OR WORKS OF AUTHORSHIP CREATED OR PRODUCED BY THE CONTRACTOR AS A RESULT OF AND IN FURTHERANCE OF PERFORMING THE SERVICES REQUIRED BY THIS CONTRACT.

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

March 30, 2006

NOTICE
OF
CONTRACT NO. 071B6200203
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Maximus Inc. 11419 Sunset Hills Road Reston, VA 20190	TELEPHONE (517) 432-6078 Phyllis Easton
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: Laura Dotson Enrollment Broker Services and Cards – Department of Community Health	
CONTRACT PERIOD: From: April 1, 2006 To: March 31, 2009	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

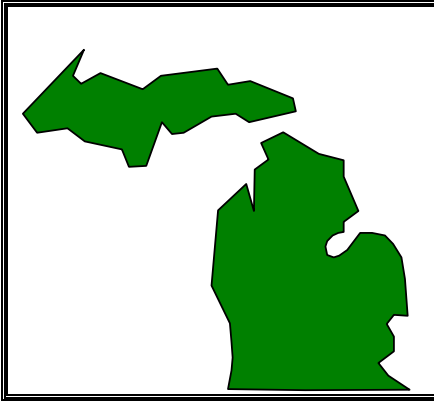
Estimated Contract Value: \$42,332,514.80

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

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MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: Estimated Contract Value: \$42,332,514.80	

<p>FOR THE VENDOR:</p> <p style="text-align: center;">Maximus Inc. _____ Firm Name</p> <p style="text-align: center;">_____ Authorized Agent Signature</p> <p style="text-align: center;">_____ Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____ Date</p>	<p>FOR THE STATE:</p> <p style="text-align: center;">_____ Signature Sean L. Carlson Chief Procurement Officer _____ Name Purchasing Operations _____ Title</p> <p style="text-align: center;">_____ Date</p>
---	--



**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

CONTRACT NO. 071B6200203

Enrollment Broker Services

Buyer Name: Melissa Castro
Telephone Number: 517-373-1080
E-Mail Address: castrom@michigan.gov



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Appendix A, Contract Pricing



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

Michigan currently services approximately 1,400,000 beneficiaries in various medical programs. The purpose of this Contract is to obtain the services of a highly qualified Beneficiary Services Contractor to provide services to beneficiaries in the medical programs managed by the Department of Community Health (Department). The medical programs administered by the Department currently include Medicaid, MICHild, Freedom to Work (FTW), Adult Benefit Waiver (ABW), Maternity Outpatient Medical Services (MOMS), Plan First, Children's Special Health Care Services (CSHCS), Program for All Inclusive Care of the Elderly (PACE), and Transitional Medical Assistance Plus (TMA+), as well as other programs servicing specifically targeted populations. The Contract includes these programs as well as any additional federally or state mandated programs developed and administered by the Department during the term of the contract. The Contract also encompasses a broad range of beneficiary services. In general these services include the following:

- Handling general inquiries and referring complaints through a Beneficiary Helpline toll-free phone number
- Mailing information pamphlets/literature/forms
- Enrolling, disenrolling, and changing health plan enrollments
- Educating beneficiaries on the services available
- Providing enrollment assistance into Medicaid, County, and MICHild health plans
- Making recommendation of beneficiary eligibility for non-Medicaid programs to the Department, or its designee
- Providing an eligibility verification system to beneficiaries

The Contractor will enable the state to establish a consistent application of beneficiary contacts, education, and enrollment policies throughout the State of Michigan.

1.002 BACKGROUND

The Michigan Department of Community Health (THE DEPARTMENT) administers several medical assistance programs including Medicaid, CSHCS, MICHild, Adult Benefit Waiver, TMA+, MOMS, Freedom to Work, Breast and Cervical Cancer Prevention & Treatment and Pace. Fiscal Year 2004 expenditures for medical services provided to approximately 1.4 million eligible beneficiaries in the State of Michigan were approximately \$7.02 billion. Most of the beneficiaries, approximately 850,000 were enrolled in 18 Medicaid Health Plans, 40,000 were enrolled in 52 Adult Benefit Waiver County Plans, and 34,000 were enrolled in 10 MICHild Health Plans. Most of the remaining beneficiaries accessed services through the fee-for-service programs provided directly by the Department.

Within the Department, the Medical Services Administration, Bureau of Medicaid Programs, Operations and Quality Assurance, Customer Services Division (CSD) has responsibility for providing information, assistance and operational support to all beneficiaries. That function involves the responsibility for answering questions, providing information, communicating with beneficiaries in the event of changes in programs or coverages, resolving complaints, operating an automated process for enrolling and disenrolling beneficiaries in health plans and providing assistance and education for beneficiaries with selecting an appropriate health plan. CSD also provides operational support for other programs (MICHild, FTW, TMA+, MOMS, BCCPT, PACE, CSHCS) as well as making eligibility determination recommendations.

The CSD is also responsible for responding to written or electronically submitted questions and complaints, providing a toll-free telephone to provide answers, assistance and information, as well as processing newly eligible beneficiary information for enrollment into managed care plans as determined by Medicaid policy. Inquiries may be related to billing questions/problems, coverage, eligibility, access, general complaints MIHealth cards, pharmacy, Medicare, other insurances or other questions related to the health care of the beneficiary.



1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The following responsibilities and deliverables are required for this Contract:

- Maintain an appropriately staffed beneficiary helpline function to provide information and answer questions regarding medical programs administered by the Department in a consistent, timely, and culturally-competent manner. This helpline will adhere to standards established by the Department regarding knowledge of policies and practices as they relate to beneficiaries, promptness of response, accuracy of information, and ability to transfer contacts to the Department via the Department's contact tracking system. This function also includes mailing informational pamphlets/literature/forms to beneficiaries at their request as directed by the Department.
- Maintain an appropriately staffed enrollment information and education function that includes, at a minimum, a toll-free telephone, local enrollment/education offices, and statewide outreach programs. This function will assist beneficiaries in selecting an appropriate health plan that meets the needs of the beneficiary. The Contractor may provide this function directly, subcontract with existing local entities, or a combination of both.
- Provide an automated enrollment/disenrollment system into Medicaid and related health programs. The automated enrollment function must be capable of managing enrollments for newly eligible beneficiaries, enrollment changes of beneficiaries electing to change plans, and auto-assignment of beneficiaries to a health plan if they do not choose a specific health plan. The enrollment function also includes provision of Department-approved enrollment packets, educational materials, and notification of all enrollment changes and automatic assignment to health plans.
- Provide an interactive voice response system to provide beneficiaries information about eligibility including, but not limited to, current eligibility status, current health plan enrollment, and other information as determined by the Department.
- Maintain a premium collection system for various premium-based medical programs administered by the Department.
- Maintain an appropriately staffed function that reviews applications for eligibility for various medical programs as determined by the Department, including but not limited to, MICHild. Based on the review, the contractor will either recommend approval of eligibility by the Department, or refer applicants' information to the Department, or its designee, for Medicaid eligibility determination recommendation.
- Maintain an on-line application system that allows beneficiaries and designated agencies to submit applications electronically for programs as specified by the Department.
- Adhere to the Department's specified standards of promptness for enrollments, eligibility review, and appropriate notice to applicants as to status of applications and requests for information/assistance.
- Provide a system of distributing and mailing of MIHealth cards to beneficiaries when appropriate.
- Allow the Department to access all information maintained in the contractor's database(s).
- Maintain accurate provider network information for all Medicaid Health Plans in a format specified by the Department.
- Develop electronic processes to create invoices to facilitate the State's reimbursement of capitated health plans and other entities that provide coverage to beneficiaries, including the following: MICHild Health Plans, Dental Plans for MICHild, and ABW mental health and substance abuse providers, and other entities as determined by the Department.
- Maintain an information system capable of producing comprehensive reports for the Department, including but not limited to, monthly and annual enrollment reports, demographic reports as requested by the Department, and any other management reports determined necessary by the Department.
- The contractor's management information system must also have capacity to fully integrate with the current Department systems management information system, including the current Medicaid Management Information System (MMIS) as well as any new/replacement systems acquired by the State of Michigan relating to Medicaid management information systems.
- Adhere to all State policies and procedures in a HIPAA compliant manner.

The Contractor must work closely with and be familiar with the health and dental plans and their provider panels and networks. The Contractor must also maintain up-to-date information regarding which plans are available and their service areas. The Contractor, the Department, and the plans will interact on a regular basis to assure open communication and prompt problem resolution.



A. Beneficiary Helpline

The Contractor must manage a call center capable of handling approximately 50,000 calls per month. The Contractor's phone counselors must be trained to provide accurate responses regarding all programs administered by the Department, including but not limited to, Medicaid, MIChild, Freedom to Work, Adult Benefit Waiver, MOMS, Plan First, Children's Special Health Care Services (CSHCS). The Contractor's call center must identify the caller's issue and respond to or refer the call appropriately; calls cover various subject matters, such as, but not limited to, the following:

- General questions that must be either responded to or referred elsewhere for information.
- Requests for informational pamphlets and/or forms that require the Contractor's call center to mail the requested information.
- Complaints that must be transferred to the Department via the Department's contact tracking system (CTS).
- Inquiries related to a wide range of topics: billing, exceptions from health plan enrollment, coverage for various programs administered by the Department, dental, durable medical equipment and medical supplies, enrollments, Medicaid eligibility, mihealth cards, Medicare, pharmacy, other insurances, and vision This is not an all inclusive list and the Contractor's phone counselors must be able to provide accurate responses or transfer the call elsewhere for resolution.
- Requests for information that require the Contractor to provide information regarding additional resources available to assist beneficiaries.

The Contractor will maintain a minimum of two (2) toll-free numbers for the enrollment process and MIChild Program. The Department will maintain the toll-free number for the Beneficiary Helpline. Calls to this toll free line will be automatically transferred to the Contractor via a local number. The Contractor is responsible for maintaining the local line. The telephone center must be located within 6 miles from the administrative offices of the Medical Services Administration currently located at 400 S. Pine, Lansing, Michigan. The Contractor's telephone center(s) must be capable of handling the expected volume of calls. The phone center must be available to accept calls Monday through Friday from 8:00 a.m. to 7:00 p.m. (Eastern Standard Time). The Contractor will not be expected to provide services on certain State recognized holidays. Unless otherwise delineated, these are New Years Day, Memorial Day, July 4th, Labor Day, Thanksgiving, and Christmas. Contractors will be notified by the Department each year of the list of holidays.

The Contractor must retain an adequate staff of specially trained phone counselors to perform the education, enrollment and data collection functions for the targeted populations as delineated in the counselors' position description. The Contractor must ensure the availability of phone counselors trained to address questions or issues regarding each of the programs administered by the Department. Phone counselors must be sensitive to the cultural differences and special medical needs of these populations.

The Contractor must ensure that telephone operators treat all callers with dignity. The callers' need for privacy must be respected and HIPAA guidelines followed. The Contractor must have the ability to receive incoming calls from beneficiaries and be able to transfer callers to the Customer Services Division, the CSHCS Parent Hotline and other areas within the Department of Community Health. All operators must be able to process enrollments, disenrollments, and change enrollments over the telephone and also be able to answer/handle general inquiries/complaints regarding all of the programs administered by the Department, and mail at the beneficiary's request information brochures/pamphlets. A voice mailbox must be available for after hours with a callback the next working day. Contractor telephone lines must be equipped with a telecommunications device for the hearing impaired and translation services must be available.

The contractor must assure that telephone staffing level is adequate to fulfill the standards of promptness and quality listed below:

- 100% of telephone calls must be answered within four rings (a call pick-up system which places the call in a queue may be used)
- Telephone calls should be of sufficient length to assure adequate information is imparted to the beneficiary



- The wait time in the queue should not be longer than three (3) minutes
- The abandoned (dropped) call rate should not exceed 5% of the call volume funded by the Department

The Contractor must develop position descriptions for the phone counselors, which shall include the following criteria:

- Education/experience in working with consumers, including working with special needs populations and/or working with families of special needs children
- Background/training in a health care related field
- Demonstrated knowledge of health care insurance, Medicaid, CSHCS, MiChild, MOMS and all other programs administered by the Department
- Background/training in the managed care industry
- Education/experience working with computers

All mailings from the Department include the helpline number for questions regarding the mailings. Therefore, new topics and issues arise often and the Contractor's call center must stay up-to-date on all issues so that callers are given current and accurate information. All calls are to be logged on the CTS provided by the Department so that the Department may track the various types and reasons for the calls as well as the beneficiaries and providers involved.

The Contractor must have a desk reference available for counselors to access necessary information to respond to callers regarding general inquiries and complaints. This will involve extensive knowledge of the Department's program policies and procedures regarding all programs administered by the Department or its designee. The Department must approve the desk reference prior to the start of the contract.

Certain contacts will be transferred via the CTS to various areas within the Department of Community Health, as directed by the Department, including, but not limited to Enrollment Services Section, Revenue and Reimbursement, and Medicare Buy-In Unit.

Requests from the Beneficiary Helpline for various pamphlets, literature, and forms will be received and the Contractor will mail the required information at the Contractor's expense. Some of the forms and letters will be returned to the Contractor including, but not limited to Beneficiary Complaint Form, Request for Exception to Managed Care, Special Disenrollment for Cause, and beneficiary correspondence. The forms and letters must be documented on the CTS and transferred to the appropriate area within the Department.

The Contractor must ensure all calls to the beneficiary helpline are answered in a timely manner and consistent and accurate information provided to all callers. Contractor staff must have extensive knowledge of Medicaid policy and procedures and extensive knowledge of other programs administered by the Department of Community Health, or similar programs being administered in other states. They must also have extensive knowledge of the responsibilities of Medicaid health plans, county health plans, and MiChild health plans based on the department's contracts with these plans, or entities that provide similar services to other states.

B. Medicaid Health Plan and Adult Benefit Waiver (ABW) Enrollments

The Contractor must process enrollments, disenrollments, and changes in health plan enrollment for approximately 966,000 Medicaid beneficiaries and 60,000 ABW beneficiaries. This enrollment activity must be conducted through a separate toll-free number managed by the Contractor. The toll-free number is expected to receive approximately 30,000 calls per month. The Contractor must also maintain a process for paper and in-person enrollments, disenrollments, and enrollment changes. The Contractor may also propose alternative enrollment methods; however, the Department must approve any alternative method prior to implementation. The scope of this function is dependent upon, the number of beneficiaries eligible for Medicaid, the number contracted health plans, and the variety of enrollment options under the various programs.



The Department currently has contracts with 16 health plans to provide medical services to beneficiaries eligible for Medicaid; and 21 County Health Plan providing services to ABW beneficiaries in 57 counties. There are currently 965,954 beneficiaries mandated for health plan enrollment; 894,157 of those beneficiaries are currently enrolled in a health plan. There are currently three counties where no health plan is available. There are 53 counties where multiple health plans are available. The number of MHPs and CHPs may increase or decrease; these changes will not constitute a change in scope of this Contract.

The Contractor must ensure that all newly eligible beneficiaries are contacted and provided sufficient information in a timely, efficient, accessible, and culturally competent manner to enable them to make an informed choice from among the health plans available in their area and to enroll in the one that best meets their health care needs. Interaction between the beneficiary and the Contractor may be in person, in writing, electronically, or by telecommunications.

The Contractor must be able to receive beneficiary eligibility information via electronic media from the Department on a daily basis. The data for Medicaid and the ABW program are transmitted in one file. The information for CSHCS is transmitted in a separate file. The Contractor must manipulate the data to identify the various enrollment groups. The general Medicaid population falls into three main categories for health plan enrollment: Voluntary, Mandatory, and Excluded. However within these categories are various populations that are identified by program codes, scope of coverage, living arrangement codes or other specific classification codes.

The Contractor must maintain a management information system capable of processing enrollment and disenrollment in adherence with the Department's Comprehensive Health Care Program (CHCP) and ABW waivers. Under the CHCP waiver, there are several types of enrollment: Rural Exception, Preferred Options, Mandatory, Voluntary, and Auto-assignment. The ABW waiver requires mandatory health plan enrollment, if a county health plan is available in the beneficiary's county of residence. The Contractor must enroll persons eligible for this program into the county health plans based on the beneficiary's county of residence.

1. Information Requirements

Within three (3) working days of receipt of the eligibility information, the Contractor must contact beneficiaries referred by the Department to describe the concept of managed care, discuss the health plans, explain the role of the phone counselor, respond to questions regarding the health plans, and assist in completing the necessary forms for enrollment. The Contractor must contact beneficiaries by mail and offer community presentations, as appropriate. The contract may also enroll beneficiaries through phone contact, mail-in form, or in person, or through another Department-approved alternative method.

The Contractor must provide education on the following topics, at a minimum, to all general Medicaid and ABW beneficiaries with whom they have contact:

- a. Managed care medical home concept
- b. Role and responsibilities of Principal coordinating physicians and primary care physicians
- c. Beneficiary rights as a health plan enrollee
- d. Appropriate use of the emergency room
- e. Instructions on how to enroll, disenroll, or make enrollment changes as well as the automatic assignment process

Contacts with beneficiaries, either verbal or written, must be culturally competent, appropriate to the beneficiary's literacy level (average reading level is 6th grade), and available to beneficiaries with sensory and/or physical disabilities. If the beneficiary's primary language is a prevalent language, as defined by this Contract, written contact must be in the beneficiary's primary language. The Contractor must also have translation services available for verbal contacts with beneficiary's whose primary language is not English.



The Contractor must convene general education meetings throughout Michigan. The Contractor will have sufficient staff available to meet the managed care education needs of the community, the managed care plans, and beneficiaries regarding enrollment services. The Contractor will develop a methodology that provides for the immediate and ongoing managed care education needs outlined in the contract. The Contractor must provide managed care education (in writing, and/or with visual and/or audio aids, as appropriate) and enrollment functions without regard to sex, race, religion, age, national origin, marital status, political beliefs, or disability.

The Contractor must develop staff resources sufficient to meet the needs of beneficiaries who are unable to enroll over the phone or who require additional assistance with the enrollment process. This would include, but not be limited to, community group presentations or visits at the Contractor's established locations.

Additionally, the Contractor must work with consumer/parent/provider advocates, and community and State agencies to assure optimal beneficiary education regarding the Department's various programs.

2. Enrollment Process in Medicaid Health Plans

In general, Medicaid beneficiaries who are not exempt from managed care must choose a health plan. The contractor must assist the beneficiary in choosing the health plan that best meets his or her individual needs. This includes taking the time necessary to identify the needs of each beneficiary, identifying in particular the special needs or circumstances presented by a beneficiary, explaining the available plan options in a manner the beneficiary understands, and assisting the beneficiary to identify the most appropriate plan. It is also expected that when a beneficiary already has a relationship with a provider and wants to retain that relationship, the Contractor must have procedures in place to assure whenever possible, those requests be honored. The Contractor must assist the beneficiary in choosing a primary care provider within the health plan that best meets their needs and communicate that choice to the health plan, whenever possible. The Department will assess the Contractor's performance on assisting beneficiaries in making the proper enrollment choice in the health plan which best meets the needs of the beneficiary through monitoring selection consistency, beneficiary health plan changes, and beneficiary satisfaction surveys.

Family members may be enrolled into different health plans. It is incumbent on the Contractor to emphasize the provider choices available in the various health plans to all family members so that the best possible choice of a health plan is made.

The Contractor must assist beneficiaries, parent/guardians, or the beneficiaries' designees in choosing the health plan that best meets the beneficiaries' needs. The Contractor must begin the enrollment process within 3 days of notification of beneficiary eligibility by the Department and complete the enrollment within 28 days of notification. If the beneficiary chooses a health plan, the Contractor must process the enrollment within three (3) days of this choice. The contractor must provide written confirmation within three (3) days of enrollment to the beneficiary. The confirmation must include: health plan selected, plan member services phone number, the primary care physician, if applicable, co-payments, if applicable, and the begin date of the health plan enrollment.

If the Medicaid beneficiary does not respond to the initial enrollment packet sent by the Contractor and choose a health plan, the Contract must assign the beneficiary to a health plan, if appropriate. The contractor must provide written confirmation within three (3) days of enrollment to the beneficiary. The confirmation must include: health plan assignment, plan member services phone number and the begin date of the health plan enrollment. The Contractor must develop and implement automatic assignments based on the auto-assignment algorithm. The Department must approve the algorithm prior to implementation. The algorithm reflects clinical and administrative measures used to place each health plan in each region in a group for auto-assignment purposes. The Contractor must conduct education to beneficiaries to limit the number of beneficiaries who are auto-assigned to health plans.



After the beneficiary enrolls with a health plan, they may change plans within the first three months of enrollment. After three months of enrollment, they must then remain in the health plan until an open enrollment period, which is held once per year as determined by the Department. The Department may occasionally lift the "lock in" for specific health plans in specific counties. The Contractor must notify beneficiaries of open enrollment periods. This information must include notice of opportunity to change health plans and the health plans available to them. The Contractor must prepare and send the open enrollment notice in all languages specified by the Department.

3. Rural Exception County Enrollment Process

The CHCP waiver allows Michigan to designate certain counties as rural exception counties. In these counties, the Contractor must enroll all Medicaid beneficiaries in mandatory populations into the single Medicaid Health Plan in the county. The Contractor does not mail an enrollment packet to beneficiaries in a rural exception county. The Contractor must process enrollments in rural exception counties within 3 days of notification of beneficiary eligibility and send the beneficiary confirmation within 3 days of the enrollment.

4. Preferred Option County Enrollment Process

The CHCP waiver allows Michigan to designate certain counties as preferred option counties. In these counties only one Medicaid Health Plan is available for enrollment. The Contractor must notify the beneficiary of the option to enroll in the available Medicaid Health Plan or choose to enroll in Medicaid Fee-for-Service. The Contractor must enroll all Medicaid beneficiaries in mandatory populations who do not contact the Contractor to choose Fee-For Service into the Medicaid Health Plan in the county.

5. Enrollment Process in County Health Plans

For the counties in which a county health plan is available, the Contractor must enroll persons in a mandatory population who are eligible for the ABW program into the county health plan. There is only one county health plan available in each county so enrollment is solely based on the beneficiary's county of residence. If an ABW beneficiary moves out of the county, the Contractor must disenroll the beneficiary from the previous CHP. The Contractor must also enroll the beneficiary into the CHP in the new county of residence or into Fee-For-Service if no CHP is available in the new county.

6. Additional Enrollment Responsibilities

Currently, changes in enrollments processed before the cut-off date each month will take effect the following month. Currently changes processed after the cut-off date each month will take effect the second month following the current cut-off date. The Department will advise the Contractor of these cut-off dates.

The Contractor must monitor daily health plan enrollment and capacity numbers to assure enrollments do not exceed any health plan's capacity and be able to stop the auto assignments when the health plan's capacity has reach 80%.

The Contractor must be responsible for re-enrollment of mandatory enrollees for the next available month that become disenrolled due to eligibility or case number changes.

The Contractor must provide the Department an electronic list (as determined by the Department) of all enrollees who become excluded that are still enrolled in a health plan.

The Contractor must have the capability to suspend enrollments by county or by a specific health plan and by the various enrollment populations, e.g. voluntary, auto assignments, rural.



7. Disenrollments

The Contractor will process disenrollments automatically in instances where a beneficiary moves out of the health plan service area, becomes ineligible for enrollment (becomes part of the excluded population). The Contractor must also ensure that assistance for changing health plans or disenrolling from a health plan, when appropriate, is available, accessible, and provided to beneficiaries in a timely and accurate manner. Reasons for health plan changes and disenrollments must be maintained. These transactions are not to be maintained on the contact tracking system that will be provided for the Beneficiary Help line. A separate system must be maintained with access provided to the Department.

8. Medical Exceptions

The Contractor must respond to requests for medical exceptions, including explanation of the allowable reasons for an exception and, must provide the beneficiaries with the medical exception form provided by the Department. The beneficiary is responsible for obtaining any additional information and sending the information to the Department through the Contractor. The Contractor is expected to assist the beneficiary or parent/guardian in completing the information requested by the Department if needed, complete an initial screening of the form with criteria received from the Department, and facilitate the transfer of that information to appropriate Department staff. This process involves forms that will be received by the Contractor who must in turn, input information on the Department's database, complete an initial screening, transfer the information via both database and daily courier delivery of the forms.

9. Data Studies

The Contractor must participate in studies that will be defined jointly by the Department and the Contractor. The studies may require extracts of defined data from the Contractor's enrollment database. The focus will be the effectiveness of the enrollment policies, enrollment groups, and/or overall quality assurance or other issues of interest to the Department.

10. Medicaid Health Plan Provider Files

The Contractor must develop and maintain a database that includes all network providers for each Medicaid Health Plan. The Medicaid Health Plans are required to send a complete and accurate file to the Contractor at least once per month. The Contractor must maintain and update this weekly. The Contractor's enrollment staff must have access to this database in order to assist beneficiaries in making an informed enrollment decision. The Contractor must provide technical assistance to the Medicaid Health Plans with submitting provider files. The Department must approve any revisions to the provider file specifications prior to implementation by the Contractor.

C. Mailing of Enrollment Packets and Letters and Informational Pamphlets/ Literature/ Forms, and other Mass Mailings

The Department and/or beneficiaries may request various enrollment packets and letters and information pamphlets, literature and forms. Some of these must be prepared and maintained by the Contractor and some must be ordered from the Department and a supply maintained by the Contractor for mailing purposes.

1. Medicaid Enrollment Packets and Letters

The Contractor must develop, print, distribute, maintain, and update the following documents (this will include printing and mailing costs, as appropriate). The Department must approve all written materials while they are in draft form and may require changes in whole or in part. All materials must include State requirements such as the Department non-discrimination statement.



- a. Voluntary Packets: The Contractor must develop a separate packet for different populations. Currently the voluntary populations are newly eligible pregnant women, migrants, Native Americans, and persons in the Department Traumatic Brain Injury Program. Letters for the migrant population must be produced in both English and Spanish. Voluntary packets must include an enrollment letter which explains the voluntary enrollment process, a pre-filled enrollment form, information regarding the health plans available, a county-specific consumer guide, a Medicaid Fee-For-Service Handbook (provided by the Department), information about the Medicaid Health Plans available in the beneficiary's county, and a business reply mail envelop. Both the enrollment process and the enrollment form must be developed by the Contractor and approved by the Department.
- b. Mandatory Packets: Current mandatory populations are as follows:
 - Families with children receiving assistance under the Financial Independence Program (FIP)
 - Persons under age 21 who are receiving Medicaid
 - Persons receiving Medicaid for caretaker relatives and families with dependent children who do not receive FIP
 - Supplemental Security Income (SSI) Beneficiaries who do not receive Medicare
 - Persons receiving Medicaid for the blind or disabled
 - Persons not included in the voluntary or excluded populations as defined by the Department

The Contractor must have the capacity to change the designation of a population from mandatory or voluntary, or vice versa, and develop enrollment packets accordingly. The mandatory packet must include a letter explaining the enrollment process, a pre-filled enrollment form, information regarding the health plans available including the respective co-pays, a county-specific consumer guide, and a business reply mail envelop. The Contractor is responsible for developing the enrollment process and all enrollment materials. The Department must approve the process and the materials prior to implementation.

- c. Preferred Option Packets: The Preferred Option packet must contain an enrollment letter, a letter explaining the enrollment process, information regarding the single available health plan and the option to enroll in Fee-For-Service. The letter must also contain two pamphlets provided by the Department: *Things You Need to Know* and *Your Rights and Responsibilities Brochure*.
- d. Auto Assignment Packets: The Auto-Assignment packet contains a letter that advises the beneficiary that if they do not choose a health plan, they will be automatically assigned a health plan. This letter must give the health plan options and effective date of enrollment if the beneficiary does not contact the Contractor. The letter must contain the county-specific Consumer Guide and health plan co-pay information, if application. The letter must also contain two pamphlets provided by the Department: *Things You Need to Know* and *Your Rights and Responsibilities Brochure*.
- e. Health Plan Confirmation letter: The Contractor must send a confirmation letter to all beneficiaries who are enrolled in a health plan, both Medicaid and County Health Plan. The letter verifies the health plan enrollment and PCP assignment, if a PCP is chosen at the time of enrollment. The confirmation letter must also include to pamphlets provided by the Department: *Things you Need to Know* and *Your Rights and Responsibilities Brochure*.
- f. Fee-for-Service Confirmation letter: The Contractor must send a confirmation letter to individuals who will remain in Fee-for-Service when Fee- For-Service is an enrollment option available to the beneficiary. The letter must advise the beneficiary that they will be fee-for-service and must include the Medicaid Fee-For-Service handbook.



- g. Rural Exception Letter: The Contractor must send a confirmation letter to individuals who are automatically enrolled into a Medicaid Health Plan in a rural exception county. The confirmation letter must also include to pamphlets provided by the Department: *Things you Need to Know* and *Your Rights and Responsibilities Brochure*.
- h. Auto-Enrollment Confirmation Letter: The Contractor must send a confirmation letter to individuals who are automatically enrolled into a Medicaid Health Plan in a Preferred Option County because they did not contact the Contractor to enroll in Fee-for-Service.
- i. Re-enrollment Letter: When a beneficiary loses and regains eligibility, the beneficiary is automatically re-enrolled in the health plan in which they were enrolled prior to the loss of eligibility. The re-enrollment letter advises the beneficiary that they will be enrolled in their prior health plan and includes information regarding the effective date of the re-enrollment.
- j. Change of County Health Plan letter: When an ABW beneficiary moves from a county covered by an ABW Health Plan to a county covered by another County Health Plan, the Contractor must send the beneficiary a confirmation letter including the new County Health Plan name, contact information, and effective date of enrollment in the new plan.
- k. Disenrollment Letter: The Contractor must send a confirmation letter to beneficiaries who become disenrolled from a Medicaid Health Plan or County Health Plan and become Fee-For-Service for specific reasons as determined by the Department, such as other insurance or change in program code. The letter must include the Medicaid Fee-For-Service handbook or ABW Insert.
- l. Open Enrollment Letter: The Department will determine an open enrollment period each year. The Contractor must send open enrollment letters to all beneficiaries locked into a Medicaid Health Plan, except for those in rural exception or preferred option counties. The Contractor should mail the letters the last week of the month prior to open enrollment. Enrollments will be effective on the date determined by the Department.

2. Literature Ordered From the Department

The Contractor must order the following pamphlets, literature, and forms from the Department and maintain an adequate supply of these materials. The Contractor must mail the appropriate pamphlet, literature, and/or form at the request of the Department or beneficiary and include the appropriate pamphlet, literature and/or form in each enrollment-related letter/packet. The Contractor will be responsible for mailing costs. Other pamphlets, literature, and forms may be added as developed by the Department.

- a. Hearing Request Form
- b. Beneficiary Complaint Form
- c. Your Rights and Responsibilities
- d. Fee-For-Service Handbook
- e. Nursing Facility Eligibility
- f. Know Your Rights – Your Medicaid Coverage in a Nursing Facility
- g. Medicaid Health Care Coverage
- h. TMA Plus
- i. Medicaid Spend-Down
- j. Children's Special health Care Services
- k. Request for Exception to Managed Care
- l. Consumer Guides
- m. A Guide to Michigan's Medicaid Health Plans
- n. Special Disenrollment For Cause



3. Other Mailing Requirements

The Contractor will monitor all returned mail. The Contractor will provide a monthly report to each local office of the Department of Human Services of all addresses in their area where mail has been returned more than once. This report must include the beneficiary's Case Number, Beneficiary ID Number, and the incorrect address causing the mail to be returned. The Contractor should cease mailings to the returned address until the Department electronically sends a change of address to the Contractor.

The Contractor must prepare written materials in all languages determined by the Department to meet the definition of "Prevalent Language" in this contract. Currently these languages are Arabic and Spanish; the Department reviews this annually and the Contractor may be required to print materials in additional languages. All letters must have instructions in Arabic and Spanish directing the beneficiary to contact the Beneficiary HelpLine if the beneficiary needs help understanding the letter. The reading level of all written materials must be at or below a 6th grade level. All letters and materials must be reviewed and approved by the Department prior to use.

D. Interactive Voice Response System - IVRS (Beneficiary)

The Contractor must provide an interactive voice response system to respond to beneficiary inquiries regarding Medicaid eligibility and health plan enrollment status. Beneficiaries must be able to access the Contractor's system to obtain the information using identifying information, e.g. birth date and/or social security number. The IVRS must inform the beneficiary if the beneficiary has active Medicaid for the current month, in which health plan, if any, they are enrolled, and the health plan's toll free number, if applicable. This system is to be available 24 hours per day, seven days per week.

E. Mihealth Card Service

The Contractor must produce and distribute the Department's proprietary semi-permanent magnetic stripe plastic card called the "mihealth card" that is currently issued to the Medicaid, Adult Benefits Waiver (ABW), and the Children's Special Health Care Services (CSHCS) population. The Contractor will also be responsible for mailing inserts and/or brochures with the card as directed by the Department. The Contractor will receive all undeliverable mihealth cards, which must be shredded in 24 to 48 hours. The Contractor may provide this service directly or through the use of a subcontractor approved by the Department.

Beneficiaries receive a mihealth card for the following reasons:

- New beneficiary
- Never received a card
- Name changes
- Card lost, stolen or damaged

The Contractor will procure sufficient raw materials for approximately twelve (12) months of daily new enrollments and reissues. Raw materials include the card, card carrier and envelope. The Contractor will always maintain sufficient raw material stock so there is no delay in the mailing of the mihealth card. The Department will provide the Contractor with the design of the card, card carrier, and envelope. The Department will provide the Contractor with sufficient inserts and brochure stock, which will be shipped to the Contractor prior to the implementation of this contract. The Contractor must have sufficient storage space to store up to approximately a 12 month's supply of inserts and brochure stock.

The Contractor must match the Department's proprietary mihealth card specifications, which include the following:



- Card Stock 2-1/8" x 3-3/8" x .030 stock with non-glare finish
- Card color green background with text printed in black
- Lo-Co Magnetic strip containing the beneficiary ID number and card control number compatible with EDI magnetic stripe readers for providers to utilize the magnetic swipe technology
- No signature panel
- No holographic designs
- No embossing
- Front of card will contain: Beneficiary's name and Beneficiary's ID number
- Back of the Card will contain the following text:

Beneficiary: Present this card each time you get medical services. Only the person named on the card can use this card. Before you get any service, you have a right to know that Medicaid may not cover some services and you may need to pay for them. For questions or problems call 1-800-642-3195.

Provider: This card does not guarantee Medicaid eligibility. You are responsible for verifying eligibility and determining the identification of the cardholder. The number on this card is the Medicaid identification number and should be used for billing Medicaid. Providers without electronic Medicaid eligibility verification capacity may call 1-888-696-3510.

The Contractor is responsible for any cost related to any defective cards discovered by the Department or Contractor.

1. Data Exchange

The Department will not grant the Contractor direct access to the Department's eligibility data for producing and issuing the mihealth card. Data will be exchanged through a secure gateway. The exchange must provide for easy integration/updating of the Department's eligibility data into the database that will be used by the proposed system. The contractor must adhere to relevant HIPAA confidentiality/privacy laws, regulations, and contractual provisions and must establish appropriate administrative, technical, and physical safeguards to insure the security and confidentiality of records.

The Department will send the contractor a daily card file in a format provided by the Department. The daily card will include the following data:

- a. Beneficiary name
- b. ID number
- c. Case number
- d. Responsible party name
- e. Beneficiary address
- f. Update code (identifies the program: Medicaid, ABW, or CSHCS)
- g. Status code (identifies type of card: initial card or replacement card)

The Contractor must assign a card control number to each mihealth card issued. The Contractor's data system for assigning and tracking control numbers must be completely compatible with existing Department systems and files.

The Contractor must mail the cards to the beneficiaries within **48** hours of receipt of the card file. The Contractor should mail the mihealth cards for all persons in a household in a single packet only if beneficiary case numbers match. The Contractor will also mail inserts and/or brochures with the card for beneficiaries based on the update code and the status code.

The Contractor must contact the appropriate Department staff within 30 minutes when they are aware of any issues with their mihealth card production or mailing processes. The notification must explain actions the Contractor is taking to resolve the problem and expected time of resolution, which must be accomplished within 4 hours.



The Contractor will create a daily mihealth card file in a format provided by the Department to send back to the Department to confirm the issuance of the cards. The card file produced by the Contractor must contain the following elements:

- a. Status code
- b. Beneficiary ID number
- c. Card control number

The Contractor must develop and maintain a system to invalidate lost or returned mihealth cards. The Contractor is also subject to random auditing by the Department and that upon confirmation of contract violations; the Department may require appropriate corrective action and/or terminate access to the data, depending upon the nature and degree of the violations.

2. Mihealth Card Development

The Contractor will submit a project work plan and schedule to the Department that reviews and schedules all work activities with the Department and includes all tasks for application design/configuration, implementation, testing, training, launch and post-launch support for the Department and providers. The plan must also highlight the Department's responsibilities (if any), inventory of costs (including cost per card, presort fee, and cost for postage) and indicate key milestone dates.

The Contractor must be able to provide appropriate staff and resources to properly service the contract. This may include, but not be limited to, problems that need to be addressed immediately by the contractor, changes/modifications requested by the Department, and mihealth card reports.

The Contractor must develop data systems compatible with the Department to transmit data to the Department and to accept data from the Department. The Contractor must be able to receive and send the Department's mihealth card file via electronic media from the Department on a daily basis.

3. Mihealth Card System Testing and Implementation

The Contractor must complete sufficient testing with test data provided by the Department to meet all contract requirements. The Contractor must also provide documented test results, reviewed with Department, before the Department will grant approval to launch the system with full production operation. The Contractor must make any necessary changes and/or modifications if the system does not meet all contract requirements including retesting the system.

The Contractor will work with the Department to finalize a work plan and acceptable rollout schedule, and then launch successful application with full production operation. The contractor must warrant, for one year after the application launch, that the production system will meet the business needs as designed. The Contractor's mihealth card system must accommodate changes mandated by the Department.

The Contractor will be responsible for monitoring the system to assure it's operating within performance standards. The contractor will be the first contact point for problem reporting and problem resolution if the Department discovers any problems with the system. The contractor will be responsible for taking corrective action to bring the system back to acceptable performance standards.

4. Reporting Requirements

The Contractor's mihealth card system must be capable of providing reporting to include but limited to the following information: a daily card count document indicating how many cards were issued for a day and listing how many cards were issued per program (Medicaid, ABW, or CSHCS) and card type (Initial card or replacement card); monthly and yearly card count reports;



a production summary report for each invoice indicating the number cards and inserts mailed, including a breakdown of postage costs, and cards returned to the Contractor due to undeliverable mail.

The Contractor must develop a complaint process to log complaints regarding any card problems reported by providers, beneficiaries and the Department to include but limited to the date of the complaint, nature of the complaint, resolution, and date of resolution. The Department must approve any communications to beneficiaries or providers regarding mihealth card services prior to use by the Contractor.

F. MICHild Program Activities

The Contractor selected under this RFP will also assist the Department in the administration of the MICHild program. MICHild was developed by the State of Michigan in 1998 in response to the passage of Title XXI of the Social Security Act. Under the MICHild program, THE DEPARTMENT contracts with licensed insurers and health maintenance organizations (HMO's), as well as mental health and substance abuse providers, to provide a specified health benefit package to beneficiaries. The benefit package is based upon the State of Michigan's employee benefit package. Children at or below 200% of the federal poverty level (FPL) who do not have health coverage available to them are eligible for participation in MICHild. The Department also contracts with separate dental plans to provide dental care to MICHild beneficiaries.

The Contractor will perform required administrative functions under the direction of the Department, including, but not limited to, the following:

- Eligibility determination recommendations
- Annual renewal
- Case maintenance activities per Department policies and procedures
- Develop and maintain database
- Enrollment assistance
- Collection of MICHild premium payments from beneficiaries who are over age one but under age 19 and are 151% to 200% of the FPL and for beneficiaries who are under age one and are 186-200% of the FPL

The Contractor must have the capability to process all MICHild applications received. Currently the Department estimates an average of 3,500 new applications and 1,800 renewals each month. As a part of the eligibility determination recommendation process for MICHild, Medicaid eligible families or children must be referred to the appropriate Michigan Department of Human Services. The Contractor's data system must be able to detect overlaps in eligibility and process the appropriate disenrollments as directed by the Department.

The Department has a "no wrong door policy" for the MICHild program. Families may apply for coverage through any of the following agencies/methods:

- Health plans that the Department has certified in the application process
- Local Public Health Departments
- Through the mail
- Internet application process
- Department of Human Services

The Contractor must make applications available, by request through the Contractor's toll-free phone service and through the internet. The Contractor must mail applications to requestor within two days unless otherwise approved by the Department. The Contractor may perform this task directly or through subcontracted local agencies.



The Contractor must develop and maintain a complete and accurate database of demographic eligibility and enrollment data related to MICHild beneficiaries. The Department will provide the data elements that the database must contain. The Contractor must comply with all regulations of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Department must have on-line access to the Contractor's MICHild database, and any software used for calculating budgets, for audit and quality assurance activities.

G. MICHild, MOMS, Plan First, and Healthy Kids Eligibility

The Contractor's data systems must be compatible with the State to transmit and accept data as required. The Contractor must ensure that MICHild beneficiaries are not receiving Medicaid benefits and maintain the integrity of the application and enrollment process. The Contractor will develop and maintain the capability for the Department to have on-line and hard record access to the Contractor's MICHild, Plan First and MOMS databases, including all software used in the Contractor's eligibility determination recommendation. The access must allow the Department to perform audit and quality assurance functions, to carry out ad hoc queries on the data, and to generate reports. The Contractor will provide instructions and training to the Department on the operation of the database.

The Contractor must be able to accept applications via the Internet. The data from the online applications must be retrieved from the Internet, printed out, matched with the signature pages which arrive by mail or facsimile. The Contractor conducts the initial review to determine if the application should be processed for eligibility determination recommendation or referred to DHS. Persons who are Medicaid eligible are not eligible for MICHild or Plan First. For referred applications, the Contractor logs and delivers the applications to the co-located DHS staff. Contractor staff will be available for immediate communication with on-site DHS staff for efficient processing of applications.

The Contractor must work with the Department's system designer, E-Michigan, and the Department to design and maintain the electronic Internet application. A presumptive eligibility tool that calculates program specific eligibility, and produces notices, coupons, signature pages and all relevant elements as directed and/or approved by the Department. The Contractor will be responsible for integrating the data received from the e-application process into the mainframe database of all MICHild and Healthy Kids beneficiaries. These duties will include, but are not limited to, the following:

- Developing and maintaining a server backup
- Developing and implementing disaster recovery policies and procedures
- Immediate response to problems, programming changes, correctness of computations, and correctness of information provided for drop down lists, and maintaining continuous service

The Contractor is required to have performed an annual Statement of Auditing Standards (SAS-70) Level II review of the MICHild Administration Contract for submission to the Department.

1. MICHild Eligibility Activities

The Department has certified certain health plans and agencies to submit internet applications on behalf of individuals. These agencies assist the individual in the application completion and then submit the completed application to the Contractor via the internet. The Contractor grants presumptive eligibility to children whose online applications submitted by these agencies appear to meet all the requirements for receiving MICHild benefits. The Contractor must provide certified agencies with the applications, processes, and procedures for determining MICHild presumptive eligibility. The Department must approve the processes and procedures before the Contractor sends them to the certified agencies.

Presumptive eligibility will remain in effect from the date the application receives preliminary approval by the Contractor through the last day of the first full month following that date. During the month of presumptive eligibility, the Contractor will be required to review the application and make a final determination of eligibility.



The Contractor will be responsible for all eligibility determination recommendations for the MICHild program. All beneficiaries of the MICHild program must meet all eligibility factors established for the MICHild program as determined by the THE DEPARTMENT.

The Contractor must review all applications and enter the information into the Contractor's database within two working days of receipt. The Contractor will electronically transmit a daily file to the Department, containing a list of the applications for which approval is recommended. The Department will review this data, indicate on the file if the application is accepted or rejected, and return the electronic file to the Contractor.

The Contractor must mail a decision on eligibility to the family's address via first class mail, postmarked within ten days of the date the completed application is received.

If the application is approved, the Contractor notifies the family that MICHild eligibility has been approved effective the first day of eligibility. The letter must inform the family of the decision, the effective date of coverage, the family's health and dental plans, and mental health and substance abuse services providers. Coverage is effective on the first day of the next available month following approval of the application. The Contractor must also inform the health, dental, mental health, and substance abuse plans/providers of the family's enrollment and the effective date of coverage.

If the application is denied, the letter to the family must clearly state the reason for the denial of eligibility and must inform the family of its' right to appeal the determination. If the application is denied and presumptive eligibility has been granted because the application was submitted by a certified agency, then, the letter must inform the family of the date that presumptive eligibility is no longer in force and MICHild coverage terminates.

The Contractor must transmit electronic enrollment files to inform the health, dental, mental health, and substance abuse plans/providers of the family's enrollment and the effective date of coverage.

The Contractor must base all eligibility determination recommendations solely upon policy and procedures approved by the Department. The Department must have complete access to all case files to perform monthly random beneficiary post-eligibility audits. The Department conducts random samples of the Contractor's eligibility determination recommendations to ensure that the Contractor is adhering to policy adopted by the Department and the State Plan submitted to the Centers for Medicare and Medicaid Services.

Generally, once eligibility is determined, MICHild coverage continues for one-year from the effective date of coverage unless the beneficiary no longer meets the MICHild participation criteria. The Contractor must provide the family with a renewal form within a minimum of 30 working days prior to the end of the beneficiary's eligibility year. The renewal form must be pre-printed with the data the beneficiary provided on the initial application form with instructions that the beneficiary should update information as necessary. If the Contractor has not received the renewal form within 20 working days, the Contractor must follow-up with the family. The Contractor must receive approval for the follow-up process from the Department prior to implementation. If the family fails to respond to the renewal application, the family will lose eligibility for the MICHild program. The Contractor will close these cases upon Department approval.

2. MICHild Enrollment Information

The MICHild enrollment information shall be transmitted to each covered health, dental, mental health, and substance abuse plans by the first day of each month. The monthly audit file shall be in enrollment, disenrollment and change notice layout files, similar to the 4276M (Medicaid) and 4276C (Children's Special Health Care Services). The Contractor shall monitor plan access to files and assist any plan with information regarding the downloading of the files. The Contractor shall report to the Department the failure of any plans to retrieve enrollment files. The method of transmission must be a secure medium approved by the Department.



3. Children's Special Health Care Services

The Contractor must allow MICHild eligible children who are not eligible for Medicaid but are active CSHCS to have the following options:

- a. Enroll in Blue Cross/Blue Shield, or
- b. Elect to not receive MICHild coverage and maintain CSHCS only benefits through the CSHCS Basic Health Plan, or
- c. Disenroll from CSHCS and receive only MICHild benefits

4. Plan First Eligibility Support Services

Plan First is a federal 1115 waiver program to provide family planning services to women who meet eligibility criteria determined by the Department whom otherwise would not have medical coverage for these services. The program will serve a maximum of 200,000 women. Eligibility for Plan First will be determined by DHS (Department of Human Services).

The Contractor will perform required administrative functions under the direction of the Department, including but not limited to, the following:

- a. Outreach as referenced in Section M.
 - Send out applications, brochures and other materials to DHS (Department of Human Services), LHD (Local Health Dept.), and to field offices
 - Send out applications to any woman age 19-44 whose MA (Medicaid) has ended
 - Program L (Healthy Kids Medicaid) -mail out application when PI (Pregnancy Indicator) code on CIMS (Client Information Management System) is set to P (Post-partum). Applications should be sent 45 days prior to eligibility terminating
 -
- b. Maintain a PO Box for applications and all mail sent in by the beneficiary.
- c. Screen application for completeness: must have name, date of birth, and signature.
 - Return a copy of the incomplete applications with a return envelope and cover letter
- d. Review application for TPL (Third Party Liability –other insurance) information.
 - If insurance card is provided, make an additional copy of the card for the ES (Eligibility Specialist) worker at DHS.
 - Copy of card will be returned by DHS to Contractor for entry into CTS (Contact Tracking System), after Medicaid ID has been assigned.
- e. Staple the application and all submitted documentation together. Place into a manila folder with the Beneficiary (Grantee) Name on the tab.
- f. Completed packets are to be delivered to DHS within 24 hours.
- g. Complete all case filing or filing of documents for the Plan First cases maintained in the central unit. Enter Case # on file folder.
- h. Provide offices for an estimated 25 DHS staff.
 - ES worker's 8x8
 - Clerical 8x6
 - Supervisor 8X10
- i. Provide space for Central file area and cabinets.
- j. Receive incoming calls for ES workers and maintain phones for all DHS staff.
 - Document address or other reported changes in CTS
 - Print contact and forward to appropriate DHS worker



5. MOMS Eligibility Support Services

MOMS is a health coverage benefit package for women who are pregnant or within two calendar months following the month pregnancy ended and are eligible for Medicaid emergency services only.

All beneficiaries of the MOMS program must meet all eligibility factors established for the program as determined by the THE DEPARTMENT.

The Department has certified certain local health Departments and other agencies to screen applications for eligibility for the MOMS program and submit applications to the Contractor via the internet, facsimile or through the mail. The Contractor must refer these applications to DHS for eligibility determination. These applications may include a MOMS enrollment notice. Customer information from the enrollment notice must be recorded and logged in the Department's MOMS database and forwarded with the application to DHS.

All pregnant applicants/recipients who appear to have potential eligibility for ESO (Emergency Services Only) Medicaid eligibility based on their citizenship/alien status are potentially eligible for MOMS and must be logged in the Departments MOMS database and the application forwarded to DHS.

The Contractor, for all applications that are received, must complete a screening and referral for the MOMS program. Applications will be received by the Contractor directly from a family, a local health Department, a federally qualified health center, an assisting agency, DHS, or electronically from the Internet.

All data collected by the Contractor for the MOMS programs will be subject to the same standards, conditions, and availability as the MICHild program data. The Department maintains MOMS eligibility information on an Oracle database to which the Contractor will have appropriate access. All data collection and processing for MOMS must be done according to Department approved policies and procedures.

H. MICHild, MOMS, Plan First, and Healthy Kids Literature

The Contractor must develop, print, distribute, maintain, and update the following documents (this will include printing and mailing costs, as appropriate). The Department must approve all written materials while they are in draft form and may require changes in whole or in part. All materials must include State requirements such as the Department non-discrimination statement.

- Program information to explain MICHild, MOMS and Healthy Kids benefits
- MICHild/Healthy Kids/Plan First application forms
- Information that lists the names and locations of health and dental plans available in each county
- Description of the MICHild options
- Procedures for changing enrollment
- Disqualification period notifications
- Information regarding appeal and grievance procedures
- Creditable certificates of coverage for beneficiaries leaving the MICHild program
- Approval/denial letters
- Disenrollment from MICHild forms
- Program information to explain Plan First

Materials must be printed in languages defined as prevalent by the Department and written at a 6th grade level. Currently, materials must be printed in Arabic, Spanish and English. The Department will notify the Contractor of any changes in prevalent language status.

The Contractor must order the following pamphlets, literature, and forms from the Department and maintain an adequate supply of these materials. The Contractor must mail the appropriate pamphlet, literature, and/or form at the request of the Department or beneficiary and include the appropriate pamphlet, literature and/or form in each enrollment-related letter/packet.



The Contractor will be responsible for mailing costs. Other pamphlets, literature, and forms may be added as developed by the Department.

- MOMS enrollment notice
- Transitional Medical Services Plus Brochure
- Brochure for Breast and Cervical Cancer Screening Services

I. Premium Collection for MICHild, and Freedom to Work

1. MICHild Premiums

For new beneficiaries and beneficiaries who are again approved for MICHild at redetermination, the Contractor will:

- a. Capture the information necessary to send letters to families with MICHild or Plan First beneficiaries
- b. Mail by the fifth workday after approval for MICHild, a payment option letter as described above to the families of all new beneficiaries and to families of beneficiaries redetermined as eligible to continue to receive MICHild. Note: MICHild beneficiaries who applied and were approved through the on-line Internet application received printed copies of their approval letter and MICHild coupons at the time of application. The Contractor is not required to mail premium letters or coupons to these beneficiaries

Additionally, the Contractor will send new payment coupons and accompanying to each family of a MICHild beneficiary whose letter and coupons become lost or were not received.

The Contractor will process payments received and indicate the payments received in the appropriate beneficiary's record. Specifically, the Contractor will process payments received by check or money order, within five workdays of receipt. The Contractor will research, and, when possible, resolve all non-standard payments, including payments made without coupons. The Contractor will refund or credit an active account, as appropriate, any overpayments and shall refund payments for beneficiaries for a period of ineligibility. Such refunds shall be mailed to the families of beneficiaries within 30 days of determining the need for refund. Any failed payment will be noted in the beneficiaries' record as non-payment. The Contractor will provide the Department with a monthly report summarizing all receipts.

Payments received will be deposited to a Contractor account. The Contractor will retain any interest earned on the account, and any fees associated with maintaining the account will be the responsibility of the Contractor.

The Contractor is responsible for collecting the monthly MICHild premiums from each family. Families with a household member who is an American Indian or Alaska Native are exempt from payment of the MICHild premium.

The Contractor shall design, develop, print, and mail payment option letters with premium payment coupons to the families of new MICHild beneficiaries and families who have lost or not received their premium payment coupons. The Contractor should instruct the family to include the coupons with the premium payment to facilitate prompt posting of payments to the beneficiaries' record. The letter should also advise the beneficiary that the payment must be made either by check or money order. The letters must contain appropriate beneficiary/family specific information and be enclosed in an envelope of the type used for other MICHild beneficiary mailings. The Department must approve all materials prior to use by the Contractor. The Contractor may accomplish this task directly or through the use of a subcontractor approved by the Department.

The Contractor must develop letters specifically for families with new MICHild beneficiaries and for families that are renewing MICHild coverage. The Contractor must not include any other enclosures with the premium letters and payment coupons. The Department must approve the format of the letters and payment coupons prior to use by the Contractor.



For the MICHild program, beneficiaries who fail to pay MICHild premiums will lose coverage for a period of six months. Coverage may not begin again until the month following the end of the six-month penalty period. Applications received within 90 days of the eligible month will be processed for coverage, if otherwise eligible, beginning the seventh month. Any remaining months in the penalty period will be waived if any family member received Medicaid for at least one month since the closure of the MICHild case.

The Contractor must electronically match the MICHild and Medicaid eligibility databases to identify which MICHild enrollees have active Medicaid coverage. The Contractor must take appropriate action regarding MICHild eligibility and enrollment based on the Department's policy. When a beneficiary's MICHild eligibility is terminated, the Contractor must provide each beneficiary with a Certificate of Creditable Coverage.

2. Freedom To Work (FTW) Premium Collection

Freedom To Work (FTW) is a Medicaid program designed to allow certain disabled Medicaid beneficiaries to increase their earnings to a specific point without the risk of losing their Medicaid coverage. Once the FTW beneficiaries' countable earned income reaches a certain level (above 250% of the Federal Poverty level) the beneficiary is responsible for paying a premium to continue their Medicaid eligibility. The Department of Human Services determines eligibility for this program. When a beneficiary's countable earned income reaches the point at which they must pay a premium, the DHS will notify the Contractor. The Department establishes the premium amounts the beneficiary must pay. The Contractor must adhere to all Department approved policies procedures for communication and premium collection.

For the FTW program, the Contractor will be responsible only for premium collection; the Department of Human Services determines eligibility for this program. The Contractor must design, develop, print, and mail payment option letters with premium payment coupons to the families of new FTW beneficiaries and families who have lost or not received their premium payment coupons. The Contractor should instruct the family to include the coupons with the premium payment to facilitate prompt posting of payments to the beneficiaries' record. The letter should also advise the beneficiary that the payment must be made either by check or money order. The letters must contain appropriate beneficiary/family specific information and be enclosed in an envelope of the type used for other FTW beneficiary mailings.

The Contractor may accomplish this task directly or through the use of a subcontractor approved by the Department.

The Contractor must also develop and maintain strict and prompt communication protocols with the Department regarding non-sufficient funds issues, failure to pay, and all other premium related issues according to the Department's approved policies and procedures.

3. Late Payment Notification

The Contractor will design, print, and mail reminder letters to families of beneficiaries for whom payments are greater than 15 days late. The Department must approve the format and content of the letters prior to use by the Contractor. The letters will prominently display the toll-free and TTY assistance phone numbers, and will be enclosed in an envelope of the type used for other MICHild, or FTW, beneficiary mailings. The Contractor's phone staff must be able to answer phone calls generated from each of these mailings and assist beneficiaries with the information requested, including payment status.

4. The Department must approve all materials prior to use by the Contractor.



J. Invoice Processes for MICHild Health Plans, Dental Plans for MICHild, and ABW Mental Health and Substance Abuse Providers

The Contractor shall prepare and submit payment vouchers (THE DEPARTMENT-0021) to Department by the fifth workday of the coverage month. The vouchers must be prepared in format defined by the Department for each of the following entities:

- MICHild health plans
- Dental plans for MICHild
- ABW mental health and substance abuse services providers

The payment voucher shall include the number of beneficiaries, base rate, combined rate if applicable, and total rate. The Contractor shall send a report of the monthly payment vouchers to the covered health, dental, mental health, and substance abuse plans by the last workday of the month.

The Contractor must produce a monthly enrollment file for these entities by the last working day of the month. The file must be produced in the HIPAA compliant 834 format version 1040A1. If the Department transitions to a new version of the 834, the Contractor must also transition to the new version. For the MICHild health plans and dental plan for MICHild, the Contractor must pose the monthly enrollment file to the Department's DEG. For the other covered entities, the Contractor must post the monthly enrollment file to a secure site so ABW mental health and substance abuse providers may retrieve the files. The Contractor shall periodically monitor plan downloading of files and assist any plan with information regarding the downloading of files.

The Contractor must encourage and assist each of the above covered entities to audit the eligibility files monthly. Periodically, the Contractor shall prepare and submit to the Department a payment voucher adjustment (THE DEPARTMENT-0021) for each covered entity. The Department payment voucher shall include the number of beneficiaries, base rate, combined rate if applicable, and total MICHild rate. The Contractor shall send a report of the payment adjustment to each covered entity. The Contractor shall participate with the Department, as requested, in any discussions with the covered entities to resolve billing discrepancies.

K. Quality Assurance Activities

The Contractor must develop internal policies and procedures that ensure the quality of the services that it provides to the Department and MICHild applicants and beneficiaries. The Department must approve all Contractor policies and procedures prior to implementation. Internal procedures must include audits to ensure all quality standards set forth in this contract are met, including but not limited to the following:

- Standards of promptness timelines for enrollment and notification of enrollment
- Application review timelines
- Eligibility determination recommendation accuracy
- Standards of promptness timelines for processing applications and for notifications to applicants
- Record retention, Phone service standards
- Data system maintenance requirements

The Contractor must also be familiar with the grievance and complaint processes available to beneficiaries under the Michigan Insurance Code, the Public Health Code, the Non-Profit Dental Care Corporation Act and other Michigan statutes that provide consumers with rights related to the provision of health benefits through a MICHild health or dental plan, and mental health and substance abuse services providers. The Contractor must provide assistance to a MICHild, and Plan First beneficiary's family in completing a complaint or grievance form necessary to appeal a health plan decision under the applicable law. The Contractor shall not act as the beneficiary's legal council, but shall assist the beneficiary's family in understanding the steps to grieve a decision and to complete the applicable grievance process.



The Contractor must record all complaints and grievances received from beneficiaries. The Contractor must develop and maintain a database of the grievances and complaints that specifies the subject matter of the complaint, beneficiary ID number, date of complaint, resolution, and date of resolution. The Department must approve the Contractor's grievance and complaint procedure and the Contractor's proposed resolution time lines.

The Department will perform the following oversight and monitoring activities to ensure that the Contractor maintains compliance with the quality standards set forth in this Contract:

- Review reports and logs submitted by Contractor
- Monitor compliance with contract requirements
- Conduct unscheduled site visits for performance auditing purposes
- Conduct an independent evaluation of the enrollment counselor process at least annually, including beneficiary satisfaction surveys
- Evaluate effectiveness of educational materials and activities
- Conduct annual audits of the accounting records related to the Contract. The audit rights extend to the accounting records of any parent, affiliate, subsidiary, or subcontractor related to the Contract
- Meet with the Contractor on a monthly basis, at a minimum, to review enrollment status and to discuss any other concerns of the project
- Monitor the Contractor to ensure provision of adequate levels of service
- Facilitate open communication and prompt resolution of programs between the Contractor, the Department, and the plans
- Apply sanctions as necessary to assure compliance with enrollment services contract requirements
- Collaborate with the Contractor to improve services
- Identify errors, discrepancies in beneficiary information, and enrollment requests that are not able to be processed in data transmitted by Contractor

L. Outreach and Cooperation with Agencies

The Contractor must support these activities through the provision of MICHild, Plan First and MOMS application materials and overall responsiveness to community input into the MICHild, Plan First and MOMS program operation. The focus must be on identifying uninsured persons who may qualify for MICHild, Plan First or MOMS.

The Contractor must develop and maintain working relationships with the local Department of Human Services (DHS) offices, local health Departments, and other relevant community agencies that interact with the beneficiaries of any program administered by the Department. The Contractor must inform these agencies of the enrollment, disenrollment, and change protocols of the Contractor. In addition, the Contractor must be available to answer inquiries regarding the education and enrollment process of beneficiaries into any of the programs administered by the Department from applicants, beneficiaries, advocacy groups and local DHS offices. The Contractor must also develop protocols including time frames to provide materials to local and State agencies as needed or requested.

M. Plan First Outreach

- Send out applications, brochures and other materials to DHS (Department of Human Services), LHD (Local Health Dept.), and to field offices
- Send out applications to any woman age 19-44 whose MA (Medicaid) has ended
- Program L (Healthy Kids Medicaid) -mail out application when PI (Pregnancy Indicator) code on CIMS (Client Information Management System) is set to P (Post-partum) 45 days prior to eligibility terminating



N. Administrative Requirements

The Contractor must be incorporated in the State of Michigan or authorized to conduct business in Michigan. The Contractor and its subcontractors must not have any affiliation with a health care organization or provider of health, dental, mental health or substance abuse care services under MIChild, Medicaid, or the Children's Special Health Care Services Program, or any other program administered by the Department.

The Contractor must maintain an appropriately staffed office and up to four (4) toll free telephone centers in Lansing, Michigan, within a six (6) mile radius of the administrative offices of the Medical Services Administration currently located at 400 S. Pine, Lansing, Michigan. The physical proximity is designed to facilitate the close working relationship between the Contractor and the Department. The Contractor must maintain the local office for the duration of the contract. The local office will include, at a minimum, financial records, clients records, resources, management information systems, data storage, as well as appropriate staff to manage the project.

In addition to the local office, the Contractor must establish offices in geographic areas throughout the State based on the distribution of the beneficiary population. The field offices must be located to facilitate beneficiary's access to services provided by the Contractor. It is expected that the general population will be able to access services during convenient hours in a known and convenient physical location within their county of residence. If the Contractor does not establish offices in each county then a thorough explanation of how these services will be offered sufficiently to meet the needs of the general population must be explained in the proposal. Facilities utilized must meet the requirements contacted in the Americans with Disabilities Act of 1990. These offices must be staffed to adequately meet the requirements of the contract and section 1639 of Public Act of 352 of 1996. Activities must include, but not be limited to: timely and accurate contacts of beneficiaries; education regarding Department services; enrollment activities; data exchange and reporting.

The Contractor must also comply with the following administrative requirements:

- Furnish and supply offices at Contractor expense including telephones, paper supplies, postage machines, furniture, and other necessary items for the work force
- Develop written policies and procedures, employee manuals, external and internal communications and training materials necessary to fulfill the requirements of the contract
- Develop detailed procedures for the security and safeguarding of documents and files including the loss, misuse, or dissemination of confidential information to unauthorized personnel. The Contractor is responsible for full compliance with all provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- Provide and distribute Department approved photo ID's to the phone counselors
- Maintain strict adherence to the Department's HIPAA security procedures
- Notify the Department of all employee terminations and the user IDs and passwords of the terminated employee so that these may be removed from the Department's information system
- The Contractor is required to submit to an annual Statement of Auditing Standards (SAS-70) Level II review of the MIChild Administration Contract

The Contractor must have meeting rooms available to hold various weekly and monthly meetings for Operation Workgroups, Plan Management Meetings, and others determined necessary by the Department. The Contractor must also have storage available for a 12-month supply of all materials sent by the Contractor to the beneficiaries, including materials prepared by the Department.

The Contractor will also provide office space and furniture for DHS staff to be located on the same premises, for efficiency of processing applications referred to DHS for approval of programs administered by the Department. Currently there are seventeen DHS located on the premises of the Contractor; however, the Contractor must have the ability to expand this office space to accommodate additional DHS staff as program needs change. The office space and furniture must be provided according to the standards approved by the Michigan Department of Community Health Administrative Services.



1.102 OUT OF SCOPE

The Contract does not include any specific work product or duty that is out of scope. The Department reserves the right to define out of scope work products at any time during the term of the contract. The following activities, including the management information programming or modifications necessary to perform the activities, are specifically designated as in-scope duties for purposes of this contract:

- Modifications necessary due to changes in any program administered by the Department
- Addition or deletion of programs administered by the Department
- Expansions, terminations, or suspensions of services areas of health plans
- Addition or deletion of materials to be mailed to beneficiaries as part of the enrollment packets
- Modifications in county designations such as fee-for-service, preferred option, or rural exception
- Additions to or modifications of scheduled and ad hoc reports

Changes to Contractor's duties that result in Contractor incurring additional costs shall be subject to the provisions of section 2.8.

1.103 TECHNICAL ENVIRONMENT

In general, the Contractor's management information system must meet the following requirements:

- The Contractor's system must be made compatible with the State's current Medicaid Management Information System (MMIS) as well as any subsequent information system utilized by the Department. When the State implements a new MMIS it will be in scope, for the purpose of this contract, for the contractor to make the appropriate changes to their system to be compatible with the new MMIS.
- All files prepared by the Contractor must be in the record formats prescribed by the Department. (See file layout documentation provided by the Department).
- The Contractor must be able to utilize all files provided by the Department in the formats prescribed. (See file layout documentation provided by the Department).
- The Contractor system must be flexible and able to utilize and integrate data sent by the State into their databases.
- The Contractor must manage the data sent by the Department appropriately. Contractor will be charged for data refreshes that are requested for data mismanagement. Data refreshes necessary due to Department error will be provided free.
- The Contractor must maintain a complete testing environment with a test database. THE DEPARTMENT staff must have inquiry access to the test environment.
- All data conversions must be tested prior to implementation.
- The Contractor must have written procedures to provide a secure computer room.
- The Contractor must have software control procedures that meet standard IT best practice Security requirements.
- The Contractor must develop and maintain disaster recovery policies and procedures. The Contractor must inform the Department 30 day prior to any change in these policies and procedures.
- The Contractor must have back up procedures and the capability to fully restore their system without the Department's intervention.
- The Contractor must notify the Department of any system or software failure within 2 hours.
- The Contractor must retain all data collected for a minimum of 7 years. The Contractor must maintain data on line for a minimum of 2 years. The Contractor may archive data after 2 years of inactivity.
- The transaction submission error rate cannot exceed 5%.
- The Contractor must have computer log records that will track data accessed in case of Security or Confidentiality breaches.
- The Contractor system must have capacity for 1.8 million records initially with an average growth rate of 1 million records per year.
- The Departments of The Department must approve the Contractor's system design and Information Technology and data must be fully integrated.
- The Contractor must follow the HIPAA security and confidentiality rules consistent with the State's policies and procedures. The Contractor must provide documentation of staff training in HIPAA security and confidentiality. After the Contract is award documentation of staff training and signed security and confidentiality agreements must be available for review by the Department upon request.



All data given to the Contractor by the Department and all data collected by the Contractor in the performance of contractual duties is the property of the Department of Community Health and will be turned over to the Department at the completion of this contract. The Contractor must allow the Department on-line and hard record access to this data upon request. Further, the information collected by the Contractor in the performance on contractual duties is proprietary and may not be used for any other purpose without the Department's permission.

A. Information Interface

The Contractor must develop an interface to transfer enrollment choice information from the enrollment counselor to the State, based on systems- layout information provided by the Department. The development and maintenance of the systems interface will be the responsibility of the Contractor.

The Contractor must work with each Medicaid Health Plan to arrange transfer of the following data:

- Daily transmission of enrollment/disenrollment choices of beneficiaries into or out of the Medicaid Health Plans (MHPs).

Electronic transmission of the 834 version 1040A1 will conform to the State of Michigan health plan implementation guide wherever possible. The Contractor must publish an implementation guide that has been approved by the State. The Department will provide to the MHPs the monthly and weekly enrollment files that contain the official enrollment and disenrollment notification. Beneficiary choice of primary care provider within a health plan when applicable must be included on the daily enrollment file.

- The health plan's provider participation network

Medicaid Health Plans are required to report all changes within the provider network and their locations within seven (7) days of the change using the record format supplied by the Department (See layout for 4275 file). The Contractor will edit the data before loading to their database and notify the State of submissions by date and plan and will include the number of errors.

The Contractor must have a secure file transfer and retrieval process that must be prior approved by the Department.

The Contractor must be responsible for acquisition and maintenance of all communications equipment, including but not limited to, lease lines and data transmission lines, necessary to maintain the above communications and be responsible for the development and maintenance of the system's interface as specified in 1.101(O). Data System design analysis must be included in the proposal and must be approved by the State. The Contractor must bear the expense of any system modifications due to policy and/or health plan changes.

B. Data Transfer

The following section depicts the three main mechanisms that must be in place to facilitate data transfers necessary to implement this contract:

- Data Transfers Sent From the State to the Contractor

Daily – The State will send two files of all Title XIX (General Medicaid and Title V (CSHCS) data for new eligibles or whenever there is a change in demographics such as change of address, county of residence, eligibility, etc. These files will be transferred utilizing the State's Data Exchange Gateway (DEG).



- Contractor Data Transfers to the State

The data transfers must be in the format specified by the Department (See file layout documentation provided by the Department) for scheduled productional files. The files will be enrollment transaction files for the State to process and 834 enrollment files for MHPs. The files will be transferred utilizing the State's Data Exchange Gateway (DEG).

The Contractor must be able to send the State an extract file of MIChild beneficiary data on a scheduled or on demand basis.

The Contractor must be able to send to the State the Mental Health/Substance Abuse enrollment data.

Contractor Data Transfers to MIChild Health Plans & Mental Health/Substance Abuse Plans. The enrollment files for MIChild Health plans & Mental Health/Substance Abuse Plans for ABW & MIChild enrollments will be transferred via a secure site that has been approved by the Department.

C. Contractor Data Base

The Contractor must maintain the following data in a standard database format. The Department must have on-line and document access to this data from outside the Contractor's location during business hours

- Medicaid, CSHCS and Adult Benefit Waiver Data Base

The Contractor must maintain beneficiary data supplied by the Department in record formats identical to the formats supplied by the Department. The record format must include a field that specifies the date of the Department transmitted the file to the Contractor.

Health Plan and the Health Plan's provider networks. This will include a complete list, by county, of all Medicaid Health Plans and the current participating providers in each health plan. The Contractor will also maintain a database of provider demographics and whether they are accepting new patients or not. The data supplied on the formats supplied by the Department (See file layout documentation provided by the Department) must be maintained on the database.

Complaint log regarding the education and/or enrollment process/protocols by beneficiary ID number, date of complaint, nature of the complaint, resolution, and date of resolution. This information must interface with & be obtainable from the Contractor's enrollment database.

Daily telephone log of incoming enrollment calls that includes the name of the caller, identify if the beneficiary is Medicaid or CSHCS, beneficiary ID number, purpose of the call, person who answered the call, and the resolution of the call. For non-enrollment calls the Department's contact tracking system should be used.

- MIChild Database

Demographic data excerpted from the MIChild application or other appropriate source per THE DEPARTMENT policy that includes, but is not limited to, the following information regarding each beneficiary:

1. Name
2. Address
3. County of residence
4. Residency status
5. Citizenship
6. Birth date
7. Gender
8. Race



9. Pregnancy Status
10. Parent or guardian names
11. Countable Income
12. Social security number
13. Health plan enrollment or disenrollment with reason for disenrollment
14. Begin and end dates of health plan enrollment
15. Begin and end dates of MICHild eligibility
16. Status of application/redetermination - approval, denied with reason for denial, referred for Medicaid or CSHCS
17. Type of application – on-line, paper, submitted by agency (name of submitting agency)
18. Preliminary eligibility granted
19. CSHCS coverage
20. Health and dental plans and mental health and substance abuse services providers available in each county
21. Complaint log regarding complaints about the Contractor's services and the resolution of all such complaints
22. Daily telephone log(s) of incoming calls that includes the name of the caller, identification of whether the caller is a MICHild, Plan First, MOMS, TMA-Plus or Freedom To Work beneficiary or beneficiary's parent or guardian, purpose of the call, person who answered the call, and the resolution of the call
23. Any unique identifier assigned by the Department or the Contractor

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Contractor key staff includes the following roles:

- Project Manager
- Call Center Supervisor
- On-Site Management Information Systems Manager
- Enrollment processing supervisor
- Invoice processing supervisor
- Education/outreach manager
- MOMS/PlanFirst Program Management

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The Department will identify a contract manager for this contract and a primary contact for each functional area covered by the contract. The Department is responsible for the following general responsibilities:

- Conduct readiness review of Contractor
- Provide initial and ongoing training to the Contractor on the Department's policies and procedures
- Provide current information on health and dental plans, and mental health and substance abuse services providers
- Provide the Contractor with a listing of contact personnel within the health and dental plans, and mental health and substance abuse services providers
- Notify the Contractor of changes/or expansion of health or dental plans, mental health and substance abuse provider service areas
- Notify the Contractor of policy, program, and process changes affecting the Contractor's responsibilities
- Review and approve all written and visual materials used by the Contractor
- Provide State requirements for forms and publications
- Review and approve Contractor's policies, procedures, employee manuals, external and internal communications and training materials used to fulfill the requirements of the contract
- Provide input to the Contractor regarding the design of the Contractor's information system
- Conduct file matches of MICHild beneficiaries to identify Medicaid eligibility or third party coverage



- Using eligibility files, identify beneficiaries eligible for the general Medicaid and/or CSHCS managed care programs
- Approve the Contractor's processes and procedures prior to implementation and any subsequent changes prior to their implementation
- Work with the Contractor during the planning and implementation period and on an ongoing basis during operations to develop and maintain data in an agreed format
- Approve the Contractor's processes and procedures prior to implementation and any subsequent changes prior to their implementation
- Review and approve Contractor's policies, procedures, employee manuals, external and internal communications and training materials used to fulfill the requirements of the contract
- Provide the Contractor with documentation describing the daily file and data transmission requirements to and from the Contractor
- Provide access to appropriate beneficiary information system data to allow Contractor to carry out the work
- Provide the Contractor with a daily file, via electronic media, of newly eligible beneficiaries or with a change in demographics
- Provide monthly reports to the health plans, showing all enrollees in addition to new enrollments, disenrollments, beneficiaries losing eligibility, and beneficiaries in negative action separately
- Approve or deny medical exceptions to health plan enrollment for the general Medicaid population
- Provide official enrollment/disenrollment/change notifications to the health plans
- Administer a Medicaid fair hearing process consistent with federal requirements
- Coordinate contract activities with relevant State agencies

1.203 OTHER ROLES AND RESPONSIBILITIES

RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

The Contractor will carry out this project under the direction and control of the Department. Although there will be continuous liaison with the Contractor team, the Department project director will meet biweekly as a minimum, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Department's project director; and notification of any significant deviation from previously agreed-upon work statements.

Within ten (10) working days of the award of the Contract, the Contractor will submit to the Department project director for final approval a work statement. This final implementation plan must be in agreement with the implementation plan as proposed by the bidder and accepted by the Department for Contract, and must include the following

- The Contractor's project organizational structure.
- The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval by the Department.
- The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work statement.



1.302 REPORTS

The Contractor must develop methodologies for reporting to the Department. The Department must approve these methodologies prior to implementation. Reports shall be submitted to the Department's project manager as directed by the contract. Reports shall be submitted electronically and by hard copy unless otherwise specified by the Department.

Weekly and Monthly Data Reports

Reports will include a narrative to explain trends in enrollment, problems experienced in the week, recommendations to the Department for policy and/or procedural changes, and any comments the Contractor may have.

1. Medicaid standardized summary reports, issued monthly, that provides the following information:
 - Total number of beneficiaries received from the Department to enroll
 - Total number of beneficiaries successfully enrolled during the month by enrollment date and type by health plan selected
 - Pending enrollments and reasons
 - Noncompleted enrollments, pends from previous month, and new referrals from the Department
 - Total number of changes from one health plan to another and reason for change
 - Total number of disenrollments from a health plan and the reasons

2. MI Child standardized summary reports, issued weekly, that provides the quantity for each of the following elements:
 - Applications received each day, both from the general public and from the DHS
 - Applications to be processed each day, both from the general public and from the DHS
 - Applications mailed
 - Renewal forms mailed
 - Children applying
 - Renewal forms received
 - Children reapplying
 - Applications approved
 - Renewal applications approved
 - Persons disenrolled (including those disenrolled because beneficiary has active Medicaid)
 - Disenrollments for failure to cooperate with audit
 - Disenrollments for failure to pay premiums
 - Persons who did not renew
 - Referrals to Healthy Kids due to audit results
 - Applications within the 10 day pending period
 - Incomplete applications pending
 - Applications sent to Healthy Kids
 - Applications denied for MIChild
 - Telephone calls received
 - Average abandon call rate

3. MIChild Standardized summary reports, issued monthly:
 - The number of all children processed each month by MIChild, including the number of children enrolled in MIChild, referred to Healthy Kids, and denied
 - Program enrollment numbers, including an estimate of the number of sixteen to eighteen year olds who are SCHIP eligible and receive services through Healthy Kids
 - The number of CHSCH children enrolled in MIChild, including a breakdown of the CSHCS plans in which these children are enrolled



- Total number of new and cumulative MICHild beneficiaries enrolled with health and dental plans by county and by plan
 - Total number of MICHild applications received and the number of children applying, by county and listing both the number of new applications and the number of renewing applications
 - The number of applications approved, the number disapproved and the number pending
 - A breakdown of the MICHild denials, listing the reasons for denial and the percentage and number for each denial reason
 - MICHild renewal results, including the number renewed for MICHild, the number referred to Healthy Kids, and the number denied
 - Results of a monthly survey of approximately 50 families who fail to return redetermination forms, to determine the reason(s) for this failure
 - Breakdown of percentages enrolled by gender, age, and race/ethnicity
 - A breakdown of the sources of information about MICHild
 - Monthly MICHild call volume and abandon rates, including the amount of time callers are in the calling queue before the call is distributed to staff
 - Total number of beneficiaries granted preliminary eligibility by health plans
- D. Report of the amount of MICHild premiums due, and the amount of MICHild premiums collected each month
- E. Grievance/Complaints about the Contractor from beneficiaries in all programs administered by the Department and how they were resolved
- F. Time frame for MICHild eligibility determinations by the Contractor including the standard of promptness reports
- G. Time frame between Department electronic eligibility notification for Medicaid or ABW and enrollment in the MHP or CHP– average, maximum and minimum

Ad Hoc Reports

1. Telephone Log

- Separate logs must be kept for the enrollment calls, showing the number of calls answered per day/week/month by each operator by source and by type of call, e.g. enrollment, disenrollment, change. This information must be obtained from the Contractor's enrollment database.
- Separate logs must be kept for the MICHild enrollment calls, showing the number of calls answered per day/week/month by each operator by source and by type of call, e.g. enrollment, disenrollment, change. This information must be obtained from the Contractor's enrollment database.
- Separate logs must be kept for the beneficiary Helpline calls showing the number of calls answered per day/week/month by each operator by source and by type and reason of call, e.g. Inquiry, Complaint, Forms Request, and Covered Service, problem obtaining a service, or a Hearing Request Form. This information can be obtained from the Department's Contact Tracking System (CTS) that will be used for the Helpline calls.

Extensive reporting by the telephone company of telephone activity will be required to assure that the Contractor is fulfilling the promptness and quality standard requirements of the contract. The Contractor must submit monthly reports obtained from its phone company to the Department, which must include but are not limited to the following:

- Number of telephone calls answered per day/per week/per month by each operator
- Total number of telephone calls received by all operators per day, per week, and per month
- Number of calls in the queue at peak times
- Wait time for calls in queue
- Average length of call per operator per day
- Active time and inactive time for each operator's line



2. Mail Log

- Number of mailings and number of beneficiaries per mailing
- Type of each mailing
- Reason for each mailing
- Date of the mailing

3. Other Contacts

- Method of contact (phone, mail, etc.)
- Source
- Reason for contact

4. Presentations

- Number
- Audience
- Date

5. Number of referrals by type and by agency

6. Other reports as requested by the Department

1.4 Project Management

1.401 ISSUE MANAGEMENT

Contractor shall maintain an issue log for the project. The issue management log must be available electronically to the Department's project manager at all times. The issue log must be updated weekly and must have at least the following elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue
- Priority for issue resolution (to be mutually agreed upon by the Department and the Contractor)
- Resolution date
- Resolution description

1.402 RISK MANAGEMENT

Contractor must create a risk management plan for the project. A risk management plan format will be submitted to the Department for approval within twenty (20) business days after the effective date of the contract. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract.

1.403 CHANGE MANAGEMENT

In addition to the provisions of Section 2.8, the following provides a process to follow if a change to this Statement of Work (SOW) is required:

- A Project Change Report (PCR) will be the vehicle for communicating change. The PCR must describe the change; rationale for the change and the effect the change will have on the project.
- The Project Manager of the requesting party will review the proposed change and determine whether to submit the request to the other party.
- The contractor's Project Manager and the Department will review the proposed change and approve it for further investigation or reject it. Contractor will specify any charges for such investigation. If the investigation is authorized, the Department and the contractor will sign the PCR, which will constitute approval for the investigation charges. (The timing of signature by the Department's Project Manager will be in accordance with the State's Administrative Board or other applicable approval process).



Contractor will invoice the Department for any such charges. The investigation will determine the effect that the implementation of the PCR will have on price, schedule and other terms and conditions of the agreement.

A written Change Authorization and/or Project Change Request (PCR) must be signed by both parties to authorize implementation of the investigated changes.

1.5 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW.

1. Demonstrated ability and experience working on a project of similar size and scope.
2. Systems staff capable of maintaining and enhancing systems as required by the Department. Examples of maintenance and enhancements would be: updating systems to support program changes such as form updates, code changes, eligibility changes, etc., and creating and producing reports not already programmed into the system based on the Department's request.
3. Ability to provide sufficient staff to handle the project for the duration of the contract.
4. Experience working with Federal and State Medicaid regulations and policies.
5. Ability to work within tight timeframes and deadlines.

1.502 FINAL ACCEPTANCE

The following criteria will be used by the State to determine Final Acceptable of the Services and/or Deliverables provided under this SOW:

- Contractor shall deliver an end-to-end testing plan for the system
- Contractor must conduct an end-to-end testing of the system
- All errors found as a result of the testing must be corrected
- All deliverables listed in Article 1, Statement of Work, will be delivered
- All end user testing listed in Article 1, Statement of Work, will be completed

1.6 Compensation and Payment

All pricing this Contract shall remain firm for the duration of the Contract. No price changes will be permitted, unless changes are approved and agreed to under the provisions of Section 2.8.

See Appendix A for Contract pricing details.

1.7 SERVICE LEVEL AGREEMENTS (SLAs)

SLAs will be completed with the following operational considerations:

- (1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has occurred as defined in **Section 2.603**,
- (2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification and/or coordination.
- (3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. In order to invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
- (4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following ("Stop-Clock Conditions"):



- a. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 - b. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (5) Chronic Failure for any Service(s) will be defined as three (3) unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling thirty (30) day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three (3) additional months. The termination of the Service will not affect any tiered pricing levels.
- (6) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two (2) weeks of outage(s) and provide a recommendation for resolution.
- (7) All decimals shall be rounded to two decimal places with 5 and greater rounding up and 4 and less rounding down unless otherwise specified.
- (8) The Contractor shall not be liable for service level penalties when incidents or delays result directly from causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, floods, epidemics, and labor unrest; but in every case the delays must be beyond the control and without the fault or negligence of the Contractor.
- (9) The following method will be used for assessing penalties:
- (a) Contract Compliance Inspector will review each SLA on a quarterly basis for compliance.
 - (b) The average of the monthly performance for each SLA for the three months in that quarter will be used to calculate whether the Contractor has complied with the SLA.
 - (c) Upon a finding of any non-compliance of the SLAs listed in this section, after documentation by Acquisition Services and written notice to the Contractor, the Contractor shall be given an opportunity to respond and take corrective action. The corrective action must be agreed upon and deemed acceptable by the State. If acceptable corrective action is not taken within a thirty (30) calendar day cure period immediately following written notice, penalties listed below will be assessed. Enforcement of penalties does not preclude the State from pursuing any additional legal action afforded under the terms of this Contract and deemed necessary by the State to ensure compliance.

The following Service Level Agreements and penalties are included in this contract:

1.701 Performance Category:

Customer Service

Performance Commitment:

1. 100% of telephone calls must be answered within four rings (a call pick-up system which places the calls in a queue may be used)
2. The wait time in the queue should not be longer than three (3) minutes.
3. The abandoned (dropped) call rate should not exceed 5% of the call volume funded by MDCH.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$2,500.00 penalty for each instance for each performance standard not upheld.

1.702 Performance Category:

Medicaid Health Plan and Adult Benefit Waiver (ABW) Enrollments

Performance Commitment:

1. The Contractor must begin the enrollment process within 3 work days of notification of beneficiary eligibility by the Department and complete the enrollment within 28 work days of notification. If the beneficiary chooses a health plan, the Contractor must process the enrollment within three (3) work days of this choice. The contractor must provide written confirmation within three (3) work days of enrollment to the beneficiary.
2. The Contractor must convene, at a minimum, quarterly general education meetings throughout Michigan. The Contractor will have staff available to meet the managed care education needs of the community, the managed care plans, and beneficiaries regarding enrollment services.
3. The Contractor must monitor daily health plan enrollment and capacity numbers to assure enrollments do not exceed any health plan's capacity and be able to stop the auto assignments when the health plan's capacity has reached 80%.
4. The Contractor must develop and maintain a database that includes all network providers for each Medicaid Health Plan.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.703 Performance Category:

Mailing of Enrollment Packets and Letters and Informational Pamphlets/Literature/Forms, and other Mass Mailings

Performance Commitment:

1. The Contractor must develop, print, distribute, maintain, and update documents for beneficiaries as determined by the Department in Section 1.101, (C) of the ITB.
2. The Contractor must order pamphlets, literature, and forms from the Department and maintain a supply of these materials sufficient to provide information to beneficiaries based on the volumes prescribed in the Department's Databook..
3. The Contractor will monitor all returned mail and provide a monthly report to each local office of the Department of Human Services of all addresses in their area where mail has been returned more than once.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.704 Performance Category:

Interactive Voice Response System- IVRS (Beneficiary)

Performance Commitment:

The Contractor must provide an interactive voice response system to respond to beneficiary inquires regarding Medicaid eligibility and health plan enrollment status.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

**1.705 Performance Category:**

Mihealth Card Service

Performance Commitment:

The Contractor must produce and distribute, beginning on a mutually agreed upon date, the Department's proprietary semi-permanent magnetic strip plastic card called the "mihealth card" that is currently issued to the Medicaid, Adult Benefits (CSHCS) population. The contractor will also be responsible for mailing inserts and/or brochures with the card as directed by the Department.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.706 Performance Category:

MiChild Program Activities

Performance Commitment:

1. The Contractor will assist the Department in the administration of the MiChild program, and must have the capability to process all MiChild applications received. The Contractor must make applications available, by request through the Contractor's toll-free phone service and through the Internet. The Contractor must mail applications to requestor within two work days unless otherwise approved by the Department.
2. The Contractor must develop and maintain a complete and accurate database of demographic eligibility and enrollment data related to MiChild beneficiaries.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.707 Performance Category:

MiChild, MOMS, Plan First and Healthy Kids Eligibility

Performance Commitment:

1. The Contractor's data systems must be compatible with the State to transmit and accept data as required, beginning on a mutually agreed upon date.
2. The Contractor must be able to accept applications via the Internet. The Contractor must work with the Department's system designer, E-Michigan, and the Department to design and maintain the electronic Internet application, beginning on a mutually agreed upon date.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.708 Performance Category:

MiChild, MOMS, Plan First, and Healthy Kids Literature.

Performance Commitment:

The Contractor must develop, print, distribute, maintain, and update documents relating to the MiChild, MOMS, Plan First, and Healthy Kids as outlined in Section 1.101, (H) of the ITB.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.709 Performance Category:

Premium Collection for MiChild, and Freedom to Work

Performance Commitment:

1. The Contractor will process payments received and indicated the payments received in the appropriate beneficiary's record.
2. Payments received by check or money order will processed within five workdays of receipt.
3. The Contractor will refund or credit an active account, as appropriate, any overpayments and shall refund payments for beneficiaries for a period of ineligibility. Such refunds shall be mailed to the families of beneficiaries within 45 days of determining the need for refund.
4. The Contractor will design, print, and mail reminder letters to families of beneficiaries for whom payments are greater than 15 days late.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.710 Performance Category:

Invoice Processes for MiChild Health Plans, Dental Plans for MiChild, and ABW Mental Health and Substance Abuse Providers.

Performance Commitment:

The contractor shall prepare and submit payment vouchers to Department by the fifth workday of the coverage month consistent with the requirements outlined in Section 1.101 of the ITB.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.711 Performance Category:

Quality Assurance Activities

Performance Commitment:

The Contractor must develop internal policies and procedures that ensure the quality of the services that it provides to the Department and MiChild applicants and beneficiaries.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.712 Performance Category:

Outreach and Cooperation with Agencies



Performance Commitment:

The Contractor must develop and maintain working relationships with the local Department of Human Services (DHS) offices, local health departments, and other relevant community agencies that interact with the beneficiaries of any program administered by the Department.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.

1.713 Performance Category:

Plan First Outreach

Performance Commitment:

The Contractor must send out applications, brochures, and other materials to Department of Human Services, Local Health Departments, field offices, and other individuals as specified in Section 1.101 (M) of the ITB.

Measurement:

Reports will be provided monthly.

At Risk Fees/Penalty:

\$10,000.00 penalty for each instance for each performance standard not upheld.



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for Medicaid related Beneficiary Services for the State of Michigan. Orders will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the Michigan Department of Community Health, hereinafter known as THE DEPARTMENT. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Acquisition Services
Attn: Melissa Castro, CPPB
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-1080
castrom@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract will be for three (3) years commencing April 1, 2006 through March 31, 2009.

Option. The State reserves the right to exercise 2 one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Extension. Upon mutual agreement of the parties, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.



Written notice will be provided to the Contractor within 90 days, provided that the State gives the Contractor a preliminary written notice of its desire to extend at least 90 days before the contract expires. The preliminary notice does not commit either party to an extension.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)
MI OSHA MCL §§ 408.1001 – 408.1094
Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.
Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.
MI Consumer Protection Act MCL §§ 445.901 – 445.922
Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.
Department of Civil Service Rules and regulations
Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.
Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.
MCL §§ 423.321, et seq.
MCL § 18.1264 (law regarding debarment)
Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.
Contract Work Hours and Safety Standards Act (CWHSA) 40 USCS § 327, et seq.
Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795
Rules and regulations of the Environmental Protection Agency
Internal Revenue Code
Rules and regulations of the Equal Employment Opportunity Commission (EEOC)
The Civil Rights Act of 1964, USCS Chapter 42
Title VII, 42 USCS §§ 2000e et seq.
The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.
The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.
The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.
The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.
The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.
Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106
Sherman Act, 15 U.S.C.S. § 1 et seq.
Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.
Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

2.008 HEADINGS

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**2.009 MERGER**

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Contractor Obligations**2.101 ACCOUNTING RECORDS**

To the extent required to support the amount of the fixed or per unit price invoices to the State, in accordance with Section 2.202 the Contractor and all subcontractors shall maintain all financial and accounting records directly related to the Contract in accordance with generally accepted principles of accounting. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General upon reasonable notice at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in significant changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.
2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.

The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;



2. To the extent required to support the amount of the fixed or unit price invoices to the State in accordance with Section 2.202, provide Acquisition Services or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.

2.103 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

2.104 IT STANDARDS

1. EXISTING TECHNOLOGY STANDARDS. The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://michigan.gov/dit>.
2. PM METHODOLOGY STANDARDS. The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at <http://www.michigan.gov/projectmanagement>.

The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. ADHERENCE TO PORTAL TECHNOLOGY TOOLS. The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:
 - Vignette Content Management and personalization Tool
 - Inktomi Search Engine
 - E-Pay Payment Processing Module
 - Websphere Commerce Suite for e-Store applications

Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.



Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

2.105 RESERVED

2.106 RESERVED

2.107 RESERVED

2.108 RESERVED

2.109 CALL CENTER DISCLOSURE

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance

2.201 TIME IS OF THE ESSENCE

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

2.202 CONTRACT PAYMENT SCHEDULE

All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Acquisition Services, Department of Management & Budget. This activity will occur only upon the specific written direction from Acquisition Services. The Contractor will bill monthly a fixed fee for service amount to include all services except mihealth cards (mihealth cards billed at both fixed fee and unit pricing per Appendix A) and Other Insurance and Related Mailings that will be billed on a per unit price. MIChild and Freedom to Work premiums collected will offset the amount due each month and are not included in the contract value. Contractor agrees to delay billings associated with Plan First and MOMS services until activities associated those services are initiated, as shown in the payment schedule.

2.203 POSSIBLE PROGRESS PAYMENTS

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.204 RESERVED

2.205 ELECTRONIC PAYMENT AVAILABILITY

Electronic transfer of funds is available to State contractors. Vendor is required register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.



2.206 RESERVED

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

Bidder must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that bidder provided in the bid.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.



2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor in Contractor's reasonable discretion, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any direct losses or costs incurred as a consequence of the State ceasing its use and returning it.



Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.



- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.306 LIMITATION OF LIABILITY

The Contractor's liability for damages to the State shall be limited to one time the value of the Contract's initial three year Contract term or \$1,000,000, which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

In no event shall either party be liable for special, indirect, consequential, incidental, or punitive damages, even if the party has been advised of the likelihood of such damages.

2.307 CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 RESERVED

2.311 TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to 120 days after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance, and if not specified, shall be negotiated in good-faith by mutual agreement..

2.312 WORK PRODUCT

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State.



If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein. For purposes of clarity, nothing in this paragraph shall grant the State, or any of its consultants, contractors, or agents the right to access or modify contractor's proprietary source code whether or not such source code is incorporated into the Work Product.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 RESERVED

2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:

Laura Dotson
Department of Community Health
517-241-4686
DotsonL1@michigan.gov

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the Department may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State.



Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

- (a) **Inspection of Work Performed.** The State's authorized representatives shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and during business hours, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives, so long as no security, labor relations policies and propriety information policies are violated.
- (b) **Examination of Records.** To the extent required to support the amount of the fixed or per unit price invoices to the State, in accordance with Section 2.202 no more than once per year, Contractor agrees that the State, including its duly authorized representatives, until the expiration of three (3) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers directly related to performance of the Services and pertinent to establishing Contractor's compliance with the terms and conditions of the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.
- (c) **Retention of Records.** To the extent required to support the amount of the fixed or per unit price invoices to the State in accordance with Section 2.202, Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon reasonable notice, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.
- (d) **Audit Resolution.** If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.



1. Errors. If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
2. In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

2.502 RESERVED

2.503 RESERVED

2.504 GENERAL WARRANTIES

Warranty of title – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.505 CONTRACTOR WARRANTIES

The Contract includes the following representations and warranties by the Contractor:

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use reasonable efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use reasonable efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;



8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within ten (10) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
16. Contractor grants no warranties other than those defined in this section, Section 2.505, Contractor Warranties. Contractor disclaims any express or implied standards, guarantees or warranties, including but not limited to the implied warranties of merchantability or fitness for a particular purpose, custom or usage, or otherwise as to any goods or services that are the subject of this Contract.

2.506 STAFF

The Department reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the Department.

The Contractor shall not remove or reassign, without the Department's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the Department may be considered by the Department to be a material breach of this Contract.



The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

2.507 SOFTWARE WARRANTIES

(a) Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the Department.

(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the Department contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.



(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.

- (e) Contractor grants no warranties other than those defined in this section, Section 2.507, Contractor Warranties. Contractor disclaims any express or implied standards, guarantees or warranties, including but not limited to the implied warranties of merchantability or fitness for a particular purpose, custom or usage, or otherwise as to any goods or services that are the subject of this Contract.

2.508 RESERVED

2.509 PHYSICAL MEDIA WARRANTY

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Section 2.509, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. Such cure period shall not be less than thirty (30) days unless otherwise agreed to by the parties acting reasonably. Depending on the nature of the breach, the parties may agree that a corrective plan shall be submitted and approved prior the commencement of a cure period. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources,



workaround plans or other means, including disaster recovery plans except to the extent that doing so would cause the Contractor to incur additional costs. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. Contractor shall be paid in full for all services authorized by the State to be ordered and delivered as of the effective date of termination. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means that would not require the Contractor to incur additional cost.

2.7 Remedies

2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all direct costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any reasonable additional costs the State may incur to procure the services required by this Contract from other sources.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.



2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

A. Rights and Obligations Upon Termination

- (1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.



- (2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, indirect costs or expenses incurred with respect to Services not actually performed for the State. Notwithstanding the forgoing, should the State terminate this Contract, in whole or in part, for its own convenience, the State shall reimburse Contractor for all direct costs resulting from such termination. By way of example and not limitation, such costs shall include costs associated with the early termination of one or more leases (whether for equipment or office space), shipping or moving expenses, and penalties and costs incurred for early termination of subcontracts and/or consulting agreements.
- (3) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.
- (4) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

B. Termination Assistance

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

- (1) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition.



The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors.

- (2) Knowledgeable Personnel - Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.
- (3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.
- (4) Software - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.
- (5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.
- (6) Single Point of Contact - Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

E. Transition out of this Contract

- (1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
 - (i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
 - (ii) Reserved.
 - (iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office;
 - (iv) Reconciling all accounts between the State and the Contractor;
 - (v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
 - (vi) Freezing all non-critical software changes;
 - (vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
 - (viii) Assisting with the communications network turnover, if applicable;
 - (ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
 - (x) Answering questions regarding post-migration services;
 - (xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.



(2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (i) Reconciling all accounts between the State and the Contractor;
- (ii) Completing any pending post-project reviews.

2.703 LIQUIDATED DAMAGES

- A. The State and the Contractor hereby agree to the specific standards set forth in this Contract. It is agreed between the Contractor and the State that the actual damages to the State as a result of Contractor's failure to provide promised services would be difficult or impossible to determine with accuracy. The State and the Contractor therefore agree that liquidated damages as set out herein shall be a reasonable approximation of the damages that shall be suffered by the State as a result thereof. Accordingly, in the event of such damages, at the written direction of the State, the Contractor shall pay the State the indicated amount as liquidated damages, and not as a penalty. Amounts due the State as liquidated damages, if not paid by the Contractor within fifteen (15) days of notification of assessment, may be deducted by the State from any money payable to the Contractor pursuant to this Contract. The State will notify the Contractor in writing of any claim for liquidated damages pursuant to this paragraph on or before the date the State deducts such sums from money payable to the Contractor. No delay by the State in assessing or collecting liquidated damages shall be construed as a waiver of such rights.
- B. The Contractor shall not be liable for liquidated damages when, incidents or delays result directly from causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, floods, epidemics, and labor unrest; but in every case the delays must be beyond the control and without the fault or negligence of the Contractor.
- C. Liquidated damages will be assessed as follows:

Start Date

If for any reason the Contractor does not fully meet the operational start date, as indicated in Section 1 and a contract modification or amendment delaying this key date or a portion of the processing requirement has not been approved. The Contractor may be assessed an amount not to exceed 2% of the total annual contract amount for each work day that the operational start date is delayed. The Start Date used to determine damages will be mutually agreed upon by the State and the Contractor through a Memorandum of Understanding to be created when Start Dates are finalized.

Lost Files

The Contractor has the responsibility to maintain all files and applications in a safe and intact condition. To ensure that files/applications are not lost or destroyed, the Contractor will provide to THE DEPARTMENT a monthly list of any/all files lost or destroyed during that month. This list will include but is not limited to files or partial files for Healthy Kids referrals, redeterminations, department reviews and audits. If the number of lost/destroyed files in any month exceeds 1 percent of the current total enrollment in *MiChild*, the Contractor may be assessed an amount equal not to exceed 2% of that month's gross contract payment amount.

Administrative Error

The Contractor is responsible for the accuracy of *MiChild* computations, including e-applications. The contractor is responsible for the monthly health plan capitation rate, per incident, for erroneous enrollment, and for any time for which a beneficiary is erroneously denies benefits. Contractor error includes but is not limited to errors such as budgeting, notification, and procedural errors. Damages for "Administrative Error" will only be assessed if the error rate exceeds 3% of that month's MICHILD enrollment.



Quality Assurance Audit Findings

Audits of *MiChild* files will be conducted on a regular basis to ensure that eligibility for *MiChild* is accurately determined, including the e-application process. If eligibility errors are determined to be in excess of 3% of the current *MiChild* enrollment, the Contractor will be assessed an amount not to exceed 3% of the monthly contract payment.

Standard of Promptness

The Contractor is responsible to meet the standard of promptness guidelines for application processing listed in Section II-C.2, Eligibility Activities, which include but are not limited to the responsibility to review and register each application within two work days of receipt, and to transmit to the applicable health and dental plan a decision on eligibility within ten work days of the date the completed application is received. For failure to meet these standard of process guidelines during any month, the contractor may be assessed an amount not to exceed 1% of the monthly contract payment.

Electronic Application

The Contractor is responsible to work with the system designer, E-Michigan, and THE DEPARTMENT, to provide maintenance and updating of the electronic application and integrating the data received from the e-application process into the mainframe database of all *MiChild* and Healthy Kids beneficiaries. These duties will include but are not limited to insuring the server backup, disaster recovery, immediate response to problems, correctness of computations, correctness of information provided for drop down lists, and maintaining continuous service. For failure to complete the expectations described within the timelines established for this project, the contractor may be assessed and amount not to exceed 1% of the monthly contract payment.

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:
 - a) Cancel the stop work order; or
 - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
 - a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
 - b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.



4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.

2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.



The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor subject to an equitable adjustment to Contractor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: Records includes books, documents, accounting procedures and practices directly related to the services provided under this Contract, regardless of whether such items are in written form, electronic form, or in any other form.

To the extent required to support the amount of the fixed or per unit price invoices submitted to the State in accordance with Section 2.202, Contractor may be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, employee time sheets, and other information necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

2.805 CHANGES

(a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:

- (1) In the specifications (including drawings and designs);
- (2) In the method or manner of performance of the work;
- (3) In the Government-furnished facilities, equipment, materials, services, or site; or
- (4) Directing acceleration in the performance of the work.

(a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:

- (1) The date, circumstances, and source of the order; and
- (2) That the Contractor regards the order as a change order.

(b) Except as provided in Section 2.8, including 2.803, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.

2.900 Additional Terms

2.901 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it.



As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) that is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent its closing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access thereto in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

News Releases

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

No Implied Rights

Nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

**Remedies**

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

Survival

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

2.902 FREEDOM OF INFORMATION ACT

All information in a bidder's proposal and the Contract is subject to the provisions of the Freedom of Information Act. 1976 Public Act No. 442, as amended, MCL 15.231, et seq

2.903 DISCLOSURE OF LITIGATION

The Contractor shall notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.

The Contractor shall notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years proceeding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.

All notices under subsection 1 and 2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements, which are prevented from disclosure by the terms of the settlement, shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.

Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:



- a. The ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
- b. Whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

2.904 LIABILITY INSURANCE

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor shall have an A.M. Best rating of A minus or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See www.michigan.gov/cis

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "ACCORD" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider.



All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

The Contractor is required to pay for and provide the type and amount of insurance checked **below**:

1. Commercial General Liability with the following minimum coverage:

\$2,000,000	General Aggregate Limit other than Products/Completed Operations
\$2,000,000	Products/Completed Operations Aggregate Limit
\$1,000,000	Personal & Advertising Injury Limit
\$1,000,000	Each Occurrence Limit
\$500,000	Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

3. Workers' compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

4. Employers liability insurance with the following minimum limits:

\$100,000	each accident
\$100,000	each employee by disease
\$500,000	aggregate disease

5. Commercial Crime, including Computer Funds Transfer Fraud, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00).



6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

B. Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

C. Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 10 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.



Appendix A, Pricing

Basic Assumptions by Maximus

Several key assumptions are inherent in the price proposal response. These key assumptions are explained below:

- The project is staffed to handle the volume of telephone calls, enrollments and applications processed, and premiums collected as specified below in the Statement of Work Assumptions section. If the volumes exceed our assumptions by more than 10% per year, we consider this a change in scope and subject to a change order process.
- New scope of work includes:
 - mihealth card Services
 - Plan First eligibility support functions
 - MOMS eligibility support functions
 - Annual SAS 70 Level II Audit of the MICHild Program

Statement Of Work Assumptions

Our price proposal responds to the statement of work as detailed in the Invitation to Bid (ITB) No. 07115200314 issued June 29, 2005 and the Questions and Answers issued on July 22, 2005. We have prepared our price proposal based on this information and our analysis of the requirements and discussions with the Department of Management of Budget, Acquisition Services, subsequent to our proposal submission.

In addition, MAXIMUS relied on our experience as the current enrollment broker, Beneficiary Helpline and MICHild service provider, coupled with our experience in operating projects of similar size and scope, to determine the costs necessary to successfully execute the contract resulting from this procurement.

Our price is based on the scope of work described in Section 1.101 of the ITB, and assumes the activities, and the staff necessary to carry out these activities, described in the following.

Enrollment and Disenrollment Activities (Item 1.101.B)

- Telephone support for 30,000 enrollment broker calls per month, which includes one annual open enrollment period, using toll-free lines maintained by MAXIMUS
- Automated enrollment system capable of processing health plan enrollments and disenrollments for Medicaid and ABW beneficiaries
- Average of 50,000 enrollment transactions per month for Medicaid and ABW beneficiaries:
 - enrollment status of mandatory, voluntary, or excluded (Medicaid)
 - enrollment types of voluntary (migrant and pregnant), auto-assignment, preferred option, rural exception, re-enrollments (Medicaid)
 - one annual open enrollment period (Medicaid)
 - initial ABW enrollments and change transactions when an ABW beneficiary moves between counties
 - auto-disenrollments for Medicaid beneficiaries who move from a county in which their Medicaid health plan is available

Telephone Support (Item 1.101.A)

- Telephone support for 50,000 calls per month transferred to MAXIMUS from the State's Beneficiary Helpline
- Telephone support for 14,000 calls per month for the MICHild program using toll-free lines maintained by MAXIMUS
- Call lengths for Helpline, CSHCS, MICHild, Medicaid, and ABW calls may seem long in comparison to other call centers. However, call lengths are indicative of the quality and unique services of this program. *Section 4.1: Call Center Functions* provides more explanation on call lengths.

Technical Infrastructure (Item 1.103)

- Continued operation of MAXSTAR until an orderly transition to MAXe²™ can be implemented
- MAXe²™ implementation activities will begin after October 2006 for completion and migration off MAXSTAR® targeted for the fall of 2007, which includes support for ongoing maintenance of the MAXe²™ system and related hardware.
- In an effort to balance the Department's need for system changes without charging excessively for unnecessary systems resources, we included in our pricing one FTE who is available for system updates and changes.
- Telephone system and ACD capable of handling the call volumes and types specified in our assumptions and seven voice T1s



- Computers, equipment, and network equipment and support
- An IVRS capable of providing Medicaid eligibility for the current month and Medicaid health plan enrollment information, specifically, plan name and toll-free number, 24x7, without speaking with a live Call Center Counselor

mihealth card Services (Item 1.101 E)

- Personalize and mail mihealth cards annually in compliance with the specifications of the mihealth card detailed in Section 1.101 E of the ITB.
- Subcontract with Metavante, following DCH approval, for mihealth card Services

Quality Assurance Activities (Item 1.101.K)

- Project activities to assure that MAXIMUS performs in compliance with contractual requirements and defined performance standards. This does not include ISO certification.

Outreach Activities (Items 1.101.L and M)

- Subcontract with MCAAAA to provide field enrollment and education services for the Medicaid managed care program through a subcontract relationship with Community Action Agencies (CAAs) in counties whose enrollment status is mandatory
- Subcontract with MCAAAA to provide outreach for all Department programs in all 83 counties
- Conduct outreach with local agencies throughout Michigan using project staff
- Distribute 200,000 applications when Plan First is implemented, and mail 4,000 Plan First applications on a monthly basis to women between the ages of 19 to 44 and women whose Program L Medicaid coverage is ending.

MiChild Program Management (Item 1.101 F)

- Application process to determine eligibility for the MiChild program and issue notification letters to applicants submitting new or renewal paper applications.
- Maintain an interactive on-line application capable of calculating MiChild/Healthy Kids eligibility and generating appropriate documents
- Monthly application processing volumes, which are expected to continue unchanged throughout the life of the contract, are:
 - 3,000 MiChild/Healthy Kids (initial paper)
 - 2,400 MiChild/Healthy Kids (initial on-line)
 - 1,500 MiChild (renewal paper)

Development and Distribution of Printed Materials (Items 1.101.C and part of G and H)

- Printing, fulfillment and postage for beneficiary mailings:
 - 30,000 enrollment packets on a monthly basis
 - 50,000 confirmation letters with inserts on a monthly basis, as described in our technical proposal
 - 420,000 annual open enrollment letters
 - MiChild, Healthy Kids and Plan First applications for the general public, local DHS offices, and local health departments and schools

Office Space for Co-located Staff (part of 1.101.N)

- Leased space on the first floor at 2651 N. Coolidge Road for 42 DHS workers.
- Removal of existing furniture and equipment and completion leasehold improvements necessary to accommodate a mutually agreed upon floor plan
- DHS will provide and install all furniture, computers, printers, fax and other office equipment. MAXIMUS will provide telephones.

Administrative Processing – Healthy Kids, MOMS, Plan First Applications (Item 1.101.G)

- Application process for Healthy Kids, MOMS, and Plan First program
- Issue notification letters to applicants submitting paper applications eligible for Healthy Kids.
- Maintain an interactive on-line application capable of calculating Healthy Kids and Plan First eligibility and generating appropriate documents
- Anticipated 200,000 beneficiaries enrolled in Plan First



- Anticipated 6,000 MOMS beneficiaries annually (500 monthly). Support services provided by MAXIMUS include: two FTE technicians to process MOMS applications, enter MOMS data in the Department's MOMS Oracle database (MAXIMUS will not provide a database); mail one letter with return envelope to each MOMS beneficiary and miscellaneous bulk mailings (brochures, forms, and so on); and forward MOMS-related documents to DCH for filing and retention.
- We assume an April 2006 implementation date for Plan First. Activities associated with MOMS services will begin on a mutually agreed upon date.

Premium Collection and Administration – MICHild and Freedom to Work (Item 1.101.I)

- Monthly premium payment processing services, which include issuing premium coupons for a 12-month period for MICHild and FTW, and issuing late payment notices for each program:
 - 34,000 MICHild members
 - 100 Freedom To Work (FTW) beneficiaries

Project Administration, Control and Reporting (Items 1.101.N and J)

- Monthly process to generate capitation invoices for active MICHild members and beneficiaries with active ABW eligibility for payment by DCH to the participating plans or agencies. These invoices will not be in a HIPAA 820 format, which is not a requirement as of the time the ITB was issued.
- Leased space to operate a call center and customer service center located in East Lansing, Michigan to provide services and functions outlined in our technical proposal
- Annual MICHild program SAS 70 Level II audits beginning in 2006

Other Insurance and Medicare-related mailings (Item 1.101.C)

- Monthly process to generate and mail an average of 4,800 letters, with the Medicaid Fee-for-Service Booklets inserted, to beneficiaries disenrolled from a Medicaid health plan due to other insurance coverage or Medicare eligibility. These mailings will be invoiced and paid on a per piece basis.

Price Proposal Forms

As required, MAXIMUS has included the price form provided in Section 4.402, Item 2, of the ITB with the following required cost items. Start-up costs, if any, are included with associated cost for the specific item, unless otherwise specified.

1. Bid Price for Years 1 – 3: includes all costs associated with providing the scope of work described in our technical proposal, excluding optional enhancements, for the three-year period between April 1, 2006 and March 31, 2009. This price has been modified to delete the costs associated with providing and installing furniture for co-located DHS workers and increase the costs associated with a revised scope of work for MOMS, and to pay for Other Insurance and Medicare-related mailings and mihealth cards in excess of 470,000 per year on a per unit basis.
2. Bid Price Year 4: includes all costs associated with providing the scope of work described in our technical proposal, excluding optional enhancements, for the time period between April 1, 2009 and March 31, 2010. This price has been modified to delete the costs associated with providing and installing furniture for co-located DHS workers and increase the costs associated with a revised scope of work for MOMS, and to pay for Other Insurance and Medicare-related mailings and mihealth cards in excess of 470,000 per year on a per unit basis.
3. Bid Price Year 5: includes all costs associated with providing the scope of work described in our technical proposal, excluding optional enhancements, for the time period between April 1, 2010 and March 31, 2011. This price has been modified to delete the costs associated with providing and installing furniture for co-located DHS workers and increase the costs associated with a revised scope of work for MOMS, and to pay for Other Insurance and Medicare-related mailings and mihealth cards in excess of 470,000 per year on a per unit basis.



Component	Bid Price Years 1-3	Bid Price Year 4	Bid Price Year 5
Enrollment and Disenrollment Activities (<i>Item 1.101.B</i>)	\$ 6,010,691	\$ 2,116,972	\$2,171,400
Telephone Support (<i>Item 1.101.A</i>)	\$ 5,871,204	\$2,069,294	\$ 2,122,200
Technical Infrastructure (including IVRS) (<i>Item 1.103</i>)	\$ 5,318,779	\$1,397,313	\$ 1,415,727
Mihealth Card Services* (<i>Item 1.101.E</i>) for up to 470,000 cards annually	\$1,834,606	\$653,540	\$670,530
Quality Assurance Activities (<i>Item 1.101.K</i>)**	\$ 267,892	\$ 94,160	\$ 96,971
Outreach Activities (<i>Items 1.101.L and M</i>)	\$ 4,025,135	\$1,411,083	\$ 1,448,615
MiChild Program Management (<i>Item 1.101.F</i>)	\$4,255,820	\$1,498,312	\$1,541,670
Development and Distribution of Printed Materials (excluding Other Insurance and Medicare related mailings) * (<i>Items 1.101.C and part of G and H</i>)	\$ 4,451,343	\$1,557,856	\$ 1,596,425
Office Space for co-located Staff (<i>part of 1.101.N</i>)	\$ 466,202	\$158,103	\$ 162,157
Administrative Processing - Healthy Kids Applications * (<i>Item 1.101.G</i>)	\$ 708,787	\$ 278,362	\$ 286,779
Administrative Processing - MOMS Applications * (<i>Item 1.101.G</i>)	\$ 291,384	\$ 102,432	\$ 105,216
Administrative Processing - Plan First Applications * (<i>Item 1.101.G</i>)	\$1,758,390	\$ 487,056	\$ 480,600
Premium Collection and Administration - MiChild * (<i>Item 1.101.I</i>)	\$969,974	\$ 333,027	\$ 342,502
Premium Collection and Administration - Freedom to Work * (<i>Item 1.101.I</i>)	\$ 8,465	\$2,720	\$ 2,788
Project Administration, Control and Reporting (<i>Items 1.101.N and J</i>)	\$5,216,410	\$1,808,084	\$1,840,028
Total Fixed Fee for Service Price	\$ 41,455,082	\$ 13,968,314	\$ 14,283,608
Mihealth Card Services* (<i>Item 1.101.E</i>) for cards produced in excess of 470,000 annually	\$1.10 per card	\$1.13 per card	\$1.16 per card
Other Insurance and Medicare related mailings (<i>Item 1.101.C</i>)*	\$1.26 per mailing	\$1.33 per mailing	\$1.37 per mailing

* Note - all prices reflect aggregate prices based on projected volumes as defined by Data Sheet attached to the ITB. MOMS volumes were based on information received from DMB, Acquisition Services, on 2/24/06.

**Does not include ISO certification



invoicing and payment schedule

MAXIMUS will invoice based on the schedules indicated below.

Fixed Fee for Service Invoicing Schedule

Pursuant to direction from the Department of Management and Budget, Acquisition Services, MAXIMUS will delay implementation of, and associated billings for, the conversion from MAXSTAR to MAXe until October 2006. This delay does not reduce the costs associated with the conversion. Rather the costs are distributed across 30 months, instead of 36 months, as noted below.

Monthly Invoice Year 1	Monthly Invoice Years 2-3	Monthly Invoice Year 4	Monthly Invoice Year 5
April – September 2006 \$ 1,124,363.39			
October 2006 – March 2007 \$1,156,963.39	\$1,156,963.39	\$1,164,026.17	\$1,190,300.67

MAXIMUS recognizes that MOMS and Plan First are new services that some or all associated components will not be operational as of the contract start date. Therefore, MAXIMUS agrees to modify the monthly fixed fee for service invoice amount noted above to reflect the delay in when some or all of the costs for MOMS or Plan First will be incurred. The costs listed below will be deducted from the monthly fixed fee for service invoice until MAXIMUS initiates activities to incur these costs.

MOMS:

	Monthly Invoice Years 1-3	Monthly Invoice Year 4	Monthly Invoice Year 5
Two FTE Technicians Mailings	\$7,292.00 \$802.00	\$7,734.00 \$802.00	\$7,966.00 \$802.00

Plan First Services:

The prices for each of the components associated with providing support services for the Plan First program are itemized below. MAXIMUS will itemize our monthly invoice for each of these categories.

	Monthly Invoice Years 1-3	Monthly Invoice Year 4	Monthly Invoice Year 5
Professional Staff	\$12,849	\$ 12,210	\$ 12,516
Clerical Staff	\$19,387	\$19,300	\$ 19,518
Telephone Usage	\$1,007	\$1,090	\$1,123
Mailhouse	\$7,136	\$3,916	\$4,013
Furniture (excludes DHS staff)	\$7,493	\$3,124	\$1,909
Leasehold Improvements	\$972	\$948	\$971
Monthly Total	\$48,844	\$40,588	\$40,050
Overall Total	\$1,758,390	\$487,056	\$480,600



Unit Price Invoicing Schedule

The fixed fee for service price includes the production of up to 470,000 mihealth cards annually. MAXIMUS will invoice a per card price for cards produced in excess of 470,000 per year. This includes cards for Medicaid, CSHCS, ABW, Plan First and other Department program beneficiaries.

Each monthly invoice will identify the number of mihealth cards produced and the number of Other Insurance and Medicare-related mailings. The unit price invoice will be based on the unit price specified below for the time period specified on the invoice.

	Unit Price Years 1-3	Unit Price Year 4	Unit Price Year 5
mihealth Card Services (<i>Item 1.101.E</i>) in excess of 470,000 cards per year	\$1.10 per card	\$1.13 per card	\$1.16 per card
Other Insurance and Medicare related mailings (<i>Item 1.101.C</i>)	\$1.26 per mailing	\$1.33 per mailing	\$1.37 per mailing