	Notice of Request for Proposal		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
		PAGE 1	701 East Jefferson, MD 5700
		OF 69	Phoenix, Arizona 85034

Solicitation Contact Person:

Jamey Schultz
 Contracts and Purchasing Section
 701 E. Jefferson, MD5700
 Phoenix, Arizona 85034

Telephone: (602) 417-4629
 Telefax: (602) 417-5957
 E-Mail: Jamey.Schultz@azahcccs.gov
 Issue Date: January 6, 2010

LOCATION: ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)
 Contracts and Purchasing Section (First Floor)
 701 E. Jefferson, MD5700
 Phoenix, Arizona 85034

DESCRIPTION: PROGRAM INTEGRITY

PROPOSAL DUE DATE: February 17, 2010 AT 3:00 P.M. MST

Pre-Proposal Conference: A Pre-Proposal Conference has been scheduled for January 20, 2010, 10:00 a.m. to noon, MST, in the Gold Room (3rd floor), at AHCCCS, 701 E. Jefferson, Phoenix, AZ 85034.

QUESTIONS CONCERNING THIS SOLICITATION SHALL BE SUBMITTED TO THE SOLICITATION CONTACT PERSON NAMED ABOVE, IN WRITING, VIA E-MAIL OR FAX BY January 21, 2010, 5:00 P.M. MST.

In accordance with A.R.S. § 41-2534, which is incorporated herein by reference, competitive sealed proposals will be received at the above specified location, until the time and date cited. Proposals received by the correct time and date will be opened and the name of each offeror will be publicly read.


Proposals must be in the actual possession of AHCCCS on or prior to the time and date and at the location indicated above.

Late proposals shall not be considered.


Proposals must be submitted in a sealed envelope or package with the Solicitation Number and the offeror's name and address clearly indicated on the envelope or package. All proposals must be typewritten. Additional instructions for preparing a proposal are included in this solicitation document.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the person named above. Requests should be made as early as possible to allow time to arrange the accommodation.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.

	Table of Contents		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 2	
		OF 69	

1.	Offer and Acceptance document	Page 3
2.	Scope of Work	Page 4
3.	Pricing Schedule	Page 12
4.	Uniform Instructions to Offerors	Page 14
5.	Special Instructions to Offerors	Page 22
6.	Uniform Terms and Conditions	Page 26
7.	Special Terms and Conditions	Page 36
8.	Exhibit A, System Technology and Functional Capability	Page 48
9.	Exhibit B, Firm's References	Page 61
10.	Exhibit C, Offeror's Financial Disclosure	Page 62
11.	Certificate of Insurance	Page 63
12.	Exhibit D, Offeror's Checklist	Page 64
13.	Exhibit E, HIPAA Business Associate Addendum	Page 65
14.	End of Solicitation	Page 69

 AHCCCS	Offer and Acceptance		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
		PAGE 3	
		OF 69	

OFFER

The undersigned Offeror hereby agrees to provide all services in accordance with the terms and requirements stated herein, including all exhibits, amendments, and final proposal revisions (if any). Signature also acknowledges receipt of all pages indicated in the Table of Contents.

Arizona Transaction (Sales) Privilege Tax License No.: _____

For clarification of this offer, contact:

Federal Employer Identification No.: _____

Name: _____

E-Mail Address: _____

Phone: _____

Fax: _____

Company Name

Signature of Person Authorized to Sign Offer

Address

Printed Name

City State Zip

Title

CERTIFICATION

By signature in the Offer section above, the bidder certifies:

1. The submission of the offer did not involve collusion or other anti-competitive practices.
2. The bidder shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 99-4 or A.R.S. §§ 41-1461 through 1465.
3. The bidder has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
4. **The bidder certifies that the above referenced organization is/is not a small business with less than 100 employees or has gross revenues of \$4 million or less.**

ACCEPTANCE OF OFFER (to be completed by AHCCCS)


Your offer, including all exhibits, amendments and final proposal revisions (if any), contained herein, is accepted.

The Contractor is now bound to provide all services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by AHCCCS.

This contract shall henceforth be referred to as Contract No. _____.

Awarded this _____ day of _____ 20____.

Michael Veit, as AHCCCS Contracting Officer and not personally

	Scope of Work		AHCCCS Arizona Health Care Cost Containment System
	SOLICITATION NO.: YH10-0002	PAGE 4	701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034

1. AHCCCS OVERVIEW

The AHCCCS Administration is the single state agency for the State of Arizona Medicaid program. In addition, the Administration oversees Arizona’s SCHIP (State Children’s Health Insurance Program) and a health care program for Arizona’s small businesses. The Medicaid portion of the AHCCCS program has operated under an 1115 Research and Demonstration Waiver since 1982 when the original waiver was granted by the Centers for Medicare and Medicaid Services (CMS). The majority of AHCCCS members are enrolled in Managed Care Organizations to receive their services, including behavioral health and long term care services. A small portion of the program is delivered on a fee-for-service basis. The AHCCCS program has matured into a national model for the delivery of acute care services in a managed care environment. Likewise, the Arizona Long Term Care System (ALTCS) is recognized nationally as a model for delivering long term care services in a managed care environment. In addition to the Arizona Medicaid program, AHCCCS supports processing for the Hawaii Medicaid program (MedQUEST) and processes claims for several non-Medicaid programs including the Arizona Department of Corrections. A more detailed overview of the AHCCCS Program is available in the Bidder's Library for this Solicitation at the AHCCCS website, www.azahcccs.gov. A more detailed overview of the Med-QUEST Program is available at the Med-QUEST website, www.med-quest.us.

2. PROJECT INTRODUCTION AND OBJECTIVES


AHCCCS shall contract with a vendor(s) to provide software or services that support the Program Integrity activities for the lines of business supported by the Agency and meet the requirements of this Solicitation. Any solutions proposed shall be existing, proven products that can be readily implemented for the State. It is anticipated that any products or services contracted under this proposal will be capable of adapting to the on-going Program Integrity efforts of the Agency.

The Contractor shall provide, install, implement, maintain, and support any software included in this proposal. The products may use eligibility, claims, encounters, providers, rate schedules, and financial data from the Pre-Paid Medical Management Information System as described in this document. Data to be provided from PMMIS should be exchanged using industry standard formats whenever possible.

The State will only consider proposals for vendor hosted solutions. The proposal should account for all aspects of the operation and maintenance of the application including software upgrades, physical and application security, hardware maintenance, performance monitoring, disaster recovery services, etc. The hardware and communications requirements to connect to and use the proposed software should be clearly outlined in the proposal. The software must be capable of being used by both State and Managed Care Organization personnel.

Pricing for the proposal must be either a fixed price or a per member fee.

The objective of both States is to become a quality of care driver, recognized for effective cost management; a health information resource to support public policy discussions; and a valued health

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 5	
		OF 69	

insurance option for their respective State residents and tax payers. To accomplish this, our specific goals include:

- Provide Program Integrity staff with timely scheduled and ad hoc management, medical and program/service reports and information using state-of-the-art reporting/inquiry tools and system utilities that will enhance the staffs' capabilities to administer, plan, and evaluate the performance and utilization of the State's programs, Managed Care Organizations, providers, and members.
- Identify patterns of billing practices across multiple lines of business, member categories, providers, and Managed Care Organizations, track service levels and usage to ensure that the programs are not incurring costs for inappropriate care and are not paying for fraudulent services.
- Provide reporting to monitor and analyze claims and encounters against expected submission volume levels by service categories.
- Store and report data needed to support all Managed Care Organizations and AHCCCS fee-for-service monitoring and oversight activities.


3. CURRENT INFORMATION TECHNOLOGY ENVIRONMENT

3.1 Information Services Division: The Information Services Division (ISD) of AHCCCS maintains information systems that support the AHCCCS and Med-QUEST Programs and interfaces with other governmental agencies, including the Arizona Department of Corrections, the Department of Juvenile Corrections, and the Maricopa County Department of Correctional Services, as well as several other external entities. ISD provides application development and maintenance, computer operations, voice and data communications, hardware, software, training, and wide area network/local area network (WAN/LAN) support to internal and external users of AHCCCS and Med-QUEST. In addition, ISD currently provides support for ad hoc reporting and data extracts for data analysis.

ISD will be responsible for developing and implementing programs to extract the data from the PMMIS for the proposed software based on specifications provided by the Contractor.

3.2 End-User Environment: The following is the end-user configuration for networks and desktops:

- Operating System – Windows 2000/2003 and Oracle LINUX
- Network – IP Network, Gigabit Ethernet Connection
- Database – Oracle/ SQL Server
- Mass Storage – Net/App (Network Attached Storage)
- Servers – Dell Servers

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 6	
		OF 69	

- Desktops – 450 to 1.7 ghz CPUs with 20 gigabyte hard drives running Windows 2000
- Thin Clients - DT Research model DT166 running Windows CE or Windows XP operating system
- Web Browser – Internet Explorer 7.0

Software in use includes Microsoft Office, Microsoft Access, Microsoft Exchange and Attachmate Extra Client, which provides access to the PMMIS mainframe applications.

3.3 Mainframe Hardware Environment: PMMIS is run on an IBM Z9000 mainframe that is owned and operated by the Arizona Department of Administration (ADOA) and is located at the ADOA Data Center. All other equipment is owned and operated by AHCCCS.

3.4 Data Warehouse/Decision Support Environment: Arizona and Hawaii maintain DW/DSS environments that store data from their respective PMMIS systems. Data in the DW/DSS includes Recipient and Provider Demographics, Health Plan Contract data, Reference data and Encounter and Claims history for the last seven years. The environment consists of:


- Operating System – Oracle Linux
- Database – Oracle 11.g
- Reporting Tool – Cognos

3.5 Electronic Data Interface: Arizona and Hawaii maintain EDI environments to exchange claim, encounter and member related data with providers and Managed Care Organizations. This environment consists of:

- Foresight Suite
- Websphere
- Supported X12 Transactions (I.E. – 820, 824, 835, 837, 277, 278...)

4. **PROGRAM INTEGRITY BUSINESS REQUIREMENTS**

4.1 Introduction: This Section presents the types of functions and features that the State is seeking for the Program Integrity software to be provided by the Contractor. While it is envisioned that most of this software will evaluate post adjudication claims and encounter data, pre-adjudication activities as well as activities that use other data sources will be considered. The States have identified several areas of interest with regard to their Program Integrity efforts. The first section lists items that are required to meet the minimum qualifications for this proposal. All proposals must fully address these required issues in order to be considered by the State. The second section addresses additional functionality that the State wants to be included in the proposal but these items are not mandatory for the proposal to be considered. Any functionality outside of the listed system requirements will be allowed. These items will be evaluated to determine if they offer added value to the State.

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 7	
		OF 69	

The principal user of this proposal will be the Arizona Office of the Inspector General. OIG is the unit charged with the responsibility for conducting criminal investigations and investigative audits for all AHCCCS programs involving state and/or federal tax dollars. Responsibilities of OIG include.

- Serve as a Criminal Justice Agency for AHCCCS, authorized by FBI and Arizona Department of Public Safety to access criminal justice records and information relevant to official AHCCCS investigations.
- Issue subpoenas.
- Place persons under oath to obtain evidence for investigations.
- Work with Federal, State and local law enforcement agencies in the detection, investigation and prosecution of any provider, subcontractor, or member involved in fraudulent activity involving the program.
- Conduct internal employee investigations.
- Assess and collect civil monetary penalties in accordance with Federal and State statutes, rules and regulations.

The Office of the Inspector General works very closely with contracted health plan compliance officers in receiving fraud referrals; investigating the referrals and determining if there is criminal or civil misconduct.


The Office of the Inspector General is staffed by 54 individuals divided into the following units:

1. Office of Audit Services
2. Member Fraud Unit
3. Provider Fraud Unit
4. Fraud Prevention Unit
5. Provider Registration Unit


The State desires to execute a contract for a Program Integrity solution that best meets the requirements of this Solicitation, if it is cost beneficial for the agency(ies) to do so.

4.2 Mandatory Requirements:

- 4.2.1 The proposed product must compare member and provider activities to normative standards (for example, peer to peer profiling).
- 4.2.2 The proposed product must identify aberrant billing practice patterns.
- 4.2.3 The proposed product must provide variance analysis and comparisons.

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 8	
		OF 69	

- 4.2.4 The proposed product must alert State staff to potential cases of fraud, waste and abuse in an interactive format.
- 4.2.5 The proposed product must provide advanced drill-down capabilities. The system should support online access to aggregated data with multi-level drill-down capabilities to support the summarized findings.
- 4.2.6 Drill-down capabilities must available both by Provider and by member.
- 4.2.7 The proposed product must support peer to peer comparisons based on ad hoc user defined service dimensions such as specific services (Non-Emergency Transportation) and/or specific code ranges (E/M Codes).
- 4.2.8 The proposed system must operate in a fully hosted environment.
- 4.2.9 The proposed system must accept data in industry standard data formats whenever such standards are available.
- 4.2.10 The proposed system must satisfy the Program Integrity Checklist as defined by the Center for Medicare and Medicaid Services (CMS) Medicaid Enterprise Certification Toolkit (MECT). The program integrity checklist and more information about the MECT can be found at : http://www.cms.hhs.gov/MMIS/09_MECT.asp#TopOfPage
- 4.2.11 Training and Documentation:
- 4.2.11.1 *Project Management Plan:* The Contractor shall provide a project management plan using a proposed project start date of February 1, 2010 that includes:
- All activities required to complete the development, installation and configuration of the proposed solution
 - Responsibility for performing each task (State personnel or Contractor)
 - Level of effort for each task
 - Begin and End Dates for each task
 - Milestone dates to include but not be limited to:
 - Requirements Analysis
 - Development
 - Testing
 - Implementation
- 4.2.11.2 *User Training:* The Contractor shall prepare a training plan and training materials for user training. The training plan and schedule must be

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 9	
		OF 69	

provided in an electronic format and accommodate training to a core group of users and trainers prior to the user acceptance test.

4.2.11.3 *User Documentation:* The Contractor must provide adequate user documentation. This documentation must be provided in an electronic format and made available prior to the user acceptance test.

4.2.11.4 *System Documentation:* The Contractor must provide adequate system documentation. The system documentation must be provided in an electronic format and should include an overview of the system, the data model, a description of each component of the system, definition of terms, and specifications for the hardware and software platform required to operate the system.

4.3 Optional Functionality:

4.3.1 Does the proposed system provide enhanced analysis of the use of payment editing capabilities? Examples of desired edits include but are not limited to:

AMA Standard Editing

- Global Surgery Days
- Multiple Procedures
- Use of New versus Established Patient Visit Levels
- Use of Incidental Procedures
- Appropriate use of Add-on Codes
- Appropriate use of Assistant Surgery
- Appropriate use of E&M Crosswalk

4.3.2 Does the proposed system support assessment of appropriate use of ICD-9 diagnosis and procedure codes; future accommodations for the use of ICD-10 diagnosis and procedure codes; appropriate use of CPT coding support ICD-9, ICD-10, CPT?


4.3.3 Does the proposed system support assessment of appropriate use and validation of Modifiers on both professional and facility claims, including but not limited to 24, 25, 50, 51, and 59 modifiers?

4.3.4 Does the proposed system support identification of potential duplicate services, including duplicate service on different forms?


4.3.5 Does the proposed system support assessment of appropriate use of revenue code to HCPCS relationships for facility claims?

4.3.6 Does the proposed system support standard length of stay assessments?

4.3.7 Does the proposed system support assessment across form types?

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 10	
		OF 69	


- 4.3.8 Does the proposed system support CCI edits or both professional and facility claims as defined by the Center for Medicare and Medicaid Services?
- 4.3.9 Does the proposed system provide program integrity investigative case tracking functions?
- 4.3.10 Is the proposed Program Integrity Software able to de-identify provider-specific and member-specific information as warranted for certain analysis purposes?
- 4.3.11 Does the proposed system provide simplified and complex analysis of encounter data including summary counts and advanced drill-down/up capabilities for detail counts by category, e.g., contractor, form type, service provider type, category of service, procedure code and/or procedure classification, and diagnosis?
- 4.3.12 Does the proposed system provide simplified and complex analysis of encounter processing patterns including edit failures?
- 4.3.13 Does the proposed system provide a summary of utilization and/or costs from encounters and claims for predefined and tailored specifications of service categories by risk group, contractor, county and Health Plan and/or Program Contractor?
- 4.3.14 Does the proposed system analyze the appropriateness of care based on norms and industry standards?
- 4.3.15 Does the proposed system analyze the cost effectiveness of care?
- 4.3.16 Does the proposed system analyze providers and members who are high utilizers?
- 4.3.17 Does the proposed system provide complex data analytics and pre-established algorithms, as well as the ability to perform ad-hoc algorithms, by the following categories of service?
- Hospital inpatient
 - Hospital outpatient
 - ER
 - Physician
 - DME
 - Dental
 - Non-emergency transportation
 - emergency transportation
 - Home and Community Based Services (HCBS) - Attendant Care, Personal Care Assistance, Homemaker, etc

	Scope of Work		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 11	
		OF 69	

- Pharmacy
- Therapies (PT, OT, ST)
- Behavioral Health mid-level practitioners - Behavioral Health Counselor, Mental Health Social Worker, etc.
- Dialysis
- Ambulatory Surgical Centers (ASC's)
- Mid-level Practitioners - Nurse Practitioners, Physicians Assistants, Nurse Midwives, etc.
- Other Providers - Podiatrist, Chiropractors, etc.
- Nursing Facilities

4.4 Other General Functionality:

- 4.4.1 Does the proposed system provide a means to reconcile the data used to support the data analytics to the source data in PMMIS?
- 4.4.2 Does the proposed system cleanse and verify the source data before it is loaded into the data analytics data store?
- 4.4.3 Are the data store update procedures reversible in the event reprocessing is required due to data errors?
- 4.4.4 Does the system maintain audit trails for the update process?
- 4.4.5 Is the proposed system scalable? Please describe the overall system designs and provide examples of the scalability of the product.
- 4.4.6 Does the proposed system provide adequate availability? All system maintenance (data updates and data management) shall be able to be accomplished on a schedule that allows the Program Integrity software to be operationally available, at a minimum, from 6:00 AM to 12:00 AM, Monday through Friday MST. The system must be available other times on request. An efficient update/refresh process that will operate with minimal interruption to the users' access to the system is preferred.
- 4.4.7 Does the proposed system provide security from inappropriate access to, or use of, the data through logon, password, individual security profiles, and specific application security? The security must, at a minimum, meet all applicable federal security and privacy requirements including the HIPAA requirements for securing protected health information. The Contractor shall be required to demonstrate specifically how HIPAA privacy and security requirements are met if requested to do so by AHCCCS.

	Pricing Schedule		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 12	
		OF 69	

1. **Pricing Schedules:** The Offeror shall complete one of the following pricing schedules and include it in the Offeror’s Cost Proposal as specified in the Special Instructions to Offerors.

Schedule A – Offeror will provide all services described in this proposal for a fixed annual fee. The Contract Year represents the relative year or range of years of the contract (Year 1, Year 2, Years 1 – 3, etc).


Fixed Price - Schedule A1 – Arizona Only	
Contract Year	Annual Fee
1 and 2	
3	
4	
5	

Fixed Price - Schedule A2– Arizona and Hawaii	
Contract Year	Annual Fee
1 and 2	
3	
4	
5	

Schedule B – Offeror will provide all services described in this proposal for an annual fee based on the average monthly member enrollment count as reported by AHCCCS. The member Count Range represents the price break points, for example, 1 – 500,000 would represent the per member cost for all services for member data up to 500,000.

Per Member Price – Schedule B1 – Arizona Only		
Contract Years	Member Count Range	Annual per member Fee
1 and 2		
3		
4		
5		

Per Member Price – Schedule B2 – Arizona and Hawaii		
Contract Years	Member Count Range	Annual per member Fee
1 and 2		
3		
4		
5		

	Pricing Schedule		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 13	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

2. ASSUMPTIONS

Use the following assumptions to prepare each cost proposal:

- 2.1 Current membership in AHCCCS is approximately 1.3 million.
- 2.2 AHCCCS processes approximately 36 million encounters per year
- 2.3 AHCCCS processes approximately 6 million Fee-For-Service claims per year
- 2.4 Current membership in MedQUEST is approximately 400,000
- 2.5 MedQUEST processes approximately 5 million encounters per year
- 2.6 MedQUEST processes approximately 2.5 million Fee-For-Service claims per year

3. SANCTIONS


AHCCCS may impose monetary sanctions, suspend, deny, refuse to renew, or terminate this contract or any related subcontracts.

AHCCCS may impose liquidated damages to Contractor for non-compliance as follows:


- A. Failure for non-compliance, first occurrence: \$1,000.00
- B. Failure for non-compliance, second occurrence: \$1,500.00
(Contractor must also submit a corrective action plan)
- C. Failure for non-compliance, third occurrence: \$2,000.00
- D. Failure for each subsequent non-compliance occurrence: \$2,000.00, plus an additional \$750.00 for each occurrence beyond three.

4. PAYMENT

AHCCCS will begin making monthly payments after the program has been up and running for one full month. The day of the month that payment is to be made will be negotiated between the Contractor and AHCCCS following award.

	Uniform Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 14	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034


1. **Definition of Terms:** As used within this solicitation document, and any resultant contract, the terms listed below are defined as follows:
 - 1.1 “*AHCCCS*” means 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.
 - 1.2 “*Attachment*” means any item the Solicitation requires an Offeror to submit as part of the Offer.
 - 1.3 “*Contract*” means the combination of the Solicitation, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Final Proposal Revisions; any Solicitation Amendments or Contract Amendments; and any terms applied by law.
 - 1.4 “*Contract Amendment*” means a written document signed by the Contracting Officer that is issued for the purpose of making changes in the contract.
 - 1.5 “*Contracting Officer*” means the person duly authorized by AHCCCS to enter into and administer Contracts and make written determinations with respect to the Contract, or his or her designee.
 - 1.6 “*Contractor*” means a person who has a contract with AHCCCS.
 - 1.7 “*Days*” means calendar days unless otherwise specified.
 - 1.8 “*Exhibit*” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
 - 1.9 “*Gratuity*” means 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.
 - 1.10 “*Health Plan*” means 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.
 - 1.11 “*Managed Care Organization*” means an organization which contracts with the AHCCCS Administration that is defined as either a Health Plan or a Program Contractor.
 - 1.12 “*May*” indicates something that is not mandatory but permissible.
 - 1.13 “*Offer*” means bid, proposal or quotation.

	Uniform Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 15	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

- 1.14 *"Offeror"* means a vendor who responds to a Solicitation.
- 1.15 *"Program Contractor"* means an organization which contracts with the AHCCCS Administration to execute the provision of a comprehensive package of ALTCS covered acute care, behavioral health services and long term care services to ALTCS members enrolled with the program contractor.
- 1.16 *"Shall, Must"* indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
- 1.17 *"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.
- 1.18 *"Scope of Work"* means those provisions of this solicitation which specify the work and/or results to be achieved by the Contractor.
- 1.19 *"Solicitation"* means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
- 1.20 *"Solicitation Amendment"* means a written document that is authorized by the Contracting Officer and issued for the purpose of making changes to the Solicitation.
- 1.21 *"Subcontract"* means 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.
- 1.22 *"State"* means the State of Arizona.

2. Inquiries:


- 2.1 Duty to Examine: It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing, and check its Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.
- 2.2 Solicitation Contact Person: Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation shall be directed solely to the Solicitation Contact Person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation Contact Person as a contact.

 AHCCCS	Uniform Instructions to Offerors		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
	SOLICITATION NO.: YH10-0002	PAGE 16	
	Request for Proposal	OF 69	

- 2.3 Submission of Inquiries: The Solicitation Contact Person may require that an inquiry, to include exceptions, be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time.
- 2.4 Timeliness: Any inquiry, to include exceptions, shall be submitted no later than 5:00 P.M. MST on January 21, 2010. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
- 2.5 No Right to Rely on Verbal Responses: Any inquiry that results in changes to the Solicitation shall be answered solely through a written Solicitation Amendment. An Offeror may not rely on verbal responses to its inquiries.
- 2.6 Solicitation Amendments: The Solicitation shall only be modified by a Solicitation Amendment.
- 2.7 Pre-Offer Conference: If a Pre-Offer Conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. An Offeror should raise any questions they may have about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
- 2.8 Persons With Disabilities: 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 the accommodation.

3. Offer Preparation:

- 3.1 Forms: No Facsimile or Telegraphic Offers: An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation will be legible and contain the same information requested on the forms. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected.
- 3.2 Typed Offer; Corrections: The Offer shall be typed. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.
- 3.3 Evidence of Intent to be Bound: The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature by a person authorized to sign the

	Uniform Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 17	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, may result in rejection of the Offer.

3.4 Exceptions to Terms and Conditions:

3.4.1 If offerors take any exception to any term, condition or requirement included in this solicitation document, such exception shall be submitted to the Contract Specialist **no later than 5:00 P.M. MST. on January 21, 2010.** This will allow the Contract Specialist to review all exceptions and, if applicable, afford any approved exceptions to all other potential offerors.

3.4.2 If an offeror includes, in their proposal, exceptions, not covered by paragraph 3.4.1, above, such exceptions shall be null, void and without force and shall not be considered, and may negatively affect AHCCCS' proposal evaluation based on the published evaluation criteria or may result in rejection of the proposal.

3.4.3 To the extent they are inconsistent with the terms of the Solicitation, the Offeror's preprinted or standard terms will not be considered by AHCCCS as a part of any resulting Contract.

3.5 Subcontracts: Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.


3.6 Cost of Offer Preparation: AHCCCS will not reimburse any Offeror the cost of responding to a Solicitation.

3.7 Solicitation Amendments: Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a material Solicitation Amendment may result in rejection of the Offer.

3.8 Provision of Tax Identification Numbers: Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number, if applicable, in the space provided on the Offer and Acceptance Form.

3.9 Federal Excise Tax: The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be prepared upon request.


3.10 Identification of Taxes in Offer: The State of Arizona is subject to all applicable state and local transaction privilege taxes. If Arizona resident Offerors do not indicate tax as a separate item in the offer, the State will conclude that the price(s) offered includes all applicable taxes.

	Uniform Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 18	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

- 3.11 IRS W9 Form: In order to receive payment under any resultant contract, Contractor shall have a current IRS W9 Form on file with the State of Arizona.
- 3.12 Disclosure: If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
- 3.13 Solicitation Order of Precedence: In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
- 3.13.1 Special Terms and Conditions;
 - 3.13.2 Uniform Terms and Conditions;
 - 3.13.3 Statement or Scope of Work;
 - 3.13.4 Specifications;
 - 3.13.5 Attachments;
 - 3.13.6 Exhibits;
 - 3.13.7 Special Instructions to Offerors; and
 - 3.13.8 Uniform Instructions to Offerors.
- 3.14 Delivery: Unless otherwise stated in the Contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.

4. Submission of Offer:

- 4.1 Sealed Envelope or Package: Each Offer shall be submitted to the submittal location identified in this Solicitation, in a sealed envelope or package that identifies its contents as an


 AHCCCS	Uniform Instructions to Offerors		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
	SOLICITATION NO.: YH10-0002	PAGE 19	
	Request for Proposal	OF 69	

Offer and the Solicitation number to which it responds. The appropriate Solicitation number shall be plainly marked on the outside of the envelope or package.

- 4.2 Offer Amendment or Withdrawal: An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.
- 4.3 Public Record: Under applicable law, all Offers submitted and opened are public records and must be retained by AHCCCS. Offers shall be open to public inspection after Contract award, except for such portions of an Offer deemed to be confidential by AHCCCS.
- 4.4 Non-collusion, Employment, and Services: By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:
 - 4.4.1 It did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and
 - 4.4.2 It does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state and local laws and executive orders regarding employment.

5. Evaluation:

- 5.1 Unit Price Prevails: Where applicable, in the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
- 5.2 Taxes. Arizona transaction privilege and use taxes shall not be considered when evaluating Offers.
- 5.3 Late Offers: An Offer submitted after the exact Offer due date and time shall be rejected.
- 5.4 Disqualification: The Offer of an Offeror who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall be rejected.
- 5.5 Offer Acceptance Period: An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be ninety (90). If a Final Proposal Revision is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for ninety (90) days from the Final Proposal Revision due date.

 AHCCCS	Uniform Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 20	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

5.6 **Payment:** Payment shall comply with the requirement of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt of goods or services, the contractor shall submit a complete and accurate invoice for payment from AHCCCS within thirty (30) days.

5.7 **Waiver and Rejection Rights:** Notwithstanding any other provision of the Solicitation, AHCCCS reserves the right to:

5.7.1 Waive any minor informality;

5.7.2 Reject any and all Offers or portions thereof; or

5.7.3 Cancel a Solicitation.

6. Award:

6.1 **Number or Types of Awards:** Where applicable, AHCCCS reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, whichever is deemed most advantageous to AHCCCS. If the Contracting Officer determines that an aggregate award to one Offeror is not in AHCCCS' best interest, "all or none" Offers shall be rejected.


6.2 **Contract Inception:** An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Contracting Officer's signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.

6.3 **Effective Date:** The effective date of this Contract shall be the date that the Contracting Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.


7. Confidential Information:

7.1 If a person believes that a portion of a bid, proposal, offer, specification, or protest contains information that should be withheld due to confidentiality, the Contracting Officer shall so be notified. A detailed statement, presented as a cover letter, shall both identify those specific areas considered confidential and also state the specific harm or prejudice which may arise if disclosed.

7.2 The information identified by the person as confidential shall not be disclosed until the Contracting Officer makes a written determination. The Contracting Officer shall review the statement and information and shall determine in writing whether the information shall be withheld.

	Uniform Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 21	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034


- 7.3 If so approved, such confidential information shall be removed from the public record and kept sealed in a separate envelope marked "Confidential." Such information will not be made available to the public.
- 7.4 An entire bid, proposal, offer, specification, or protest shall not be identified as confidential; only those portions which are considered proprietary, trade secrets or patented information. Pricing shall not be considered as confidential.
8. **Contract Applicability:** Any contract resulting from this solicitation shall be for the exclusive use of AHCCCS.
9. **Electronic Documents:** AHCCCS may provide an electronic version of this procurement document. Any unidentified alteration or modification to the original document (or to any Exhibit contained therein) issued by AHCCCS shall be null and void. In those instances where modifications are identified, the original document issued by the State shall take precedence.
10. **Proposal Opening:** Proposals shall be opened on the date and time, and at the place designated on the cover page of this document, unless amended in writing by the state agency issuing the solicitation.
11. **Protests:** A protest shall comply with and be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9 and the Arizona Administrative Code Title 2, Chapter 7, Article 9, Rules R2-7-A901 through R2-7-A911. It shall be in writing and be filed with the AHCCCS Contracting Officer and with the State Procurement Administrator. A protest of a solicitation shall be received by the AHCCCS Contracting Officer before the offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:
- 11.1 The name, address and telephone number of the protester;
 - 11.2 The signature of the protester or its representative;
 - 11.3 Identification of the purchasing agency and the solicitation or contract number;
 - 11.4 A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

	Special Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 22	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

1. **Offeror's Contacts:** All questions concerning this Request for Proposal, including technical specifications, proposal process, etc. shall be directed to the Solicitation Contact Person, identified on the first page of this solicitation document. All questions shall be in writing and submitted either via e-mail (preferred) or telefax. **Questions should be submitted using this RFP's Question and Response form that is available on the AHCCCS website at: <http://www.azahcccs.gov/commercial/Purchasing/open.aspx>.** Contact information is found on the front page of this RFP. Offerors may not contact other AHCCCS employees concerning this solicitation.

2. **Evaluation Criteria:** Evaluation criteria are listed in the relative order of importance. The evaluation will be conducted in accordance with an established evaluation plan. The award(s) will be made to the responsible offeror whose proposal is determined to be the most advantageous to AHCCCS, based on the following criteria:
 - 2.1 System Technology and Functional Capability
 - 2.2 Cost
 - 2.3 Experience and Expertise of the Firm
 - 2.4 Completeness of the RFP

3. **Proposal Information:** Offeror is to submit their proposal with **one (1) original and four (4) copies** (for a total of five (5) sets) in the format as contained in this RFP. Also submit **one CD of the entire proposal. The original of the proposal should be clearly labeled "ORIGINAL."** The material should be in sequence and related to the RFP. AHCCCS will not provide any reimbursement for the cost of developing or presenting proposals in response to this RFP. Failure to include the requested information may have a negative impact on the evaluation of the offeror's proposal. The proposal should include at least the following information:
 - 3.1 **System Technology and Functional Capabilities:**
 - 3.1.1 The Offeror shall complete Exhibit A to display such information.
 - 3.1.2 Additional documentation may be included by the Vendor to more clearly describe its ability to meet a requirement. References to this documentation may be included in the Vendor comments section of Exhibit A.
 - 3.2 **Cost:** The evaluation of the category of Cost shall be based on the prices, as indicated on the Pricing Schedule submitted with offeror's proposal.

	Special Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 23	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

3.3 **Experience and Expertise of the Firm: (Ten (10) page limit)**

3.3.1 The offeror's experience and past performance will be evaluated on the extent of its success in managing and integrating work relevant to that defined in the Scope of Work. Therefore, the Offeror is advised to submit any and all information which documents successful and reliable experience in past performances as related to this RFP.

3.3.2 References: References should be verifiable and be able to comment on the offeror's related experience. The offeror should submit, at a minimum, three (3) professional services references which would demonstrate the offeror possesses an understanding and the experience in providing the required service. As these references may be checked, insure all information is current, accurate and prior permission to use is obtained from each reference. This information may be shown on the form attached as Exhibit B to this RFP or in a similar manner.

3.3.3 The offeror should provide an organizational chart which clearly shows the reporting structure and lines of authority, to include all proposed key personnel and any proposed subcontractors. The organizational chart should identify the prime point of contact between the offeror and the AHCCCS Project Manager.

3.3.4 The offeror may submit any other pertinent information which would substantiate that the firm possesses the experience, expertise and capability to provide the required services.

3.4 **Completeness of RFP Response:**

3.4.1 Completeness of response in accordance with RFP instructions

3.4.2 Professional appearance and organization of response


3.4.3 Other relevant factors not considered elsewhere

4. **Additional Information:** The offeror may submit any other pertinent information which would substantiate the offeror has the experience, expertise and capability to provide the required services.


5. **Intent to Provide Certificate of Insurance:** The offeror should provide a statement that, if notified of contract award, will submit to AHCCCS for review and acceptance, the applicable certificate/s of insurance as required within this RFP document, within five (5) business days of such notification.

6. **Offeror's Financial Disclosure:** The offeror should complete Exhibit C, "Offeror's Financial Disclosure."

7. **Offeror's Checklist:** The offeror should complete Exhibit D, "Offeror's Checklist."

	Special Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 24	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

8. **Offeror's Responsibility:** The offeror is cautioned that it is the offeror's sole responsibility to submit information related to the evaluation categories and that the State of Arizona is under no obligation to solicit such information if it is not included with the offeror's proposal. Failure of the offeror to submit such information may cause an adverse impact on the evaluation of the offeror's proposal.
9. **Clarifications:** Clarifications may be requested from offerors at any time after receipt of offers. Clarifications may be requested orally or in writing. If clarifications are requested orally, the offeror shall confirm the request in writing. A request for clarifications shall not be considered a determination that the offeror is susceptible for award.
10. **Oral Presentations:** Prior to contract award, Offerors may be subject to on-site review(s) or asked to make an oral presentation(s) to determine that an infrastructure is in place that will support the administration of the provisions set forth in this RFP.
11. **Discussions:** In accordance with A.R.S. §41-2534, after the initial receipt of proposals, discussions are currently planned to be conducted with offeror(s) who submit proposals determined to be reasonably susceptible of being selected for award. The discussions may include scenario demonstrations (oral presentations) based on AHCCCS workflow. Award may be made without discussions; therefore, offers should be submitted complete and on most favorable terms.
12. **Final Proposal Revisions:** If discussions are conducted, they shall be conducted with all offerors determined to be in the competitive range or reasonably susceptible for award. Written final proposal revisions will be requested from any offeror with whom discussions have been conducted, unless the offeror has been determined not susceptible for award or nonresponsible.
13. **Additional Information for Submittal of Proposal:**
- 13.1 It is the responsibility of each offeror to insure their proposal is delivered to AHCCCS by the due date and time. Allow for such contingencies as heavy traffic, weather, directions to submittal location, parking, common carriers not delivering as requested, etc. AHCCCS shall not accept late proposals past the due date and time.
- 13.2 AHCCCS is not responsible for supplying boxes, envelopes, tape, etc. to offerors at time of proposal delivery.
- 13.3 When submitting your proposal to AHCCCS, insure your company name and the Request for Proposal solicitation number is clearly marked on the outside of the envelope/package.
14. **Value in Procurement:**
- Through the Governor's Efficiency Review initiative the Value in Procurement Committee has been established. A major initiative of the VIP Committee is to aggregate specific procurements to increase efficiency and cut costs. The VIP Committee may designate and establish a statewide contract for

	Special Instructions to Offerors		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 25	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034


these types of goods or services. At such time, this contract may not be extended beyond its current term, although additional contract extensions may still be available.

15. Offshore Performance of Work Prohibited:


Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or “overhead” services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the proposal.

16. Federal Immigration and Nationality Act:

The 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, the 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 and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.


	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 26	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

1. **Arbitration** 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 (Title 41).
2. **Advertising and Promotion of Contract:** The Contractor shall not advertise or publish information for commercial benefit concerning this contract without the prior written approval of the Contracting Officer.
3. **Amendments:** This Contract is issued under the authority of the Contracting Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract unless otherwise permitted by the Special Terms and Conditions. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized State employee 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.
4. **Arizona Law:** The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.
5. **Arizona Procurement Code:** The Arizona Procurement Code, A.R.S. Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code Title 2, Chapter 7, is a part of this Contract as if fully set forth in it.
6. **Assignment and Delegation:** The Contractor shall not assign any right nor delegate any duty under this contract without prior written approval of the Contracting Officer, who will not unreasonably withhold such approval.
7. **Audits and Inspections:** 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 Subcontracts.
8. **Availability of Funds for the Next Fiscal Year:** Funds may not presently be available for performance under this Contract beyond the current fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current fiscal year until funds are made available for performance of this Contract. The State shall make reasonable efforts to secure such funds.
9. **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

	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 27	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

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.

10. **Compliance with Applicable Laws:** The materials and services supplied under this Contract shall comply with all applicable federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.
11. **Contract Claims:** All contract claims or controversies under this contract shall be resolved according to A.A.C. Title 9, Chapter 34 and rules adopted thereunder.
12. **Contract Order of Precedence:** In the event in the provisions of the contract, as accepted by AHCCCS and as they be amended, the following shall prevail in the order set forth below:
 - 12.1 Special Terms and Conditions;
 - 12.2 Uniform Terms and Conditions;
 - 12.3 Statement or Scope of Work;
 - 12.4 Specifications;
 - 12.5 Attachments;
 - 12.6 Exhibits;
 - 12.7 Documents, referenced or included in the solicitation; and
 - 12.8 Terms and conditions of the accepted offer.
13. **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.
14. **Delivery:** Unless stated otherwise in the contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.
15. **Exclusions:** Except as otherwise set forth in this Contract, there are no express or implied warranties of merchantability or fitness.
16. **Federal Immigration and Nationality Act:**

	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 28	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

The 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, the 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 and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.

16.1 Compliance with the Federal Immigration and Nationality Act (FINA) and All Other Federal Immigration Laws and Regulations related to Immigration Status of its Employees:

By entering into the Contract, the Contractor warrants compliance with the Federal Immigration and Nationality Act (FINA) and all other Federal immigration laws and regulations related to the immigration status of its employees. The Contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer, upon request. These warranties shall remain in effect through the term of the Contract. The Contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U.S. Department of Labor’s Immigration and Control Act, for all employees performing work under the Contract. I-9 forms are available for download at USACIS.GOV.


The State may request verification of compliance for any Contractor or subcontractor performing work under the Contract. Should the State suspect or find that the Contractor or any of its subcontractors are not in compliance, the State may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

16.2 Compliance Requirements for A.R.S. 41-4401, Government Procurement: E-Verify Requirement:

16.2.1 The 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. (That subsection reads: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.”)

16.2.2 A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and the contractor may be subject to penalties up to and including termination of the contract.

16.2.3 Failure to comply with a State audit process to randomly verify the employment records of contractors and subcontractors shall be deemed a material breach of the

	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 29	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

contract and the contractor may be subject to penalties up to and including termination of the contract.

16.2.4 The State Agency retains the legal right to inspect the papers of any employee who works on the contract to ensure that the contractor or subcontractor is complying with the warranty under paragraph 16.2.1.

17. **Fitness.** The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.

18. **Force Majeure:**

18.1 Except for payment of sums due, neither party 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; or 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.


18.2 Force Majeure shall not include the following occurrences:

18.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

18.2.2 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

18.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

18.3 If either party 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.

	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 30	
		OF 69	

18.4 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.

19. **Gratuities:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this contract if it 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 AHCCCS for 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 Contracting Officer, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the gratuity offered by the Contractor.

20. **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.

21. **Indemnification -- Patent and Copyright:** The Contractor shall defend, indemnify and hold harmless AHCCCS against any liability including costs and expenses for infringement of any patent, trademark or copyright arising out of contract performance or use by AHCCCS of materials furnished or work performed under this contract. The Contracting Officer shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph.

22. **Indemnification**


22.1 Contractor/Vendor Indemnification (Not Public Agency)

The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence.

22.2 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.

23. **Inspection/Testing:** The contractor agrees to permit access to its facilities, subcontractor facilities and the contractor's processes for producing the materials, at reasonable times for inspection of the materials


	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 31	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

covered under this contract. AHCCCS shall also have the right to test at its own cost the materials to be supplied under this contract. Neither inspection at the contractor's facilities nor testing shall constitute final acceptance of the materials. If AHCCCS determines non-compliance of the materials, the contractor shall be responsible for the payment of all costs incurred by AHCCCS for testing and inspection.

24. **IRS W9 Form:** In order to receive payment under any resulting contract, the contractor shall have a current IRS W9 Form on file with the State of Arizona.
25. **Liens:** The Contractor warrants that the materials supplied under this contract are free of liens.
26. **No Parole 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 term used in this contract.
27. **No Waiver:** Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it.
28. **Nonconforming Tender:** Materials supplied under this contract shall fully comply with the contract. The delivery of materials or a portion of the materials in an installment that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials, AHCCCS 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.
29. **Non-Discrimination:** The Contractor shall comply with State Executive Order No. 99-4, which mandates that all persons, regardless of race, color, religion, sex, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable federal and state laws, rules and regulations, including the Americans with Disabilities Act. The Contractor shall take positive action to ensure that applicants for employment, employees, and persons to whom it provides service are not discriminated against due to race, creed, color, religion, sex, national origin or disability.
30. **Non-exclusive Remedies:** The rights and the remedies of AHCCCS under this contract are not exclusive.
31. **Notices:** Notices to the Contractor required by this Contract shall be made by the Contracting Officer to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to AHCCCS required by the Contract shall be made by the Contractor to the Contracting Officer. An authorized Contracting Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice and an amendment to the Contract shall not be necessary.


	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 32	
		OF 69	

32. **Offshore Performance of Work Prohibited:** Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or “overhead” services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the proposal.
33. **Payments:** The Contractor shall be paid as specified in the Contract. Payment must comply with requirements of A.R.S. Title 35.
34. **Payment of Taxes by AHCCCS:** AHCCCS shall pay only the rate and/or amount of taxes identified in the Offer and in any resulting contract.
35. **Prohibition from Doing Business with Companies in Excluded Countries:** The Offeror shall submit a statement that the company and its subcontractors do not have scrutinized business operations in the following countries: Iran, Sudan, and countries that are in violation of the Export Administration Act (terrorist countries).
36. **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 Contracting Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this contract.
37. **Property of AHCCCS:** Any materials, including reports, computer programs and other deliverables, created under this contract are the sole property of AHCCCS. 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 Contracting Officer.
38. **Records:** Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other records (“records”) relating to the acquisition and performance of the Contract for a period of five 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 at no cost to the State.
39. **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.
40. **Risk of Loss:** The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract.


	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 33	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.


41. **Right of Offset:** AHCCCS shall be entitled to offset against any amounts due the Contractor any expenses or costs incurred by AHCCCS concerning the Contractor's non-conforming performance or failure to perform the contract, including expenses, costs and damages described in the proceeding paragraphs.
42. **Right to Assurance:** If AHCCCS, in good faith, has reason to believe that the Contractor does not intend to perform or continue performing this contract, the Contracting Officer may demand in writing that the Contractor give a written assurance of intent to perform. The demand shall be sent to the Contractor by certified mail, return receipt required. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at the Contracting Officer's option, be the basis for terminating the contract.
43. **Severability:** The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract, which may remain in effect without the invalid provision, or application.
44. **State and Local Transaction Privilege Taxes:** AHCCCS 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 taxes from the buyer does not relieve the seller from its obligation to remit taxes.
45. **Stop Work Order:**
 - 45.1 AHCCCS 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 a period of ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. 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.
 - 45.2 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 Contracting Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
46. **Subcontracts:** The contractor may, with the consent of the Contracting Officer, enter into written subcontract(s) for performance of certain of its functions under the contract. Subcontractors must be approved in writing by the Contracting Officer to the effective date of any subcontract.

	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 34	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

- 46.1 No subcontract which the contractor enters into with respect to performance under the contract shall in any way relieve the contractor of any responsibility for performance of its duties.
- 46.2 The contractor shall give the Contracting Officer immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the contractor by any subcontractor or vendor which in the opinion of the contractor may result in litigation related in any way to the contract with AHCCCS.
47. **Suspension or Debarment:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this Contract if the Contracting Officer or the State determine 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.
48. **Tax Indemnification:** The 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 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.
49. **Termination for Convenience:** The Contracting Officer reserves the right to terminate the contract in whole or in part at any time when in the best interests of AHCCCS without penalty or recourse. The Contracting Officer shall give written notice by certified mail, return receipt requested, to the Contractor of the termination at least ninety (90) days before the effective date of the termination. 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 Contracting Officer. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R 2-7-701 shall apply.
50. **Termination for Default:**
- 50.1 The Contracting Officer reserves the right to terminate this 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 failure to take corrective action as required by the Contracting Officer to comply with the terms of the contract. If the Contractor is providing services under more than one contract with AHCCCS, the Contracting Officer may deem unsatisfactory performance under one contract to be cause to require the Contractor to provide assurance of performance under any and all other contracts. In such situations, the Contracting Officer reserves the right to seek remedies under both actual and anticipatory breaches of contract if adequate assurance of performance is not received. The Contracting Officer shall mail written notice of the termination and the reason(s) for it to the Contractor by certified mail, return receipt requested.

	Uniform Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 35	Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034

- 50.2 In the event the Contractor requests a hearing prior to termination, AHCCCS is required by the Balanced Budget Act of 1997 to oversee the operation of the Contractor entity through appointment of temporary management prior to the hearing.
- 50.3 Upon 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 Contracting Officer on demand.
- 50.4 The Contracting Officer 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 for any excess costs incurred by AHCCCS in procuring the materials or services in substitution for those due from the Contractor.
51. **Third Party Antitrust Violations:** The Contractor assigns to AHCCCS 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.

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 36	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

1. **Assignment of Contract and Bankruptcy:** This contract is voidable and subject to immediate cancellation by the Contracting 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 Contracting Officer.

2. **Authority to Contract:** This contract is issued under the authority of the Contracting Officer who signed this contract. Changes to the contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized state employee 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.

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. **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.

5. **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.


6. **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 Contracting 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:
 - 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 in the contract;

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 37	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034


- 6.4 The contractor fails to make progress in the performance of the contract and/or gives the Contracting Officer reason to believe that the contractor will not or cannot perform to the requirements of the contract;
- 6.5 The Contracting Officer may resort to any single or combination of the following remedies:
- 6.5.1 Cancel any contract;
 - 6.5.2 Reserve all rights or claims to damage for breach of any covenants of the contract;
 - 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 non-compliance with the specifications, any reasonable expense of testing shall be borne by the contractor.
 - 6.5.4 In case of default, the Contracting Officer reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code. The Contracting 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 combinations of the above or any other remedies as provided by law.
7. **Contract Cancellation (Minimum 10 Day):** The Contracting 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 Contracting Officer shall issue written notice to the contractor for acting or failing to act as in any of the following:
- 7.1 The contractor provides material that does not meet the specifications of the contract;
 - 7.2 The contractor fails to adequately perform the services set forth in the specifications of the contract;
 - 7.3 The contractor fails to complete the work required or furnish the materials required within the time stipulated by the contract;
 - 7.4 The contractor fails to make progress in the performance of the contract and/or gives the Contracting Officer reason to believe that the contractor will not or cannot perform to the requirements of the contract;

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 38	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

- 7.5 Upon receipt of the written notice of concern, the contractor shall have a minimum of ten (10) days (Contracting Officer may determine a longer period) to provide a satisfactory response to the Contracting Officer. Failure on the part of the contractor to adequately address all issues of concern may result in the Contracting Officer resorting to any single or combination of the following remedies.
- 7.5.1 Cancel any contract;
 - 7.5.2 Reserve all rights or claims to damage for breach of any covenant of the contract;
 - 7.5.3 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;
 - 7.5.4 In case of default, the Contracting Officer reserves the right to purchase materials, or to complete the required work in accordance with the Arizona Procurement Code. The Contracting Officer may recover reasonable excess costs from the contractor by;
 - 7.5.4.1 Deduction from an unpaid balance;
 - 7.5.4.2 Collection against the bid and/or performance bond; or
 - 7.5.4.3 Any combination of the above or any other remedies as provided by law.
8. **Contract Disputes:** Contract disputes arising under A.R.S. § Title 36, Chapter 29 shall be adjudicated in accordance with AHCCCS Rules.
9. **Cooperation with other Contractors:** AHCCCS may award other contracts for additional work related to this contract and 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.
10. **Confidentiality of Records:** The contractor shall establish and maintain procedures and controls that are acceptable to AHCCCS 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, shall be 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 also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of the contractor as needed for the performance of duties under the contract, unless otherwise agreed to, in writing, by AHCCCS.

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 39	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

- 11. 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 Contracting Officer shall have the right to annul this contract without liability.
- 12. Contract:**
- 12.1 The contract between AHCCCS and the contractor shall consist of (1) the Request for Proposal (RFP) and any amendments thereto, and (2) the proposal submitted by the contractor in response to the RFP. In the event of a conflict in language between the two documents referenced, the provisions and requirements set forth and/or referenced in the RFP shall govern. However, AHCCCS reserves the right to clarify any contractual relationship in writing, and such written clarification shall govern in case of conflict with the applicable requirements stated in the RFP or the contractor's proposal. In all other matters not affected by the written clarification, if any, the RFP shall govern.
- 12.2 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.
- 13. Disclosure of Confidential Information:** The Contractor shall not, without prior written approval from the Contracting Officer, 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.
- 14. Effective Date:** The effective date of this contract shall be the date that the Contracting Officer signs the Offer and Award page of this document.
- 15. Eligibility for State or Local Public Benefits; Documentation and Violations:** Contractors providing services as an agent of the State, shall ensure compliance with A.R.S. §1-502. A.R.S. §1-502 requires each person applying or receiving a public benefit to provide documented proof which demonstrates a lawful presence in the United States. The State shall reserve the right to conduct unscheduled, periodic process and documentation audits to ensure contractor compliance. All available contract remedies, up to and including termination may be taken for failure to comply with A.R.S. §1-502 in the delivery of services under this contract
- 16. Employees of the Contractor:** 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

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 40	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

laws of the State of Arizona as well as federal, state and local legislation relevant to the Contractor's business.

- 17. Federal Immigration and Nationality Act:** The 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, the 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 and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.

18. Fraud and Abuse:

18.1 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 Contracting Officer.


18.2 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.

18.3 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.

- 19. Incorporation by Reference:** This solicitation and all attachments and amendments, the Contractor's proposal, final proposal revision accepted by the Contracting Officer, and any approved subcontracts are hereby incorporated by reference into the contract.

- 20. Independent 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.

- 21. Indemnification Clause:** Contractor shall indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its 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

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 41	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

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 Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, 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.

- 22. Insurance Requirements:** Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.


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 might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

- 22.1 Minimum Scope And Limits Of Insurance: Contractor shall provide coverage with limits of liability not less than those stated below.

22.1.1 Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury 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
- Blanket Contractual Liability – Written and Oral \$1,000,000
- Fire Legal Liability \$ 50,000
- Each Occurrence \$1,000,000

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 42	
		OF 69	

22.1.1.1 The policy shall be endorsed to include the following additional insured language: ***“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.”***

22.1.1.2 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

22.1.2 Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL) \$1,000,000

The policy shall be endorsed to include the following additional insured language: ***“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor.”***


22.1.3. Worker's Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

22.1.3.1 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

22.1.3.2 This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

22.1.4 Professional Liability (Errors and Omissions Liability)

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 43	
		OF 69	

Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000

22.1.4.1 In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

22.1.4.2 The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

22.2 Additional Insurance Requirements: The policies shall include, or be endorsed to include, the following provisions:

22.2.1 The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees, wherever additional insured status is required, such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.


22.2.2 The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.

22.2.3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

22.3 Notice Of Cancellation: Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to **AHCCCS Contracts, 701 East Jefferson, Mail Drop 5700, Phoenix, AZ 85034**, and shall be sent by certified mail, return receipt requested.

22.4 Acceptability Of Insurers: Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with 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.


22.5 Verification Of Coverage: Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002		Arizona Health Care Cost Containment System
	Request for Proposal		701 East Jefferson, MD 5700 Phoenix, Arizona 85034
		PAGE 44	
		OF 69	

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.


All certificates required by this Contract shall be sent directly to **AHCCCS Contracts, 701 East Jefferson, Mail Drop 5700, Phoenix, AZ 85034**. 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, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT SECTION.**

- 22.6 **Subcontractors:** Contractors' certificate(s) shall include all subcontractors as insureds under its policies **or** Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- 22.7 **Approval:** Any modification or variation from the *insurance requirements* in this Contract shall be made by the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.
- 22.8 **Exceptions:** In the event the Contractor or sub-contractor(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 sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.
23. **Key Personnel:** It is essential that the contractor provide an adequate staff of experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The contractor must assign specific individuals to the key positions. Once assigned to work under the contract, key personnel shall not be removed or replaced without the prior written approval of AHCCCS' authorized representative and a copy to the Contracting Officer of record.
24. **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.
25. **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

	Special Terms and Conditions		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
	SOLICITATION NO.: YH10-0002	PAGE 45	
	Request for Proposal	OF 69	

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.

26. **No Guaranteed Quantities:** AHCCCS does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.
27. **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.
28. **Other Contracts:** AHCCCS may undertake or award other contracts for additional or related work and the contractor shall fully cooperate with such contractors and state employees and carefully fit his own work to such additional work. The contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by state employees. AHCCCS shall equitably enforce this section to all contractors to prevent the imposition of unreasonable burdens on any contractor.
29. **Ownership of Information and Data:**
 - 29.1 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.
 - 29.2 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 Contracting 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 Contracting Officer within thirty (30) days following termination of the contract or such longer period as approved by the Contracting Officer. For purposes of this subsection, the term "data" shall not include member medical records.

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 46	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

29.3 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.

30. 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.

31. Term of Contract and Option to Renew:


31.1 The initial term of this contract shall be for two (2) years with three (3) 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.

31.2 When the Contracting 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 Contracting Officer, even if the extension amendment has not been signed by the Contractor, unless within that time the Contractor notifies the Contracting Officer in writing that it refuses to sign the extension amendment. If the Contractor provides such notification, the Contracting Officer will initiate contract termination proceedings.

31.3 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 Contracting 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 Contracting Officer.

32. Termination - Availability of Funds: Funds are not presently available for performance under this contract beyond the current fiscal year. No legal liability on the part of AHCCCS for any payment may arise under this contract until funds are made available for performance of this contract. AHCCCS shall make reasonable efforts to secure such funds.

33. Type of Contract: Firm Fixed-Price.

	Special Terms and Conditions		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 47	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034


34. **Warranty of Services:** The Contractor warrants that all services provided under this contract will conform to the requirements stated herein. AHCCCS' acceptance of services provided by the Contractor shall not relieve the Contractor from its obligations under this warranty. In addition to its other remedies, the Contracting Officer may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all of the provisions of this contract in the manner and to the same extent as the services originally furnished.

35. **Additional Guidelines for Exceptions to Terms and Conditions:**

In keeping with the Uniform Instructions to Offeror paragraph 3.4, Exceptions to Terms and Conditions: If offerors take any exception to any term, condition or requirement included in this solicitation document, such exception shall be submitted to the Contract Specialist no later than 5:00 P.M. MST on January 21, 2010.

35.1 The offeror must understand that exceptions to the Uniform Terms and Conditions and exceptions to the Special Terms and Conditions are very rarely granted.

35.2 The exception is **approved only if the offeror receives the approval in writing.** If the exception is acceptable, AHCCCS will give written approval and will often do a written amendment to the solicitation. Any exceptions not addressed or not responded to by the Contract Specialist are denied.

	Exhibit A – System Technology and Functional Capability		AHCCCS Arizona Health Care Cost Containment System
	SOLICITATION NO.: YH10-0002	PAGE 48	701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034


1. Written Narrative

The Offeror should present a written narrative that demonstrates the method or manner in which the Offeror proposes to satisfy the requirements of the services described in the Scope of Work. The language of the narrative should be straightforward and limited to facts, solutions to problems and plans of proposed action. (limit 15 pages)

2. General Instructions, Exhibit A

2.1 How to Respond to Questions with Vendor Response Column

- A** Place an **A** in this column if the required functionality is **Currently Available** in the software release/version upon which you are basing this RFP response.
- B** Place a **B** in this column if the required functionality is **Available** but **Requires User/Client Configuration**. This column should be used only in a situation where a built-in capability exists to easily configure the functionality without a development effort.
- C** Place a **C** in this column if the required functionality is **In Development** and will be available to all clients as a part of a standard software release within six months of your receipt of this RFP. In this situation, please provide the month and year (MM/YY) this release will be available in the Comments Column. If the release date is scheduled later than six months, please place an **F** and see the instructions for that letter.
- D** Place an **E** in this column if the required functionality would only be available via a **Vendor Modification** and **AHCCCS** would be expected to fully or partially fund the cost.

	Exhibit A – System Technology and Functional Capability		AHCCCS Arizona Health Care Cost Containment System
	SOLICITATION NO.: YH10-0002	PAGE 49	701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034

E Place an **F** in this column if the required functionality is **Not Available** or not feasible to develop into the core product. Also, place an **F** if the required functionality is in development but will not be in general release for at least six months. In this situation, please provide the **MM/YY** and release number when this release will be available.

2.1.1 Comments Column

If a narrative response would be helpful in responding to a question within the grid, enter the response or clarification in the **Comments** cell for that particular requirement. For example, the requirement can only be satisfied by using the ad hoc report writer, please put “via ad hoc report writer” in the **Comments column**.

The **Comments column** can also be used to reference any relevant attachments. Identify attachments by the requirement number and letter (if applicable) and, when possible, provide the attachments in electronic form as well as hard copy.



Exhibit A – System Technology and Functional Capability

SOLICITATION NO.: YH10-0002

Request for Proposal

PAGE
50

OF
69

AHCCCS

Arizona Health Care Cost Containment System

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

Mandatory Requirements

Req. #	Requirement Description	Vendor Response	Vendor Comments
4.2.1	Does the proposed product compare member and provider activities to normative standards (for example, peer to peer profiling)?		
4.2.2	Does the proposed product identify aberrant billing practice patterns?		
4.2.3	Does the proposed product provide variance analysis and comparisons?		
4.2.4	Does the proposed product alert State staff to potential cases of fraud, waste and abuse in an interactive format?		
4.2.5	Does the proposed product provide advanced drill-down capabilities? The system should support online access to aggregated data with multi-level drill-down capabilities to support the summarized findings.		
4.2.6	Are the drill-down capabilities available		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: YH10-0002

PAGE
51


701 East Jefferson, MD 5700

Request for Proposal

OF
69

Phoenix, Arizona 85034

	both by Provider and by member?		
4.2.7	The proposed product must support peer to peer comparisons based on ad hoc user defined service dimensions such as specific services (Non-Emergency Transportation) and/or specific code ranges (E/M Codes).		
4.2.8	Does the proposed system operate in a fully hosted environment?		
4.2.9	Does the proposed system accept data in industry standard data formats whenever such standards are available?		
4.2.10	Does the proposed system satisfy the Program Integrity Checklist as defined by the Center for Medicare and Medicaid Services (CMS) Medicaid Enterprise Certification Toolkit (MECT)? The program integrity checklist and more information about the MECT can be found at : http://www.cms.hhs.gov/MMIS/09_MECT.asp#TopOfPage		

	Exhibit A – System Technology and Functional Capability		AHCCCS Arizona Health Care Cost Containment System
	SOLICITATION NO.: YH10-0002	PAGE 52	701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034

4.2.11 *Project Management Plan:* (limit 10 pages) The Contractor shall provide a project management plan using a proposed project start date of May 1, 2010 that includes:

- All activities required to complete the development, installation and configuration of the proposed solution
- Responsibility for performing each task (State personnel or Contractor)
- Level of effort for each task
- Begin and End Dates for each task
- Milestone dates to include but not be limited to:
 - Requirements Analysis
 - Development
 - Testing
 - Implementation



Exhibit A – System Technology and Functional Capability

SOLICITATION NO.: YH10-0002

Request for Proposal

PAGE
53

OF
69

AHCCCS

Arizona Health Care Cost Containment System

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

Documentation			
Req. #	Requirement Description	Vendor Response	Vendor Comments
4.2.12	<i>User Training:</i> The Contractor shall prepare a training plan and training materials for user training. The training plan and schedule must be provided in an electronic format and must accommodate training to a core group of users and trainers prior to the user acceptance test.		
4.2.13	<i>User Documentation:</i> The Contractor must provide adequate user documentation. This documentation must be provided in an electronic format and made available prior to the user acceptance test.		
4.2.14	<i>System Documentation:</i> The Contractor must provide adequate system documentation. The system documentation must be provided in an electronic format and should include an overview of the system, the data model, a description of each component of the system, definitions of terms, specifications for the hardware and software platform required to operate the system.		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: YH10-0002

PAGE
54

Request for Proposal

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

Optional Functionality – CCI Edits

Req. #	Requirement Description	Vendor Response	Vendor Comments
<p>Does the proposed system support CCI edits as defined by the Center for Medicare and Medicaid Services. Indicate which of the following CCI categories of edits the proposed product supports.</p>			
4.3.1	<p>Does the proposed system provide enhanced analysis of the use of payment editing capabilities? Examples of desired edits include but are not limited to:</p> <ul style="list-style-type: none"> AMA Standard Editing <ul style="list-style-type: none"> ○ Global Surgery Days ○ Multiple Procedures ○ Use of New versus Established Patient Visit Levels ○ Use of Incidental Procedures ○ Appropriate use of Add-on Codes ○ Appropriate use of Assistant Surgery ○ Appropriate use of E&M Crosswalk 		
4.3.2	<p>Does the proposed system support assessment of appropriate use of ICD-9 diagnosis and procedure codes; future accommodations for the use of ICD-10 diagnosis and procedure codes; appropriate use of CPT coding support ICD-9, ICD-10, CPT?</p>		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: YH10-0002

PAGE
55

Request for Proposal

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

Optional Functionality

Req. #	Requirement Description	Vendor Response	Vendor Comments
4.3.3	Does the proposed system support assessment of appropriate use and validation of Modifiers on both professional and facility claims, including but not limited to 24, 25, 50, 51, and 59 modifiers?		
4.3.4	Does the proposed system support identification of potential duplicate services, including duplicate service on different forms?		
4.3.5	Does the proposed system support assessment of appropriate use of revenue code to HCPCS relationships for facility claims?		
4.3.6	Does the proposed system support standard length of stay assessments?		
4.3.7	Does the proposed system support assessment across form types? Does the proposed system provide a summary of utilization and/or costs from encounters and claims for predefined and tailored specifications of service categories by risk group, contractor, county and Health Plan and/or Program Contractor?		
4.3.8	Does the proposed system support CCI		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: YH10-0002

PAGE
56

Request for Proposal

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

	edits or both professional and facility claims as defined by the Center for Medicare and Medicaid Services?		
4.3.9	Does the proposed system provide program integrity investigative case tracking functions ?		
4.3.10	Is the proposed Program Integrity Software able to de-identify provider-specific and member-specific information as warranted for certain analysis purposes?		
4.3.11	Does the proposed system provide simplified and complex analysis of encounter data including summary counts and advanced drill-down/up capabilities for detail counts by category, e.g., contractor, form type, service provider type, category of service, procedure code and/or procedure classification, and diagnosis?		
4.3.12	Does the proposed system provide simplified and complex analysis of encounter processing patterns including edit failures?		
4.3.13	Does the proposed system provide a summary of utilization and/or costs from encounters and claims for predefined and		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: YH10-0002

PAGE
57

701 East Jefferson, MD 5700

Request for Proposal

OF
69

Phoenix, Arizona 85034

	tailored specifications of service categories by risk group, contractor, county and Health Plan and/or Program Contractor?		
4.3.14	Does the proposed system analyze the appropriateness of care based on norms and industry standards?		
4.3.15	Does the proposed system analyze the cost effectiveness of care?		
4.3.16	Does the proposed system analyze providers and members who are high utilizers?		
4.3.17	Does the proposed system provide complex data analytics and pre-established algorithms, as well as the ability to perform ad-hoc algorithms, by the following categories of service? Hospital inpatient Hospital outpatient ER Physician DME Dental Non-emergency transportation emergency transportation		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: **YH10-0002**

PAGE
58

701 East Jefferson, MD 5700

Request for Proposal

OF
69

Phoenix, Arizona 85034

Home and Community Based Services (HCBS) - Attendant Care, Personal Care Assistance, Homemaker, etc
Pharmacy
Therapies (PT, OT, ST)
Behavioral Health mid-level practitioners - Behavioral Health Counselor, Mental Health Social Worker, etc.
Dialysis
Ambulatory Surgical Centers (ASC's)
Mid-level Practitioners - Nurse Practitioners, Physicians Assistants, Nurse Midwives, etc.
Other Providers - Podiatrist, Chiropractors, etc.

S



Exhibit A – System Technology and Functional Capability

SOLICITATION NO.: YH10-0002

Request for Proposal

PAGE
59

OF
69

AHCCCS

Arizona Health Care Cost Containment System

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

Other General Functionality

Req. #	Requirement Description	Vendor Response	Vendor Comments
4.4.1	Does the proposed system provide a means to reconcile the data used to support the data analytics to the source data in PMMIS?		
4.4.2	Does the proposed system cleanse and verify the source data before it is loaded into the data analytics data store?		
4.4.3	Are the data store update procedures reversible in the event reprocessing is required due to data errors?		
4.4.4	Does the system maintain audit trails for the update process?		
4.4.5	Is the proposed system scalable? Please describe the overall system designs and provide examples of the scalability of the product.		
4.4.6	Does the proposed system provide adequate availability? All system maintenance (data updates and data management) shall be able to be accomplished on a schedule that allows		



Exhibit A – System Technology and Functional Capability

AHCCCS

Arizona Health Care Cost Containment System

SOLICITATION NO.: **YH10-0002**

PAGE
60

701 East Jefferson, MD 5700

Request for Proposal


OF
69

Phoenix, Arizona 85034


the Program Integrity software to be operationally available, at a minimum, from 6:00 AM to 12:00 AM, Monday through Friday MST. The system must be available other times on request. An efficient update/refresh process that will operate with minimal interruption to the users' access to the system is preferred.

4.4.7

Does the proposed system provide security from inappropriate access to, or use of, the data through logon, password, individual security profiles, and specific application security? The security must, at a minimum, meet all applicable federal security and privacy requirements including the HIPAA requirements for securing protected health information. The Contractor shall be required to demonstrate specifically how HIPAA privacy and security requirements are met if requested to do so by AHCCCS.


	Exhibit B – Firm’s References		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 61	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

1. References should be verifiable and should be able to comment on the firm's related experience. The Offeror should submit a minimum of three (3) similar size and scope professional references for organizations your company has provided services. Each reference should provide at least the following information:
 - 1.1 Name, address and telephone number of Contracting Agency or Company;
 - 1.2 Contact Person who may be contacted for verification of all information submitted;
 - 1.3 Location of Services;
 - 1.4 Name of all key personnel and sub-contractors used;
 - 1.5 Start and completion date of work performed, and
 - 1.6 Detailed written narrative of the specific services performed.

	Exhibit C – Offeror’s Financial Disclosure	AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
	SOLICITATION NO.: YH10-0002	PAGE 62
	Request for Proposal	OF 69

Instructions: Complete each item, using attachments where necessary. If attachments are used, indicate the item number and question being referenced as it appears below.

	<u>YES</u>	<u>NO</u>
<p>A. Does the Offeror's organization prepare a public annual financial statement? IF YES, PROVIDE A COPY OF THE MOST RECENT ANNUAL FINANCIAL STATEMENT. IF NO, PROVIDE A COPY OF THE MOST RECENT UNAUDITED STATEMENT.</p>	_____	_____
<p>B. Is your organization audited by an independent auditor? IF YES, ANSWER 1 THROUGH 4.</p> <p>1) How often are audits conducted? _____</p> <p>2) By whom are they conducted? _____</p> <p>3) Are management letters or internal controls issued by the auditing firm?</p> <p>4) Does your organization have any uncorrected audit exceptions?</p>	_____	_____
<p>C. Are there any suits, judgments, tax deficiencies or claims pending against your organization? If yes, answer 1 and 2</p> <p>1) What is the dollar amount? _____</p> <p>2) In which state(s)? _____</p>	_____	_____
<p>D. Has the Offeror's organization ever gone through bankruptcy?</p>	_____	_____

	Certificate of Insurance		AHCCCS
	SOLICITATION NO.: YH10-0002	PAGE 63	Arizona Health Care Cost Containment System
	Request for Proposal	OF 69	701 East Jefferson, MD 5700 Phoenix, Arizona 85034

Prior to commencing services under this contract, the contractor must furnish the state certification from insurer(s) for coverages in the minimum amounts as stated below. The coverages shall be maintained in full force and effect during the term of this contract and shall not serve to limit any liabilities or any other contractor obligations.

Name and Address of Insurance Agency:	Company Letter:	Companies Affording Coverage:
	A	
	B	
Name and Address of Insured:	C	
	D	

LIMITS OF LIABILITY MINIMUM - EACH OCCURRENCE	COMPANY LETTER	TYPE OF INSURANCE	POLICY NUMBER	DATE POLICY
Bodily Injury Per Person Each Occurrence Property Damage OR Bodily Injury and Property Damage Combined		Comprehensive General Liability Form Premises Operations Contractual Independent contractors Products/Completed Operations Hazard Personal Injury Broad Form Property Damage Explosion & Collapse (If Applicable) Underground Hazard (If Applicable)		
Same as Above		Comprehensive Auto Liability Including Non-Owned (If Applicable)		
Necessary if underlying is not above minimum		Umbrella Liability		
Statutory Limits		Workmen's Compensation and Employer's Liability		
		Other		


State of Arizona and the Department named above are added as additional insured as required by statute, contract, purchase order, or otherwise requested. It is agreed that any insurance available to the named insured shall be primary of other sources that may be available.

It is further agreed that no policy shall expire, be canceled or materially changed to affect the coverage available to the state without thirty (30) days written notice to the State. This Certificate is not valid unless countersigned by an authorized representative of the insurance company.

Name and Address of Certificate Holder:


Date Issued: _____

Authorized Representative

	Exhibit D - Offeror's Checklist		AHCCCS
	SOLICITATION NO.: YH10-0002 Page 64 of 69	PAGE 64	Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034

Note to Prospective Offerors: This Exhibit has been added to this RFP as a convenience to offerors. It is believed to be a complete listing of all submission requirements pursuant to this RFP. However, if a requirement is stated anywhere in the RFP text, yet does not appear in the Offeror's Checklist, the text statement takes precedence over the omission of that requirement in the Offeror's Checklist. **Place a check mark to the left and provide the page number where this item is located within your proposal, in the right hand column. All items must be included, unless indicated as optional.**


Requirement #	Description	RFP Page/ Reference	Offeror's Page #
1	Offeror's checklist completed (i.e., page numbers entered in the right-hand column of this table.)	This Page	
2	Offer and Acceptance page complete	Page 3	
3	Pricing Schedule	Page 12	
4	Copies of proposal submitted as one (1) marked "Original" and four (4) copies plus one (1) CD	Page 22	
	System Technology and Functional Capabilities:		
5	Exhibit A, System Technology and Functional Capability completed	Page 22	
6	Additional documentation which demonstrates the ability to meet the requirement (optional)	Page 22	
	Experience and Expertise of the Firm:		
7	Information which documents past performance as related to the RFP	Page 22	
8	A minimum of 3 Professional References for the firm	Page 23	
9	Organizational chart	Page 23	
10	Any other pertinent information (optional)	Page 23	
11	Statement of Intent to provide Certificate of Insurance	Page 23	
12	Offeror's Financial Disclosure (Exhibit C), and financial statement	Page 23	
13	Signed Cover Sheets of Solicitation Amendments, if any (Solicitation amendments may be printed from the website)		

	Exhibit E - HIPAA Business Associate Addendum		AHCCCS Arizona Health Care Cost Containment System
	SOLICITATION NO.: YH08-0009	PAGE 65	701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034


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 this 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"). In the event of conflicting terms or conditions, this Addendum shall supersede the Contract.

1. Definitions. Capitalized terms not otherwise defined in the Contract shall have the meanings given to them in Title 45, Parts 160 and 164 of the CFR and are incorporated herein by reference.
2. Use and Disclosure of Protected Health Information. Business Associate shall use and/or disclose Protected Health Information ("PHI") only to the extent necessary to satisfy Business Associate's obligations under the Contract.
3. Prohibition on Unauthorized Use or Disclosure of PHI. Business Associate shall not use or disclose any PHI received from or on behalf of AHCCCS, except as permitted or required by the Contract, as required by law or as otherwise authorized in writing by AHCCCS. Business Associate shall comply with:
 - (a) Title 45, Part 164 of the CFR;
 - (b) State laws, rules and regulations applicable to PHI not preempted pursuant to Title 45, Part 160, Subpart B of the CFR or the Employee Retirement Income Security Act of 1974 ("ERISA") as amended; and
 - (c) AHCCCS' health information privacy and security policies and procedures.
4. Business Associate's Operations. Business Associate may use PHI it creates or receives for or from AHCCCS only to the extent necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities. Business Associate may disclose such PHI as necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities only if:
 - (a) The disclosure is required by law; or
 - (b) Business Associate obtains reasonable assurance, evidenced by written contract, from any person or organization to which Business Associate shall disclose such PHI that such person or organization shall:
 - (i) Hold such PHI in confidence and use or further disclose it only for the purpose for which Business Associate disclosed it to the person or organization or as required by law; and
 - (ii) Notify Business Associate (who shall in turn promptly notify AHCCCS) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.

	Exhibit E - HIPAA Business Associate Addendum		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
	SOLICITATION NO.: YH08-0009	PAGE 66	
	Request for Proposal	OF 69	

5. Data Aggregation Services. Business Associate may use PHI to provide Data Aggregation Services related to AHCCCS' Health Care Operations.
6. PHI Safeguards. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent the improper use or disclosure of any PHI received from or on behalf of AHCCCS.
7. Electronic Health Information Security and Integrity. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) of the United States Code and Title 45, Part 142 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of AHCCCS pertaining to an individual. Business Associate shall document and keep these security measures current.
8. Protection of Exchanged Information in Electronic Transactions. If Business Associate conducts any Standard Transaction for or on behalf of AHCCCS, Business Associate shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the CFR. Business Associate shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Contract in connection with the conduct of Standard Transactions for or on behalf of AHCCCS that:
 - (a) changes the definition, Health Information condition or use of a Health Information element or segment in a Standard;
 - (b) adds any Health Information elements or segments to the maximum defined Health Information set;
 - (c) uses any code or Health Information elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or
 - (d) changes the meaning or intent of the Standard's Implementation Specification(s).
9. Subcontractors and Agents. Business Associate shall require each of its subcontractors or agents to whom Business Associate may provide PHI received from, or created or received by Business Associate on behalf of AHCCCS to agree to written contractual provisions that impose at least the same obligations to protect such PHI as are imposed on Business Associate by the Contract.
10. Access to PHI. Business Associate shall provide access, at the request of AHCCCS, to PHI in a Designated Record Set, to AHCCCS or, as directed by AHCCCS, to an individual to meet the requirements under Title 45, Part 164, Subpart E, Section 164.524 of the CFR and applicable state law. Business Associate shall provide access in the time and manner set forth in AHCCCS' health information privacy and security policies and procedures.
11. Amending PHI. Business Associate shall make any amendment(s) to PHI in a Designated Record Set that AHCCCS directs or agrees to pursuant to Title 45, Part 164, Subpart E, Section 164.526 of the

	Exhibit E - HIPAA Business Associate Addendum		AHCCCS Arizona Health Care Cost Containment System
	SOLICITATION NO.: YH08-0009	PAGE 67	701 East Jefferson, MD 5700
	Request for Proposal	OF 69	Phoenix, Arizona 85034

CFR at the request of AHCCCS or an Individual, and in the time and manner set forth in AHCCCS' health information privacy and security policies and procedures.

12. Accounting of Disclosures of PHI.

- (a) Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for AHCCCS to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
- (b) Business Associate agrees to provide AHCCCS or an individual, in the time and manner set forth in AHCCCS' health information privacy and security policies and procedures, information collected in accordance with Section 11(a) above, to permit AHCCCS to respond to a request by an individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.


13. Access to Books and Records. Business Associate shall make its internal practices, books and records relating to the use and disclosure of PHI received from or on behalf of AHCCCS available to AHCCCS and to DHHS or its designee for the purpose of determining AHCCCS' compliance with the Privacy Rule.

14. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make the report to AHCCCS' Privacy Official not less than 24 hours after Business Associate learns of such unauthorized use or disclosure. Business Associate's report shall at least:

- (a) identify the nature of the unauthorized use or disclosure;
- (b) identify the PHI used or disclosed;
- (c) identify who made the unauthorized use or received the unauthorized disclosure;
- (d) identify what Business Associate has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure;
- (e) identify what corrective action Business Associate has taken or shall take to prevent future similar unauthorized use or disclosure; and
- (f) provide such other information, including a written report, as reasonably requested by AHCCCS' Privacy Official.

15. 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.

16. Termination for Cause. Upon AHCCCS' knowledge of a material breach by Business Associate of the terms of this Addendum, AHCCCS shall:

 AHCCCS	Exhibit E - HIPAA Business Associate Addendum		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
	SOLICITATION NO.: YH08-0009	PAGE 68	
	Request for Proposal	OF 69	

- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate if Business Associate does not cure the breach or end the violation within the time specified by AHCCCS.
- (b) Immediately terminate the Contract if Business Associate has breached a material term of the Contract and cure is not possible.
- (c) If neither termination nor cure is feasible, AHCCCS shall report the violation to DHHS.

17. Return or Destruction of Health Information.

- (a) Except as provided in Section 17(b) below, upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate shall return to AHCCCS or destroy all PHI received from AHCCCS, or created or received by Business Associate on behalf of AHCCCS. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
- (b) In the event that Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to AHCCCS notification of the conditions that make return or destruction not feasible. Upon verification by AHCCCS that the return or destruction of PHI is not feasible, Business Associate shall extend the protections of the Contract to such PHI and limit further uses and disclosure of PHI to those purposes that make the return or destruction not feasible, for so long as Business Associate maintains such PHI.

18. Automatic Amendment. Upon the effective date of any amendment to the regulations promulgated by HHS with respect to PHI, the Contract shall automatically amend such that the obligations imposed on Business Associate as a Business Associate remain in compliance with such regulations.

Intentionally left blank.