	Notice of Request for Proposal		AHCCCS
	SOLICITATION NO.: YH10-0019		Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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Solicitation Contact Person:

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

Telephone: (602) 417-4629
Fax: (602) 417-5957
E-Mail: Jamey.Schultz@azahcccs.gov
Issue Date: December 31, 2009

LOCATION: ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
Contracts and Purchasing Section (First Floor)
701 E. Jefferson, MD 5700
Phoenix, Arizona 85034

DESCRIPTION: **THIRD PARTY ADMINISTRATOR FOR THE MEDICAID SCHOOL-BASED CLAIMING PROGRAM**

PROPOSAL DUE DATE: **February 4, 2010** AT 3:00 P.M. MST

Pre-Proposal Conference: A Pre-Proposal Conference has not been scheduled.

QUESTIONS CONCERNING THIS SOLICITATION SHALL BE SUBMITTED TO THE SOLICITATION CONTACT PERSON NAMED ABOVE, VIA E-MAIL (PREFERRED) OR FAX BY **JANUARY 12, 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 completed in ink or 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 appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the solicitation contact person responsible for this procurement as identified above.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.



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OFFER

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

Arizona Transaction (Sales) Privilege Tax License No.:

For clarification of this offer, contact:

Name: _____

Federal Employer Identification No.:

Phone: _____

E-Mail Address:

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 best-and-final offer (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. YH10-0019.

Awarded this _____ **day of** _____ **20** _____

Michael Veit, as AHCCCS Contracting Officer and not personally

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1. DEFINITIONS

A.A.C.	Arizona Administrative Code
ARIZONA SCHOOL-BASED SERVICES ADMINISTRATIVE CLAIM METHODOLOGY	The mechanism approved by both AHCCCS and CMS used for the computation of the claim for administrative costs incurred by Arizona school districts and allowable under the Medicaid program. The methodology serves as the basis for developing the claim for the cost of allowable administrative activities and additionally ensures that school-based administrative claiming programs are in accordance with the existing policies outlined in the <i>Medicaid School-Based Administrative Claiming Guide</i> (May 2003).
ADMINISTRATIVE SERVICES	Local Education Agencies (LEAs) may perform administrative activities that directly support the Medicaid program. Some or all of the costs of these administrative activities may be reimbursable to the LEA. Administrative services use time studies to identify how much the district spends on “administrative activities” that are described in the <i>Medicaid School-Based Administrative Claiming Guide</i> (May 2003).
ADOE	Arizona Department of Education
AHCCCS COVERED SERVICES	Those services set forth in A.R.S. § 36-2907 and 36-2939, A.A.C. Title 9 Chapter 22, Articles 2 and 12 and, Chapter 28, Articles 2 and 11.
ALTCS	Arizona Long Term Care System, a program under AHCCCS that delivers long term, acute/ambulatory health, behavioral health and case management services to eligible members, authorized by A.R.S. § 36-2932.
BIDDER’S LIBRARY	A repository of electronic manuals, statutes, rules and other reference material located on the AHCCCS website.
CLEAN CLAIMS	As defined by ARS § 36-2904 (G)(1) is a claim that may be processed without obtaining additional information from the provider of service or from a third party but does not include claims under investigation for fraud or abuse or claims under review for medical necessity.
CMS	Centers for Medicare and Medicaid Services, an organization within the U.S. Department of Health and Human Services, which administers the Medicare and Medicaid programs and the State Children’s Health Insurance Program.
CMS MEDICAID SCHOOL-BASED ADMINISTRATIVE CLAIMING GUIDE	This document, issued May 2003 by CMS, describes the processes through which school-based programs must administer and file claims with the federal government for the Medicaid Administrative services they provide. This Guide is available in the Bidder's Library.
DIRECT MEDICAL SERVICES	Medical Services provided by or through a Local Education Agency (LEA) to children who are both Medicaid eligible and who have been identified as eligible under the Individual with Disabilities Education Act (IDEA)-Part B.
DIRECT SERVICE CLAIMING (DSC)	Claiming for medical services provided by or through a Local Education Agency (LEA) to children who are both Medicaid eligible and who have been identified as eligible under the Individual with Disabilities Education Act (IDEA)-Part B.



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EPSDT	The Title XIX Early and Periodic Screening, Diagnostic and Treatment Program.
EPSDT OUTREACH	Actions taken by the Contractor and/or its Subcontractor(s) staff to assure that Title XIX eligible children and their families are informed about the Title XIX EPSDT program, are helped to understand its importance, and are encouraged to seek EPSDT services. EPSDT outreach is the key component of the MAC program.
FFP (Federal Financial Participation)	The Federal share of reimbursement for services provided in accordance with Federal requirements for school-based Medicaid services.
FMAP (Federal Medical Assistance Percentage)	Defined in CFR 42 §433.10 Rates of FFP for Program Services, is the Federal matching assistance percentage used to calculate payment to the states for part of their expenditures for services under an approved State Plan.
FREE CARE	Limits the ability of schools to bill Medicaid for covered services provided to those who are Medicaid eligible unless the school charges all students for services provided.
GRIEVANCE SYSTEM	A system that includes a process for enrollee grievances, enrollee appeals, provider claim disputes, and access to the state fair hearing system.
IDEA	Individuals with Disabilities Education Act as established in Federal statute, ensures that children with special education needs receive a free and appropriate public education.
IEP	Individualized Education Plan is a formal written plan developed and implemented for the purposes of providing special education and related services to a child with a disability who is determined eligible under IDEA, Part B.
LEA	Local Education Agency as defined by 34 CFR 300.28, and for purposes of this contract includes public school districts, charter schools not sponsored by a school district and the State School for the Deaf and Blind.
MEDICAID ADMINISTRATIVE CLAIMING (MAC) PROGRAM	Quarterly claim which provides reimbursement for a percentage of the time LEAs spend providing administrative support for direct services, as well as efforts by LEAs to assure that Title XIX eligible children and their families are informed about the Title XIX EPSDT program, are helped to understand its importance, and are encouraged to seek EPSDT services.
MEDICAID SCHOOL-BASED CLAIMING (MSBC) PROGRAM	The program that encompasses both DSC and MAC.
MATERIAL OMISSION	A fact, data or other information excluded from a report, contract, etc. the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.
NATIONAL PROVIDER NUMBER	This single, unique ID is used for billing purposes by the provider to all third party payers, including billing for reimbursement under the DSC Program. All typical health care providers must have a 10-digit National Provider Identifier (NPI).
PARTICIPATING LEA	An LEA that has signed a participating agreement with the Contractor for purposes of billing



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	AHCCCS for qualifying covered services provided to a qualified child.
PMMIS	Prepaid Medicaid Management Information System, the management information system used by AHCCCS.
QUALIFYING CHILD	A child, receiving direct medical services, who is at least 3 years old and under 22 years of age and who has been determined by AHCCCS to be eligible under Title XIX and who has been determined by the LEA to be eligible for special education and related services under IDEA, Part B.
QUALIFYING COVERED SERVICE	An AHCCCS covered service as set forth in Section 1905(a) of the Social Security Act and listed in the AHCCCS Medicaid State Plan as a covered service and as further defined in this contract and the AHCCCS Medical Policy Manual. The service must also be medically necessary and included in the qualified child's IEP as a related service.
QUALIFYING PROVIDER	A person who provides qualifying covered services and who meets all the applicable licensure/certification requirements, is registered with AHCCCS and has obtained an AHCCCS provider ID number and is employed by or working under contract with an LEA or one of its individual schools.
RELATED PARTY	A party that has, or may have, the ability to control or significantly influence a Contractor, or a party that is, or may be, controlled or significantly influenced by a Contractor. "Related parties" include, but are not limited to, agents, managing employees, persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.
RELATED SERVICE	A supportive service as defined by 34 CFR 300.34 that is provided to a qualifying child in order that the child may benefit from a special education.
RFP	Request For Proposal; document prepared by AHCCCS which describes the services required and which instructs a prospective Offeror how to prepare a response (proposal).
SPECIAL EDUCATION	A service as defined by 34 CFR 300.39 that is provided to a qualifying child in order that the child may benefit from a free and appropriate public education.
STATE MATCHING FUNDS	Non-federal funds, as specified in the Arizona Medicaid State Plan, that serves as the Title XIX state match for qualifying covered services provided by the LEAs. This rate is determined annually by the Federal Medical Assistance Percentage and is subject to change.
TECHNICAL ASSISTANCE GUIDE ON MEDICAID AND SCHOOL HEALTH	This document, issued August 1997 by CMS, describes the processes through which school-based programs must administer and file claims with the federal government for the direct medical services they provide. The guide can be found in the electronic Bidder's Library.
THIRD PARTY	An individual, entity or program that is or may be liable to pay all or part of the medical cost of injury, disease or disability of an AHCCCS applicant, eligible person or member (including a qualified child), as defined A.A.C. R9-22, Article 10.

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THIRD PARTY LIABILITY	The resources available from an individual, entity program that is or may be, by agreement, circumstance or otherwise, liable to pay all or part of the medical expenses incurred by an applicant, eligible person or member (including a qualified child) as defined in A.A.C. R9-22, Article 10.
TITLE XIX	Title XIX of the Social Security Act means Medicaid as defined in 42 U.S.C. 7.19.

NOTE: Please see the first page of the “Uniform Instructions to Offerors” for more definition of terms.

2. OVERVIEW AND BACKGROUND


The Arizona Health Care Cost Containment System (AHCCCS) is Arizona's Medicaid program. AHCCCS receives federal, state and county funds to operate, in addition to some monies from Arizona's tobacco tax. AHCCCS is designed to deliver quality health care under cutting-edge concepts of managed care. Arizona's Medicaid program operates under a Section 1115 Research and Demonstration Waiver granted by the Centers for Medicare and Medicaid Services (CMS) in 1982. From the outset, Arizona's Medicaid program has been delivered primarily as a managed care program with a relatively small residual, fee-for-service component. The Medicaid School-Based Claiming program is a fee-for-service component.

2.1 Medicaid School-Based Claiming

Medicaid School-Based Claiming is a joint federal-state program that offers reimbursement for both the provision of covered medically necessary school-based services (Direct Service Claiming program) and for the costs of administrative activities (Medicaid Administrative Claiming program), such as outreach, which support the Medicaid school-based program.

Schools are often involved in informing families of their potential eligibility for Medicaid or in helping them arrange medical appointments for the children. These activities are considered “administrative,” and schools are able to receive reimbursement through Medicaid. The schools receive administrative dollars for participating in the Medicaid Administrative Claiming (MAC) program. In the four quarters of State Fiscal year 2009, Local Educational Agencies (LEA) statewide received approximately \$3.5 million for administrative outreach.

Many children receive covered Medicaid services through their schools. Medicaid will reimburse schools for documented medically necessary services that are provided to children who are both Medicaid eligible and who have been identified as eligible under the Individuals with Disabilities Education Act (IDEA), *34 CFR 300 et seq.* Currently, the schools can receive reimbursement for medically necessary physical therapy, occupational therapy, speech therapy, audiology services, nursing services, health aides, certain transportation, and behavioral health services. These activities are considered “direct medical services.” The Direct Service Claiming (DSC) program in the state fiscal year 2009 received claims on approximately 18,000 students, processed over 1.5 million claims, and the LEAs were reimbursed over \$22 million statewide.

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Both types of claiming must comply with federal and state guidelines related to provider qualifications, covered services, claiming requirements, and documentation.

2.2 Purpose of the RFP

AHCCCS is seeking to contract with a single entity or organization to act as a third party administrator to:


- 2.2.1 Assist LEAs to appropriately claim for reimbursement under the MSBC program;
- 2.2.2 Ensure that the Medical program pays only for appropriate school-based claiming activities;
- 2.2.3 Protect the fiscal integrity of the Medicaid program by providing a clear articulation of the requirements for school-based claiming;
- 2.2.4 Help ensure consistency in the application of federal school-based claiming requirements;
- 2.2.5 Assist in the implementation of operational and oversight functions;
- 2.2.6 Educate all LEAs throughout the State about Medicaid school-based claiming;
- 2.2.7 Train and provide technical assistance to all participating LEAs;
- 2.2.8 Perform certain key claims functions related to the submittal and payment of LEA claims; and
- 2.2.9 Conduct compliance reviews of all participating LEAs.

3. CONTRACTOR RESPONSIBILITIES FOR MEDICAID SCHOOL-BASED CLAIMING ADMINISTRATION

3.1 Program Promotion and Contracting Component

The Contractor shall serve as the single point of contact for LEAs that are both interested in participating or are participating in the Medicaid School-Based Claiming Program. In order to facilitate communication between the LEA and the Contractor, the Contractor shall have a toll-free statewide telephone number. Any LEA that wants to participate in the program must sign a participation agreement with the Contractor. The Contractor shall develop and submit to AHCCCS, for prior approval, model participation agreements for both the DSC and MAC programs that shall address at a minimum:

- 3.1.1 Responsibilities and requirements of LEAs that participate in the program.
- 3.1.2 Responsibilities of the Contractor;
- 3.1.3 Identification of the program (Administrative and/or Direct Medical Services) for which the LEA will be claiming.

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3.2 Education, Training and Technical Assistance Component

The Contractor shall be responsible for educating, training and providing necessary technical assistance to the LEAs. While education is available for all LEAs in the State regardless of whether they have entered into a participation agreement, the training and provision of technical assistance is targeted at those LEAs that have entered into participation agreements. All written materials developed by the Contractor (including any materials developed for a web site) must be prior approved by AHCCCS. The Contractor shall ensure that all materials are in compliance with Federal and State laws, regulations and policies relevant to the Medicaid School-Based program and as set forth in the *AHCCCS Medical Policy Manual*, *AHCCCS Fee-For Service Provider Manual*, *CMS Medicaid School-Based Administrative Claiming Guide(May 2003)* and the *Technical Assistance Guide on Medicaid and School Health (August 1997)*.

3.2.1 Education


The Contractor shall provide information to all interested LEAs regarding the Medicaid School-Based claiming program. This shall include an overview of the specific requirements that the LEAs must comply with in order to receive AHCCCS reimbursement for qualifying covered services provided by the LEAs to qualified children. At a minimum in order to participate in the program, an LEA must:

- 3.2.1.1 Be registered as a group billing entity with AHCCCS if claiming for direct medical services as well as obtaining a national provider identifier (NPI) number.
- 3.2.1.2 Enter into a participation agreement with the Contractor to allow the Contractor to coordinate and bill for the qualifying covered services provided by the schools to qualified children.
- 3.2.1.3 Ensure that all billed services meet the requirements for qualifying covered services.
- 3.2.1.4 Have certified non-federal monies available to provide the required Title XIX match for all qualifying covered services.

The provision of this educational information shall involve meeting with interested LEAs as well as distributing written educational materials developed by the Contractor. In addition the Contractor shall be responsible for informing the LEAs about any changes to the program, e.g., expansion of covered services, changes in policy, or documentation requirements.

3.2.2 Training

The Contractor shall ensure the delivery and documentation of all necessary training to participating LEAs (i.e., those that have entered into a participation agreement with the Contractor). The Contractor shall develop a training plan that shall involve both initial and on-going training of the participating LEAs. This training shall include but is not be limited to the following:

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- 3.2.2.1 Program requirements related to qualified children and qualifying covered services;
- 3.2.2.2 Provider registration, including the need for an NPI number, for both individual providers as well as the LEAs as group billers for Direct Medical Services;
- 3.2.2.3 Eligibility verification;
- 3.2.2.4 Reimbursement;
- 3.2.2.5 Appropriate submission of clean claims including the appropriate use of ICD-9CM diagnosis codes (and when implemented, ICD-10-CM codes), CPT and HCPC procedural codes as well as timeliness;
- 3.2.2.6 Documentation and record keeping;
- 3.2.2.7 Calculation and certification of non-federal match;
- 3.2.2.8 Confidentiality;
- 3.2.2.9 Grievance and appeals;
- 3.2.2.10 Third party liability;
- 3.2.2.11 Fraud and abuse;
- 3.2.2.12 Free Care; and
- 3.2.2.13 Medicaid Administrative Claiming process.

3.2.3 Technical Assistance


In addition to a formalized training program, the Contractor shall provide technical assistance to the participating LEAs as necessary and/or as requested by the LEAs. In particular, the Contractor shall provide technical assistance to selected LEAs for whom areas of non-compliance have been identified in program compliance reviews conducted either by the Contractor or AHCCCS and/or have a high volume of denied claims.

3.2.4 Qualified Staff

In addition to training the participating LEAs, the Contractor shall ensure that the Contractor's staff that is responsible for carrying out the functions under this contract has the appropriate training, education and experience necessary to fulfill the requirements of their position. This is to include understanding of federal and state laws, rules, regulations, and policies.

3.2.5 Grievance and Appeals

The Contractor shall establish a grievance system designed to allow the LEAs to make an inquiry or complaint directly to the Contractor. If an LEA does not accept the findings or response of the Contractor, the system must provide for appeal to AHCCCS. In general, the Contractor must resolve any grievance within thirty (30) days of the date it is filed. An LEA may grieve the denial of a claim for reimbursement or recoupment of an overpayment by AHCCCS or the Contractor in accordance with A.A.C. Title 9 Chapter 34 Article 4.


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3.2.6 Compliance Review

- 3.2.6.1 The Contractor shall develop, implement and administer an annual compliance review program to ensure that the participating LEAs are appropriately claiming for services provided under the Medicaid School-Based Claiming program. Components of the compliance review program shall include but are not limited to a review of:
- 3.2.6.2 Student files including the IEPs, authorization for services by a qualified provider, adequate documentation of medical necessity of the services provided, etc.;
- 3.2.6.3 Individual provider files including, licenses/certifications of providers, provider contracts, etc;
- 3.2.6.4 Student/individual provider attendance records;
- 3.2.6.5 Provider documentation showing that covered services were rendered;
- 3.2.6.6 LEA related documentation including group biller registration, copies of claims submitted, financial documents necessary to verify state matching funds;
- 3.2.6.7 The Contractor shall develop an initial compliance review plan that shall be submitted within sixty (60) days of contract award to AHCCCS for approval. Thereafter, the Contractor shall submit an annual plan for review and approval no later than July 1st ; and
- 3.2.6.8 A summary report of the compliance reviews shall be submitted quarterly to AHCCCS, including in cases of non-compliance, a summary of the corrective action steps taken to remedy the situation. The Contractor shall retain originals on file. Any non-compliance issues that are identified by the Contractor and which could jeopardize the receipt of Federal funds due to the failure of the LEA(s) to conform to contract requirements shall be communicated to AHCCCS. AHCCCS shall review the non-compliance summary report and work with the Contractor to recoup Federal monies paid and/or preclude the LEA(s) from receiving future payments.

3.2.7 Pre-payment Review Process

The Contractor shall establish a pre-payment review system designed to ensure the claims paid to the LEAs correspond to the Medicaid eligible services (i.e. scope, frequency, and duration) identified in the IEP.

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IMPORTANT NOTE: The Claiming process for Administrative Services is very different from the claiming process for Direct Medical Services. Please be aware of the differences in the claiming requirements described in the following paragraphs (paragraphs 4 and 5).


4. CLAIMING FOR ADMINISTRATIVE SCHOOL-BASED SERVICES

4.1 Claiming Methodology for Administrative Services

- 4.1.1 The Contractor and/or its Subcontractor(s) shall comply with the procedures contained within the most current *CMS Medicaid School-based Administrative Claiming Guide*.
- 4.1.2 The Contractor will review and comply with the AHCCCS Administrative Claiming Methodology prior to the beginning of the contract.
- 4.1.3 Within 60 days of the award of the contract, the Contractor will submit for approval the claim calculator methodology it intends to use in order to process the quarterly MAC claim. Any subsequent updates to the methodology must be approved by AHCCCS prior to implementation.
- 4.1.4 The Contractor shall produce and provide to all participating LEAs a handbook, which along with any subsequent amendments must be submitted to AHCCCS for prior approval. The MAC handbook must include at a minimum, the following:
 - 4.1.4.1.1 Random Moment Time Study guide
 - 4.1.4.1.2 Staff Pool Guide
 - 4.1.4.1.3 Information on completing and submitting required Financial Data

4.2 Administrative Claiming Submittal Process

- 4.2.1 The Contractor shall submit quarterly claims to the Administration no later than one hundred fifteen (115) days after the end of each calendar quarter for that quarter’s reimbursement. Claims shall be submitted in the format described in the Agency methodology and be in accordance with *CMS Medicaid School-based Administrative Claiming Guide* and meet the requirements defined in this Agreement. The claim must be submitted with a cover letter clearly identifying it as the official quarterly administrative claim (See attachment D for sample) as well as providing the supporting documentation.
- 4.2.2 Any adjustments to previous Quarter claims must be submitted with the next quarterly claim following the overpayment determination.
- 4.2.3 The Administration shall provide FFP to the Contractor within one hundred fifty (150) days of the quarter end of the claim submission.

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4.3 Administrative Claiming Payment Process

Reimbursement for the Services provided under this Agreement is contingent upon the availability of Federal funds. This contract shall be amended to reflect any changes in Federal regulations affecting the matching percentages and/or costs eligible for administrative matching funds, which become effective subsequent to the effective date of the Contract.

- 4.3.1 The Contractor shall be the sole entity to receive FFP from the Administration and shall be responsible for distributing these Federal Funds to its LEAs.
- 4.3.2 The Contractor shall accept sole responsibility (i.e., the Administration is held harmless) for any deferrals, disallowances, or penalties imposed by CMS resulting from functions and claims made under this Contract.
- 4.3.3 The Contractor shall be reimbursed no more than the federal rate of reimbursement for Title XIX allowable administrative activities provided, as based upon a time accounting system which is in accordance with the provisions of 45 CFR Parts 74 and 95, the *CMS Medicaid School-based Administrative Claiming Guide*, and this Contract.

4.4 Denied Claims

AHCCCS shall agree to inform the Contractor of any claims submitted under this Contract, which are deferred, disallowed or deemed unallowable by CMS. AHCCCS shall require immediate and full reimbursement of all claims deferred and/or disallowed by CMS. Claims deemed unallowable by CMS and/or AHCCCS will not be reimbursed. Any reimbursed claim amounts subsequently determined to be unallowable by CMS and/or AHCCCS shall be refunded to the Administration upon demand.


5. CLAIMS FOR DIRECT MEDICAL SERVICES

The Contractor shall be required to perform claims functions as described within this contract, serving as the claims clearinghouse for all participating LEAs. AHCCCS requirements pertaining to claims submittal and payment are described below and are also set forth in the *AHCCCS Fee-For-Service Provider Manual*.

5.1 Direct Medical Services LEA and Provider Handbook

The Contractor shall develop and implement specific operational claims submittal, according to National standard guidelines, and payment-related processes necessary to ensure compliance by the Contractor and LEAs. The Contractor shall produce and provide to all participating LEAs a handbook, which along with any subsequent amendments must be submitted to AHCCCS for prior approval. The Direct Medical Services handbook must include at a minimum, the following:

- 5.1.1 Introduction to the Contractor, explaining the Contractor's organization and administrative structure;

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- 5.1.2 LEA responsibilities and the Contractor’s expectations of LEAs and their providers;
- 5.1.3 Overview of the Contractor’s responsibilities to the LEA and their providers;
- 5.1.4 Overview of the description of program services;
- 5.1.5 Grievance rights of LEAs and their providers;
- 5.1.6 Claims submission policies and procedures;
- 5.1.7 Remittance advice overview and explanation;
- 5.1.8 Qualified Providers and their role in the DSC program;
- 5.1.9 Documentation requirements.

5.2 Direct Medical Covered Services and Qualified Child

The Contractor shall reimburse participating LEAs for AHCCCS approved services provided to qualified children. AHCCCS, in cooperation with ADOE, may consider adding other AHCCCS covered services that shall be eligible for direct fee-for-service reimbursement to LEAs through a State Plan Amendment and revisions to the *AHCCCS Medical Policy Manual*.

All qualifying covered services, including any additional covered services added in the future, must be:


- 5.2.1 Identified on a qualified child’s Individualized Education Plan (IEP);
- 5.2.2 Provided by qualified registered AHCCCS providers who are employed by or subcontracted with the LEAs or their individual schools;
- 5.2.3 Provided on school grounds unless the IEP specifies that a qualified child (e.g., medically involved) be educated in an alternative setting (e.g., at home) due to the condition of the child;
- 5.2.4 Ordered or prescribed by either a licensed physician or by other qualified providers who are authorized in accordance with Federal and State laws and who are recognized by AHCCCS;
- 5.2.5 Prescribed and provided in accordance with the *AHCCCS Medical Policy Manual*;
- 5.2.6 Considered medically necessary services as set forth in A.A.C. R9-22-101.

Only qualifying covered services provided to Title XIX eligible AHCCCS children who are also eligible under IDEA, Part B are reimbursable under the Medicaid school-based claiming program. Early intervention services for infants and toddlers under IDEA, Part C shall continue to be provided and reimbursed through the already established statewide coordinated service delivery system (i.e., Arizona Early Intervention Program –AzEIP).

5.3 Direct Medical Service Claims Submittal Process

The claims submittal process for the Direct Medical Services shall include the following basic components:

- 5.3.1 The LEAs shall submit to the Contractor within six (6) months from the date of service, CMS 1500 claim forms for qualifying covered services provided to qualified children. Initial claims received later than six (6) months from the date of service by the Contractor shall be denied. The LEAs must only bill for their actual costs and AHCCCS reimburses the amount

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the LEA billed for the service or the AHCCCS capped fee-for-service schedule, whichever is less.


- 5.3.2 Prior to submitting the claims the LEA or (at the Contractor’s option) the Contractor, on the LEAs behalf, shall bill all third party payers in accordance with the provisions of 42 CFR 433.139. Failure on the part of the LEAs or their contracted providers to pursue third party liability as required by Federal law shall result in the denial of the claim. Even if payment from the other insurer has not been received, the Contractor must receive the initial claim within six (6) months from the date of service.

The Contractor shall review each claim to ensure to the extent possible that the LEA submits clean claims. This review shall include checking the quality and completeness of the data entered on the claim and the validity of the data fields. At a minimum these edits shall include:

- 5.3.2.1 Required claim fields are completed and contain correct values;
- 5.3.2.2 Service provided meets the definition of a qualified covered service;
- 5.3.2.3 Child to whom the service was provided meets the definition of a qualified child on the claim service date;
- 5.3.2.4 Any available third party liability was billed first;
- 5.3.2.5 No duplication of services;
- 5.3.2.6 Service provided by an individual provider who meets the definition of qualified provider and is eligible to provide the service on the claim service date;
- 5.3.2.7 Dates of service within past six (6) months;
- 5.3.2.8 No duplicate payments, e.g., reimbursement for the service has not been previously paid;
- 5.3.2.9 Service begin date is on or after July 1, 2009, and is a valid date; and
- 5.3.2.10 In the case of transportation services, validate that another eligible service was provided on the same day.
- 5.3.2.11 Edit that would limit the number of units paid.
- 5.3.2.12 Pre-payment review system edits to ensure compliance with IEP.
- 5.3.2.13 Weekend edit.

- 5.3.3 If the Contractor identifies any problem with the claim, the Contractor shall deny the claim to the LEA with an explanation about the problem. The Contractor shall work with the LEAs to assist them in correcting the errors so that revised claims can be submitted to the Contractor no later than twelve (12) months from the date of service or eligibility posting whichever is greater.

- 5.3.4 The Contractor shall collect all the clean claims submitted by the LEAs. Upon receipt of the LEA’s claims, the Contractor shall electronically submit, within 5 days, a single electronic claims file to AHCCCS in accordance with the School-Based Electronic Claims Manual. The Contractor shall not hold claims, with the exception of claims for transportation and Health

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Aides. Transportation claims in which the Contractor is waiting for a claim for an associated medical service, may be held for a maximum 45 days. Health Aides claims may be held for a maximum of 30 days.

5.4 Direct Medical Service Claims Payment

AHCCCS shall reimburse the approved claims for LEAs in an amount equal to the appropriate Federal Medical Assistance Percentage (FMAP) multiplied by the lesser of the AHCCCS fee-for-service rate for the qualifying covered service or the amount billed by the LEA provider, less an AHCCCS administrative fee as determined by AHCCCS. AHCCCS shall send a single reimbursement check to the Contractor for each electronic claim file submitted. The accompanying remittance advice shall be transmitted to the Contractor electronically (i.e., via the Internet to the Contractor's electronic mail address). Payments made by AHCCCS to the Contractor for qualifying covered services provided by the LEAs are conditioned upon the availability to AHCCCS of Federal funds authorized for expenditures of AHCCCS covered services. Claims deemed unallowable by CMS and/or AHCCCS shall not be reimbursed. Additionally, AHCCCS shall also withhold amounts from these payments to LEAs to pay for any payment recoupments (see discussion below).

Within thirty (30) days of the receipt of clean claims from the LEA, the Contractor shall send out the appropriate payments to each individual LEA and shall provide each LEA with a corresponding remittance advice associated with their submitted claims. The Contractor shall withhold from the individual LEA payments an administrative fee as set forth in this contract in order to pay for the Contractor's administrative costs.


5.5 Claims Denial for Direct Medical Services

5.5.1 For denied claims that were originally received within the appropriate six (6) month time frame, the LEA may resubmit a denied claim (on a new claim form) up to twelve (12) months from the date of service. The Contractor shall assist the LEA in resubmitting the denied claim. In addition the Contractor shall provide technical assistance to LEAs that continue to have a high claims denial rate and shall, as necessary, assist in the development of a corrective action plan.

5.5.2 Payment Recoupment: The Contractor shall reimburse AHCCCS upon demand or AHCCCS may deduct from future claim payments to the Contractor any amounts:

5.5.2.1 Paid by AHCCCS for which the LEAs books, records, and other documents are not sufficient to clearly validate that those amounts were used by the LEA to deliver qualifying covered services to qualified children or which fail to conform with Federal requirements as specified in 45 CFR Part 74;

5.5.2.2 Sustained as an audit finding resulting from a financial statement audit or an audit conducted in accordance with the Single Audit Act of 1984; or

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5.5.2.3 Determined by the Federal government and/or by AHCCCS to be unallowable, deferred or disallowed for any reason.

5.6 Duplicate Claims Payment

As some of the functions for the services under this Contract may overlap, the contractor must have a mechanism in place to assure non-duplication of claims through the administrative claiming and direct medical services claiming for the LEAs.

5.7 Additional claims data to AHCCCS

The Contractor will submit a data file after each claim payment cycle. The data AHCCCS requires will include but is not limited to the Contractor’s claim receipt date, the date the check is issued to the LEA, and the date of the remittance advice in the case of a denial. AHCCCS shall work with the Contractor to determine the parameters of the data file and specifics of submission.

Cost Based Reimbursement: Alternative Direct Service Reimbursement Methodology: Within the contract cycle, AHCCCS may request technical assistance with the pursuit of a state plan amendment, development and implementation of a cost based reimbursement methodology for the reimbursement of direct services provided within the school-based claiming program.

6. COST BASED REIMBURSEMENT METHODOLOGY

6.1 A cost based reimbursement methodology includes, at a minimum, the standardization of time study and cost finding methodologies for use in rate, cost reconciliation and final cost settlement. The reimbursement process is comprised of four components:


6.1.1 The Random Moment Time Study (RMTS) process (includes but not limited to maintenance of online time study system, development of and provision of training, monitoring response rate, central coding of responses and summarization of results)

6.1.2 Management/Payment of Procedure Specific Claims (receipt of claims which validate services provided, monitor eligibility of member, provide audit trail) (option of payment of claims versus interim payments)

6.1.3 Cost Reporting (Financials-Quarterly) (includes but is not limited to collection of quarterly expenditure data, calculation of administrative claims, submission of quarterly claims for certification by LEAs)

6.1.4 Cost reconciliation and Cost settlement (includes the interim process-annual)

Of Note: The RMTS process and the data collection of the quarterly financial data for the administration and outreach component of the time study is already a significant portion of the methodology used in the

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Medicaid Administrative claiming program described in paragraph 4 of the Scope of Work and explicitly explained in the Arizona MAC Program Guide.

6.2 Based on the above information AHCCCS is requesting that the prospective bidder:

6.2.1 Describe past / current experience regarding technical assistance rendered to other Medicaid states in the areas of State Plan Amendment coordination and development and cost based reimbursement methodology development and implementation.

6.2.2 Describe the process for this project and develop a fee to include:

- 6.2.2.1 Technical assistance with the successful development and submission of a state plan amendment related to cost based reimbursement to CMS;
- 6.2.2.2 Inclusion of a cost based reimbursement process into the current Arizona Random Moment Time Study methodology;
- 6.2.2.3 Training and technical assistance available to the LEAs for implementation and ongoing participation;
- 6.2.2.4 Start up and ongoing costs related to implementation of the methodology.


7. STATE MATCHING FUNDS

Qualifying covered School-Based claiming services shall be matched using the appropriate reimbursement rate or FMAP as annually determined by the Federal government. This percentage is subject to change per Federal directive. AHCCCS shall notify the Contractor of changes in the state match percentage as soon as AHCCCS is made aware of such changes and the Contractor in turn shall communicate such changes to the participating LEAs.

The non-federal funds required to be expended, as state match funds are the sole responsibility of the participating LEAs. The Contractor shall ensure that each LEA submits a certification of state match signed by the LEA CFO or appropriate LEA designee on a quarterly basis to the Contractor. The Contractor shall not submit claims for LEAs that have not certified the availability of state matching funds. Should such matching funds be limited or become unavailable to any participating LEA, the Contractor shall immediately notify AHCCCS which shall limit or deny reimbursement of Federal funds until such time as the appropriate matching funds are available. In addition, the contractor will audit the LEAs methodology for identifying the LEA State Matching Funds.

8. OPERATIONAL READINESS REVIEWS

AHCCCS may conduct an Operational Readiness Review on the successful Offeror and will, subject to the availability of resources, provide technical assistance as appropriate. The Readiness Review may be conducted prior to the start of business. The purpose of Readiness Reviews is to assess new Contractors' readiness and ability to provide third party administration functions for Medicaid School-Based Claiming. A new Contractor will be permitted to commence operations only if the Readiness Review factors are met to AHCCCS' satisfaction.

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9. AHCCCS OPERATIONAL REVIEWS

The Contractor shall cooperate with any operational reviews that AHCCCS and/or the Federal government conducts of the Contractor’s operation and/or the performance of the LEAs as it relates to this contract. Any requested records shall be made available within a reasonable period of time at the Contractor's offices or at AHCCCS or any other office designated by AHCCCS. The types and duration of the review shall be solely at the discretion of AHCCCS. AHCCCS reserves the right to conduct reviews without advance notice.

10. FINANCIAL AUDIT

10.1 The Contractor shall submit an annual audited financial statement to AHCCCS within nine (9) months of the Contractor’s fiscal year end. This financial audit shall be prepared in accordance with generally accepted auditing standards and OMB Circular A-133, “Audits of State, Local Governments and other Nonprofit Institutions” (the Single Audit Act) that shall include the operations and funds related to this contract. If the Contractor does not obtain such audit, or make such records or annual audited financial statement(s) available, AHCCCS may withhold payment of any funds due to the Contractor under this contract until such time the Contractor is deemed to be in compliance with this requirement.

10.2. The Contractor shall maintain an accounting system with supporting fiscal records adequate to assure that claims for Federal funds are in accordance with this Agreement and any applicable laws, regulations and policies.


11. RECORDS RETENTION

The Contractor shall retain all necessary financial and programmatic records, supporting documentation, statistical records and other related documents as defined by A.R.S §41-1350. The Contractor shall respond to any requests from CMS and the Administration to inspect records on a timely basis and assist as requested in any audit or monitoring activities. CMS and the Administration shall have the right to examine and make copies, excerpts or transcripts from all records, contact and conduct private interviews with the Subcontractor(s) clients and employees and conduct on-site reviews of all matters relating to service delivery as specified in this Agreement. If litigation claim or other action involving records has been initiated prior to expiration of the five (5) year retention period, records shall be retained until completion of the action and resolution of all issues which arise from it or until the end of the five (5) year period, whichever is later.

12. CONTRACTOR’S PROGRAM COORDINATION RESPONSIBILITIES

12.1 Designated Contact Person

Upon contract award, the Contractor shall designate one person whom AHCCCS may contact for issues relating to the contract. The designated person must be the person providing general direction to Contractor employees and/or subcontractors under this contract and who is primarily responsible for its success. This person shall ensure that all services performed and materials used under this contract shall be accomplished in consultation with, and under the supervision of AHCCCS.

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Name and Title

Address

Phone

Fax

E-mail

The Contractor shall give notice to AHCCCS if there is a change in:

- Address;
- Telephone or fax number and e-mail address;
- Chief program administrator or his/her designee; or
- Name and/or address of the person to whom notices are to be sent.

12.2 Coordination of Services


As deemed necessary, the Contractor shall consult with and cooperate with AHCCCS and its contracted AHCCCS health plans and ALTCS program contractors. *Note that this coordination must be in compliance with Paragraph 5.6, Duplicate Claims Payments.*

12.3 Information Systems

The Contractor is authorized to exchange data with AHCCCS relating to the information requirements of its contract and as required to support the data elements to be provided by AHCCCS in specific formats. These formats are available at <http://www.wpc-edi.com/>. The HIPAA compliant format documents are copyrighted by WPC. Offerors will need the 4010A1 Implementation Guides for the current processing standards.

12.3.1 The Contractor must be able to perform the following functions electronically:

- 12.3.1.1 Submit compliant electronic transactions in the 837 4010a format through 12/31/2011. The Contractor must be able to switch to a HIPAA compliant 5010 format beginning no later than 1/1/2012.
- 12.3.1.2 Accept HIPAA compliant electronic remittance in the 835 4010a format through 12/31/2011 and switch to a HIPAA compliant 5010 format beginning no later than 1/1/2012.

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The Contractor must be compliant with the adoption of ICD 10CM coding standards no later than 10/1/2013.

The information so recorded and submitted to AHCCCS shall be in accordance with all procedures, policies, rules or statutes in effect during the terms of this contract. If any of aforementioned is hereinafter changed, both parties agree to conform to these changes following appropriate notification by AHCCCS.

12.3.2 The Contractor is responsible for:

12.3.2.1 Any incorrect data, delayed submission or payment and/or penalty applied due to any error, omission, deletion or erroneous insert caused by Contractor-submitted data. Any data that does not meet the standards required by AHCCCS shall not be accepted.

12.3.2.2 identifying any inconsistencies immediately upon receipt of data from AHCCCS.

12.3.2.3 The Contractor shall be provided with a Contractor-specific security code for use in all data transmissions made in accordance with contract requirements. Each data transmission by the Contractor shall include the Contractor's security code. The Contractor agrees that by use of its security code, it certifies that any data transmitted is accurate and truthful, to the best of the Contractor's knowledge. The costs of software changes are included in administrative costs paid to the Contractor. There is not a separate payment for software changes. A PMMIS system contact will be assigned after contract award.


12.3.2.4 The Contractor shall comply with all administrative simplification provisions resulting from the Health Insurance Portability and Accountability Act (HIPAA).

12.4 Contractor Reports

The Contractor shall submit to AHCCCS the reports and deliverables outlined in Attachment B. The submission of late, inaccurate or other wise incomplete reports shall constitute failure to report subject to the penalty provisions described in this contract. Standards applied for determining adequacy of required reports are as follows:

12.4.1 Timeliness: Reports or other required data shall be received on or before scheduled due dates.

12.4.2 Accuracy: Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or AHCCCS defined standards.

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12.4.3 Completeness: All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.

AHCCCS requirements regarding reports, report contents and frequency of submission of reports are subject to change at any time during the term of the contract. The Contractor shall comply with all changes specified by AHCCCS.

13. AHCCCS OVERSIGHT FUNCTION

AHCCCS shall retain a percentage of the federal reimbursement from Medicaid school-based claims for the purpose of performing oversight activities, including but not limited to policy development, claims processing, and auditing. The Administration reserves the right to subcontract components of its oversight responsibilities.

14. FINANCIAL PROVISION - ACCURACY OF DATA AND REPORTS

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

15. CONFIDENTIALITY

The Contractor shall maintain the confidentiality of client records and eligibility information received from the Administration, safeguard data and use the data only in the administration, technical assistance and coordination of the Medicaid School-based claiming activities.


16. COMPENSATION.

16.1 Funds for Administrative Services will be passed through directly to the Contractor who will withhold their fee as established in this agreement and in the Contractor’s agreement with the individual school districts. Funds will be passed through when the claim is approved for payment by AHCCCS.

16.2 Funds for Direct Medical Services will be passed through to the Contractor in an amount equal to one half of the fee amount, which is a direct pass through from the federal government. The school districts are responsible for the payment of the remaining half.

17. PENDING LEGISLATION

Federal and State Legislation: AHCCCS and its Contractors are subject to legislative mandates that may result in changes to the program. AHCCCS will either amend the contract or incorporate changes in policies incorporated in the contract by reference. Rates may also be adjusted to reflect the financial impact of program changes.

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1. Pricing Overview.

AHCCCS serves solely as a pass-through entity for the payment for services under this contract.

2. The Offeror must state a firm, fixed pricing option for each category of service provided under this agreement.

For Medicaid School-based Claiming Administrative Services:


_____ % per amount paid per quarter.

For Medicaid School-based Claiming Direct Medical Services:


\$ _____ per unit.

Rates quoted will be for the initial three years of the contract. AHCCCS will consider revisions in rates for each of the last two optional years of the contract, prior to extension of the contract term.

3. In the event the cost based reimbursement methodology goes into effect, the offeror must state a firm, fixed pricing option for the technical assistance with the pursuit of a state plan amendment, development and implementation of a cost based reimbursement methodology for the reimbursement of direct services.

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1. **Definition of Terms:** As used in 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 “*May*” indicates something that is not mandatory but permissible.
 - 1.12 “*Offer*” means bid, proposal or quotation.
 - 1.13 “*Offeror*” means a vendor who responds to a Solicitation.

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- 1.14 *"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.
- 1.15 *"Shall, Must"* indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
- 1.16 *"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.
- 1.17 *"Scope of Work"* means those provisions of this solicitation which specify the work and/or results to be achieved by the Contractor.
- 1.18 *"Solicitation"* means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
- 1.19 *"Solicitation Amendment"* means a written document that is authorized by the Contracting Officer and issued for the purpose of making changes to the Solicitation.
- 1.20 *"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.
- 1.21 *"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.
- 2.3 **Submission of Inquiries:** The Solicitation Contact Person may require that an inquiry, 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.

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- 2.4 Timeliness: Any inquiry, to include exceptions, shall be submitted no later than 5:00 P.M. MST on January 12, 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 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 12, 2010.** This will allow the Contract Specialist to review all exceptions and, if applicable, afford any approved exceptions to all other potential offerors.

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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.

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.

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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 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

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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.
- 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

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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 is July 1, 2010.

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.

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;

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- 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.

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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 Method of Approach
 - 2.2 Cost
 - 2.3 Experience and Expertise of the Firm and Key Personnel

3. **Proposal Information:** Offeror is to submit its proposal with one (1) original and six (6) copies (for a total of seven (7) sets) in the format as contained in this RFP. **The original 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 **Proposed Method of Approach:**
 - 3.1.1 Proposals will be evaluated based on the offeror's distinctive plan for providing these specialized services. Since the evaluators have already read the Scope of Work for the services described, it is not necessary for the offeror to repeat the exact language, or to present a paraphrased version, as an original idea for a technical approach.
 - 3.1.2 The offeror may utilize a written narrative or any other printed technique to demonstrate its ability to satisfy the Scope of Work. When appropriate, the narrative should describe a logical progression of tasks and efforts starting with the initial steps or tasks to be accomplished and continuing until all proposed tasks are fully described. The language of the narrative should be straightforward and limited to facts, solutions to problems, and plans of proposed action. The usage of technical language should be minimized and used only to describe a technical process.
 - 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.


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3.3 Experience and Expertise of the Firm and Key Personnel:

- 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 The qualifications of the key personnel proposed by the offeror to perform the requirements of this solicitation will be considered in the evaluation. Therefore, the offeror should submit detailed information related to the experience, technical expertise and qualifications for each key personnel proposed. Offeror should provide the names, titles and a resume for all proposed key personnel; clerical staff is not considered key personnel. Exhibits A and B are furnished for the offeror's use in presenting such information.
- 3.3.3 The offeror may submit any other pertinent information which would substantiate each proposed key person possesses the experience, expertise and capability to provide the assigned services.
- 3.3.4 References of the Firm: 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 C to this RFP or in a similar manner.
- 3.3.5 The offeror should provide an organizational chart which clearly shows the reporting 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.


3.4 **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.

- 4. **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.
- 5. **Offeror's Financial Disclosure:** The offeror should complete Exhibit D, "Offeror's Financial Disclosure."
- 6. **Offeror's Checklist:** The offeror should complete Exhibit E, "Offeror's Checklist."

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7. **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.
8. **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.
9. **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.
10. **Discussions:** In accordance with A.R.S. §41-2534, after the initial receipt of proposals, discussions may 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.
11. **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.
12. **Additional Information for Submittal of Proposal:**
 - 12.1 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.
 - 12.2 AHCCCS is not responsible for supplying boxes, envelopes, tape, etc. to offerors at time of proposal delivery.
 - 12.3 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.
13. **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 these

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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.

14. 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.

15. 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.



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- 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).
- 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.
- 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.
- Arizona Law:** The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.
- 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.
- 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.
- 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.
- 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.
- Cancellation for Conflict of Interest:** Pursuant to A.R.S. 38-511, the State may cancel this contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time, while the Contract or an extension of the Contract is in effect, an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation, unless the

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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:**

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

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



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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 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.
- 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.

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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 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.



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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.
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

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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. 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.



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- 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.
- 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.



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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.
- 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.

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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.



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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;
 - 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:



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- 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;
- 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 combinations 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;

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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 no-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.
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

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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 July 1, 2010.
- 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 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.

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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 "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the 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.



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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

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.”***



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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)

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.



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- 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.
- 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.

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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 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,

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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.

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. Payment Recoupment: The Contractor shall reimburse the Administration upon demand or the Administration may deduct from future payments any amount:

30.1 Received by the Contractor from the Administration for Contract services that have been inaccurately reported or are found to be for an excluded service;

30.2 Paid by the Contractor to a subcontractor not approved by the Administration;

30.3 Paid by the Administration for which the Contractor's books, records, and other documents are not sufficient to clearly confirm that those amounts were used by the Contractor to perform Contract services as described in the Scope of Work.

30.4 Sustained as a questioned cost as a result of a financial statement audit; or

30.5 Deferred or disallowed by CMS during a review or audit of Title XIX expenditures.

31. 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.

32. Term of Contract and Option to Renew:

32.1 The initial term of this contract shall be for three (3) initial years with two (2) one-year options to extend, not to exceed a total contracting period of five (5) years. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. All contract extensions shall be through contract amendment, and shall be at the sole option of AHCCCS.



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32.2 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.

32.3 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.

33. **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.

34. **Type of Contract:** Firm Fixed-Price.

35. **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.


36. **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. M.S.T. on January 12, 2010.

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

36.2 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.

37. **Performance Bond:**

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The contractor shall be required to furnish an irrevocable security, payable to AHCCCS, based on 100 % of one month's total Medicaid School – Based program dollars. Historical data will be used to determine this amount. The performance bond binds the contractor to provide faithful performance of the contract.

Performance security shall be in the form of a performance bond, certified check or cashier's check. This security must be in the possession of the Contracting Officer within ten (10) calendar days from receipt of notice of award. If the contractor fails to execute the security document, as required, the contractor may be found in default and contract terminated by the Contracting Officer. In case of default, the Contracting Officer reserves all rights to recover as provided by law.

All performance bonds must be executed on forms substantially equivalent to SPO form 302 included with this solicitation. The Contractor shall be required to provide a performance bond of standard commercial scope issued by a surety company doing business in this State, an irrevocable letter of credit, or a cash deposit ("Performance Bond") to the Administration in the amount of one quarter's claimed FFP for EPSDT outreach for as long as the Contractor is performing under this Agreement to guarantee reimbursement of any deferrals, disallowances, or penalties imposed by CMS and performance by the Contractor of its obligations under this Agreement. The Performance Bond shall be in a form acceptable to the Administration. The Performance Bond shall be payable to the Arizona Health Care Cost Containment System Administration, an agency of the State of Arizona. The bond shall be in addition to any other bonds currently on file with the Administration. In the case of an irrevocable letter of credit the letter shall be issued by:

- A bank doing business in this State and issued by the Federal Deposit Insurance Corporation, or
- A savings and loan association doing business in this State and insured by the Federal Deposit Insurance Corporation;
- A credit union doing business in this State and insured by the National Credit Union Administration.

In the event of a default by the Contractor, the Administration shall, in addition to any other remedies it may have under this Agreement, obtain payment under the Performance Bond or substitute security for the purposes of the following:

- Paying any damages sustained by Subcontractor(s) by reason of a breach of the Contractor's obligations under this Agreement;
- Reimbursing the Administration for any payments made by the Administration on behalf of the Contractor, and
- Reimbursing the Administration for any extraordinary administrative expenses incurred by reason of a breach of the Contractor's obligations under this Agreement, including, but not limited to, expenses incurred after termination of this Agreement for reasons other than the convenience of the State by the Administration.



Exhibit A - Key Personnel

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KEY PERSONNEL

NAME OF KEY PERSON	TITLE

NOTE: Attach a resume for each individual, as required in the Special Instructions to Offerors.

	Exhibit B - Resumes for Key Personnel		AHCCCS
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1. Complete a separate resume for each key person who will be proposed to provide the services as required in the Scope of Work. Each resume should, at a minimum, contain at least the following information:
 - 1.1 Name of person;
 - 1.2 Proposed position for contract service;
 - 1.3 Position currently held in Offeror's firm;
 - 1.4 Number of years with Offeror's firm;
 - 1.5 Number of years experience providing services being procured by this solicitation;
 - 1.6 Job related training;
 - 1.7 Education;
 - 1.8 Qualifications;
 - 1.9 Previous related experience with large local, state or federal government agencies;
 - 1.10 Certifications;
 - 1.11 Membership in professional organizations;
 - 1.12 Primary functions person will fulfill under this Contract;
 - 1.13 If person will not be assigned exclusively to this Contract, what percentage of time will person be assigned to this Contract, and
 - 1.14 Any additional information which would substantiate the key person possesses the experience, expertise and knowledge to provide the proposed services.



Exhibit C - Firm's References

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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 D - Offeror's Financial Disclosure

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OFFEROR'S FINANCIAL DISCLOSURE

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>
A. Does the Offeror's organization prepare a public annual financial statement? If so, please provide a copy of the most recent audited annual financial statement. If unaudited, provide a copy of the most recent unaudited financial statement.	_____	_____
B. Is your organization audited by an independent auditor? If yes, answer 1 through 4.	_____	_____
1) How often are audits conducted? _____		
2) By whom are they conducted? _____		
3) Are management letters or internal controls issued by the auditing firm?	_____	_____
4) Does your organization have any uncorrected audit exceptions?	_____	_____
C. Are there any suits, judgments, tax deficiencies or claims pending against your organization? If yes, answer 1 and 2	_____	_____
1) What is the dollar amount? _____		
2) In which state(s)? _____		
D. Has the Offeror's organization ever gone through bankruptcy?	_____	_____



Exhibit E – Offeror's Checklist

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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.

Requirement #	Description:	RFP Page	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 23	
4	Copies of proposal submitted as one (1) marked "Original" and six (6) copies	Page 32	
5	Proposed Method of Approach	Page 32	
6	Past Experience & Performance Information for the Firm	Page 33	
7	List of all proposed Key Personnel	Page 33	
8	Detailed explanation of each key person's qualifications, experience & expertise	Page 33	
9	Resume for each key person	Page 33	
10	References for the Firm – a minimum of 3	Page 33	
11	Organizational Chart	Page 33	
12	Any additional information (optional)	Page 33	
13	Statement of Intent to provide Certificate of Insurance	Page 33	
14	Financial Disclosure (Exhibit D)	Page 33	
15	Signed Cover Sheets of Solicitation Amendments, if any		



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Attachment B – Chart of Deliverables

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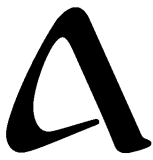
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REPORT/DELIVERABLE	DATE DUE
Annual Reports	
Administrative Claiming Calculation Methodology	Initial - May 15, 2010 Ongoing – As amended
Model LEA Participating Agreement that identifies the DSC and MAC program	Initial - May 15, 2010 Ongoing – As amended
Annual Compliance Review Plan	Initial – 60 days of contract award Ongoing - July 1st
LEA Handbooks for the MAC and DSC programs	Initial - May 15, 2010 Ongoing – As amended
Annual report summary of prior year training, technical assistance, and compliance review. Describe issues and resolutions.	Initial - July 1, 2011 then yearly by July 1 st .
Summary of School Participation Agreements	Initial – 60 days after contract award Ongoing – Yearly due July 1 st .
Annual Financial Audit (A-133 Single Audit)	Within 9 months of Contractor’s fiscal year end
Bi-Annual Reports	
Bi Annual Training Plan and Schedule	Initial - May 15, 2010 Ongoing – 15 days after January 1 st and July 1 st
Quarterly Reports	
Detailed Report of Compliance Review Results	Initial – May 1, 2010 Ongoing – Quarterly, 30 days following the end of each quarter
Quarterly Grievance Report	45 days after the end of each quarter
Quarterly Status of Certifications for Non-Federal Match	90 days after the end of each quarter for DSC and 90 days after AHCCCS disburses the quarterly claim dollars for the MAC



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Attachment B – Chart of Deliverables

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REPORT/DELIVERABLE	DATE DUE
Provider Type Summary	15 days after the end of each quarter (January, April, July and October)
Monthly Reports	
Claims Aging Summary for DSC program	By 15 th of each month
Claims Denial Report for DSC program	By 15 th of each month

 AHCCCS	Attachment C – Claim Cover Letter – Sample Format		AHCCCS Arizona Health Care Cost Containment System
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A cover letter shall accompany each claim and at a minimum will:

1. Identify the program area: “EPSDT Administrative Outreach Program”
2. Identify the AHCCCS Agreement number: “YH10-0019”
3. Identify the enclosure as the: Quarterly Administrative Expenditure Report for the Quarter beginning **Insert Date** and ending **Insert Date**.
- 4. Identify and summarize any issues specific to the Quarter for which the claim is submitted.**
- 5. Identify and summarize all adjustments to previous Quarter claims being submitted for processing with the enclosed claim.**
6. Include the following statement:
 “The enclosed claim:
 - a. was developed and is submitted in accordance with the CMS Medicaid School-based Administrative Claiming Guide and Agreement number YH10-0019,
 - b. was reviewed for accuracy, and all supporting forms/schedules are correct to the best of my knowledge/belief, and the amounts are in accordance with the implementing Medicaid regulations.”
7. The above statement must be certified with the signature of an official of the Contractor in accordance with Section 3.1 of the Financial Provisions.

Mail to:

Arizona Health Care Cost Containment System Administration
 Attention: Office of Medical Policy and Programs
 Division of Business and Finance, MD 5400
 701 East Jefferson
 Phoenix, Arizona 85034

A copy of the cover letter shall also be sent to:

Arizona Health Care Cost Containment System Administration
 Attention: Office of Medical Policy and Programs
 701 East Jefferson
 Phoenix, Arizona 85034



Certificate of Insurance

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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 EXPIRES
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

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KNOW ALL MEN BY THESE PRESENTS:

THAT _____

(hereinafter called Principal), as Principal, and _____

_____, a corporation organized and existing under the laws of the State of _____ with its principal office in the City of _____

(hereinafter called the Surety), as Surety, are held and firmly bound unto the State of Arizona, (hereinafter called the Oblige) in the amount of _____ (Dollars) (\$ _____), for the payment whereof, the said Principal and Surety bind themselves and their heirs, administrators, executors, successor assigns, jointly and severally firmly by these presents.

WHEREAS, the Principal has entered into a certain written contract with the Oblige, dated the _____ day of _____, 20_____ for the material, service or construction described as _____

which contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall faithfully perform and fulfill all the undertakings, covenants, terms, conditions and agreements of said contract during the original term of said contract and any extension thereof, with or without notice to the Surety and during the life of any guaranty required under the contract, and shall also perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the Surety being hereby waived; then the above obligations shall be void, otherwise to remain in full force and effect.

The prevailing party in a suit on this bond shall recover as part of his judgment such reasonable attorneys' fees as may be fixed by a judge of the Court.

Witness our hands this _____ day of _____ 19 _____

Principal Seal

By _____

Surety Seal

By _____

Agency of Record

Intentionally left blank