



# Notice of Request for Proposal

SOLICITATION # YH24-0041

**Housing and Health Opportunities (H2O) Services Program Administrator (PA)**

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| <b>Issue Date:</b>  | <b>February 1, 2024</b>  |
| <b>AHCCCS Procurement Officer:</b>  | Meggan LaPorte, Chief Procurement Officer<br>Email: <a href="mailto:procurement@azahcccs.gov">procurement@azahcccs.gov</a> |
| <b>Pre-Proposal Conference:</b>   | NONE   |
| <b>Questions Due:</b>   | <b>February 15, 2024</b><br>by 3:00 PM Arizona Time  |
| <b>INTENT TO BID DUE</b>  | <b>April 1, 2024</b><br>by 3:00 PM Arizona Time  |
| <b>PROPOSAL DUE DATE:</b><br><i>Proposals shall be submitted in accordance with this solicitation proposal instructions prior to the time and date indicated here, or as may be amended through a solicitation amendment.</i> | <b>May 1, 2024</b><br>by 3:00 PM ARIZONA TIME  |
| <b>Anticipated RFP Award (subject to change)</b>  | <b>July 1, 2024</b>  |
| <b>Anticipated Services Start Date</b>  | <b>October 1, 2024</b>   |

Proposals will only be accepted as described in Exhibit A Solicitation Instructions to Offerors.

LATE PROPOSALS WILL NOT BE CONSIDERED. No extension or grace period will be given for delays or incomplete proposals caused by internet connectivity problems, file uploading difficulties, or misunderstanding of the submission requirements.

It is the responsibility of the Prospective Offeror to routinely check the AHCCCS website for Solicitation Amendments. Additional instructions for preparing an Offer are included in this solicitation. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation contact person. Requests shall be made as early as possible to allow time to arrange for the accommodation.

# Table of Contents

## Table of Contents

|  |    |
|--|----|
| Solicitation Summary   | 3  |
| Scope of Work  | 4  |
| Special Terms and Conditions                                 | 36 |
| Addendum A to the Special Terms and Conditions (Insurance)   | 44 |
| Addendum B to the Special Terms and Conditions (IT Security) | 48 |
| Uniform Terms and Conditions                                 | 51 |

EXHIBITS BELOW ARE INCOPORATED INTO THIS SOLICITATION BY REFERENCE AND LOCATED WITH THE RFP HERE:

<https://www.azahcccs.gov/Resources/OversightOfHealthPlans/SolicitationsAndContracts/open.html>

|           |                                       |
|-----------|---------------------------------------|
| Exhibit A | Solicitation Instructions to Offerors |
| Exhibit B | Requirements Traceability Matrix      |
| Exhibit C | Cost Proposal                         |
| Exhibit D | Proposed H2O Program Outcome Measures |
| Exhibit E | Intent to Bid                         |
| Exhibit F | Questions and Answers Form            |
| Exhibit G | Boycott of Israel Attestation         |
| Exhibit H | Forced Labor Attestation              |
| Exhibit I | Contractor Chart of Deliverables      |
| Exhibit J | Contract Penalties                    |
| Exhibit K | Offer and Acceptance Signature Page   |

# SOLICITATION SUMMARY

## [Solicitation Summary](#)

### **What is AHCCCS Soliciting?**

The Arizona Health Care Cost Containment System (“AHCCCS”) authorized under A.R.S. § 36-2906, and any rules adopted thereunder, to procure the following services: As part of the approved Housing and Health Opportunities (H2O) infrastructure funds, AHCCCS is seeking to contract with an H2O Program Administrator(H2O-PA) to assist with implementation and administration of H2O services.

The State reserves the right to accept any item or combination of items specified in the Solicitation, unless the Offeror expressly restricts an item or combination of items in its Offer, and conditions its response on receiving all items for which it provided a proposal. In the event of such a restriction, the State will evaluate if an award on such a basis will result in the best value and is in the best interest for the State. The State may otherwise determine, at its sole discretion, that such restriction is non-responsive and deem the Offeror ineligible for further evaluation.

The State may issue a Solicitation Amendment at any time after Solicitation publication and before the Offer due date. It is the responsibility of the Prospective Offeror to routinely check the APP website for any Solicitation Amendments and revised documents.

# SCOPE OF WORK

## [Scope of Work](#)

### 1. Purpose and Background

The purpose of this Solicitation is to procure an H2O Program Administrator (H2O-PA) to assist the state in administering the AHCCCS H2O Program benefit services approved under the Housing and Health Opportunities (H2O) waiver demonstration. The Housing and Health Opportunities waiver demonstration is scheduled for implementation on October 1, 2024.

The Arizona Health Care Cost Containment System (AHCCCS) has received approval for the 1115 Research and Demonstration Waiver to seek waiver and expenditure authority to implement the AHCCCS Housing and Health Opportunities (H2O) demonstration. The goal of the AHCCCS H2O demonstration is to enhance and expand housing services and interventions for AHCCCS members who are homeless or at risk of becoming homeless. Under this demonstration proposal, the agency will seek to:

- Increase positive health and wellbeing outcomes for target populations including the stabilization of members' mental health conditions, reduction of substance use, improvement in the utilization of primary care and prevention services, and increased member satisfaction,
- Reduce the cost of care for individuals successfully housed through decreased utilization of crisis services, emergency department utilization, and inpatient hospitalization, and
- Reduce homelessness and improve skills to maintain housing stability.

The Housing and Health Opportunities Program Administrator (H2O-PA) is critical to the success of the H2O Program and will support AHCCCS by performing the following:

- Increasing provider enrollment for Community Based Organizations (CBOs) addressing Health Related Social Needs ( HRSNs),
- Verifying member eligibility for H2O services following AHCCCS guidelines,
- Coordinating H2O services with the member's health plan and care coordination team,
- Developing a streamlined process for H2O providers to submit actions for reimbursement and ensuring compatibility with Medicaid claims,
- Monitoring and tracking H2O service utilization data,
- Providing technical assistance to H2O providers based on established AHCCCS policies, and
- Serving as the single source of contact for member's health plan and care coordination teams.

AHCCCS will be procuring the H2O-PA and will coordinate with the procured vendor to determine an appropriate rollout strategy to ensure that the H2O Program is ready for the planned October 1, 2024 go-live date.

## SCOPE OF WORK

### 2. AHCCCS Overview:

AHCCCS is the single state Medicaid agency for the State of Arizona. In that capacity it is responsible for operating the Title XIX and Title XXI programs through the State's 1115 Research and Demonstration Waiver, which was granted by the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services. As of January 1, 2024, AHCCCS provides coverage to approximately 2.2 million members in Arizona.

Over 86% of the AHCCCS program's expenditures in SFY 2023 were through managed care programs. AHCCCS contracts with Managed Care Organizations (MCO) that are responsible for providing Acute, Long-Term Care, and Behavioral Health Services. As of December 1, 2023, approximately 84% of AHCCCS members are enrolled with an MCO.

AHCCCS American Indian Health Program (AIHP) provides medically necessary services for enrolled members, including preventive and behavioral health care services. American Indians and Alaska Natives (AI/AN) enrolled in AHCCCS may choose to receive their coverage through the *AHCCCS American Indian Health Program (AIHP)* or one of the AHCCCS-contracted managed health plans called AHCCCS Complete Care Plans ("ACC").

The program has a total fund budget for SFY 2024 of approximately \$20.1 billion. AHCCCS has approximately 95,000 active providers in Arizona, such as individual medical and behavioral health practitioners, therapy disciplines, institutions, durable medical equipment companies, and transportation entities. Additional information may be found on the AHCCCS website reporting page: <https://www.azahcccs.gov/Resources/Reports/federal.html>

For more information regarding AHCCCS see About Us: <https://www.azahcccs.gov/AHCCCS/AboutUs/index.html>

### **AHCCCS Housing Background**

The involvement of Arizona's Behavioral Health System in addressing the housing needs of Arizonans began in 1989 with the *Arnold v. Sarn* lawsuit settlement, which required the State of Arizona to provide a combination of supportive housing, supported employment, and other community services to individuals living with a Serious Mental Illness (SMI) designation. In 2014, the State's requirements expanded to include an increase in the number of individuals receiving supportive housing and to adopt national quality standards outlined by the Substance Abuse and Mental Health Services Administration (SAMHSA). In 2016, the oversight and administration of housing and services for persons living with an SMI designation was transferred to the Arizona Health Care Cost Containment System (AHCCCS) from the Arizona Department of Health Services (ADHS) as part of a larger effort to integrate the service delivery system.

To accomplish these housing goals and requirements, AHCCCS uses a general fund allocation of non-TXIX state-only funds to issue housing vouchers for as many people as possible under the fund source. If

## SCOPE OF WORK

AHCCCS were a housing authority, it would be the third largest in the State of Arizona with an annual budget of \$27.7 million in non-Medicaid, state-only funds to provide rent subsidies for almost 2,500 AHCCCS members living with an SMI designation.

AHCCCS' current housing programs follow a permanent supportive housing (PSH) model, an evidence based, cost effective strategy for addressing and improving health outcomes for persons experiencing homelessness. AHCCCS also collaborates with local housing authorities, tax credit programs, and the U.S. Department of Housing and Urban Development Continuum of Care (HUD CoC) program to provide PSH capacity for an additional 1,500 members.

While housing subsidies are central to PSH, another critical element is the integration of individualized wraparound services and housing/tenancy supports to ensure members are able to secure and maintain housing while addressing their core health and service needs. Under current AHCCCS policies, many key PSH wrap-around services are Medicaid reimbursable for persons living with an SMI designation or with behavioral health and/or substance use disorder needs.

For more information please refer to the AHCCCS Housing Programs: [AHCCCS Housing Programs \(azahcccs.gov\)](http://azahcccs.gov).

### 3. Scope of Work

The Contractor shall perform the following activities related to the administration of H2O demonstration services:

- Recruiting, onboarding and training for H2O Providers and Community Based Organizations addressing H2O-related Health Related Social Needs,
- Establishing and verifying member eligibility for H2O services, following AHCCCS guidelines,
- Establishing an adequate network of H2O Providers to provides approved interventions across the state,
- Coordinating services between Member's health plan and care coordination team,
- Adhering to AHCCCS billing procedures for services provided by H2O providers,
- Monitoring and addressing member access to H2O services,
- Tracking and monitoring of member H2O service utilization and applicable H2O service limitations, and
- Providing technical Assistance to H2O Providers.

**The Contractor shall be responsible for carrying out all activities identified within this RFP and completing all Contractor requirements specified in Exhibit B – Requirements Traceability Matrix.**

- 3.1. Recruitment, Onboarding and Training for H2O Providers and Community Based Organizations addressing H2O-related Health Related Social Needs

## SCOPE OF WORK

- 3.1.1.** The Contractor shall identify new providers who are not currently Medicaid providers and confirm they meet the identified H2O provider qualifications. They will ensure service delivery is culturally responsive and/or trauma-informed, and will assist providers with onboarding as Medicaid providers, including CBOs. They will ensure statewide standardization in the onboarding process for new H2O providers and monitor HRSN network capacity.
- 3.1.2.** The Contractor shall maintain capacity and infrastructure to provide standard training for all H2O providers and ensure consistency as well as sharing of best practices across the State of Arizona. They will be able to evaluate outcomes in real time and provide technical assistance and oversight to providers who are not meeting outcome expectations. They will leverage AHCCCS policy to determine the appropriate training method and make adjustments based on the needs of the provider and provide timely and accurate responses to health plan, provider, member, and community questions related to H2O services and implementation.
- 3.1.3.** The Contractor shall ensure that the H2O provider initiates H2O HRSN services focused on housing stability and income stability immediately upon receipt of a referral through the Contractor. The H2O provider will work in partnership with the member and their clinical team to encourage the member to complete any other assessments that may be necessary to determine additional clinical services the member may need.

Individuals Performing Evaluation/Reevaluation shall meet the requirements specified [AHCCCS Medical Policy Manual Chapter 320-O](#).

Services under the H2O benefit will be furnished to individuals who reside and receive services in their home or in the community, not in an institution. A list of HRSN Services and Associated Descriptions of Covered H2O services and housing-related supportive wrap-around services include:

- Outreach and Education Services,
- Transitional Housing - Apartment or Rental Unit (Rental Assistance),
- Transitional Housing - Transitional Housing Setting (Enhanced Shelter),
- One-time Transition and Moving Costs,
- Home Accessibility Modifications and Remediation,
- Housing Pre-Tenancy Services, and
- Housing Tenancy Services.

Service description, frequency, duration, setting and provider requirements, and minimum eligibility criteria are described in Exhibit 1 of the [H2O Protocol.docx \(azahcccs.gov\)](#).

## SCOPE OF WORK

### 3.1.3.1. Outreach and Education Services

The Contractor shall be responsible for ensuring provider network adequacy and competency to support member outreach and education services. Outreach and education services are provided for purposes of member engagement, linkages to other state and federal benefits programs, benefit program application assistance, and assistance with benefit program applications fees. This includes efforts to engage members in covered H2O defined services. Outreach and engagement include both street outreach to persons experiencing sheltered or unsheltered homelessness and inreach to members in institutions or inpatient settings. Outreach and education services will be provided in a manner that is responsive to the cultural, educational/vocational, linguistic, and health needs of individuals experiencing homelessness. H2O Outreach services will be targeted to members who meet the identified criteria of those who have an SMI designation, meeting the definition of homelessness, and have at least one chronic condition or leaving a carceral setting.

The H2O types will be the only providers authorized to deliver outreach and education services within their respective scopes of practice as defined in State law and agency policy to members who qualify for H2O services.

### 3.1.3.2. Transitional Housing/Apartment or Rental Unit

The Statewide Housing Administrator (SHA) will coordinate this service. The Contractor will contract with the SHA and provide the oversight of all transitional housing activities. The housing care coordination team and housing administrator will work jointly to assist the member throughout the housing process and tenancy. All eligible applicants will be placed on a wait list for housing opportunities. The SHA maintains a waitlist and has the ability to match applicants to all specific vacancies for which they are eligible. see SHA website for details: [Arizona Behavioral Health Corporation \(azabc.org\)](http://azabc.org)

### 3.1.3.3. Transitional Housing/Transitional Living and Enhanced Shelter

Enhanced Shelter providers will have a standalone provider type. Settings can include transitional/bridge shelter facilities with additional on-site support, hotel/motel rooms, block leased apartments, and houses repurposed to provide congregate housing.

### 3.1.3.4. One-time Transition and Moving Costs

Statewide Housing Administrator will coordinate these services.

### 3.1.3.5. Home Accessibility Modifications and Remediation

Statewide Housing Administrator will coordinate these services.

### 3.1.3.6. Housing Tenancy Services

The H2O provider will deliver pre-tenancy and tenancy housing services within their respective scopes of practice as defined in State law and agency policy to members who qualify for H2O services.



# SCOPE OF WORK

### 3.1.3.7. **Establishing and Verifying Member Eligibility for H2O Services, following AHCCCS Guidelines**

The Contractor shall act as the single statewide entity responsible for evaluation and determination of member eligibility for H2O services using AHCCCS parameters and data. The Contractor will make a determination of member eligibility for H2O services, coordinate to add the H2O eligibility category to the member’s AHCCCS record, and connect members to H2O service providers who will initiate services.

The Contractor shall be the single point of contact that providers will work with when validating H2O eligibility and will communicate verified member H2O eligibility with the member’s health plan and care coordination team. The member’s eligibility will be flagged in the internal AHCCCS PMMIS system. Members that meet this criterion will be considered eligible for all medically necessary H2O service interventions as resources are available.

### 3.2. **Establish Member Eligibility**

As part of evaluating and determining member eligibility for H2O services using AHCCCS parameters and data, the Contractor will also be responsible for verifying the member’s living situation to confirm they meet the homeless definition as defined in Table 1, and ensuring the appropriate Z-code and other necessary documentation in the member’s medical record is reflected appropriately. The Contractor will make a determination of member eligibility for H2O services, coordinate to add the eligibility category to the member’s medical record, and connect members to H2O service providers who will initiate services.

In addition to Medicaid eligibility, members **must also meet both homeless and SMI eligibility criteria** specific clinical and social risk factors in order to participate in H2O services as defined within Table 1: Eligibility Criteria Categories below.

**Table 1: Eligibility Criteria Categories**

|     | Eligibility Criteria Category | Age | Clinical and Social Risk Criteria Definition   |
|-----|-------------------------------|-----|--|
| 1.1 | Homeless                      | 18+ | <ul style="list-style-type: none"> <li>● Members must be experiencing homelessness or at risk of homelessness, as defined by the U.S. Department of Housing and Urban Development (HUD) in 24 CFR 91.5</li> <li>● Members may meet any of the 4 categories of <a href="#">homelessness as defined by HUD</a> <ul style="list-style-type: none"> <li>○ Literally Homeless</li> <li>○ Imminent Risk of Homelessness</li> <li>○ Homeless Under Other Federal Regulations</li> <li>○ Fleeing/Attempting to Flee Domestic Violence</li> </ul> </li> </ul> |

## SCOPE OF WORK

|     |     |     |  |
|-----|-----|-----|--|
| 1.2 | SMI | 18+ | <ul style="list-style-type: none"> <li>● Members with a Serious Mental Illness Designation and a chronic health condition*.</li> <li>● Members with a Serious Mental Illness Designation and currently in a correctional health facility with a scheduled release date.</li> <li>● SMI is a designation as defined in A.R.S. § 36-550 and determined in an individual 18 years of age or older, a process further defined in <a href="#">AMPM Policy 320-P</a>. The list of qualifying diagnoses can be found in <a href="#">AMPM Policy 320-P Attachment B</a>.</li> <li>● For eligibility purposes, chronic health conditions are secondary to an individual being designated as having an SMI.</li> <li>● *Contingent on CMS approval, AHCCCS reserves the right to update the list of chronic health conditions based on receipt of additional data/information and is in the process of defining these chronic conditions in policy.</li> </ul> |
|-----|-----|-----|--|

NOTE: At the current time, the potential identified population who would have met the defined criteria of an SMI designation, meeting the definition of homelessness, and have at least one chronic condition or leaving a carceral setting is in the range of 13,000-15,000 AHCCCS members. These numbers represent those that meet the eligibility as defined and who will require further review and outreach for participation into H2O.

### **3.2.1. Monitor Receipt of Services**

The Contractor shall validate member eligibility and authorization for services and track member utilization of H2O services to ensure members do not exceed maximum service limits, ensuring members do not exceed 6 months of assistance in an Enhanced Shelter or Rental Assistance.

The Contractor must establish provider monitoring process to address concerns related to Fraud, Waste, and Abuse as outlined in the Requirements Traceability Matrix.

### **3.3. Establishing an Adequate and Competent Network of H2O Providers to Provide Approved Interventions Across the State**

**3.3.1.** The Contractor shall identify criteria, such as high density of eligible members, across geographic service areas and onboard H2O providers in the area to ensure network is sufficient to meet the needs. They will serve as the single point of contact for Community Based Organizations (CBO's) and current Medicaid Providers that are interested in providing H2O service interventions. The Contractor shall provide mentorship to

## SCOPE OF WORK

Community Based Organizations throughout the Medicaid onboarding process, identifying challenges and supporting CBO's until successful onboarding is complete.

- 3.3.2.** The Contractor will be responsible for ensuring H2O providers meet provider qualifications and competency requirements as defined in the Protocol for Assessment of Beneficiary Eligibility and Needs, Infrastructure Planning, and Provider Qualifications for H2O Services prior to onboarding and providing services.

AHCCCS Provider Enrollment will create a new H2O provider type for H2O Provider and Enhanced Shelter. These provider types will be considered high-risk providers during the demonstration period and re-screened following the initial five-year period as outlined in AMPM 610.

The Contractor will be responsible to disseminate information on the new provider types to health plans, providers, and stakeholders.

- 3.3.3.** The Contractor shall have a toll-free statewide telephone number, local telephone number and website in order to facilitate communication and provide information for those interested in onboarding as H2O Providers and to provide information to stakeholders.

**3.4. Coordinating Services Between Member's Health Plan and Housing Care Coordination Team**

The Contractor will ensure appropriate coordination with the member's clinical team and enrolled health plan to help ensure member care coordination.

**3.4.1. Housing Care Plan**

Once medical appropriateness is established, H2O Providers must establish a housing specific care plan, which must be shared and coordinated with the member's clinical team and included in the member's medical record.

Each Care Plan must contain a goal related to housing permanency and stability and will identify all necessary HRSN services or wraparound supports that will help the member attain that goal. The Housing Care Plan may be completed using the HMIS care plan, developed by the H2O Provider, but must be coordinated and included within the member's medical record with their clinical team. All care plans must, at a minimum:

- Be developed using an individualized, person-centered planning process,
- Demonstrate the member's personal vision, strengths, and choice for how to meet their needs,
- Be congruent with the PRAPARE or other AHCCCS approved HRSN screening tool,

## SCOPE OF WORK

- Be reviewed, and revised upon reassessment of need at least every six months, when the individual's circumstances or needs change significantly, and at the request of the individual,
- Include a housing permanency goal, and
- Demonstrate that the member has an informed choice of providers.

### **3.5. Adhere to AHCCCS Billing Procedures for Services Provided by H2O Providers**

The Contractor shall act as a clearinghouse that H2O providers will utilize to submit claims to AHCCCS for H2O services delivered to qualifying members.

#### **3.5.1. Provide Claims Clearinghouse Services**

The Contractor shall implement and adhere to a streamlined, standardized invoice process developed by AHCCCS for agencies who have onboarded as H2O providers or Enhanced Shelters to submit covered services for reimbursement to minimize administrative burden and ensure providers spend most of their time providing direct service to the members.

Because many new H2O providers will not have historically billed Medicaid, it is essential that AHCCCS allow for these organizations to operate in a manner that is consistent with reimbursement methodologies familiar to them. In addition, AHCCCS is aware that providers often must use a braided funding model in order to be able to operate with a "no wrong door" approach, having capacity to meet member needs regardless of funding criteria. AHCCCS seeks to standardize H2O invoicing processes to align with multiple fund sources such as Emergency Solutions Grant (ESG) and Community Development Block Grant (CDBG) to build a system that removes the administrative burden from the providers while ensuring compliance with funding expectations.

The Contractor shall provide a solution that will have the capability to process submitted claims from H2O Service Providers and Enhanced Shelters that cover H2O services and housing related supportive wrap around services that include but are not limited to:

- a. Outreach and Education Services
- b. Transitional Housing – Apartment or Rental Unit (Rental Assistance)
- c. Transitional Housing – Transitional Housing Setting (Enhanced Shelter)
- d. One-time transition and moving costs
- e. Home accessibility modifications and remediation
- f. Housing pre-tenancy services
- g. Housing tenancy services

#### **3.5.2. Claims System**

The Contractor shall serve as the invoice clearinghouse for all H2O Service Providers and services related to the H2O program.

## SCOPE OF WORK

Providers will verify that a member is eligible for H2O using AHCCCS Online and submit claims/invoices to the Contractor for processing. The Contractor will follow AHCCCS's invoicing process to turn H2O Service Provider invoices into Medicaid claims to submit to AHCCCS electronically. Claims will be flagged as H2O eligible services, using specific HCPCS codes that will only be made available to H2O Providers.

AHCCCS will require validation of service received and submission of claims in order to track utilization and member receipt of the service. This will include prior authorization processing for identified services.

### **3.5.3. Claims Processing**

The Contractor shall act as the Fiscal Agent for all invoices submitted by the H2O providers and subsequently converted and sent as claims to AHCCCS. The Contractor shall be responsible for the disbursement, tracking, recoupment, and reconciliation of all invoice payments to H2O providers upon receipt of payment from AHCCCS for submitted claims.

The Contractor shall agree that all statements, reports and claims (financial and otherwise) shall be certified as true and accurate and complete and that the Subcontractor(s) shall not submit for payment purposes those claims, statements, or reports which it knows or has reason to suspect are not properly prepared or payable pursuant to Federal and state law, applicable Federal regulations, and this Contract.

For outreach and education services, the Contractor will send invoices that are submitted by the H2O provider to AHCCCS for payment. For all other H2O services, AHCCCS has identified a set of HCPCS codes to dedicate to H2O services. These codes will be open to H2O providers only and monitored through the Contractor for financial reporting. The Contractor will be responsible for converting the invoiced services to an electronic claim for submission to AHCCCS.

The Contractor shall assist with tracking utilization of transitional housing services and will alert AHCCCS when the member has met the maximum amount of six months within the demonstration period.

AHCCCS will develop and finalize rates by July 2024 to ensure feedback and operational development is completed for the planned October 1, 2024, go-live date. The rate development process includes determining the appropriate payment method by service type, drafting of the initial rates, engaging stakeholders and finalizing the rates.

AHCCCS will utilize the Contractor for all payment processing for the HRSN services as approved in STC 32 and subsequent H2O deliverables. Through the Contractor, a FFS payment model will be utilized to reimburse providers for all services. Since AHCCCS will

## SCOPE OF WORK

utilize the Contractor for all payments, there is no need to include the HRSN services outlined in STC 32 of the [H2O Implementation Plan - Summer 2023.docx \(azahcccs.gov\)](#) for inclusion of the MCO capitation rate or to update the MLR. The MCOs will not be involved in the payment of the HRSN services.

Once the payment methodology has been finalized for each service and a determination has been made on the full scope of the Contractor, AHCCCS will work to begin updating necessary IT systems. Development and testing of the rates and IT systems updates will happen concurrently with the final approval of the rates to ensure all components are ready for go-live.

Service definitions identified in Exhibit 1 of the [Protocol for Assessment of Beneficiary Eligibility and Needs, Infrastructure Planning, and Provider Qualifications for H2O Services.](#)

Payment Approach/Methodologies are defined in Table 3.

**Table 3: Payment Approach and Methodologies**

| Service Name   | Payment Approach/Methodology   |
|--|--|
| Outreach and Education Services                                    | <ul style="list-style-type: none"> <li>● Modified Cost Reimbursement</li> <li>● Administrative Contract</li> <li>● Invoiced Based Payments</li> </ul>  |
| Transitional Housing- Apartment or Rental Unit (Rental Assistance) | <ul style="list-style-type: none"> <li>● Cost-based reimbursement up to a cap</li> <li>● Six month's rent at 110% Fair Market Rent (FMR) based on household size which will be evaluated and approved on an annual basis</li> <li>● Include Statewide Housing Administrator management expenses in rate</li> </ul> |
| Transitional Housing- Enhanced Shelter                             | Fee Schedule Based- Per Diem Rate  |
| One-time transition and moving costs                               | Cost-based reimbursement up to a cap   |
| Home accessibility modifications and remediation                   | Cost-based reimbursement up to a cap   |
| Housing Pre-Tenancy Services                                       | Fee Schedule Based- Healthcare Common Procedure Coding System (HCPCS) Unit of Service  |
| Housing Tenancy Services   | Fee Schedule Based- HCPCS Unit of Service  |

## SCOPE OF WORK

### **3.6. Monitoring and addressing member access to H2O services**

The Contractor shall assist with the ongoing collection and analysis of data and report on activities related to the H2O project objectives, including monitoring and tracking the trajectory of member access and utilization of H2O services. The Contractor will accomplish this by receiving Member data from H2O Service Providers to report on the service outcomes as outlined in the H2O Program Outcome Measurement expectations.

#### **3.6.1. Provide Data Analytics and Evaluation**

The Contractor shall collect and analyze data, including ensuring statewide consistency in data collection and analysis. The Contractor will utilize the data in real-time to identify providers struggling to meet performance measures as outlined in the program outcomes and implement relevant technical assistance and oversight. Additional analysis will include monitoring of program outcomes based on service utilization and review of identified demographic disparities in housing referrals and/or lease up rates. They will assist with the ongoing collection and analysis of data and report on activities related to the H2O project objectives.

The Contractor shall share all data collected with AHCCCS. The use of any data collected by the Contractor must be approved by AHCCCS prior to collection and use.

The Contractor shall provide a solution that provides a daily dashboard that reports on overall program health and status based upon key performance indicators (KPIs) and AHCCCS identified metrics.

### **3.7. Tracking and monitoring of member H2O service utilization and applicable H2O service limitations**

The Contractor shall provide a solution that monitors and reports Member utilization of allowed H2O services and provide timely notification to required stakeholders of Member cap threshold. The Contractor shall monitor and report utilization by Member regardless of when services are rendered / received (i.e. Members can receive services across non-concurrent episodes and across non-continuous time periods). The Contractor shall incorporate service utilization and limits into its invoice and payment process to prevent fraud, waste and abuse.

### **3.8. Provide Technical Assistance to H2O Provider**

In the State's stakeholder engagement thus far, the need for technical assistance was by far identified as the most critical need for new and existing providers. Community partners identified that they will need iterative, program-specific technical assistance to ensure they are implementing the program in alignment with agency protocol and guidelines and to ensure the competency of the staff directly providing the services to members. As such, the Contractor shall serve as the single point of contact for all enrolled H2O providers, providing outreach, education

## SCOPE OF WORK

and customized technical assistance to meet the needs of providers involved in the H2O program.

### **3.8.1. Technical Assistance to H2O Providers**

The Contractor will provide initial and ongoing H2O provider technical assistance and training related to the H2O benefit, including H2O provider onboarding, ensuring the organization meets provider qualifications and competency requirements as defined in H2O Protocol and relevant Evidence Based Practice.

The Contractor shall also assist with collecting ongoing granular technical assistance needs in the community, including providers and members, through educational materials, member forums, and other ways to support individuals experiencing challenges with housing. Successful technical assistance will be an essential part of the initial planning and ultimate success of the H2O program and AHCCCS plans to use utilization and outcome data obtained by the proposed Contractor and AHCCCS to inform provider training and technical assistance needs.

### **3.8.2. Education to H2O Providers**

The Contractor shall be responsible for ensuring H2O providers are supported with the appropriate levels and quantities of training necessary to participate in the H2O program. The responsibilities of the Contractor shall include both the delivery of educational services as well as directing the H2O providers to existing training.

AHCCCS providers are able to use the state-wide CLRS, CommunityCares, which contains screening and referral tools to initiate and conduct referrals for health-related social needs. The state-wide CLRS is free of cost for providers to use and can be integrated into their standard clinic flow during member intake. The vendor for the statewide CLRS provides training to clinic staff on how to use the CLRS to conduct screenings and effectively provide referrals. Technical assistance and provider support are also available if providers have questions or need troubleshooting technical support. AHCCCS' health plans are required to encourage provider utilization of the CLRS to screen and refer members for HRSN.

Additionally, some H2O Providers will need additional support to implement training protocols in order to comply with all of the provider requirements detailed in Exhibit 1 and Exhibit 2 of the [Protocol for Assessment of Beneficiary Eligibility and Needs, Infrastructure Planning, and Provider Qualifications for H2O Services](#). These activities can include actions to meet required licensing and certification guidelines, safety and/or accessibility requirements or program capacity needs related to H2O initiatives and services. The State is still in the process of identifying comprehensive community needs related to these activities, but some specific examples currently identified include



## SCOPE OF WORK

expanded access to existing learning management systems where H2O providers can access staff training modules to receive the required training.

#### 4. STAFFING REQUIREMENTS

The Contractor shall have organizational, management, staffing, and administrative systems capable of meeting all Contract requirements with clearly defined lines of responsibility, authority, communication, and coordination within, between and among Contractor's departments, units, or functional areas of operation.

##### 4.1. Key Personnel

The Contractor shall ensure all Key Personnel positions are comprised of individuals with an accumulative professional history including but not limited to working with various populations (e.g., individuals with general mental health needs and/or substance use disorders (SUD), individuals with an SMI designation, individuals experiencing homelessness and/or who have comorbidities).

The Contractor shall ensure temporary changes to Key Personnel to address leaves of absences are submitted to AHCCCS for review and approval prior to staffing changes.

The Contractor shall employ, at a minimum, the following Key Personnel who will work for the Contractor and ensure that all obligations set forth within this Contract are met:

##### 4.1.1. **Corporate Compliance Officer** who is a full-time employee, and:

- a. Resides in Arizona,
- b. Management official, available to all employees, with designated and recognized authority to access records and make independent referrals to the AHCCCS Office of the Inspector General,
- c. Implementing and overseeing the Contractor's Compliance Program

##### 4.1.2. **Contract Compliance Officer** who is a full-time employee, and:

- a. Resides in Arizona,
- b. Implements and oversees the Contractor's Compliance Program,
- c. Management official, available to all employees, with designated and recognized authority to access records and make independent referrals to the AHCCCS Office of the Inspector General,
- d. Onsite management official who reports directly to the Contractor's Chief Executive Officer (CEO) and Board of Directors (if applicable),
- e. Responsible for developing and implementing policies, procedures and practices designed to ensure compliance with the requirements of the Contract as specified in 42 CFR 438.608,

## SCOPE OF WORK

- f. Oversees contracts/subcontracts with H2O Service Providers and Enhanced Shelters.
- 4.1.3. *Invoice and Claim Manager*** who shall ensure AHCCCS invoice and claim reporting requirements are met, and:
- a. Management of sufficient staffing under this position shall be in place to ensure timely and accurate processing and submission of invoice and claim data and reports to AHCCCS, and,
  - b. Perform the claims/billing oversight.
- 4.1.4. *Member Services Manager*** who resides in Arizona, and:
- a. Coordinates communications with members,
  - b. Coordinates issues with appropriate areas within the organization,
  - c. Coordinates directly with AHCCCS H2O QM Nurse for clinical resolution,
  - d. Resolves member inquiries/problems,
  - e. Meets standards for resolution, telephone abandonment rates, and telephone hold times, and,
  - f. Is a Behavioral Health Professional (BHP) as defined:
    - a. An individual licensed under A.R.S. Title 32, Chapter 33, whose scope of practice allows the individual to:
      - i. Independently engage in the practice of behavioral health as defined in A.R.S. §32-3251, or
      - ii. Except for a licensed substance abuse technician, engage in the practice of behavioral health as defined in A.R.S. §32-3251 under direct supervision as defined in AAC. R4-6-101,
    - b. A psychiatrist as defined in A.R.S. §36-501,
    - c. A psychologist as defined in A.R.S. §32-2061,
    - d. A physician,
    - e. A behavior analyst as defined in A.R.S. §32-2091,
    - f. A registered nurse practitioner licensed as an adult psychiatric and mental health nurse, or
    - g. A registered nurse with:
      - i. A psychiatric-mental health nursing certification, or
      - ii. One year of experience providing behavioral health services.
- 4.1.5. *H2O Network Administrator*** who resides in Arizona, and:
- a. Manages and oversees H2O Service Provider network development, H2O network sufficiency, and H2O network reporting functions,
  - b. Ensures H2O network adequacy and appointment access, develops H2O network resources in response to identified unmet needs, and ensures an H2O member's choice of providers, and

## SCOPE OF WORK

- c. Serves as the single point of contact for the Contractor to address provider questions about the registration process, and
- d. Oversees provider registration, ensuring providers meet qualifications.

**4.1.6. *Provider Claims Educator*** who resides in Arizona, and:

- a. Facilitates the exchange of information between the grievances, claims processing, and provider relations systems,
- b. Educate contracted and non-contracted providers (professional and institutional) regarding appropriate claims submission requirements, coding updates, electronic claims transactions and electronic fund transfer,
- c. Educate contracted and non-contracted providers on available Contractor resources such as provider manuals, website, fee schedules, etc.,
- d. Interface with the Contractor's call center to compile, analyze, and disseminate information from provider calls,
- e. Identify trends and guide the development and implementation of strategies to improve provider satisfaction, and
- f. Frequently communicate with providers, including conducting on-site visits, to assure the effective exchange of information and gain feedback regarding the extent to which providers are informed about appropriate claims submission practices.

**4.1.7. *Workforce Development Administrator*** who is responsible for coordinating and overseeing contractually required WFD activities, and:

- a. Shall have a professional background, authorities, and ongoing training and development needed to lead the Workforce Development Operation (WFDO) as specified in Contract,
- b. Have experience in workforce recruitment, selection, training and development, deployment, and retention,
- c. Experience and or training in WFD functions such as workforce forecasting, assessment, planning, and the provision of technical assistance in WFD matters, and
- d. Shall have a Professional Development Plan containing workforce development related training and development objectives. All personnel directly reporting to the Workforce Development Administrator having WFD roles (e.g., training managers, coordinators, specialists) shall have a Professional Development Plan.

**4.1.8. *Housing Director*** who is responsible for coordinating communications between the Contractor and providers, and:

- a. Resides in Arizona,

## SCOPE OF WORK

- b. Ensures that providers receive prompt resolution to their problems and inquiries and appropriate education about participation in the AHCCCS Program, and
- c. Sufficient local staffing under this position shall be in place to ensure providers receive assistance and appropriate and prompt responses.

**4.1.9. *Security and Compliance Manager*** who is responsible for ensuring the organization's information security policies, procedures, and controls align with relevant laws, regulations, and industry standards, and

- a. Implementation and oversight of the Contractor's Continuity of Operations and Recovery Program and Plan.

**4.1.10. *Privacy Officer*** who is responsible for overseeing any risks related to confidentiality regulations and information privacy laws.

**4.1.11. *Dispute and Appeal Manager*** who is responsible for managing the Grievance and Appeal System processes and who is responsible for forwarding all requests for hearing to AHCCCS/Office of the General Counsel (OGC) with the required information, and:

- a. Resides in Arizona,
- b. Any staff reporting to this position who manage and adjudicate disputes and appeals shall also be located in Arizona.

**4.1.12. *Tribal Coordinator***, who acts as the liaison with tribal nations and tribal providers, promoting services and programs to improve the health of American Indian members as specified in Section D, Paragraph 23, MM, Collaboration with Tribal Nations and Providers and:

- a. Resides in Arizona,
- b. The Tribal Coordinator shall also attend all AHCCCS Tribal Consultation meetings

**4.1.13. *Housing Specialist***, who is located in Arizona and who conduct care coordination for members with significant barriers to accessing housing. (Staff do not perform any direct service to members, they will coordinate with H2O Providers and the members Health Plan). The role would also be familiar with the following standards and practices related to PSH, including but not limited to:

- a. Federal Fair Housing, Equal Opportunity, Non-Discrimination, and other Federal and State Housing laws Fair housing.
- b. The Arizona Residential Landlord Tenant Act (ARLTA).

## SCOPE OF WORK

- c. Use of the needs assessment tools such as Vulnerability Index-Service Prioritization Decision Assistance Tool (VI-SPDAT), Level of Care Utilization System (LOCUS), or other housing assessment and/or housing prioritization tools in the Housing Specialist's service area.
- d. Fundamentals of Housing First and the SAMHSA PSH program.
- e. Current and emerging tools and best practices in PSH and services.

The Contractor shall provide adequate experienced personnel, capable of and devoted to, the successful implementation and ongoing service delivery as required under this RFP. The Contractor shall agree to assign specific individuals to the Key Staff positions specified above.

If Key Staff are not available for work under this RFP for a continuous period exceeding 30 calendar days or are expected to devote substantially less effort to the work than initially anticipated, the Contractor shall immediately notify the State, as specified in Exhibit I, Contractor Chart of Deliverables and shall, subject to the concurrence of the State, replace such personnel with personnel of substantially equal ability and qualifications.

AHCCCS has the discretion to review all submitted Key Staff positions and reserves the right to direct Contractor actions regarding staffing decisions it deems are in the best interest of the State. AHCCCS will not permit any Contractor staff to hold positions that may present a conflict of interest.

The Contractor shall inform AHCCCS in writing, within seven days after the date of a change in Key Staff, including hire, resignation, termination, or when any of the following contact information changes for an individual holding a Key Staff position, as specified in Exhibit I, Contractor Chart of Deliverables.

Notification shall include the following:

1. Individual's name.
2. Individual's title.
3. Individual's telephone number.
4. Individual's email address.
5. Individual's location.
6. Resume.
7. The effective date of the vacancy or absence.
8. The effective date the newly hired individual will start in the position.
9. Documentation confirming applicable Key Staff functions are filled by individuals who are in good standing (for example, a printout from the Arizona Medical Board webpage showing the CMO's active license).
10. Name and contact information of interim individual that will be performing the duties of the Key Staff position.

## SCOPE OF WORK

Upon request by AHCCCS, the Contractor shall submit a written plan for filling a Key Staff position.

### 5. Fraud Waste and Abuse

Reporting Alleged Fraud, Waste and Abuse of the AHCCCS Program: In accordance with A.R.S. § 36-2918.01, § 36-2932, and § 36-2905.04 the Contractor and its subcontractors are required to notify the AHCCCS/OIG regarding all allegations of fraud, waste, or abuse of the AHCCCS Program. The Contractor shall, upon ID, report all instances of alleged fraud, waste and abuse of the AHCCCS program, AHCCCS providers or AHCCCS members to AHCCCS/OIG as specified in Exhibit I, Contractor Chart of Deliverables and as specified below:

1. If a Contractor discovers, or is made aware, that an incident of alleged fraud, waste, or abuse has occurred, the Contractor shall report the incident immediately to AHCCCS/OIG by completing and submitting the Report Suspected Fraud or Abuse of the Program form available on the AHCCCS/OIG web page: [Report Fraud](#). All pertinent documentation that would assist AHCCCS in its investigation shall be attached to the form.
2. If a Contractor or subcontractor identifies an incident that warrants self-disclosure, the incident shall be reported within 10 business days to AHCCCS/OIG by completing and submitting the Provider Self-Disclosure form available on the AHCCCS/OIG web page: [Providers](#). All pertinent documentation that would assist AHCCCS in its investigation shall be attached to the form.

Additional specific fraud, waste and abuse requirements are outlined in the Requirements Traceability Matrix. All fraud, waste and abuse requirements must be in compliance with AHCCCS OIG policies provided in Section 7 - Relevant Contract and Program Policies.

#### 5.1. Member Grievance and Appeals System Standards

The Contractor shall have a written policy specifying its Grievance and Appeal System which shall be in accordance with applicable Federal and State laws, regulations, and policies. The Contractor shall submit the Grievance and Appeal System Policy as indicated in Exhibit I – Contractor Chart of Deliverables.

The Contractor Grievance and Appeal System will address the HRSN covered services they are administering through their contracted H2O Providers, including Outreach and Education, Transitional Housing – Apartment Rental Assistance, Transitional Housing – Enhanced Shelter, One-time Transition and Moving costs, Home Accessibility Modifications and Remediation, Housing Pre-tenancy and Tenancy Support Services. The Contractor shall furnish Grievance and Appeal System information to members no later than 12 days after the Contractor enrolls the member and annually thereafter. The Contractor shall provide this

## SCOPE OF WORK

information to subcontractors at the time of Contract. Additionally, the Contractor shall provide written notification of any significant change in this policy at least 30 days before the intended effective date of the change.

The written information provided to members describing the Grievance and Appeal System as well as Contractor appeal and grievance notices, including denial and termination notices, shall be available in the prevalent non-English language spoken for each LEP population in the Contractor's service area . These written materials shall also be made available in alternate formats upon request at no cost. Auxiliary aids and services shall also be made available upon request and at no cost. These written materials shall include taglines in the prevalent non-English languages in Arizona and in large print (font size of at least conspicuously visible font size) explaining the availability of written translation or oral interpretation services to understand the information and include the Contractor's toll free and TTY/TDD telephone numbers for customer service. Oral interpretation services shall not substitute for written translation of vital materials. Refer to ACOM Policy 404 and ACOM Policy 406.

The Contractor shall inform members that oral interpretation services are available in any language, and alternative communication formats are available for members who are deaf or hard of hearing or are blind or have low vision.

For additional information regarding the member Notice of Adverse Benefit Determination process and State developed notice templates refer to relevant sections of ACOM Policy 414. For additional information regarding member information requirements refer to ACOM Policy 404 and ACOM Policy 406.

The Contractor shall remain responsible for compliance with all requirements set forth in this section and any other requirements related to the Grievance and Appeal System under Federal, State, or local law, statute, ordinance, rule, regulation, contract, policy or court decree. Failure to comply with any of these provisions may result in a penalty as described in the SLA. The Contractor shall provide the appropriate professional, paraprofessional, and clerical personnel for the representation of the Contractor in all issues relating to the Grievance and Appeal System and any other matters arising under this Contract which rise to the level of administrative hearing or a judicial proceeding. Unless there is an agreement with the State in advance, the Contractor shall be responsible for all attorney fees and costs awarded to a member or provider in a judicial proceeding resulting from noncompliance by the Contractor. The Contractor shall comply with the following Grievance and Appeal System Standards and incorporate these requirements into its policies and/or procedures:

## SCOPE OF WORK

1. The Contractor shall maintain accurate records of all grievances and appeals in a manner accessible to the State and available upon request to CMS and which shall contain at a minimum the following :
  - a) A general description of the reason for an appeal or grievance,
  - b) The date received,
  - c) The date of each review or, if applicable, review meeting,
  - d) The resolution at each level of appeal or grievance,
  - e) The date of resolution at each level
  - f) The name of the member for whom the appeal or grievance was filed,
  - g) The name of the individual filing the appeal or grievance on behalf of the member, if applicable, and
  - h) The date the request for hearing was received, if applicable.
2. The Contractor has an effective mechanism in place for tracking receipt, acknowledgement, investigation, and resolution of grievances and appeals, and for tracking requests for hearing within the required timeframes.
3. The Contractor shall thoroughly investigate grievances and appeals using the applicable statutory, regulatory, contractual and policy provisions, ensuring that relevant facts are obtained from all parties.
4. The Contractor shall track and trend Grievance and Appeal System information and adhere to reporting method as outlined by AHCCCS
5. Information explaining the grievance, appeal, and fair hearing procedures and timeframes. This information shall include a description of the circumstances when there is a right to a hearing, the method for obtaining a hearing, the requirements which govern representation at the hearing, the right to file grievance and appeals and the requirements and timeframes for filing a grievance, appeal, or request for hearing. The Contractor shall outline their participation in the hearing process as defined by AHCCCS.
6. The Contractor shall provide members with any reasonable assistance in completing forms and taking other procedural steps related to the grievance and appeal process. This included but is not limited to auxiliary aids and services upon request, such as interpreter services and toll-free numbers that have adequate TTY/TTD and interpreter capability.
7. The availability of toll-free numbers that a member can use to file a grievance or appeal by phone if requested by the member.
8. Oral inquiries seeking to appeal an Adverse Benefit Determination are treated as standard appeals unless the member or the provider requests expedited resolution.
9. The Contractor shall permit both oral and written appeals and grievances.



## SCOPE OF WORK

10. The Contractor shall ensure the Grievance and Appeal System is in compliance with AHCCCS policies and procedures and all other state and federal legal requirements.

### **5.2. Provider Grievance and Appeals System Standards**

The Contractor shall have in place a written claim dispute policy for its subcontractors and contracted providers. The policy shall be in accordance with applicable Federal and State laws, regulations, and policies, including, but not limited to, A.A.C. Title 9, Chapter 34, Article 4.

**Failure to comply with any of these provisions may result in the imposition of penalties.**

The Contractor shall comply with the following provisions:

1. The Provider Claim Dispute Policy shall stipulate that all claim disputes shall be adjudicated in Arizona, including those claim disputes arising from claims processed by an Administrative Services Subcontractor.
2. The Provider Claim Dispute Policy shall be provided to all subcontractors at the time of Contract. For providers without a Contract, the Contractor shall send a copy of its Provider Claim Dispute Policy within 30 days of receipt of a claim. The policy may be mailed with a remittance advice, provided the remittance is sent within 30 days of receipt of a claim.
3. The Provider Claim Dispute Policy shall specify that all claim disputes challenging claim payments, denials, or recoupments shall be filed in writing with the Contractor no later than 12 months from the date of service, 12 months after the date of eligibility posting or within 60 days after the payment, denial, or recoupment of a timely claim submission, whichever is later.
4. The Provider Claim Dispute Policy shall specify a physical local address in Arizona for the submission of all provider claim disputes and hearing requests.
5. That specific individuals are appointed with authority to require corrective action and with requisite experience to administer the claim dispute process.
6. The Contractor shall develop and maintain a tracking log for all claim disputes containing sufficient information to identify the Complainant, date of receipt, nature of the claim dispute, resolution of the claim dispute, and the date of resolution.
7. That claim disputes are acknowledged in writing and within five business days of receipt.

## SCOPE OF WORK

8. Claim disputes are thoroughly investigated using the applicable statutory, regulatory, contractual, and policy provisions, ensuring that relevant facts are obtained from all parties.
9. All documentation received by the Contractor during the claim dispute process is dated upon receipt.
10. All claim disputes are filed in a secure, designated area and are retained according to AHCCCS data record document and artifact retention policies and procedures following the Contractor's decision, the AHCCCS decision, judicial appeal, or close of the claim dispute, whichever is later, unless otherwise provided by law.
11. The Provider Claim Dispute Policy shall specify a copy of the Contractor's Notice of Decision (Decision) shall be mailed to all parties no later than 30 days after the provider files a claim dispute with the Contractor unless the provider and Contractor agree to a longer period. The Decision shall include and describe in detail the following:
  - a. The nature of the claim dispute,
  - b. The specific factual and legal basis for the dispute, including but not limited to, an explanation of the specific facts that pertain to the claim dispute, the identification of the member's name, pertinent dates of service, dates, and specific reasons for Contractor denial/payment of the claim, and whether or not the provider is a contracted provider,
  - c. An explanation of 1) how the Contractor applies the relevant and specific facts in the case to the relevant laws to support the Contractor's decision and 2) the applicable statutes, rules, contractual provisions, policies, and procedures, if applicable. Reference to general legal authorities alone is not acceptable,
12. The Provider's right to request a hearing by filing a written request to the Contractor no later than 30 days after the date the provider receives the Decision, and
13. If the claim dispute is overturned, in full or in part, the requirement that the Contractor shall reprocess and pay the claim(s) in a manner consistent with the decision within 15 business days of the date of the Decision.
14. If the provider files a written request for hearing, the Contractor shall ensure that the hearing request and supporting documentation is submitted to the AHCCCS/OGC, as specified by ACOM Policy 445 and Section F, Attachment F3, Contractor Chart of Deliverables.

## SCOPE OF WORK

15. If the Contractor upholds a claim dispute and a request for hearing is subsequently filed, the Contractor shall review the matter to determine why the request for hearing was filed and resolve the matter when appropriate.
16. If the Contractor's Decision regarding a claim dispute is reversed, in full or in part, through the appeal process, the Contractor shall reprocess and pay the claim(s) in a manner consistent with the Decision, with any applicable interest, within 15 business days of the date of the Decision.

If the Contractor or the State fair hearing decision reverses a decision to deny, limit or delay services not furnished during the claim dispute or the pendency of the hearing process, the Contractor shall authorize or provide the services promptly and as expeditiously as the member's housing situation requires. Services shall be authorized within the above timeframe irrespective of whether the Contractor contests the decision.

### **5.3. Administrative Actions:**

Pursuant to AHCCCS guidelines, policies and regulations, the selected Contractor shall comply with performance-based standards. AHCCCS expects the Contractor to align its performance of the Contract with AHCCCS' mission and vision allowing for program innovation and best practices to enhance (or build) the H2O program. In the event the Contractor fails to demonstrate compliance with contractual requirements, AHCCCS may elect to impose an administrative action for any occurrence of non-compliance. Each occurrence of non-compliance will be evaluated for determination and issuance of potential administrative action. Administrative actions may include issuance of any or all of the following: Notice of Concern (NOC), a mandate for Correction Action Plan (CAP), and penalties. Penalties outlined in Exhibit J – Service Level Agreement Penalties are not to exceed the monthly contract invoice amount for the month in which the penalty occurs. Penalties may be incurred across consecutive months if corrective action is not taken to bring the service criteria or deliverable into acceptable performance.

The administrative actions described are non-exclusive; that is, the issuance of an administrative action or the imposition of any particular penalty by AHCCCS does not preclude AHCCCS from pursuing any other remedy available in law or contract arising from the same conduct.

### **5.4. Technical Assistance:** For Technical Assistance, the Contractor shall note the following Technical Assistance Provisions:

1. Recognize AHCCCS' technical assistance to help the Contractor achieve compliance with any relevant Contract terms or Contract subject matter issues does not relieve the Contractor of its obligation to fully comply with all requirements in the RFP.

## SCOPE OF WORK

2. Recognize that the Contractor's acceptance of AHCCCS' offer or provision of technical assistance shall not be utilized as a defense or a mitigating factor in a Contract enforcement action in which compliance with Contract requirements is at issue.
3. Recognize that AHCCCS not providing technical assistance to the Contractor as it relates to compliance with an RFP requirement, future Contract requirement or any and all other terms, shall not be utilized as a defense or a mitigating factor in a Contract enforcement action in which compliance with Contract requirements is at issue.
4. Recognize that a Contractor's subcontractor's participation in a technical assistance matter, in full or in part, does not relieve the Contractor of its contractual duties nor modify the Contractor's contractual obligations.

### 6. Deliverables

Exhibit I "Contractor Chart of Deliverables" is a summary of the periodic reporting requirements for the Contractor and are subject to change at any time during the term of the contract. The exhibit is presented for convenience only and shall not be construed to limit the Contractor's responsibilities in any manner. Content for all deliverables is subject to review.

The deliverables listed in the Exhibit I are due by 5:00 PM Arizona Time on the due date indicated, if the due date falls on a weekend or a State Holiday the due date is 5:00 PM Arizona Time on the next business day.

All deliverables which are noted to be submitted via SharePoint are to be submitted to the AHCCCS SharePoint Contract Compliance Site. Should AHCCCS modify the submission process for deliverables; AHCCCS shall provide a letter of instruction to the Contractor outlining changes to the deliverable submission process.

Refer to Exhibit I, Contractor Chart of Deliverables in the separately attached Excel document.

All deliverables will be reviewed and approved by AHCCCS.

### 7. Relevant Contract and Program Policies

The work performed under this Contract must comply with the requirements of the following:

- 7.1. AHCCCS Housing and Health Opportunities documentation
  - [AHCCCS H2O Protocol](#)
  - [H2O Implementation Plan](#)
  - [Exhibit D - Proposed H2O Outcome Measures](#)
- 7.2. AHCCCS Medical Policy Manual (AMPM)
  - [Policy 1040](#)- Outreach, Engagement, and Re-Engagement for Behavioral Health
  - [Policy 590](#)- Behavioral Health Crisis Services and Care Coordination
  - [Policy 320-R](#)- Special Assistance for Members With Serious Mental Illness

## SCOPE OF WORK

- [Policy 541](#) – Coordination of Care with Other Government Agencies
  - [Policy 610](#) – AHCCCS Provider Qualifications
  - NOTE: The AMPM updates related to the H2O Program and the associated H2O Outcome Measures are still in final review; however, the proposed H2O Outcome Measures document is available: [Exhibit D - Proposed H2O Outcome Measures](#)
- 7.3.** AHCCCS Contractor Operations Manual (ACOM)
- [Policy 414](#) – Requirements for Service Authorization Decisions and Notices of Adverse Benefit Determination
  - [Policy 446](#) – Grievances and Investigations Concerning Persons with Serious Mental Illness
  - [Policy 438](#) – Administrative Services Subcontractor Evaluation
  - [Policy 404](#) – Contactor Website and Member Information
  - [Policy 407](#) – Workforce Development
  - [Policy 444](#) - Notice and Appeal Requirements (Serious Mental Illness Appeals)
  - [Policy 108](#)- AHCCCS Security Rule Compliance
  - [Policy 103](#)- Fraud, Waste, and Abuse
  - [Policy 412](#) – Claims Recoupments and Refunds
  - [Policy 406](#) – Member Handbook and Provider Directory
- 7.4.** Medical Assistance Eligibility Policy Manual
- [Chapter 100](#) – AHCCCS Medical Assistance
  - [Policy 1502\(a\)](#) – Types of Changes, Address Change
  - [Policy 531\(a\)](#) – Resident of Arizona
- 7.5.** Fee-For Service Provider Billing Manual
- [Chapter 19](#) – Behavioral Health Services
  - [Chapter 2](#) – Eligibility
- 7.6.** Provider Contracts and Intergovernmental Agreements
- [ACC-RBHA Contract](#)
  - ACC-RBHA Contract F1 Attachment
- 7.7.** Other AHCCCS Manuals
- [AHCCCS Provider Enrollment Portal \(APEP\) Overview and Basic Provider Information](#)
  - [The Handbook for Members of the American Indian Health Program and/or the Tribal Regional Behavioral Health Authorities](#)
  - [AHCCCS Technical Interface Guidelines \(TIG\)](#)
  - [Electronic Data Interchange \(EDI\) Technical Documents](#)
  - [Division of Fee for Service Management: Training Resources](#)
  - [AHCCCS Laws, Regulations, Agreements](#)
  - [AHCCCS System Directory](#)
  - [AHCCCS Program Integrity Reporting Guide](#)
  - [AHCCCS Minimum Subcontract Provisions](#)
  - [AHCCCS State Plan Index](#)

## SCOPE OF WORK

- [AHCCCS Provider Enrollment Form](#)

### 7.8. Arizona Revised Statutes and Administrative Codes

- [A.R.S. §13-2310](#)
- [A.R.S. §36-2901 et.seq](#)
- [A.R.S. §36-2903.01\(L\)](#)
- [A.R.S. §36-2905.04](#)
- [A.R.S. §36-2918](#)
- [A.R.S. §36-2932](#)
- [A.R.S. §36-2957](#)
- [A.A.C. R9-22-702](#)
- [A.A.C. R9-22-1003](#)

### 7.9. Federal Policies

- [HUD Fair Market Rents \(40<sup>th</sup> Percentile Rents\)](#)
- [HUD Calculating Rent and Housing Assistance Payments \(HAP\)](#)
- [45 CFR § 164.308](#) – Department of Health and Human Services Security Standards: General Rules
- [42 CFR § 434.6](#) - General requirements for all contracts and subcontract
- [NIST Special Publication 800-53 Revision 5](#) - Security and Privacy Controls for Information Systems and Organizations
- [Federal Information Processing Standards Publication 140-3](#) – Security requirements for Cryptographic Modules
- [36 CFR Parts 1193 and 1194](#) - Information and Communication Technology (ICT) Standards and Guidelines
- [HIPAA](#)
- [Minimum Acceptable Risk Safeguards for Exchanges \(MARS-E\) Document Suite Volume I: Harmonized Security and Privacy Framework](#)
- Text of Section 508 of the Rehabilitation Act of 1973, as amended ([29 U.S.C. §794d](#))
- [42 CFR § 431.107](#) – Required provider agreement
- [42 CFR § 438](#) – Managed Care
- [42 CFR § 447.10](#) – Prohibition against reassignment of provider claims
- [42 CFR § 455](#) – Program Integrity: Medicaid
- [42 CFR § 457.1285](#) – Program Integrity Safeguards
- [42 CFR § Part 2](#) – Confidentiality of Substance Use Disorder Patient Records
- [45 CFR § 162.1002](#) – Medical data code sets
- [Section 6032 of the Deficit Reduction Act](#)
- [State Medicaid Director Letter \(SMDL\) 08-003](#)
- [State Medicaid Director Letter \(SMDL\) 09-001](#)

## 8. Invoicing and Payment

## SCOPE OF WORK

- 8.1. The Contractor shall complete the Cost Proposal Schedule when submitting their proposal.
- 8.2. The Contractor shall submit a monthly invoice to the address listed below for fees associated with this contract.
- 8.3. Each invoice shall provide the following information, as applicable:
  - AHCCCS' assigned contract number
  - Description of services performed for each fee
  - Name of AHCCCS contact person (or program person) for this contract
  - Date(s) services were performed
  - Signature and title of authorized representative
- 8.4. Each invoice shall have adequate supporting documentation attached.
- 8.5. Unless otherwise described in this contract, all invoices shall be submitted to:  
AHCCCS Accounts Payable

[AHCCCSDBFAdminPayables@azahcccs.gov](mailto:AHCCCSDBFAdminPayables@azahcccs.gov)

# DEFINITIONS

## Definition of Terms

[Contract and Policy Dictionary \(azahcccs.gov\)](http://azahcccs.gov)

As used in these Instructions to Offerors, the terms listed below are defined as follows:

1. **AAC: Arizona Administrative Code.** The Office of the Arizona Secretary of State provides the official A.A.C. online at: <http://www.azsos.gov/rules/arizona-administrative-code>
2. **A.R.S.: ARIZONA REVISED STATUTES.** The Arizona State Legislature provides the official A.R.S. online at: <http://www.azleg.gov/ArizonaRevisedStatutes.asp>
3. **ASFS:** AHCCCS Secure File Share.
4. **AHCCCS:** The Arizona Health Care Cost Containment System – a managed health care program which pertains to health care services provided pursuant to A.R.S. 36-2903 et seq., and is also the name of the State agency.
5. **AHCCCS COVERED SERVICES:** Those services set forth in A.R.S. § § 36-2907 and 36-2939, A.A.C. Title 9 Chapter 22, Articles 2 and 12 and, Chapter 28, Articles 2 and 11.
6. **ATTACHMENT:** Any item the Solicitation requires an Offeror to submit as part of the Offer.
7. **BEST AND FINAL OFFER:** A revision to an Offer submitted after negotiations are completed that contains the Offeror’s most favorable terms for price, service and products to be delivered. Sometimes referred to as a Final Proposal Revision.
8. **CMS:** Centers for Medicare and Medicaid Services, an organization within the U.S. Department of Health and Human Services, which administers the Medicare and Medicaid programs and the State Children’s Health Insurance Program.
9. **CONTRACT:** The combination of the Solicitation, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Best and Final Offers; any Solicitation Amendments or Contract Amendments; and any terms applied by law.
10. **CONTRACT AMENDMENT:** A written document signed by the Procurement officer that is issued for the purpose of making changes in the contract.
11. **CONTRACTOR:** A person who has a contract with AHCCCS.
12. **DAYS:** Calendar days unless otherwise specified. If a due date falls on a Saturday, Sunday or legal holiday, then the due date is considered the next business day. A business day means a Monday, Tuesday, Wednesday, Thursday, or Friday unless a legal holiday falls on Monday, Tuesday, Wednesday, Thursday, or Friday. Computation of time begins the day after the event that triggers the period and includes all calendar days and the final day of the period. If the final day of the period is a weekend or legal holiday, the period is extended until the end of the next business day.
13. **DELIVERABLES:** All items that the Contractor is required to deliver under this Contract
14. **DOCUMENTATION:** Means all documents, including documents that are Deliverables described in the Statement of Work that are to be delivered by Contractor under this Contract. Documentation includes documents in hard copy or electronic form.
15. **EXHIBIT:** Any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
16. **FEE-FOR-SERVICE (FFS):** A method of payment to an AHCCCS registered provider on an amount-per-service basis for services reimbursed directly by AHCCCS for members not enrolled with a managed care Contractor.



## DEFINITIONS

17. **GRATUITY:** A payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
18. **HEALTH PLAN:** An organization which contracts with the AHCCCS Administration to administer the provision of a comprehensive package of AHCCCS covered acute and behavioral health care services to AHCCCS members enrolled with the health plan.
19. **KEY PERSONNEL:** Contractor's Authorized Representative, the Project Manager, and all other Contractor personnel designated as Key Persons.
20. **MATERIAL OMISSION:** A fact, data or other information excluded from a report, contract, etc. the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.
21. **MATERIALS:** All property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
22. **MAY:** Indicates something that is not mandatory but permissible.
23. **MEDICAID:** A Federal/State program authorized by Title XIX of the Social Security Act, as amended.
24. **MILESTONE:** The completion date for a specific group of tasks or deliverables identified as a milestone in the statement of work.
25. **NATIONAL PROVIDER NUMBER:** This single, unique ID is used for billing purposes by the provider to all third party payers, including billing for reimbursement under the DSC Program. All typical health care providers must have a 10-digit National Provider Identifier (NPI).
26. **Not Susceptible for Award** means that the relevant offer has been determined by the Procurement Officer to fail one or more of the tests and comparisons set forth therein. NOTE: A determination of Not Susceptible for Award and a determination of Responsive are mutually exclusive.
27. **OFFER:** A response to a solicitation.
28. **OFFEROR:** A vendor or person who responds to a Solicitation.
29. **PERSON:** Any corporation, business, individual, union, committee, club or other organization or group of individuals.
30. **PMMIS:** Prepaid Medicaid Management Information System, the management information system used by AHCCCS.
31. **Pricing Document** means Pricing Document, part of the Solicitation Requirements. Also known as Pricing Document as defined in the Special Terms and Conditions.
32. **PROJECT MANAGER:** the person representing both Agencies who serves as the Contractor's primary point of contact for the term of the Contract.
33. **PROCUREMENT OFFICER:** The person, or his or her designee, duly authorized by the State and AHCCCS to enter into and administer Contracts and made written determinations with respect to the Contract.
34. **RELATED PARTY:** A party that has, or may have, the ability to control or significantly influence a Contractor, or a party that is, or may be, controlled or significantly influenced by a Contractor. "Related parties" include, but are not limited to, agents, managing employees, persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.
35. **REQUEST FOR PROPOSAL (RFP):** Document prepared by AHCCCS which describes the services required and which instructs a prospective Offeror how to prepare a response (proposal).

## DEFINITIONS

36. **SCOPE OF WORK:** The documents that describe the Services to be provided by Contractor, including the Tasks, Deliverables and Milestones, Documentation, Work Product, the attributes (including requirements and specifications) of each Deliverable, identification of the Deliverables and Services that are associated with each Task, and a completion date for each Milestone and Deliverable, the payment schedule for each Deliverable and Milestone, and any other items as agreed by the parties.
37. **SERVICE LEVEL AGREEMENT:** A type of subcontract with a corporate owner or any of its Divisions or Subsidiaries that requires specific levels of service for administrative functions or services for the Contractor specifically related to fulfilling the Contractor's obligations to AHCCCS under the terms of this Contract.
38. **SERVICES:** Means all effort to be expended by the Contractor under the Contract, including advice and expertise, and development and delivery of deliverables
39. **SHALL, MUST:** Indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
40. **SHOULD:** Indicates something that is recommended but not mandatory. If the Offeror fails to provide recommended information, the State may, at its sole option, ask the Offeror to provide the information or evaluate the proposal without the information.
41. **SMALL BUSINESS:** means a for-profit or not-for-profit organization, including its affiliates, with fewer than 100 full-time employees or gross annual receipts of less than \$4 million for the last complete fiscal year.
42. **SOLICITATION:** An Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
43. **SOLICITATION AMENDMENT:** A written document that is authorized by the Procurement officer and issued for the purpose of making changes to the Solicitation.
44. **STATE:** The State of Arizona and AHCCCS.
45. **STATE FISCAL YEAR:** The period beginning with July 1 and ending June 30.
46. **SUBCONTRACT:** Any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
47. **TITLE XIX:** Title XIX of the Social Security Act means Medicaid as defined in 42 U.S.C. 7.19.
48. **MEMBER'S HEALTH PLAN AND CARE COORDINATION TEAM.** Any one of these agencies: AHCCCS Complete Care Regional Behavioral Health Authority (ACC-RBHA), Arizona Long Term Care System (ALTCS) and Tribal ALTCS, Regional Behavioral Health Authority (RBHA), the Behavioral Health Home (BHH) including the IHS/638 tribal facility or FFS provider, the Tribal Regional Behavioral Health Authority (TRBHA), American Indian Health Program (AIHP) and the American Indian Medical Home (AIMH), Managed Care Organization (MCO)
49. **FAIR MARKET RENT.** Fair Market Rents (FMRs) are estimates of rent plus the cost of utilities, except telephone. FMRs are housing market-wide estimates of rents that provide opportunities to rent standard quality housing throughout the geographic area in which rental housing units are in competition. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard quality rental housing units in the FMR area. FMRs are set at the 40th percentile rent, the dollar amount below which the rent for 40 percent of standard quality rental housing units fall within the FMR area. The 40th percentile rent is drawn from the distribution of rents of all units within the FMR area that are occupied by recent movers. Adjustments are made to exclude public housing units, newly built units and substandard units.

## DEFINITIONS

50. **AMPM:** AHCCCS Medical Policy Manual
51. **Statewide Housing Administrator:** The entity contracted with AHCCCS to provide administration of the AHCCCS Housing Program
52. **Beneficiaries:** an H2O Program eligible participant/member.
53. **Members:** an H2O Program eligible participant/beneficiary. Members must meet one of the State's identified State Plan or 1115 Waiver eligibility categories and be currently enrolled in Medicaid to participate in H2O Program services.

# SPECIAL TERMS AND CONDITIONS

## Special Terms and Conditions

### 1. **Term of Contract and Option to Renew:**

- 1.1. The initial term of this contract shall be for three (3) initial years with two (2) one-year options to extend, not to exceed a total contracting period of five (5) years. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. All contract extensions shall be through contract amendment, and shall be at the sole option of AHCCCS.
- 1.2. When the Procurement officer issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days after the date of mailing by the Procurement officer, even if the extension amendment has not been signed by the Contractor, unless within that time the Contractor notifies the Procurement officer in writing that it refuses to sign the extension amendment. If the Contractor provides such notification, the Procurement officer will initiate contract termination proceedings.
- 1.3. If the Contractor chooses not to renew this contract, the Contractor may be liable for certain costs associated with the transition of its members to a different Contractor. If the Contractor provides the Procurement officer written notice of its intent not to renew this contract at least 180 days before its expiration, this liability for transition costs may be waived by the Procurement officer.
- 1.4. Contract amendments, including renewals, are subject to approval by the Centers for Medicare and Medicaid Services (CMS).

### 2. **Assignment of Contract and Bankruptcy:**

This contract is voidable and subject to immediate cancellation by the Procurement officer upon Contractor becoming insolvent or filing proceedings in bankruptcy or assigning rights or obligations under this contract without the prior written consent of the Procurement officer.

### 3. **Choice of Forum:**

The parties agree that jurisdiction over any action arising out of or relating to this contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.

### 4. **Conflict of Interest:**

The Contractor shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCS or the State without prior written approval by AHCCCS. The Contractor shall fully and completely disclose any situation that may present a conflict of interest. If the Contractor is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Contractor or an entity owning or controlling same, the Contractor shall disclose this relationship prior to accepting any assignment involving such party.

### 5. **Contract Cancellation (Immediate):**

This contract is critical to AHCCCS and the agency reserves the right to immediately cancel the whole or any part of this contract due to failure of the Contractor to carry out any material obligation, term or condition of the contract. The Procurement officer shall issue a written notice of default effective at once and not deferred by any interval of time. Default shall be for acting or failing to act in any of the following:

## SPECIAL TERMS AND CONDITIONS

- 5.1. The Contractor provides material that does not meet the specifications of the contract;
  - 5.2. The Contractor fails to adequately perform the services set forth in the specifications of the contract;
  - 5.3. The Contractor fails to complete the work required or furnish the materials required within the time stipulated in the contract;
  - 5.4. The Contractor fails to make progress in the performance of the contract and/or gives the Procurement officer reason to believe that the Contractor will not or cannot perform to the requirements of the contract.
  - 5.5. The Procurement officer may resort to any single or combination of the following remedies:
    - 5.5.1. Cancel any contract;
    - 5.5.2. Reserve all rights or claims to damage for breach of any covenants of the contract;
    - 5.5.3. Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor.
    - 5.5.4. In case of default, the Procurement officer reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code. The Procurement officer may recover reasonable excess costs from the Contractor by:
      - 5.5.4.1. Deduction from an unpaid balance;
      - 5.5.4.2. Collection against the bid and/or performance bond; or
      - 5.5.4.3. Any combinations of the above or any other remedies as provided by law.
6. **Contract Cancellation (Minimum 10 Day):** The Procurement officer reserves the right to cancel the whole or any part of this contract due to failure by the Contractor to carry out any material obligation, term or condition of the contract. The Procurement officer shall issue written notice to the Contractor for acting or failing to act as in any of the following
- 6.1. The Contractor provides material that does not meet the specifications of the contract;
  - 6.2. The Contractor fails to adequately perform the services set forth in the specifications of the contract;
  - 6.3. The Contractor fails to complete the work required or furnish the materials required within the time stipulated by the contract;
  - 6.4. The Contractor fails to make progress in the performance of the contract and/or gives the Procurement officer reason to believe that the Contractor will not or cannot perform to the requirements of the contract;
  - 6.5. Upon receipt of the written notice of concern, the Contractor shall have a minimum of ten (10) days (Procurement officer may determine a longer period) to provide a satisfactory response to the Procurement officer. Failure on the part of the Contractor to adequately address all issues of concern may result in the Procurement officer resorting to any single or combinations of the following remedies.
    - 6.5.1. Cancel any contract;
    - 6.5.2. Reserve all rights or claims to damage for breach of any covenant of the contract;

## SPECIAL TERMS AND CONDITIONS

- 6.5.3. Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material no-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor;
- 6.5.4. In case of default, the Procurement officer reserves the right to purchase materials, or to complete the required work in accordance with the Arizona Procurement Code. The Procurement officer may recover reasonable excess costs from the Contractor by;
  - 6.5.4.1. Deduction from an unpaid balance;
  - 6.5.4.2. Collection against the bid and/or performance bond; or
  - 6.5.4.3. Any combination of the above or any other remedies as provided by law.
- 7. **Contract Disputes:** Contract disputes arising under A.R.S. § Title 36, Chapter 29 shall be adjudicated in accordance with AHCCCS Rules.
- 8. **Cooperation with other Contractors:** AHCCCS may award other contracts for additional or related work and the Contractor shall fully cooperate with such other contractors and AHCCCS employees or designated agents, and carefully fit its own work to such other contractors' work. Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by AHCCCS employees. AHCCCS shall equitably enforce this section to all contractors to prevent the imposition of unreasonable burdens on any contractor.
- 9. **Confidentiality of Records and Disclosure of Confidential Information:**
  - 9.1. The Contractor shall not, without prior written approval from AHCCCS, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCS personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Contractor by AHCCCS.
  - 9.2. The Contractor shall establish and maintain written policies procedures and controls, approved by AHCCCS, governing access to, duplication of, and dissemination of all such information for the purpose of assuring that no information contained in its records or obtained from AHCCCS or others carrying out its functions under the contract, is used or disclosed by it, its agents, officers or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to AHCCCS. The Contractor's data safeguard program shall further conform to the data confidentiality and security requirements of AHCCCS policy and procedures, and all-relevant state and federal requirements, including HIPAA standards.
  - 9.3. The disclosure of information in summary, statistical, or other form that does not identify particular individuals is permitted only with prior AHCCCS approval. The use or disclosure of information concerning Members will be limited to purposes directly connected with the scope of this contract.
  - 9.4. The Contractor shall advise its employees, agents and subcontractors, if any, that they are subject to these confidentiality requirements. A signed confidentiality statement containing language approved by AHCCCS will be obtained from all employees, agents and subcontractors,

## SPECIAL TERMS AND CONDITIONS

if any, and maintained in the individual's personnel file with a copy sent to AHCCCS upon request.

**10. Covenant against Contingent Fees:**

The Contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For violation of this warranty, the Procurement officer shall have the right to annul this contract without liability.

**11. Contract Order of Precedence:**

- 11.1. The parties to this contract shall be bound by all terms and conditions contained herein. For interpreting such terms and conditions the following sources shall have precedence in descending order: The Constitution and laws of the United States and applicable Federal regulations; the terms of the CMS Section 1115 waiver for the State of Arizona; the Arizona State Plan; the Constitution and laws of Arizona, and applicable State Rules; the terms of this Contract which consists of the RFP, the Proposal of the Successful Offeror, and any Best and Final Offer including any attachments, executed amendments and modifications; and AHCCCS policies and procedures.
- 11.2. The Contract consists of the following, in order of Precedence:
  - 11.2.1. HIPAA Business Associates Agreement or Addendum (if included)
  - 11.2.2. Contract Amendments issued after award in descending order;
  - 11.2.3. Special Terms and Conditions;
  - 11.2.4. Uniform Terms and Conditions;
  - 11.2.5. Statement or Scope of Work;
  - 11.2.6. Specifications;
  - 11.2.7. Attachments;
  - 11.2.8. Exhibits;
  - 11.2.9. Documents referenced or included in the Solicitation as may be amended.
  - 11.2.10. AHCCCS policies and procedures incorporated by reference.
  - 11.2.11. The proposal submitted by the Contractor in response to the RFP including any Best and Final Offers.
- 11.3. In the event of a conflict in language between the Offeror's proposal (including any Best and Final Offers) and the RFP (including AHCCCS policies and procedures incorporated by reference), the provisions and requirements set forth and/or referenced in the RFP (including AHCCCS policies and procedures incorporated by reference) shall govern.
- 11.4. The contract shall be construed according to the laws of the State of Arizona. The State of Arizona is not obligated for the expenditures under the contract until funds have been encumbered.

**12. Administrative Changes**

The Procurement Officer, or authorized designee, reserves the right to correct any obvious clerical, typographical or grammatical errors, as well as errors in party contact information (collectively, "Administrative Changes"), prior to or after the final execution of a Contract or Contract Amendment. Administrative Changes subject to permissible corrections include: misspellings, grammar errors,

## SPECIAL TERMS AND CONDITIONS

incorrect addresses, incorrect Contract Amendment numbers, pagination and citation errors, mistakes in the labeling of the rate as either extended or unit, and calendar date errors that are illogical due to typographical error. The Procurement Office shall subsequently notice the Contractor of corrections to administrative errors in a written confirmation letter with a copy of the corrected Administrative Change attached.

13. **Fraud and Abuse:**

- 13.1. It shall be the responsibility of the Contractor to report all cases of suspected fraud and abuse by subcontractors, members or employees. The Contractor shall provide written notification of all such incidents to the Procurement officer.
- 13.2. As stated in A.R.S. § 13-2310, incorporated herein by reference, any person who knowingly obtains any benefit by means of false or fraudulent pretenses, representations, promises or material omissions is guilty of a class 2 felony.
- 13.3. Contractors are required to research potential overpayments identified by a fraud and abuse investigation or audit conducted by AHCCCS. After conducting a cost benefit analysis to determine if such action is warranted, the Contractor should attempt to recover any overpayments identified due to erroneous, false or fraudulent billings.

14. **Independent Contractor and Employees of Contractor:**

The Contractor represents himself/herself to be an independent contractor offering such services to the general public and shall not represent himself/herself or his/her employees to be an employee of the State of Arizona and/or AHCCCS. Therefore, the Contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, etc. All employees of the Contractor employed or in performance of work under this Contract shall be employees of the Contractor at all times and not of AHCCCS. The Contractor shall comply with the Social Security Act, Workers' Compensation laws and unemployment laws of the State of Arizona as well as federal, state and local legislation relevant to the Contractor's business.

15. **Licenses:**

Contractor shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by the Contractor.

16. **Lobbying:**

No funds paid to the Contractor by AHCCCS, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any federal or State agency, a member of the United States Congress or State Legislature, an officer or employee of a member of the United States Congress or State Legislature in connection with awarding of any federal or State contract, the making of any federal or State grant, the making of any federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal or State contract, grant, loan, or cooperative agreement. The Contractor shall disclose if any funds other than those paid to the Contractor by AHCCCS have been used or will be used to influence the persons and entities indicated above and will assist AHCCCS in making such disclosures to CMS.

17. **No Guaranteed Quantities:**

AHCCCS does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.



## SPECIAL TERMS AND CONDITIONS

**18. Non-exclusive Contract:**

Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of AHCCCS. The state reserves the right to obtain like goods or services from another source when necessary.

**19. Ownership of Information and Data:**

- 19.1. Any data or information system, including all software, documentation and manuals, developed by Contractor pursuant to this contract, shall be deemed to be owned by AHCCCS. The federal government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for federal government purposes, such data or information system, software, documentation and manuals. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership or licensing provisions of this section.
- 19.2. Data, information and reports collected or prepared by Contractor in the course of performing its duties and obligations under this contract shall be deemed to be owned by AHCCCS. The ownership provision is in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. These items shall not be used by Contractor for any independent project of Contractor or publicized by Contractor without the prior written permission of the Procurement officer. Subject to applicable state and federal laws and regulations, AHCCCS shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. At the termination of the contract, Contractor shall make available all such data to the Procurement officer within thirty (30) days following termination of the contract or such longer period as approved by the Procurement officer. For purposes of this subsection, the term "data" shall not include member medical records.
- 19.3. Except as otherwise provided in this section, if any copyrightable or patentable material is developed by Contractor in the course of performance of this contract, the federal government, AHCCCS and the State of Arizona shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for state or federal government purposes. Contractor shall additionally be subject to the applicable provisions of 45 CFR Part 74 and 45 CFR Parts 6 and 8.

**20. Records:**

- 20.1. In addition to the requirements set forth in this contract under the Uniform Terms and Conditions, all books and records shall be maintained to the extent and in such detail as required by AHCCCS Rules and Policies. The AHCCCS records management guidelines are located at: <http://www.azahcccs.gov>. Records shall include, but not be limited to, financial statements, case files (both hard copy and stored data), and other records specified by AHCCCS.
- 20.2. The Contractor shall make available at its office at all reasonable times during the term of this contract and the period set forth in in this section, any of its records for inspection, audit or reproduction by any authorized representative of AHCCCS, State or Federal government.
- 20.3. The Contractor shall preserve and make available all records for a period of five (5) years from the date of final payment under this contract except as provided below:

## SPECIAL TERMS AND CONDITIONS

- 20.3.1. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination.
  - 20.3.2. Records that relate to grievances, disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by AHCCCS, shall be retained by the Contractor for a period of five years after the date of final disposition or resolution thereof.
  - 20.3.3. Completed case files shall be scheduled for archive shipment to AHCCCS, as defined by AHCCCS Policy and Procedures.
21. **Responsibility for Payments Indemnification:** The Contractor shall be responsible for issuing payment for services performed by the Contractor's employees and will indemnify and save AHCCCS harmless for all claims whatsoever growing out of the lawful demands of employees, subcontractors, suppliers or any other third party incurred in the furtherance of the performance of the contract. The Contractor shall, at AHCCCS' request, furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.
22. **Recovery of Overpayment:** If applicable, Eligible Agency or Co-Op Buyer determines that an overpayment has been made to Contractor on any prior invoice, it shall inform Contractor of the amount and date of the overpayment and may deduct the overpaid amount from amounts then or thereafter due to Contractor.
23. **Staff Background Checks** For the purposes of this requirement, "Staff" is defined as any individual who is an employee, independent contractor, consultant or subcontractor of the Contractor and who during their course of work on this Contract creates, maintains, uses, transmits, or has access to sensitive information as determined by AHCCCS including but not limited to Personally Identifying Information as defined in the National Institute of Standards and Technology Special Publication 800-12 and Protected Health Information as defined in 45 C.F.R. 160.103.
- 23.1. The Contractor shall, at its own expense, complete a background check on all Staff.
  - 23.2. The background check shall be completed via a recognized law enforcement agency or qualified third party within thirty (30) days of assignment of Staff, and annually thereafter or as agreed to in writing by AHCCCS.
  - 23.3. At minimum, the background check shall include criminal record information, employment history and information, and financial information. Staff may not be permitted to perform work under this contract if the individual has been convicted of or subject to civil penalties for theft, extortion, fraud, forgery, identity theft, perjury, misuse of personally identifiable information, or any similar or related offense.
  - 23.4. The Contractor shall not allow any Staff to have access to the system or data after thirty (30) days of assignment without clearance of their background check, unless otherwise agreed to in writing by AHCCCS.
  - 23.5. The Contractor shall submit written confirmation to the AHCCCS on an annual basis of all Staff who have been background checked and approved to work on the Contract.
24. **Subcontract**

## SPECIAL TERMS AND CONDITIONS

- 24.1. **Initial list.** At the time of Contract execution, Contractor's candidate Subcontractors were identified in its proposal.
- 24.2. **Additional names.** Contractor shall not enter into a Subcontract to perform Work under the Contract, without first obtaining Procurement Officer's written consent with any prospective Subcontractor that (a) was not listed in its proposal at time of Contract execution or (b) is for any Materials or Services categories other than the ones for which they were previously consented. For either case (a) or (b), Contractor shall submit a written request sufficiently in advance of the need date for those materials or services so that performance under the Contract is not impaired. Procurement Officer may request any additional information he or she determines is necessary to assess the submittal, and may withhold consent pending it. Approval of additional subcontractors shall be added to the Contract by a bilateral Contract Amendment.
- 24.3. **Flow-down.** Contractor shall incorporate the provisions, terms, and conditions of the Contract into every Subcontract by inclusion or by reference, as appropriate. When making any post-execution consent requests, Contractor shall include its warrant that it will do the same for the pending Subcontracts covered by the request. Entering into Subcontracts will not relieve Contractor of any of its obligations or duties under the Contract, including, among other things, the duty to supervise and coordinate the work of Subcontractors. Nothing contained in any Subcontract will create or is to be construed as creating any contractual relationship between State and the Subcontractor.

# **Addendum A to Special Terms and Conditions Insurance Requirements**

## [Addendum A to the Special Terms and Conditions \(Insurance\)](#)

### **Services Contracts**

#### **Indemnification Clause**

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State of Arizona.

This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

#### **Insurance Requirements**

1. Contractor and subcontractors shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract, insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.
2. The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract by the Contractor, its agents, representatives, employees or subcontractors, and the Contractor is free to purchase additional insurance.

# Addendum A to Special Terms and Conditions

## Insurance Requirements

### **3. Minimum Scope and Limits of Insurance**

Contractor shall provide coverage with limits of liability not less than those stated below.

#### **Commercial General Liability (CGL) – Occurrence Form**

Policy shall include bodily injury, property damage, and broad form contractual liability coverage.

|   |             |
|---|-------------|
| ○ General Aggregate                         | \$2,000,000 |
| ● Products – Completed Operations Aggregate | \$1,000,000 |
| ● Personal and Advertising Injury           | \$1,000,000 |
| ● Damage to Rented Premises                 | \$50,000    |
| ● Each Occurrence                           | \$1,000,000 |

- a. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.
- b. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

#### **Workers' Compensation and Employers' Liability**

|                            |             |
|----------------------------|-------------|
| ○ Workers' Compensation    | Statutory   |
| ○ Employers' Liability     |             |
| a. Each Accident           | \$1,000,000 |
| b. Disease – Each Employee | \$1,000,000 |
| c. Disease – Policy Limit  | \$1,000,000 |

- a. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
- b. This requirement shall not apply to each Contractor or subcontractor that is exempt under A.R.S. § 23-901, and when such Contractor or subcontractor executes the appropriate waiver form (Sole Proprietor or Independent Contractor).

### **4. Additional Insurance Requirements**

## **Addendum A to Special Terms and Conditions Insurance Requirements**

The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

4.1 The Contractor's policies, as applicable, shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 (E).

4.2 Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

### **5. Notice of Cancellation**

Applicable to all insurance policies required within the Insurance Requirements of this Contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, Contractor must provide notice to the State of Arizona if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the Department and shall be mailed, emailed, hand delivered or sent by facsimile transmission to (State Representative's Name, Address & Fax Number).

### **6. Acceptability of Insurers**

Contractor's insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

If the Contractor utilizes the Social Service Contractors Indemnity Pool ("SSCIP") or other prior approved insurance pool for insurance coverage, SSCIP or the other prior approved insurance pool is exempt from the A.M. Best's rating requirements listed in this section. If the Contractor chooses to use SSCIP or another approved insurance pool as its insurance provider, the Contractor would be considered in full compliance with insurance requirements relating to the A.M. Best rating requirements.

### **7. Verification of Coverage**

Contractor shall furnish the State of Arizona with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) evidencing that Contractor has the insurance as required by this Contract. An authorized representative of the insurer shall sign the certificates.

## **Addendum A to Special Terms and Conditions Insurance Requirements**

7.1 All such certificates of insurance and policy endorsements must be received by the State before work commences. The State's receipt of any certificates of insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.

7.2 Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

7.3 All certificates required by this Contract shall be sent directly to the Department. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete copies of all insurance policies required by this Contract at any time.

### **8. Subcontractors**

Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The Department reserves the right to require, at any time throughout the life of this contract, proof from the Contractor that its subcontractors have the required coverage.

### **9. Approval and Modifications**

The Contracting Agency, in consultation with State Risk, reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this contract, as deemed necessary. Such action will not require a formal Contract amendment but may be made by administrative action.

### **10. Exceptions**

In the event the Contractor or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a certificate of self-insurance. If the Contractor or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

# Addendum B to Special Terms and Conditions

## IT Security Requirements

### [Addendum B to the Special Terms and Conditions \(IT Security\)](#)

#### Warranties and Requirements Related to Arizona Information Technology Statewide Policies, Standards, and Procedures

1. Security Standards
  - 1.1. Security of the State's systems and data are of **utmost** importance to the State. In order to assure security from a personnel and operations perspective, Contractor shall comply with all requirements, in their entirety, as described in the statewide enterprise architecture; statewide Information Technology security policies, standards, and procedures; and any applicable agency-specific Information Technology security policies, standards, and procedures.
  - 1.2. Contractor shall follow the correct, current version of these policies, standards, and procedures. The current website for some of these policies, standards, and procedures is: [Information Technology Policies, Standards and Procedures](#). Note that this link is provided for convenience only.
  - 1.3. For security reasons, some state facilities require non-state personnel to have escorts. If required by the state facility, Contractor personnel shall only be allowed inside of a State facility if accompanied by an escort designated by the State. This is applicable in Correctional facilities, Public Safety facilities, State Lottery, and other facilities as designated by the State.
  
2. Security Framework
  - 2.1. The State of Arizona information security policies and standards follow the National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF) and NIST SP 800-53 Rev. 5 Security and Privacy Guidelines may currently be located at: <https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r5.pdf>.
  - 2.2. The State has established a process to assess risk associated with storing, processing and/or transmitting State of Arizona data with external, non-State of Arizona, entities. The Arizona Risk and Authorization Management Program (AZRamp) was developed to ensure State and contractors meet these requirements. All contractors responding to State solicitations must successfully complete the AZRamp risk assessment based upon the data classification involved as determined by the data owner and Arizona Strategic Enterprise Technology (ASET) Department. Failure to successfully complete AZRamp assessment will be deemed as breach of contract.
  - 2.3. In the State's sole discretion, the State may also accept current FedRamp and StateRamp certifications as evidence that the Contractor has met the State's risk assessment requirements.
  - 2.4. Other forms of Cybersecurity Frameworks (CSF), Trust Documents, Self-Attestations, including, but not limited to, ISO/IEC, SOC 2 & 3, PCI, or HIPAA reports of compliance, may be reviewed as part of the State's risk assessment, but are not exclusive or conclusive evidence that the Contractor has met the State's risk assessment requirements.



## Addendum B to Special Terms and Conditions IT Security Requirements

3. Additional Security Requirements
  - 3.1. Contractor shall comply with all security requirements requested by the State.
  - 3.2. If an Arizona Risk and Authorization Management Program (AZRamp) is required, it will generally follow these steps, each of which shall be completed by the Contractor upon request by the State:
    - 3.2.1. Contractor shall submit a completed Arizona Baseline Infrastructure Security Controls assessment spreadsheet with its Offer. The Arizona Baseline Infrastructure Security Controls assessment spreadsheet as found at: <https://azdohs.gov/file/4357>, and mitigate gaps or install compensating controls for any issues of concern identified by State.
    - 3.2.2. Contractor shall provide Information Security documentation for the AZRamp assessment to include System Security Plan (SSP), Written Information Security Programs (WISP), or supporting written IT policies for review of the assessment.
    - 3.2.3. Note regarding the confidential treatment of Contractor information:
      - 3.2.3.1. The State of Arizona seeks a partnership with our supporting vendors, therefore, Non-Disclosure Agreements (NDA) for release to review submitted SSP's, WISP 's, or written IT policies will not be considered.
      - 3.2.3.2. Submitted SSP's, WISP's, or written IT policies are deleted and not retained after AZRamp Authorization is granted.
      - 3.2.3.3. Procedures for submission of documents considered confidential or proprietary are identified within this RFP.
      - 3.2.3.4. Special secure transfer of documents related to this AZRamp review process may be made by contacting: [AsetAssurance@azdoa.gov](mailto:AsetAssurance@azdoa.gov) to make special arrangements for the transfer of these documents.
    - 3.2.4. If applicable to this Solicitation, Contractor shall complete and submit with the Offer an unedited and signed State of Arizona Health Insurance Portability and Accountability Act (HIPAA) Business Associate Addendum (BAA).
    - 3.2.5. All contract awards are contingent on the successful completion of the AZRamp 125 Low Impact (public information) or the AZRamp 325 Moderate (Confidential, PII, or PHI) Impact Control spreadsheet titled "Arizona Infrastructure Security Controls 2017 (Excel)," to be determined by the Enterprise Security, Privacy & Risk Compliance team. Low (Column E) and Moderate (Column F) Impact controls spreadsheet can be located here: <https://azdohs.gov/file/4356>.
  - 3.3. The State reserves the right to conduct risk assessments, vulnerability assessments, black-box penetration tests or hire a third party to conduct risk assessments, vulnerability assessments, and black-box penetration tests of the Contractor's environment. Contractor will be alerted in advance and arrangements made for an agreeable time. Contractor shall respond to all flaws deemed serious by the State when discovered by providing an acceptable timeframe to resolve the issue and/or implement a compensating control(s).

## Addendum B to Special Terms and Conditions

### IT Security Requirements

- 3.4. Upon request, Contractor shall submit copies of system logs from Contractor's environment to the State of AZ security team in the format requested to be added to the State SIEM (Security Information Event Monitor) or IDS (Intrusion Detection System).
- 3.5. Contractor shall comply with all applicable State and Federal laws and regulations, including, but not limited to, the following (please note that the links are provided for convenience only and may change):
  - 3.5.1. State of Arizona statewide policies, standards and procedures:  
<https://azdohs.gov/information-technology-it-policies-standards-and-procedures>;
  - 3.5.2. Federal Information Security Modernization Act of 2014 (FISMA):  
<https://csrc.nist.gov/topics/laws-and-regulations/laws/fisma>;
  - 3.5.3. OMB Circular A-130:  
<https://www.federalregister.gov/documents/2016/07/28/2016-17872/revision-of-omb-circular-no-a-130-managing-information-as-a-strategic-resource>;
  - 3.5.4. National Cyber Strategy of the United States of America:  
<https://www.cisa.gov/executive-order-strengthening-cybersecurity-federal-networks-and-critical-infrastructure>;
  - 3.5.5. Health Insurance Portability and Accountability Act (HIPAA) including Business Associate Agreement/ Health Information Technology for Economic and Clinical Health Act (HITECH): <https://www.hhs.gov/hipaa/index.html>;
  - 3.5.6. Tax Information Security Guidelines For Federal, State and Local Agencies: Safeguards for Protecting Federal Tax Returns and Return Information (I.R.S. Publication 1075): <https://www.irs.gov/pub/irs-pdf/p1075.pdf>;
  - 3.5.7. Criminal Justice Information Services Security Policy (CJIS):  
<https://www.fbi.gov/services/cjis/cjis-security-policy-resource-center>;
  - 3.5.8. Centers for Medicare & Medicaid Services (CMS), Minimum Acceptable Risk Standards for Exchanges (MARS-E):  
<https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2-MARS-E-v2-0-Minimum-Acceptable-Risk-Standards-for-Exchanges-11102015.pdf>;
  - 3.5.9. A.R.S. Title 41, Chapter 41. Arizona Department of Homeland Security;
  - 3.5.10. A.R.S. §18-104 - Arizona Department of Administration, Arizona Strategic Enterprise Technology (ADOA-ASET), Powers and duties of the agency:  
<https://www.azleg.gov/arsDetail/?title=18>;
  - 3.5.11. A.R.S. §18-105 - Statewide Information Security and Privacy Office (SISPO):  
<https://www.azleg.gov/viewdocument/?docName=http%3A//www.azleg.gov/ars/18/00105.htm>;
  - 3.5.12. A.R.S. §18-551 - Definitions Information Security Including PII:  
<https://www.azleg.gov/ars/18/00551.htm>;
  - 3.5.13. A.R.S. §18-552 - Notification of security system breaches; requirements; enforcement; civil penalty; preemption; exceptions:  
<https://www.azleg.gov/ars/18/00552.htm>;

## Addendum B to Special Terms and Conditions IT Security Requirements

- 3.5.14. Arizona Executive Order 2008-10 – Mitigating Cyber Security Threats:  
<https://aset.az.gov/node/192>;
- 3.5.15. SIPC Memorandum of Understanding (MOU): <https://www.sipc.org/about-sipc/>;
- 3.5.16. State Environmental policies: <https://azdeg.gov/LawsAndRules>;
- 3.5.17. Family Education Rights Privacy Act (FERPA):  
<https://www2.ed.gov/policy/gen/guid/fpco/ferpa/index.html?src=rn>;
- 3.5.18. Driver’s Privacy Protection Act (DPPA): <https://azdot.gov/motor-vehicles/driver-services/driver-license-information/motor-vehicle-records>;
- 3.5.19. Incident Response Reporting program and system:  
[https://aset.az.gov/sites/default/files/P8240%20Incident%20Response%20Planning\\_Sept2018\\_0.pdf](https://aset.az.gov/sites/default/files/P8240%20Incident%20Response%20Planning_Sept2018_0.pdf);
- 3.5.20. Privacy Incident Reporting policy and standards:  
<https://aset.az.gov/sites/default/files/STANDARD%208240%20INCIDENT%20RESPONSE%20PLANNING.pdf>;
- 3.5.21. State of Arizona Library, Archives and Public Records, Records Management Division, General Retention Schedules <https://azlibrary.gov/arm/policies>; and
- 3.5.22. Payment Card Industry (PCI) Security Standards including but not limited to Supplemental Documents, Information Supplements and Validation Requirements:  
<https://www.pcisecuritystandards.org>

### Uniform Terms and Conditions

Version 10.4

- 1. Definition of Terms. See Above
- 2. Contract Interpretation
  - 2.1. Arizona Law. The Arizona law applies to this Contract including A.R.S. § 36-2906 and its implementing rules.
  - 2.2. Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
  - 2.3. Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
  - 2.4. Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
  - 2.5. No Parol Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
  - 2.6. No Waiver. Either party’s failure to insist on strict performance of any term or condition of the Contract

## UNIFORM TERMS AND CONDITIONS

shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

### 3. Contract Administration and Operation

- 3.1. Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each Subcontractor to retain any and all Data and other “records” relating to the acquisition and performance of the Contract for a period of five (5) years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.
- 3.2. Non-Discrimination. The Contractor shall comply with State Executive Order Nos. 2023-09, 2023-01, 2009-09, and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act. Contractor shall include these provisions in contracts with Subcontractors when required by Federal or State law.
- 3.3. Audit. Pursuant to A.R.S. § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor’s or any Subcontractor’s books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.

## UNIFORM TERMS AND CONDITIONS

- 3.4. Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, Subcontractor facilities, and the Contractor's processes or services, at reasonable times for inspection of the facilities or Materials covered under this Contract as required under A.R.S. § 41-2547. The State shall also have the right to test, at its own cost, the Materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor Materials testing shall constitute final acceptance of the Materials or Services. If the State determines non-compliance of the Materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.
- 3.5. Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation, stated in the Contract, or listed on the State's eProcurement system. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
- 3.6. Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- 3.7. Continuous Improvement. Contractor shall recommend continuous improvements on an on-going basis in relation to any Materials and Services offered under the Contract, with a view to reducing State costs and improving the quality and efficiency of the provision of Materials or Services. State may require Contractor to engage in continuous improvements throughout the term of the Contract.
- 3.8. Other Contractors. State may undertake on its own or award other contracts to the same or other suppliers for additional or related work. In such cases, the Contractor shall cooperate fully with State employees and such other suppliers and carefully coordinate, fit, connect, accommodate, adjust, or sequence its work to the related work by others. Where the Contract requires handing-off Contractor's work to others, Contractor shall cooperate as State instructs regarding the necessary transfer of its work product, Materials, Services, or records to State or the other suppliers. Contractor shall not commit or permit any act that interferes with the State's or other suppliers' performance of their work, provided that, State shall enforce the foregoing section equitably among all its suppliers so as not impose an unreasonable burden on any one of them.
- 3.9. Ownership of Intellectual Property
  - 3.9.1. Rights In Work Product. All intellectual property originated or prepared by Contractor pursuant to the Contract, including but not limited to, inventions, discoveries, intellectual copyrights, trademarks, trade names, trade secrets, technical communications, records reports, computer programs and other documentation or improvements thereto, including Contractor's administrative communications and records relating to the Contract, are considered work product and Contractor's property, provided that, State has Government Purpose Rights to that work product as and when it was delivered to State.
  - 3.9.2. "Government Purpose Rights" are:
    - 3.9.2.1. the unlimited, perpetual, irrevocable, royalty free, non-exclusive, worldwide right to use, modify, reproduce, release, perform, display, sublicense, disclose and create derivatives from that work product without restriction for any

## UNIFORM TERMS AND CONDITIONS

- activity in which State is a party;
    - 3.9.2.2. the right to release or disclose that work product to third parties for any State government purpose; and
    - 3.9.2.3. the right to authorize those to whom it rightfully releases or discloses that work product to use, modify, release, create derivative works from the work product for any State government purpose; such recipients being understood to include the federal government, the governments of other states, and various local governments.
  - 3.9.3. "Government Purpose Rights" do not include any right to use, modify, reproduce, perform, release, display, create derivative works from or disclose that work product for any commercial purpose, or to authorize others to do so.
  - 3.9.4. Joint Developments. The Contractor and State may each use equally any ideas, concepts, know-how, or techniques developed jointly during the course of the Contract, and may do so at their respective discretion, without obligation of notice or accounting to the other party.
  - 3.9.5. Pre-existing Material. All pre-existing software and other Materials developed or otherwise obtained by or for Contractor or its affiliates independently of the Contract or applicable Purchase Orders are not part of the work product to which rights are granted State under subparagraph 3.9.1 above, and will remain the exclusive property of Contractor, provided that:
    - 3.9.5.1. any derivative works of such pre-existing Materials or elements thereof that are created pursuant to the Contract are part of that work product;
    - 3.9.5.2. any elements of derivative work of such pre-existing Materials that was not created pursuant to the Contract are not part of that work product; and
    - 3.9.5.3. except as expressly stated otherwise, nothing in the Contract is to be construed to interfere or diminish Contractor's or its affiliates' ownership of such pre-existing Materials.
  - 3.9.6. Developments Outside Of Contract. Unless expressly stated otherwise in the Contract, this Section does not preclude Contractor from developing competing Materials outside the Contract, irrespective of any similarity to Materials delivered or to be delivered to State hereunder.
- 3.10. Property of the State. If there are any materials that are not covered by Section 3.9 above created under this Contract, including but not limited to, reports and other deliverables, these materials are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.
- 3.11. Federal Immigration and Nationality Act. Contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, Contractor shall flow down this requirement to all Subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and Subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Contractor or any Subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work,

# UNIFORM TERMS AND CONDITIONS

termination of the contract for default and suspension or debarment of the contractor.

- 3.12. E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23- 214, Subsection A.
  - 3.13. Offshore Performance of Work involving Data is Prohibited. Any Services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to Data shall be performed within the defined territories of the United States.
  - 3.14. Protection of State Cybersecurity Interests. The Contractor shall comply with State Executive Order No. 2023-10, which includes, but is not limited to, a prohibition against
    - 3.14.1. downloading and installing of TikTok on all State-owned and State-leased information technology; and accessing TikTok through State information technology.
  - 3.15. Certifications Required by State Law.
    - 3.15.1. If Contractor is a Company as defined in A.R.S. § 35-393, Contractor certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 *et seq.* and will refrain from any such boycott for the duration of this Contract.
    - 3.15.2. Contractor further certifies that it shall comply with A.R.S. § 35-394, regarding use of the forced labor of ethnic Uyghurs, as applicable.
4. Costs and Payments
- 4.1. Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of Materials or Services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.
  - 4.2. Delivery. Unless stated otherwise in the Contract, per A.R.S. § 47-2319, all prices shall be F.O.B. (“free on board”) Destination and shall include all freight delivery and unloading at the destination.
  - 4.3. removed
  - 4.4. Applicable Taxes
    - 4.4.1. Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.
    - 4.4.2. State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.
    - 4.4.3. Tax Indemnification. Contractor and all Subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all Subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker’s Compensation.
    - 4.4.4. IRS W9 Form. In order to receive payment the Contractor shall have a current I.R.S. W9 Form on file with the State of Arizona, unless not required by law.

## UNIFORM TERMS AND CONDITIONS

- 4.5. Availability of Funds for the Next State Fiscal Year. Funds may not presently be available for performance under this Contract beyond the current State Fiscal Year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current State Fiscal Year until funds are made available for performance of this Contract.
- 4.6. Availability of Funds for the Current State Fiscal Year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these Materials or Services are not funded, the State may take any of the following actions:
  - 4.6.1. Accept a decrease in price offered by the Contractor;
  - 4.6.2. Cancel the Contract; or
  - 4.6.3. Cancel the Contract and re-solicit the requirements.
5. Contract Changes
  - 5.1. Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of Services or Materials, the revision of payment terms, or the substitution of Services or Materials, directed by a person who is not specifically authorized by the Procurement Officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
  - 5.2. Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this Contract without the advance written approval of the Procurement Officer as described in Arizona State Procurement Office Standard Procedure 002. The Contractor shall clearly list any proposed Subcontractors and the Subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.
  - 5.3. Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.
6. Risk and Liability
  - 6.1. Risk of Loss. The Contractor shall bear all loss of conforming Materials covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming Materials shall remain with the Contractor regardless of receipt.
  - 6.2. Indemnification
    - 6.2.1. Contractor/Vendor Indemnification (Not Public Agency). To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or



## UNIFORM TERMS AND CONDITIONS

intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or Subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State of Arizona. This indemnity shall not apply if the Contractor or Subcontractor(s) is/are an agency, board, commission or university of the State of Arizona.

6.2.2. Public Agency Language Only. Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

6.3. Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of Materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the Contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this paragraph shall not apply.

6.4. Force Majeure.

6.4.1. Except for payment of sums due, neither the Contractor nor State shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes: acts of God, acts of the public enemy, war, riots, strikes, mobilization, labor disputes, civil disorders, fire, flood, lockouts, injunctions-intervention-acts, failures or refusals to act by government authority, and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2. Force Majeure shall not include the following occurrences:

6.4.2.1. Late delivery of equipment, Materials, or Services caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2. Late performance by a Subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition;

or

## UNIFORM TERMS AND CONDITIONS

- 6.4.2.3. Inability of either the Contractor or any Subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.
- 6.4.3. If either the Contractor or State is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- 6.4.4. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.
- 6.5. Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern Materials or Services supplied by third parties to the Contractor, toward fulfillment of this Contract.

### 7. Warranties

- 7.1. Liens. The Contractor warrants that the Materials supplied under this Contract are free of liens and shall remain free of liens.
- 7.2. Quality. Unless otherwise modified elsewhere in the Special Terms and Conditions, the Contractor warrants that, for one (1) year after acceptance by the State of the Materials, they shall be:
- 7.2.1. Of a quality to pass without objection in the trade under the Contract description;
  - 7.2.2. Fit for the intended purposes for which the Materials are used;
  - 7.2.3. Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;
  - 7.2.4. Adequately contained, packaged, and marked as the Contract may require; and
  - 7.2.5. Conform to the written promises or affirmations of fact made by the Contractor.
- 7.3. Conformity to Requirements.
- 7.3.1. Contractor warrants that, unless expressly provided otherwise elsewhere in the Contract, the Materials and Services will for one (1) year after acceptance and in each instance:
    - 7.3.1.1. Conform to the requirements of the Contract, which by way of reminder include without limitation all descriptions, specifications, and drawings identified in the Scope of Work and any and all Contractor affirmations included as part of the Contract;
    - 7.3.1.2. Be free from defects of material and workmanship;
    - 7.3.1.3. Conform to or perform in a manner consistent with current industry standards; and
    - 7.3.1.4. Be fit for the intended purpose or use described in the Contract.

## UNIFORM TERMS AND CONDITIONS

- 7.3.2. Mere delivery or performance does not substitute for express acceptance by the State. Where inspection, testing, or other acceptance assessment of Materials or Services cannot be done until after installation or invoicing, the forgoing warranty will not begin until State's explicit acceptance of the Materials or Services.
- 7.4. Inspection/Testing. The warranties set forth in this Section 7 [Warranties] are not affected by inspection or testing of or payment for the Materials or Services by the State.
- 7.5. Contractor Personnel. Contractor warrants that its personnel will perform their duties under the Contract in a professional manner, applying the requisite skills and knowledge, consistent with industry standards, and in accordance with the requirements of the Contract. Contractor further warrants that its key personnel will maintain any and all certifications relevant to their work, and Contractor shall provide individual evidence of certification to State's authorized representatives upon request.
- 7.6. Compliance With Applicable Laws. The Materials and Services supplied under this Contract shall comply with all applicable federal, state, and local laws and policies (including, but not limited to, information technology policies, standards, and procedures available on the State's website and/or the website of any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation commission of the State of Arizona). Federal requirements may be incorporated into this Contract, if required, pursuant to A.R.S. § 41-2637. Contractor shall maintain any and all applicable license and permit requirements. This requirement includes, but is not limited to, any and all Arizona state statutes that impact state contracts, regardless of whether those statutory references have been removed during the course of contract negotiations; this is notice to Contractors that the State does not have the authority to modify Arizona state law by contract.
- 7.7. Intellectual Property. Contractor warrants that the Materials and Services do not and will not infringe or violate any patent, trademark, copyright, trade secret, or other intellectual property rights or laws, except only to the extent the Specifications do not permit use of any other product and Contractor is not and cannot reasonably be expected to be aware of the infringement or violation.
- 7.8. Licenses and Permits. Contractor warrants that it will maintain all licenses required to fully perform its duties under the Contract and all required permits valid and in force.
- 7.9. Operational Continuity. Contractor warrants that it will perform without relief notwithstanding being sold or acquired; no such event will operate to mitigate or alter any of Contractor's duties hereunder absent a consented delegation under paragraph 5.3 [Assignment and Delegation] that expressly recognizes the event.
- 7.10. Performance in Public Health Emergency. Contractor warrants that it will:
- 7.10.1. Have in effect, promptly after commencement, a plan for continuing performance in the event of a declared public health emergency that addresses, at a minimum:
- 7.10.1.1. Identification of response personnel by name;
- 7.10.1.2. Key succession and performance responses in the event of sudden and significant decrease in workforce; and
- 7.10.1.3. Alternative avenues to keep sufficient product on hand or in the supply chain.

## UNIFORM TERMS AND CONDITIONS

- 7.10.2. Provide a copy of its current plan to State within three (3) business days after State's written request. If Contractor claims relief under paragraph 6.4 [Force Majeure] for an occurrence of force majeure that is a declared public health emergency, then that relief will be conditioned on Contractor having first implemented its plan and exhausted all reasonable opportunity for that plan implementation to overcome the effects of that occurrence, or mitigate those effects to the extent that overcoming entirely is not practicable.
  - 7.10.3. A request from the State related to this paragraph 7.10 does not necessarily indicate that there has been an occurrence of force majeure, and the Contractor will not be entitled to any additional compensation or extension of time by virtue of having to implement a plan.
  - 7.10.4. Failure to have or implement an appropriate plan will be a material breach of contract.
- 7.11. Lobbying
- 7.11.1. Prohibition. Contractor warrants that it will not engage in lobbying activities, as defined in 40 Code of Federal Regulations (CFR) part 34 and A.R.S. § 41-1231, *et seq.*, using monies awarded under the Contract, provided that, the foregoing does not intend to constrain Contractor's use of its own monies or property, including without limitation any net proceeds duly realized under the Contract or any value thereafter derived from those proceeds; and upon award of the Contract, it will disclose all lobbying activities to State to the extent they are an actual or potential conflict of interest or where such activities could create an appearance of impropriety. Contractor shall implement and maintain adequate controls to assure compliance with above. Contractor shall obtain an equivalent warranty from all Subcontractors and shall include an equivalent no-lobbying provision in all Subcontracts.
  - 7.11.2. Exception. This paragraph 7.11 does not apply to the extent that the Services are defined in the Contract as being lobbying for State's benefit or on State's behalf.
- 7.12. Covered Telecommunications or Services. Contractor warrants that the Materials and Services rendered under this Agreement will not require Contractor to use for the State, or provide to the State to use, "covered telecommunications equipment or Services" as a substantial or essential component of any system, or as critical technology as part of any system, within the meaning of Federal Acquisition Regulation ("FAR") Section 52.204-25.
- 7.13. Debarment, Suspension, U.S. Government Restricted Party Lists. Contractor warrants that it is not, and its Subcontractors are not, on the U.S. government's Denied Parties List, the Unverified List, the Entities List, the Specially Designated Nationals and Blocked Parties List, and neither the Contractor nor any Subcontractors are presently debarred, suspended, proposed for debarment or otherwise declared ineligible for award of federal contracts or participation in federal assistance programs or activities.
- 7.14. False Statements. Contractor represents and warrants that all statements and information Contractor prepared and submitted in response to the Solicitation or as part of the Contract documents are current, complete, true, and accurate. If the Procurement Officer determines that Contractor submitted an Offer or Bid with a false statement, or makes material misrepresentations during the performance of the Contract, the Procurement Officer may determine that Contractor has materially breached the Contract and may void the submitted Offer or Bid and any resulting Contract.

## UNIFORM TERMS AND CONDITIONS

### 7.15. Survival of Rights and Obligations after Contract Expiration or Termination.

- 7.15.1. Survival of Warranty. All representations and warranties made by Contractor under the Contract will survive the expiration or earlier termination of the Contract.
- 7.15.2. Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12- 529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.
- 7.15.3. Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

### 8. State's Contractual Remedies

- 8.1. Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.
- 8.2. Stop Work Order.
  - 8.2.1. The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the 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 order during the period of work stoppage.
  - 8.2.2. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
- 8.3. Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.
- 8.4. Nonconforming Tender. Materials or Services supplied under this Contract shall fully comply with the Contract. The delivery of Materials or Services or a portion of the Materials or Services that do not fully comply constitutes a breach of contract. On delivery of nonconforming Materials or Services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.
- 8.5. Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses

## UNIFORM TERMS AND CONDITIONS

or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

### 9. Contract Termination

- 9.1. Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.
- 9.2. Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State with the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three (3) times the value of the Gratuity offered by the Contractor.
- 9.3. Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a Subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the Contractor is not currently suspended or debarred. If the Contractor becomes suspended or debarred, the Contractor shall immediately notify the State.
- 9.4. Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all Subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, Data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed, and Materials or Services accepted before the effective date of the termination. The cost principles and procedures provided in A.R.S. § 41-2543 and A.A.C. Title 2, Chapter 7, Article 7, shall apply.
- 9.5. Termination for Default.
  - 9.5.1. In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the

## UNIFORM TERMS AND CONDITIONS

Contractor.

Upon termination under this paragraph, all goods, Materials, documents, Data, and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

9.5.2. The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, Materials or Services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring Materials or Services in substitution for those due from the Contractor.

9.6. Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

### 10. Arbitration

10.1. The parties to this Contract agree to resolve all disputes arising out of or relating to this Contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (A.R.S. Title 41).

# HIPAA Business Associate Addendum

This Addendum is made part of this Contract between the Arizona Health Care Cost Containment System ("AHCCCS") and the Contractor, referred to as "Business Associate" in this Addendum.

AHCCCS and Business Associate agree that the underlying Contract shall comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (the "CFR"), as amended. In the event of conflicting terms or conditions, this Addendum shall supersede the underlying Contract.

## 1. DEFINITIONS

The following terms used in this Addendum shall have the same meaning as those terms in the HIPAA rules set forth in Title 45, Parts 160 and 164 of the CFR: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

## 2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

Business Associate agrees to:

- 2.1. Not use or disclose protected health information ("PHI") other than as permitted or required by this Addendum or as required by law;
- 2.2. Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of protected health information other than as provided for by this Addendum;
- 2.3. Report to AHCCCS any use or disclosure of PHI not provided for by this Addendum of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR §164.410, and any security incident of which it becomes aware in the following manner;
  - 2.3.1. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI that is not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make an initial report to the AHCCCS Privacy Official not more than twenty-four (24) hours after Business Associate learns of such unauthorized use or disclosure. The initial report shall include all of the following information to the extent known to the Business Associate at the time of the initial report:
    - 2.3.1.1. A description of the nature of the unauthorized use or disclosure, including the number of individuals affected by the unauthorized use or disclosure;
    - 2.3.1.2. A description of the PHI used or disclosed;
    - 2.3.1.3. The date(s) on which the unauthorized use or disclosure occurred;
    - 2.3.1.4. The date(s) on which the unauthorized use or disclosure was discovered;
    - 2.3.1.5. Identify the person(s) who used or disclosed the PHI in an unauthorized manner;
    - 2.3.1.6. Identify the person(s) who received PHI disclosed in an unauthorized manner;
    - 2.3.1.7. A description of actions, efforts, or plans undertaken by the Business associate to mitigate the harm of the unauthorized disclosure;



## HIPAA Business Associate Addendum

- 2.3.1.8. A description of corrective actions undertaken or planned to prevent future similar unauthorized use or disclosure;
    - 2.3.1.9. An assessment of whether a breach, as defined in 45 CFR 164.402, including, if necessary, an assessment of the probability of harm, and
    - 2.3.1.10. Such other information, as may be reasonably requested by the AHCCCS Privacy Official.
  - 2.3.2. Business Associate shall provide AHCCCS with supplemental reports promptly as new information becomes available, as assessments and action plans are developed, and as action plans are implemented. In any event, Business Associate shall provide a comprehensive written report including all of the information listed above no later than twenty (20) days after discovery of the unauthorized use or disclosure.
  - 2.3.3. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
  - 2.3.4. Penalties. Business Associate shall have and apply appropriate penalties against any employee, subcontractor or agent who uses or discloses AHCCCS PHI in violation of this Addendum or applicable law.
- 2.4. In accordance with 45 CFR §164.502(e)(1)(ii) and §164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions and requirements that apply to the Business Associate with respect to such information;
- 2.5. Make available PHI in a designated record set to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.524;
- 2.6. Make any amendment(s) to PHI in a designated record set as directed or agreed to by AHCCCS pursuant to 45 CFR §164.526, or take other measures as necessary to satisfy AHCCCS' obligations under 45 CFR §164.526;
- 2.7. Maintain and make available the information required to provide an Accounting of Disclosures to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.528;
- 2.8. To the extent Business Associate is to carry out one of more of AHCCCS' obligations under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to AHCCCS in the performance of such obligation(s); and
- 2.9. Make its internal practices, books and records available to AHCCCS and the Secretary for purposes of determining compliance with the HIPAA rules.

### **3. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE**

- 3.1. Business Associate may only use or disclosure PHI as necessary to perform the services and obligations set forth in the underlying Contract;
- 3.2. Business Associate may use or disclose protected health information as required by law;
- 3.3. Business Associate agrees to make uses and disclosures and requests for protected health information consistent with Minimum Necessary, as required at 45 § CFR 164.502(b) and 164.514(d).
- 3.4. Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 CFR Part 164 if done by AHCCCS, except for the specific uses and disclosures set forth below in (3.5 and 3.6);
- 3.5. Business Associate may use protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate; and

## HIPAA Business Associate Addendum

- 3.6. Business Associate may provide data aggregation services relating to the health care operations of AHCCCS.

#### **4. PROVISIONS FOR AHCCCS TO INFORM BUSINESS ASSOCIATE OF PRIVACY PRACTICES AND RESTRICTIONS**

- 4.1. AHCCCS shall notify Business Associate of any limitation(s) in the AHCCCS Notice of Privacy Practices (found at [www.azahcccs.gov](http://www.azahcccs.gov)) under 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI;
- 4.2. AHCCCS shall notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI; and
- 4.3. AHCCCS shall notify Business Associate of any restriction on the use or disclosure of PHI that AHCCCS has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

#### **5. TERM AND TERMINATION**

- 5.1. Term: This Addendum is effective upon the effective date of the underlying Contract and shall terminate on the date AHCCCS terminates the contract for cause as authorized in paragraph (b) of this Section, or for any other reason permitted under the contract, whichever is sooner.
- 5.2. Termination for Cause: Business Associate authorizes termination of the Contract by AHCCCS if AHCCCS determines that Business Associate has breached a material term of this Addendum and Business Associate has not cured the breach or ended the violation within the time specified by AHCCCS.
- 5.3. Obligations of Business Associate Upon Termination: Upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate, with respect to PHI received from AHCCCS, or created, maintained, or received by Business Associate on behalf of AHCCCS, shall:
  - 5.3.1. Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;
  - 5.3.2. Destroy or return to AHCCCS all remaining PHI that the Business Associate still maintains in any form;
  - 5.3.3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI;
  - 5.3.4. Not use or disclose the PHI retained by Business Associate other than for the purposes for which such protected health information was retained and subject to the same conditions set out in this Addendum that applied prior to termination; and
  - 5.3.5. Destroy or return to AHCCCS the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal and contractual responsibilities.
- 5.4. Survival: The obligations of Business Associate under this Section shall survive the termination of the Contract.

#### **6. INDEMNIFICATION AND MISCELLANEOUS**

- 6.1. Indemnification: Business Associate shall indemnify, hold harmless and defend AHCCCS from and against any and all claims, losses, liabilities, costs, civil and criminal penalties, and other expenses resulting from, or relating to, the acts or omissions of Business Associate, its employees, agents, and sub-contractors in connection with the representations, duties and

## **HIPAA Business Associate Addendum**

obligations of Business Associate under this Addendum. The parties' respective rights and obligations under this Section shall survive termination of the Contract.

- 6.2. Regulatory References: A reference in this Addendum to a section in the HIPAA rules means the section as in effect or as amended.
- 6.3. Amendment: The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for compliance with the requirements of the HIPAA rules or any other applicable law.
- 6.4. Interpretation: Any ambiguity in this Addendum shall be interpreted to permit compliance with the HIPAA rules.

**End of Solicitation**

**END OF SOLICITATION**