



**TASK ORDER # YH26-0031**  
**For**  
**AHCCCS AI Call Center Integration**

**Task Order Issue Date:** Nov 10, 2025

**Questions Due:** Nov 21, 2025 at 3:00 pm Arizona Time

**Intent to Bid Form Due:** Nov 21, 2025 at 3:00 pm Arizona Time

Only those who have submitted the Intent to Bid form  
will be given access to the confidential documents in the  
Bidders Library

**Task Order Proposals Due:** Dec 9, 2025 at 3:00 pm Arizona Time

PROCUREMENT OFFICER: Lisa Monreal  
Senior Procurement Specialist  
AHCCCS Procurement Office  
[Procurement@azahcccs.gov](mailto:Procurement@azahcccs.gov)

**OFFEROR SUBMISSION REQUIREMENTS:**

This task order is open to limited contractors under the Statewide Data Management Services contract. AHCCCS reserves the right to accept whole or partial responses from one or more Offerors. Any resultant award of this initiative will be added to your contract through purchase order release (for the Statewide contract).

**Late responses will not be considered.**

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**ATTACHMENTS to be included in the Task Order:**

Attachment 1. Requirements Response Matrix

Attachment 2. Pricing schedule

Attachment 3. Questions and Answer Form

Attachment 4: Intent to Bid

Attachment 5: Task Order Instructions to Offerors

**Documents in the Bidders Library:**

1. API-GensysToDW Detailed Design
2. AVA Q&A Design - Master (S77 20251106)
3. Emergency Request-GENESYS CUST SURVEY PRV SER
4. Interactive Voice Response (IVR) System
5. SAM Q&A Design - Master (S75 20250925)
6. Service Request Genesys Verify Provider IVR
7. Service Request W-AUTO DIALER CHG TO API

## **Task Order Summary**

### **1. What is AHCCCS Soliciting?**

- 1.1. The Arizona Health Care Cost Containment System (“AHCCCS”) authorized under A.R.S. § 36-2906, and any rules adopted thereunder, to procure the following services: AHCCCS is seeking to contract with an Artificial Intelligence (AI) vendor to implement an AI-powered, omnichannel customer service solution.
- 1.2. The solution will streamline AHCCCS operations by leveraging an AI-powered, omnichannel customer service experience for the AHCCCS call center. It integrates Genesys (for telephony, routing, and agent desktop) and ServiceNow (for ticket/case management and the knowledge base) leveraging recent investments by AHCCCS.

### **2. Executive Summary**

- 2.1. This Task Order is issued to implement an advanced, AI-powered customer service solution for AHCCCS. The primary objective is to leverage artificial intelligence to improve operational efficiency, enhance member and provider engagement, and ensure compliance with all applicable regulations. The solution will integrate seamlessly with AHCCCS’ existing Genesys and ServiceNow platforms and support multiple communication channels, including voice, chat, and SMS.
- 2.2. AHCCCS has been at the forefront of technological innovation, having successfully implemented its AI-powered call center bots and maintained it in full production, allowing the agency to automate routine inquiries and deliver accurate, real-time responses across multiple communication channels. The solution has demonstrated measurable improvements in operational efficiency, member engagement, and compliance. By leveraging AI, AHCCCS continues to advance its strategic goals of streamlining healthcare administration and elevating customer service for all Medicaid stakeholders.
- 2.3. The initiative will automate routine inquiries such as eligibility verification, claim status updates, provider lookup, and escalation procedures. The goal is to deliver a secure, scalable, and user-centric system.

### **3. Introduction**

AHCCCS seeks to enhance its operations by augmenting AI-powered tools within ServiceNow and Genesys. This integration aims to configure and implement ServiceNow’s AI module into an existing ServiceNow platform that is integrated with Genesys, which will improve customer service, operational efficiency, and enhance the overall Medicaid experience for customers.

### **4. Purpose**

This Task Order establishes the scope, objectives, deliverables, and responsibilities for deploying an AI-driven customer service platform for AHCCCS. It aims to modernize the agency’s communication channels, improve response times, and increase user satisfaction through intelligent automation. These enhancements include automating routine inquiries, streamlining agent handoffs, ensuring HIPAA compliance, and integrating ServiceNow and Genesys with voice, chat, and SMS channels for eligibility checks, claim status, provider lookup, plan benefits, and escalations to live agents, as well as reporting and analytics.

## **5. Background**

AHCCCS endeavors to upgrade its current customer service infrastructure by leveraging their existing investments in AI capabilities that support diverse communication channels and ensure real-time, accurate responses to user inquiries. This initiative aligns with AHCCCS's strategic objective of leveraging technology to enhance healthcare administration and member engagement.

## **6. Objectives**

- 6.1. The objectives of this initiative are to enhance customer experience by utilizing AI to personalize interactions and reduce resolution times. Additionally, the initiative aims to improve operational efficiency by automating workflows and integrating telephony with ServiceNow, thereby ensuring seamless customer service. Compliance and security are also prioritized for sensitive data handling. The initiative seeks to reduce average handling time and operational costs, improve member satisfaction and engagement, and ensure system scalability and security. Furthermore, the initiative aims to achieve compliance with all federal and state regulations and to provide comprehensive training and documentation.
- 6.2. The integration of the Genesys platform with ServiceNow enhances the overall customer and provider experience by providing fast, accurate answers to common questions and ensuring a seamless handoff to a live agent when necessary. This process improves efficiency by reducing the workload on agents, as routine inquiries are automated, and case details are captured upfront.
- 6.3. Compliance is maintained through centralized audit and case management, with secure handling of sensitive member data. The system is also scalable, supporting high interaction volumes across multiple channels while maintaining consistent service quality.

## **7. Scope of Work**

- 7.1. The scope of this initiative includes configuring and integrating the implementation of AI solutions with the existing Genesys and ServiceNow platforms. The project will support the Genesys and ServiceNow technical capabilities by providing subject matter expertise in AI tools, call center operations, platform integrations and technology best practices. The Contractor will partner with current teams to provide technical expertise and engineering oversight.
- 7.2. This integration will be deployed across various communication channels, including voice, chat, and SMS. The initiative aims to automate core functions such as eligibility verification, claim status inquiries, provider lookups, and escalation processes. Ensuring compliance with HIPAA regulations, data security, and privacy protocols is paramount. Additionally, comprehensive training and ongoing support will be provided for AHCCCS staff to ensure smooth transition and effective utilization of the new systems.

## **8. Timeline**

AHCCCS intends to begin implementation approximately April 2026. AHCCCS anticipates a six (6) to twelve (12)-month DDI, and a four (4)-year M&O period, with a total contract duration of five (5) years, and expects vendors to include the optimal DDI timeframe for their solution as part of their proposal. As part of their proposal, vendors should include a high-level timeline for implementation with estimated duration for DDI activities. Please refer to the Pricing Schedule for DDI and deliverable expectations.

## 9. Key Scope, Components and Responsibilities

### 9.1. Member and Provider Interaction

Members and Providers initiate contact via voice (phone), SMS, or web chat. All channels are handled by the Genesys platform, which provides IVR/IVA and routes interactions.

### 9.2. AI Bot Layer

Genesys routes initial interactions to the AI bot, which uses Natural Language Understanding (NLU) to recognize the member's intent—for example, eligibility, claim status, and provider lookup. The bot accesses ServiceNow's knowledge base to answer FAQs, provide policy information, or guide the member through self-service.

### 9.3. ServiceNow Integration

If the interaction requires case creation, for example, complex issues, complaints, appeals, the bot creates or updates a ServiceNow ticket automatically, mapping relevant member data. The AI bot can also retrieve case status and knowledge articles and can update cases as needed.

### 9.4. Escalation to Live Agent

For requests the bot cannot resolve or when the member requests an agent, Genesys routes the call/chat to a skilled live agent. The agent receives a full transcript and case context from the bot, either via Genesys Workspace or the integrated ServiceNow console.

### 9.5. Reporting & Compliance

All interaction data, including bot performance and escalation rates, is captured for reporting in both Genesys and ServiceNow. The architecture ensures HIPAA compliance, audit trails, and data privacy through secure integrations and role-based access.

### 9.6. Data Privacy & Regulatory Compliance

9.6.1. The outlined practices align with HIPAA Safe Harbor provisions and state and federal Medicaid requirements to ensure compliance and protect patient privacy. First, only the minimum necessary personally identifiable information (PII) should be collected in accordance with HIPAA Safe Harbor guidelines. This approach reduces the risk of exposing sensitive data and limits compliance liabilities.

9.6.2. Regarding data retention, transcripts and recordings must be stored following state record retention policies, as defined by Arizona. This ensures availability of records for audits or reviews.

9.6.3. The Solution must provide configurable consent management that enables opt-in and opt-out participation in AI chats, calls and recordings, in alignment with state and federal policies.

### 9.7. Implementation

The Contractor will establish the necessary environments for internal testing, bug identification, and system improvements to ensure alignment with AHCCCS goals, gathering data from real customer interactions for further refinement and integration with workflows.

## Definitions

For the purposes of this Task Order, the Definitions lists the acronyms, and terms are as follows:

| Acronym or Term              | Name or Definitions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACA                          | Affordable Care Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Artificial Intelligence (AI) | AI enables computer systems to perform tasks normally requiring human intelligence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Affiliate                    | Any person or entity that directly or indirectly owns or controls another person by having any family relationship, ownership interest, or a Controlling Interest in that person.                                                                                                                                                                                                                                                                                                                                                                                                              |
| AHCCCS                       | The Arizona Health Care Cost Containment System – a managed health care program that pertains to health care services provided pursuant to A.R.S. 36-2903 et seq. and is also the name of the State agency.                                                                                                                                                                                                                                                                                                                                                                                    |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Attachment                   | Any item the Task Order requires an Offeror to submit as part of the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Bot                          | A bot, short for "robot," is an automated software application designed to perform specific tasks without human intervention.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| CMS                          | <b>C</b> enters for Medicare & 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.                                                                                                                                                                                                                                                                                                                                                             |
| Contract                     | The combination of the task order, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Best and Final Offers; any task order Amendments or Contract Amendments; and any terms applied by law.                                                                                                                                                                                                                                                                                                                                             |
| Contract Amendment           | A written document signed by the Procurement Officer that is issued for the purpose of making changes in the contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Contractor                   | A person who has a contract with the State and/or AHCCCS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Data                         | Recorded information, regardless of form or the media on which it may be recorded. The term may include technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing, or management information.                                                                                                                                                                                                                                                                                      |
| Days                         | Calendar days unless otherwise specified. If a due date falls on a Saturday, Sunday, or legal holiday, then the due date is considered the next business day. A business day means a Monday, Tuesday, Wednesday, Thursday, or Friday unless a legal holiday falls on Monday, Tuesday, Wednesday, Thursday, or Friday. Computation of time begins the day after the event that triggers the period and includes all calendar days and the final day of the period. If the final day of the period is a weekend or legal holiday, the period is extended until the end of the next business day. |
| Deliverables                 | All items that the Contractor is required to deliver under this Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Acronym or Term     | Name or Definitions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Documentation       | All documents, including documents that are Deliverables described in the Statement of Work, that are to be delivered by Contractor under this Contract. Documentation includes documents in hard copy or electronic form.                                                                                                                                                                                                                                                                                                                                              |
| Exhibit             | Any item labeled as an Exhibit in the task order or placed in the Exhibits section of the task order generally contains maps, schematics or other documents that will be used to perform the requirement after contract award.                                                                                                                                                                                                                                                                                                                                          |
| Genesys             | Genesys Cloud Services, Inc. (Genesys), formerly Genesys Telecommunications Laboratories, Inc., is a software company that sells customer experience (CX) and call center technology.                                                                                                                                                                                                                                                                                                                                                                                   |
| Key Personnel       | Contractor's Authorized Representative, the Initiative Manager, and all other Contractor personnel designated as Key Persons.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 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.                                                                                                                                                                                                                                                                                                                                                                          |
| Materials           | All property, including equipment, supplies, printing, insurance, and leases of property, but does not include land, a permanent interest in land, or real property or leasing space.                                                                                                                                                                                                                                                                                                                                                                                   |
| May                 | Indicates something that is not mandatory but permissible.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Medicaid            | A Federal/State program authorized by Title XIX of the Social Security Act, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Milestone           | The completion date for a specific group of tasks or deliverables identified as a milestone in the Statement of Work.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| NTE                 | Not-to-Exceed amount.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Offer               | A response to a task order.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Offeror             | A vendor or person who responds to a Solicitation or task order.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Person              | Any corporation, business, individual, union, committee, club, or other organization or group of individuals.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Procurement Officer | The person, or his or her designee, duly authorized by the State and AHCCCS to enter into and administer Contracts and make written determinations with respect to the Contract.                                                                                                                                                                                                                                                                                                                                                                                        |
| 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. |
| Scope of Work       | The documents that describe the Services to be provided by Contractor, including the Tasks, Deliverables and Milestones, Documentation, Work Product, the attributes (including requirements and specifications)                                                                                                                                                                                                                                                                                                                                                        |

| Acronym or Term      | Name or Definitions                                                                                                                                                                                                                                                         |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      | of each Deliverable, identification of the Deliverables and Services that are associated with each Task, and a completion date for each Milestone and Deliverable, the payment schedule for each Deliverable and Milestone, and any other items as agreed by the parties.   |
| ServiceNow           | ServiceNow, Inc. is a software company that supplies solutions for the creation and management of automated business workflows.                                                                                                                                             |
| Services             | The furnishing of labor, time, or effort by a Contractor or Subcontractor that does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.         |
| Shall, Must          | Indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.                                                                                                                                |
| 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.                         |
| Task Order           | Request issued by an Eligible Agency to solicit work to be performed under the Statewide Contract. Also referred to as “SOW Response” or “SOW Request.”                                                                                                                     |
| Task Order Amendment | A written document that is authorized by the Procurement Officer and issued for the purpose of making changes to the Task Order.                                                                                                                                            |
| User                 | A user refers to anyone who uses a product, service or system. A user may be a state worker, customer or other authorized person who interacts with the solution.                                                                                                           |
| State                | Any department, commission, council, board, bureau, committee, institution, agency, government corporation, or other establishment or official of the executive branch or corporation commission of the State of Arizona that executes the Contract.                        |
| State Fiscal Year    | The period beginning on July 1 and ending on June 30.                                                                                                                                                                                                                       |
| Subcontract          | Any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract. |
| Subcontractor        | A person who contracts to perform work or render Services to a Contractor or to another Subcontractor as a part of a Contract with the State.                                                                                                                               |

## **TERMS AND CONDITIONS**

The awarded Contractor must adhere to the terms and conditions included in its Statewide Data Management Services Contract.

The awarded Contractor shall be required to adhere to the AHCCCS Terms and Conditions as follows:

1. This project may be funded by multiple sources including State funds and Federal funds. If either the State or the Federal government alters their funding of this project, or of the agency in general, in addition to Uniform Terms and Conditions 4.5 and 4.6, AHCCCS may terminate, reduce, or alter the project in part or in whole as necessary.
2. **Contract Disputes:** Contract claims and disputes shall be adjudicated in accordance with State Law, AHCCCS Rules and this contract. Except as provided by 9 A.A.C. Chapter 22, Article 6, the exclusive manner for the Contractor to assert any dispute against AHCCCS shall be in accordance with the process outlined in 9 A.A.C. Chapter 34 and A.R.S. §36-2932.
  - a. All disputes except as provided under 9 A.A.C. Chapter 22, Article 6 shall be filed in writing and be received by AHCCCS no later than 60 days from the date of the disputed notice. All disputes shall state the factual and legal basis for the dispute.
  - b. Pending the final resolution of any disputes involving this contract, the Contractor shall proceed with performance of this contract in accordance with AHCCCS' instructions, unless AHCCCS specifically, in writing, requests termination or a temporary suspension of performance.
3. **Confidentiality of Records and Disclosure of Confidential Information:**
  - a. The Contractor shall not, without prior written approval from AHCCCS, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCS personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Contractor by AHCCCS.
  - b. The Contractor shall establish and maintain written policies procedures and controls, approved by AHCCCS, governing access to, duplication of, and dissemination of all such information for the purpose of assuring that no information contained in its records or obtained from AHCCCS or others carrying out its functions under the contract, is used or disclosed by it, its agents, officers or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to AHCCCS. The Contractor's data safeguard program shall further conform to the data confidentiality and security requirements of AHCCCS policy and procedures, and all-relevant state and federal requirements, including HIPAA standards.
  - c. The disclosure of information in summary, statistical, or other form that does not identify particular individuals is permitted only with prior AHCCCS approval. The use or disclosure of information concerning Members will be limited to purposes directly connected with the scope of this contract.
  - d. The Contractor shall advise its employees, agents and subcontractors, if any, that they are subject to these confidentiality requirements. A signed confidentiality statement containing language approved by AHCCCS will be obtained from all employees, agents and subcontractors, if any, and maintained in the individual's personnel file with a copy sent to AHCCCS upon request.

**4. Fraud and Abuse:**

- a. It shall be the responsibility of the Contractor to report all cases of suspected fraud and abuse by subcontractors, members or employees. The Contractor shall provide written notification of all such incidents to the Procurement officer.
- b. 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.
- c. 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.

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

- a. 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.
- b. Data, information and reports collected or prepared by Contractor in the course of performing its duties and obligations under this contract shall be deemed to be owned by AHCCCS. The ownership provision is in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. These items shall not be used by Contractor for any independent project of Contractor or publicized by Contractor without the prior written permission of the Procurement officer. Subject to applicable state and federal laws and regulations, AHCCCS shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. At the termination of the contract, Contractor shall make available all such data to the Procurement officer within thirty (30) days following termination of the contract or such longer period as approved by the Procurement officer. For purposes of this subsection, the term "data" shall not include member medical records.
- c. 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.

**6. Records:**

- a. In addition to the requirements set forth in this contract under the Uniform Terms and Conditions, all books and records shall be maintained to the extent and in such detail as required by AHCCCS Rules and Policies. Records shall include, but not be limited to, financial statements, case files (both hard copy and stored data), and other records specified by AHCCCS.
- b. The Contractor shall make available at its office at all reasonable times during the term of this contract and the period set forth in in this section, any of its records for inspection, audit or reproduction by any authorized representative of AHCCCS, State or federal government.
- c. The Contractor shall preserve and make available all records for a period of ten (10) years from the date of final payment under this contract except as provided below:

- i. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination.
- ii. Records that relate to grievances, disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by AHCCCS, shall be retained by the Contractor for a period of five years after the date of final disposition or resolution thereof.
- iii. Completed case files shall be scheduled for archive shipment to AHCCCS, as defined by AHCCCS Policy and Procedures.

## **HIPAA BUSINESS ASSOCIATE ADDENDUM**

Updated April 2020

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

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

### **1. DEFINITIONS**

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

### **2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE**

Business Associate agrees to:

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

- G. A description of actions, efforts, or plans undertaken by the Business associate to mitigate the harm of the unauthorized disclosure;
- H. A description of corrective actions undertaken or planned to prevent future similar unauthorized use or disclosure;
- I. An assessment of whether a breach, as defined in 45 CFR 164.402, including, if necessary, an assessment of the probability of harm, and
- J. Such other information, as may be reasonably requested by the AHCCCS Privacy Official.

Business Associate shall provide AHCCCS with supplemental reports promptly as new information becomes available, as assessments and action plans are developed, and as action plans are implemented. In any event, Business Associate shall provide a comprehensive written report including all of the information listed above no later than twenty (20) days after discovery of unauthorized use or disclosure.

- 2.3.2. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
- 2.3.3. Sanctions. Business Associate shall have and apply appropriate sanctions against any employee, subcontractor or agent who uses or discloses AHCCCS PHI in violation of this Addendum or applicable law.
- 2.4. In accordance with 45 CFR §164.502(e)(1)(ii) and §164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions and requirements that apply to the Business Associate with respect to such information;
- 2.5. Make available PHI in a designated record set to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.524;
- 2.6. Make any amendment(s) to PHI in a designated record set as directed or agreed to by AHCCCS pursuant to 45 CFR §164.526, or take other measures as necessary to satisfy AHCCCS' obligations under 45 CFR §164.526;
- 2.7. Maintain and make available the information required to provide an Accounting of Disclosures to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.528;
- 2.8. To the extent Business Associate is to carry out one of more of AHCCCS' obligations under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to AHCCCS in the performance of such obligation(s); and
- 2.9. Make its internal practices, books and records available to AHCCCS and the Secretary for purposes of determining compliance with the HIPAA rules.

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

- 3.1. Business Associate may only use or disclosure PHI as necessary to perform the services and obligations set forth in the underlying Contract;

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

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

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

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

- 5.1. Term: This Addendum is effective upon the effective date of the underlying Contract and shall terminate on the date AHCCCS terminates the contract for cause as authorized in paragraph (b) of this Section, or for any other reason permitted under the contract, whichever is sooner.
- 5.2. Termination for Cause: Business Associate authorizes termination of the Contract by AHCCCS if AHCCCS determines that Business Associate has breached a material term of this Addendum and Business Associate has not cured the breach or ended the violation within the time specified by AHCCCS.
- 5.3. Obligations of Business Associate Upon Termination: Upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate, with respect to PHI received from AHCCCS, or created, maintained, or received by Business Associate on behalf of AHCCCS, shall:
  - 5.3.1. Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;
  - 5.3.2. Destroy or return to AHCCCS all remaining PHI that the Business Associate still maintains in any form;

- 5.3.3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI;
- 5.3.4. Not use or disclose the PHI retained by Business Associate other than for the purposes for which such protected health information was retained and subject to the same conditions set out in this Addendum that applied prior to termination; and
- 5.3.5. Destroy or return to AHCCCS the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal and contractual responsibilities.

- 5.4. Survival: The obligations of Business Associate under this Section shall survive the termination of the Contract.

## **6. INDEMNIFICATION AND MISCELLANEOUS**

- 6.1. Indemnification: Business Associate shall indemnify, hold harmless and defend AHCCCS from and against any and all claims, losses, liabilities, costs, civil and criminal penalties, and other expenses resulting from, or relating to, the acts or omissions of Business Associate, its employees, agents, and sub-contractors in connection with the representations, duties and obligations of Business Associate under this Addendum. The parties' respective rights and obligations under this Section shall survive termination of the Contract.
- 6.2. Regulatory References: A reference in this Addendum to a section in the HIPAA rules means the section as in effect or as amended.
- 6.3. Amendment: The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for compliance with the requirements of the HIPAA rules or any other applicable law.
- 6.4. Interpretation: Any ambiguity in this Addendum shall be interpreted to permit compliance with the HIPAA rules.

**END OF TASK ORDER DOCUMENT**