

32 *[Signature]*



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INFORMATION SERVICES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-8160 1-800-852-3345 Ext. 8160
Fax: 271-4912 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Nicholas A. Toumpas
Commissioner

William L. Baggeroer
Chief Information
Officer/Director

July 12, 2013

*Sole Source
96% Federal
10% General*

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, N.H. 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Office of Information Services, to enter into a **sole source** amendment (Amendment 7) to an existing contract (Purchase Order # 1018352) with Cognosante, LLC (Vendor #223062) (formerly FOX Systems, LLC) at 6263 North Scottsdale Road, Suite 200, Scottsdale, AZ 85250, for continuation of quality assurance services and expansion of the scope of services in compliance with the Centers for Medicare and Medicaid Services by increasing the price limitation by \$986,400 from \$12,270,475 to a new amount not to exceed \$13,256,875 and by extending the completion date from December 31, 2014, to June 30, 2015, effective July 24, 2013 or date of Governor and Council approval, whichever is later. The Governor and Executive Council approved the original contract on December 1, 2004 (Item# E), Amendment 1 on December 12, 2006 (Item #119A), Amendment 2 on December 11, 2007 (Item #60), Amendment 3 on December 18, 2008 (Item#57, Amendment 4 on June 23, 2010 (Item#95), Amendment 5 on April 18, 2012 (Item#57 and Amendment 6 on January 16, 2013 (Item#17).

Funds are available in SFY 2014 through SFY 2015 as follows with the authority to adjust amounts within price limitation and amend the related terms of the contract without further approval from the Governor and Executive Council.

05-95-95-954010-5952 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, OFFICE OF INFORMATION SERVICES, OFFICE OF INFORMATION SERVICES

<u>State Fiscal Year</u>	<u>Class Object</u>	<u>Class Title</u>	<u>Current Modified Budget</u>	<u>Increase/ (Decrease)</u>	<u>Revised Modified Budget</u>
2005	102/500731	Contracts for Program Services	\$426,820	\$0	\$426,820
2006	102/500731	Contracts for Program Services	\$818,733	\$0	\$818,733
2007	102/500731	Contracts for Program Services	\$527,267	\$0	\$527,267
2008	102/500731	Contracts for Program Services	\$759,163	\$0	\$759,163
2009	102/500731	Contracts for Program Services	\$605,802	\$0	\$605,802
2010	102/500731	Contracts for Program Services	\$470,260	\$0	\$470,260
2011	102/500731	Contracts for Program Services	\$638,313	\$0	\$638,313
2012	102/500731	Contracts for Program Services	\$1,727,698	\$0	\$1,727,698
2013	102/500731	Contracts for Program Services	\$3,536,979	\$0	\$3,536,979
2014	102/500731	Contracts for Program Services	\$2,426,094	\$0	\$2,426,094
2015	102/500731	Contracts for Program Services	\$333,346	\$0	\$333,346
Sub-Total			\$12,270,475	\$0	\$12,270,475

05-95-45-450010-TBD HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: TRANSITIONAL ASSISTANCE, DIVISION OF FAMILY ASSISTANCE, NEW HEIGHTS INCREMENTAL MODERNIZATION

<u>State Fiscal Year</u>	<u>Class Object</u>	<u>Class Title</u>	<u>Current Modified Budget</u>	<u>Increase/ (Decrease)</u>	<u>Revised Modified Budget</u>
2014	34/500099	Major IT Systems	\$0	\$499,520	\$499,520
2015	34/500099	Major IT Systems	\$0	\$486,880	\$486,880
Sub Total			\$0	\$986,400	\$986,400
Total			\$12,270,475	\$986,400	\$13,256,875

EXPLANATION

This amendment is identified as sole source. The quality assurance services included in this amendment are an expansion of the services procured under the original contract that was competitively bid. Cognosante, LLC has been providing ongoing Quality Assurance Services to the Medicaid Management Information System starting in State Fiscal Year 2005 as required by the Centers for Medicare and Medicaid Services. The purpose of this Amendment is to expand the scope of services provided by Cognosante, LLC to include providing Quality Assurance Services to the New Heights Incremental Modernization project. A quality assurance vendor is required by the Centers for Medicare and Medicaid Services for States to receive 90% reimbursement for modernization of Medicaid Eligibility systems - in our case New HEIGHTS. The Department had intended to competitively procure this service as had been outlined to the Centers for Medicare and Medicaid Services in the Advance Planning Document Update approved August 10, 2012. However the timeline to complete this procurement had an anticipated start date of January 2014. The Centers for Medicare and Medicaid Services informed New Hampshire on April 24, 2013 of the mandate that New Hampshire would have to have this service in place no later than July of 2013 to be able to interface with the Federal Data Hub. Amending our existing Medicaid Management Information System Reprocurement quality assurance contract with Cognosante is our only viable option. Cognosante is very familiar with New Hampshire Medicaid systems having worked with us for several years (vender is qualified), their billing rates were already set and approved by the State of New Hampshire (fair cost), and an agreement to expand their quality assurance work to Medicaid eligibility is doable by the Centers for Medicare and Medicaid Services imposed deadline of July 2013 (timeliness).

The goal of the New Heights Incremental Modernization project is to further streamline the Department of Health and Human Services' operations and to enhance client services. Enhancements to New Heights system are expected to yield significant efficiencies to contain operating costs and improve productivity. The savings are based on improved worker productivity of an average 6% or 120 hours annually per DCA case worker. These efficiencies will contribute towards the Department of Health and Human Services' ability to maintain increased caseloads, including partial mitigation of the administrative expense which will be incurred if New Hampshire expands Medicaid under the Patient Protection and Affordable Care Act.

In addition to the quantitative benefits described above, these enhancements are critical to support the Department of Health and Human Service's strategic vision for improved service delivery, client-centric orientation with operational efficiencies. For example, a text reminder for appointments offers improved client service and improves the Division of Client Services case management efficiency by reducing the "no show" percentage and costs associated with lost productivity and rescheduling. In the long term, the Department of Health and Human Services will be in a stronger position to support ongoing evolution using a contemporary case management system which enhances customer service, contains administrative expense and provides infrastructure to manage benefits and policy.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

July 12, 2013

Page 3

Should the Governor and Executive Council determine to not approve this Request, the Department of Health and Human Services would experience a gap in quality assurance services and increase risk to the New Heights Incremental Modernization project, that would jeopardize the integrity of the New Heights System. Because the Centers for Medicare and Medicaid Services require a quality assurance vendor, a determination to not approve this Request would result in loss of federal funding.

Funding for the New Heights Incremental Modernization project is provided through the Patient Protection and Affordable Care Act: Public Law 111-1148. The Centers for Medicare and Medicaid Services has approved funding of \$500,000 for Quality Assurance Services and the remaining federal approval is anticipated based on additional Advanced Planning Documents scheduled for submission by the Department of Health and Human Services.

Source of Funds: Design, Development and Implementation phase: 90% federal funds,
10% general funds.

Geographic area to be served: Statewide.

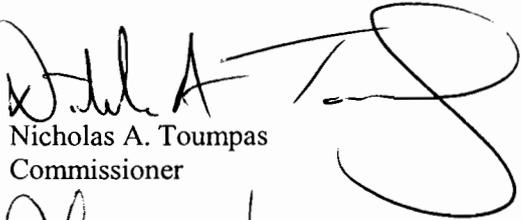
In the event that the Federal funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



William L. Baggeroer
Chief Information Officer/Director

Approved by:



Nicholas A. Toumpas
Commissioner



Peter C. Hastings
Commissioner
Department of Information Technology



STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY

27 Hazen Dr., Concord, NH 03301
Fax: 603-271-1516 TDD Access: 1-800-735-2964
www.nh.gov/doit

Peter C. Hastings
Commissioner

July 16, 2013

Nicholas A. Toumpas, Commissioner
State of New Hampshire
Department of Health and Human Services
129 Pleasant Street
Concord, NH 03301-3857

Dear Commissioner Toumpas:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to amend a contract with Cognosante, LLC (formerly FOX Systems, Inc.) as described below and referenced as DoIT No. 2005-002G.

This contract amendment extends the services of Cognosante, LLC for the continuation of quality assurance services related to the new NH Medicaid Management Information System. The scope of services is expanded to include additional resources for end-to-end and user acceptance testing, dedicated support for preparation and review of the post-implementation certification requirements, and for independent project monitoring and reporting.

The expiration date of the current contract is extended from December 31, 2014 through June 30, 2015. Funding for this contract is increased by \$986,400 from \$12,270,475 to a new amount not to exceed \$13,256,875. The MMIS Quality Assurance Services project is set forth in the New Hampshire Information Technology Plan 2005-2009 dated October 21, 2005, as Appendix VI: *Key Projects to be Undertaken in Fiscal Years 2006/07 by State Agency*, Project 75: OMPB/MMIS, MMIS Reprocurement.

A copy of this letter should accompany the Department of Health and Human Services' submission to the Governor and Executive Council for approval.

Sincerely,

A handwritten signature in black ink that reads 'Peter C. Hastings'.

Peter C. Hastings
Commissioner

PCH/lm
RFP 2005-002

cc: Leslie Mason, DoIT
Grant Beckman, DHHS



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
7/1/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Brown & Brown Insurance of AZ, Inc 2800 North Central Avenue, Suite 1600 Phoenix AZ 85004	CONTACT NAME: Sharon Bowman	FAX (A/C, No):	
	PHONE (A/C, No, Ext): 602-664-7056	E-MAIL ADDRESS: sbowman@bbphoenix.com	
INSURED Cognosante Holdings, LLC 6263 N Scottsdale Rd, Ste 200 Scottsdale AZ 85250	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: The Travelers Ind Co of Am		25666
	INSURER B: Travelers Indemnity Company		25658
	INSURER C: Philadelphia Indemnity Ins Co.		18058
	INSURER D: Travelers Indemnity Co of CT		25682
	INSURER E:		
INSURER F:			

COVERAGES CERTIFICATE NUMBER: 209825152 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Primary & Non-Cont GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	Y	Y	I68097K16415	7/1/2013	7/1/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	Y	Y	BA97K14907	7/1/2013	7/1/2014	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$5,000			CUP4189Y047	7/1/2013	7/1/2014	EACH OCCURRENCE \$4,000,000 AGGREGATE \$4,000,000 \$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y	N/A	UB97K32753	7/1/2013	7/1/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER All States E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
C	Professional E&O			PHSD821019	2/21/2013	2/21/2014	Occurrence 3,000,000 Aggregate 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
All forms apply per written contract requiring insurance.
Blanket additional insured form CGD2520805. Blanket Primary and Non-Contributory CGD0370405. Blanket waivers of subrogation to general liability per CGD1861103. Blanket additional insured to auto liability per CAT4200706. Blanket waiver of subrogation on workers compensation form WC0003130001.
Workers Compensation Insurance is provided that meets New Hampshire's statutory requirements.

CERTIFICATE HOLDER State of New Hampshire Office of Medicaid Business & Policy Department of Health & Human Services 129 Pleasant St. Concord NH 03301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Sharon Bowman</i>
--	---

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Cognosante, LLC, a(n) Delaware limited liability company registered to do business in New Hampshire on May 11, 2010. I further certify that it is in good standing as far as this office is concerned, having filed the annual report(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 5th day of July, A.D. 2013

A handwritten signature in black ink, appearing to read "William M. Gardner", written in a cursive style.

William M. Gardner
Secretary of State

State of New Hampshire
Department of Health and Human Services
Amendment 7 to the Cognosante, LLC Contract

This 7th Amendment to the Cognosante, LLC (formerly FOX Systems, LLC and FOX Systems, Inc.) contract (hereinafter referred to as "Amendment 7") dated this 12th day of July, 2013, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Cognosante, LLC, (hereinafter referred to as "Cognosante" or "the Contractor"), a limited liability company with a place of business at 6263 North Scottsdale Road – Suite 200, Scottsdale, Arizona.

Whereas FOX Systems, LLC legally changed its legal name to Cognosante, LLC effective August 4, 2011, all rights and obligations of the parties under the contract referenced above are unaffected by the change in name, corporate structure or parent company.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on December 1, 2004, and amended by an agreement (Amendment 1 to the Contract) approved on December 12, 2006, an agreement (Amendment 2 to the Contract) approved on December 11, 2007, an agreement (Amendment 3 to the Contract) approved on December 12, 2008, an agreement (Amendment 4 to the Contract) approved on June 23, 2010 and an agreement (Amendment 5 to the Contract) approved on March 21, 2012 and agreement (Amendment 6 to the Contract) approved on January 16, 2013, the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree as follows:

1. Except as specifically amended and modified by the terms and conditions in this Amendment, the obligations of the parties shall remain in full force and effect in accordance with the terms and conditions set forth in the Contract and its Amendments, Amendment 1, Amendment 2, Amendment 3, Amendment 4, Amendment 5 and Amendment 6, as referenced above.
2. The General Provisions Form P-37 are hereby amended as follows:
 - 2.1. Block 1.6, Completion Date, is changed from "December 31, 2014" to "June 30, 2015."
 - 2.2. Block 1.8, Price Limitation, is increased by "\$986,400" from "\$12,270,475" to "\$13,256,875."
 - 2.3. Block 3.1, Effective Date, is amended by the addition of the following sentence:
Amendment 1 is effective on December 12, 2006, Amendment 2 is effective on December 11, 2007 Amendment 3 is effective on December 18, 2008, Amendment 4 is effective on June 23, 2010, Amendment 5 is effective on March 28, 2012, Amendment 6 is effective on January 16, 2013 and Amendment 7 is effective on July 24, 2013 or date of Governor and Executive Council approval, whichever date is later.

3. The provisions of Exhibit A, Scope of Services are hereby amended as follows: The Contract Period September 1, 2004 through June 30, 2015, includes the option for early termination and reduction in Cognosante staff, exercisable at the sole discretion of the Commissioner of the Department of Health and Human Services anytime after December 31, 2014 with 30 calendar days advance written notice to the Contractor.
4. The provisions of Exhibit A: Scope of Services, Section 4.1 Period of Performance, are hereby modified as of the Effective Date as follows: The Contract shall take effect after full execution of the parties including, but not limited to, Governor and Executive Council approval. This Amendment 7 is effective upon the date of Governor and Executive Council approval or July 24, 2013, whichever date is later. It shall remain in effect through June 30, 2015 unless otherwise amended or terminated in accordance with this Contract.
5. Exhibit B is amended to increase the Contract price by an amount not to exceed \$986,400 to a total Contract price of \$13,256,875.
6. The provisions relative to Exhibit A Scope of Services Project Staff Table are amended by replacing them with the following:

Amendment 6 Table 7.2-1: Project Staff

Name	Title
Ken Dybevik	Program Director/Client Executive
Peter Wall	* Project Manager
Eddie Vega	* Business Analyst/Quality Assurance Lead
Lynda Bowen	* Senior Testing Analyst
Margaret Patterson	Business/Testing Analyst
Peggy Billhartz	Business/Testing Analyst
Jacob Thomas	Testing Analyst
Ronda Harris	Senior Business Analyst
Tamera Damon	Senior Business Analyst
Vickie Gavin	Senior Business Analyst
TBN	Senior Business Analyst- IES IVV
TBN	Executive Security Consultant- IES Security
TBN	IES Testing Analyst
Susan Fox	Technical Advisory Group (TAG)
James Joyce	Technical Advisory Group (TAG)

7. The provisions relative to Exhibit A, Scope of Services Section 11, the Dispute Resolution Responsibility and Schedule Table, are amended by replacing them with the following:

Amendment 6 Table 11-1: Dispute Resolution Responsibility and Schedule Table

Level	Cognosante LLC	DHHS	Cumulative Allotted Time
Primary	Peter Wall Project Manager	Grant Beckman, MMIS QA Contract Administrator	5 Business Days
First	Ken Dybevik Program Director/Client Executive	Diane Delisle MMIS Director	10 Business Days
Second	Jim Joyce Senior Vice President (MMS)	William Baggeroer OIS Director	15 Business Days

Level	Cognosante, LLC	DHHS	Cumulative Allotted Time
Third	Susan Fox President	Nicholas A. Toumpas Commissioner	20 Business Days

8. The provisions relative to Exhibit A, Scope of Services, Section 12 Table 12-1 QA Services Deliverables and Schedule are amended by replacing the table with Amendment 7 Table 12-1:QA Services Deliverables and Schedule below:

Amendment 7 Table 12-1: *QA Services Deliverables and Schedule*

Level	Description	Start Date	End Date
1.1	Overall Finalized QA Plan		Within five (5) business days after contract approved and notice to proceed issued
1.1.1	Review Sessions and Meetings: <ul style="list-style-type: none"> • Kickoff • Weekly Status Meetings • Other Meetings 		Kickoff-five (5) business days after project start. Weekly Status meeting
1.1.2	Publish session and meeting minutes and revised Project Plans		Must be done within two (2) business days after each meeting
1.1.3	Produce monthly Project Status Reports		First business day of the month, beginning January 2, 2005
1.1.4	Produce Monthly Project Risk Management Reports		First business day of the month, beginning January 2, 2005
1.2	Publish QA Work Plan and Schedule		Updated weekly, as required
1.3	Integrate QA Work Plan and Implementation Project Work Plan		Complete monthly starting February 1, 2006
1.4	Create Project Communication Plan		Within 30 days of project start
1.5	Create a Documentation plan for the Project		Within 30 days of project start
1.6	Create Paper Work and Electronic Media Control Procedures		Within 30 days of project start
1.7	DDI Deliverable Review and Approval Process		February 15, 2005
1.8	Establish process for review and approval of software development results		February 15, 2005
1.9	Create Expenditure Control Plan		Within 30 days of project start
1.11	Implementation Control Guidelines Plan		Done in conjunction with the MMIS Vendor

Number	Description	Date
1.13	Establish a Project Scope Management and Change Control Plan	February 1, 2005
2. Pre-DDI QA: Produce and distribute the deliverable		
2.1	Business Rules Gap Analysis and Recommendations for new and/or modified Medicaid policy/rules	August 15, 2005
2.2	Create Business Rules Matrix	August 15, 2005
2.3 p.1	Report detailing provider billing manuals, bulletins, and claims resolution manuals	Removed from initial contract
2.3 p. 2	Comprehensive analysis report of provider reimbursement methods, benefit levels, eligibility levels and program integrity requirements.	September 15, 2005
2.4	Embedded MMIS Code and Business Logic Analysis Logic	July 20, 2005
2.5	MMIS Eligibility Conversion Strategy Analysis	June 30, 2005
2.6	Business Processing Reengineering Recommendation Report	October 3, 2005
2.7	Report Specifications Analysis	August 3, 2005
3. DDIO: Produce implementation deliverables		
3.1	<p>Report on the following Implementation Vendor Deliverables, deliverables can be moved between project phases based on the Implementation Vendor's work plan:</p> <ul style="list-style-type: none"> • Project Management Plan • Detailed Project Work Plan • Problem Control and Change Management Plan • Project Communication Plan • Quality Assurance Plan • Issues Tracking and Resolution • Requirements Validation Specification • Requirements Traceability Matrix • General System Design • Revised General System Design • Attend/Participate in DSD sessions for four months per State approved DSD calendar. • Detailed System Design (23 Chapters) • Test Environment Preparation • Integration and System Test Scripts (as requested by the State) • MMIS Implementation Plan • Finalized System Test Plan • Finalized Contingency Plan • Finalized Conversion Plan • X12N EDI Companion Guides • Revised Detailed System Design (3 Groups) • Finalized Training Plan • Preliminary Operations Plan • Finalized Operations Plan • Training Materials/Manuals • Preliminary Provider Reenrollment Plan 	<p>Analysis reports of Implementation Vendor final deliverables due five (5) business days after receipt from the Implementation Vendor.</p> <p>The State expects Cognosante to conduct iterative reviews prior to receipt of the final Implementation Vendor deliverable Cognosante must document all iterative review steps and activities leading up to the final deliverable document.</p>

Item ID	Description	Due Date
	<ul style="list-style-type: none"> • Preliminary Training Materials and Manuals – Provider • Provider Re-Enroll UAT • Final Training Materials & Manuals Provider Re-Enrollment • Provider Re-Enrollment Operational Readiness Test Plan • Acceptance Test Plan • Acceptance Test Resolutions Document • Acceptance Test Tracking System • Operational Readiness Report • MMIS Systems Documentation • Corrective Action Plan (full MMIS) • Finalized CMS Certification Process Plan • Certification Manuals including 1st run reports 	
3.2	Requirements Traceability Matrix Report	Initial RTM report due January 15, 2006, thereafter updates at specific intervals to include but not limited to: Requirements Validation, General System Design, Detail System Design, UAT, and Operational Plan.
3.3	JAD session Reports	Five (5) business days after both General System Design, and Detail System Design.
3.4	Technical Review Report	Five (5) business days after both General System Design, and Detail System Design
3.5	QA Test Plan	September 30, 2009
3.6	Integration and System Testing and Reporting	Five (5) business days after completion of the SIT for PE and MMIS
3.7	User Acceptance Test Cases and Scripts	Twenty (20) business days prior to the start of PE and MMIS UAT testing.
3.8	User Acceptance Testing	Testing along with a monthly UAT Summary Report monthly during the PE UAT and six (6) months of MMIS UAT.

3.9	Issues Tracking Report		Weekly during State PE and MMIS UAT.
3.10	User Acceptance Testing Report		Monthly UAT Status reports during UAT Phase.
3.11	User and Provider Training Readiness Reports		Removed
3.12	Provider Readiness Assessment – Documentation and Communication		Removed
3.13	Provider Readiness Report		Two reports: First is 14 days prior to scheduled PE Implementation and the Second is 14 days prior to MMIS Implementation.
3.14	Operational Readiness Report		Two reports: First is 14 days prior to scheduled PE Implementation and the Second is 14 days prior to MMIS Implementation.
3.15	Implementation Readiness Report		Two reports: First is 14 days prior to scheduled PE Implementation and the Second is 14 days prior to MMIS Implementation.
3.16	Security Plan Report		Removed from original contract
3.17	Implementation Close Out Report		30 days after implementation
3.18	Certification Traceability Matrix		3 months after the start of UAT
3.19	Contingent Testing Support		During MMIS UAT Phase
3.20	SIT and UAT - MMIS and Enhancements		Supplemental Testing support during MMIS UAT Phase and during post implementation Enhancements Phase
3.21	Testing Optional Support		Optional testing support during MMIS UAT Phase and during post implementation Enhancements Phase

4. Post-DDI/OA		
4.1	MMIS Federal Certification Plan	1 month prior to MMIS implementation
4.2	Certification Readiness Report	6 months after MMIS implementation
4.3	Certification Plan Review Report	3 to 6 months after MMIS implementation
4.4	Certification Letter	1 month after Certification Readiness Report
4.5	Project Close Out Report	3 months after MMIS implementation
4.6	Certification Support	During the 15 months after MMIS implementation
5. 5010/OA		
5.1	5010 Status Report	During the 9 months prior to MMIS implementation
5.2	Review 5010 Deliverables	During the 9 months prior to MMIS implementation
5.3	5010 Testing Support	During the 9 months prior to MMIS implementation
6. IES IVV		
6.1	Provide DHHS Project Management with monthly status reports clearly describing the state of the IV&V effort, and a monthly management report.	Monthly – starting within 1 month of IV&V work starting
6.1.1	Risk Assessment and Identification: Review existing Risk Management Plan and Risk Report. Evaluate the identified risks and mitigation strategies, identify other risks and create a Risk Assessment Report to include any new recommendations for risk mitigation strategies.	Monthly - include in Monthly Project Status report
6.1.2	IV&V Work Plan: Develop and maintain a work plan and schedule for all IV&V efforts.	Within 1 month after the start-up phase of the IV&V services and updated as necessary
6.1.3	Test Validation: Review and validate test results for mutually agreed-upon sub-projects within the DDI Contract to include at a minimum the FDSH Wave Testing with CMS.	As agreed after start-up of the IV&V service
6.1.4	CMS Gate Review Preparation and Response: Assist in the preparation for the various CMS Gate Reviews and participate in the Gate Review Meetings. This will consist of assistance with updating of the various artifacts already on file such as the Project Management Plan, Risk Management Plan, etc.	Periodic as needed

Number	Description	Frequency
6.1.5	Quarterly Project Review: Schedule and participate in quarterly IV&V review meetings for the project. These are new meetings with the IV&V vendor and New HEIGHTS management.	Quarterly as requested
6.1.6	Other Project Support: Due to the nature of the verification and validation services to be provided, other specific responsibilities and attendant deliverables may be required within the scope of these services and time availability of the 1 FTE to be provided.	As mutually agreed as time permits
6.2	<p>Third Party IES Security Assessment Review and Report</p> <ul style="list-style-type: none"> • Validate and verify that the New HEIGHTS system security plan (SSP) as documented, has been implemented, by performing a basic internal System Test and Evaluation (ST&E) • Perform basic testing for the operational and management controls through: <ul style="list-style-type: none"> ○ Documentation and procedural reviews ○ Walk-throughs and inspections and ○ Interviews with key personnel • Perform comprehensive testing for the physical and technical controls through: <ul style="list-style-type: none"> ○ Site assessment of the facilities (building and rooms) to evaluate the security safeguards and physical controls ○ Observe and validate technical testing (software/hardware) exercised by the State and or their contractor against applicable security requirements (e.g. using tools such as Nessus, Nmap, AppDetective, WebInspect, Core Impact, etc.) ○ Technical automated tools (scripting) ○ Perform New HEIGHTS system scans for vulnerabilities and unnecessary services running • Document 3rd Party Security Assessment Report (SAR) for: <ul style="list-style-type: none"> ○ Observations ○ Identification of risks ○ Recommendations 	September 30, 2013
6.3	Optional – Test Scenario Development and Execution: For mutually agreed-upon sub-projects within the DDI contract, prepare and execute test scenarios that address the business requirements	Optional Testing Support

9. The provisions relative to Exhibit B, Contract Period are amended by replacing them with the following:
 9.1. Contract Period: September 1, 2004 through June 30, 2015
10. The provisions relative to Exhibit B, Funding of Contract are amended by replacing them with the following:
 10.1. Funding of Contract Section C: The total amount of all payments made to the Contractor for costs and expenses incurred in the performance of the Medicaid Management Information System Quality Assurance services during the period September 1, 2004 through June 30, 2015, shall not exceed \$13,256,875 in accordance with the project budget identified in Amendment 7 Exhibit B-1, Budget attached hereto.
11. The provisions relative to Exhibit B, Budget by Phase Table B-1b are amended by replacing them with the following:

Amendment 7 Table B-1b: Budget by Phase

Project Phase	Budget
Project Monitoring	\$3,375,107
Pre-DDI QA	\$407,036
DDI QA	\$6,618,316
DDI Contingency	\$655,680
Post DDI	\$974,559
DDI 5010 QA	\$239,776
IES IVV	\$986,400
TOTAL	\$13,256,875

12. The provisions relative to Exhibit B-1: Budget are amended by replacing them with the following Exhibit B-1: Budget and the addition of Table B-1c: QA Services Staffing Levels. With 30 days written notice to the Contractor, the Department may change the level of staffing support for QA Services 3.20, 3.21, and 4.6.

Amendment 7 Table B-1c: QA Services Staffing Levels

Task	Staffing	SFY 2013	SFY 2014	SFY 2015
		Monthly Budget	Monthly Budget	Monthly Budget
3.20 SIT and UAT - MMIS and Enhancements	5	\$134,400	\$137,760	
	4	\$107,520	\$110,208	
	3	\$80,640	\$82,656	
	2	\$53,760	\$55,104	
	1	\$26,880	\$27,552	
	0	\$0	\$0	
3.21 Testing Optional Support	2	\$53,760.00	\$55,104.00	
	1	\$26,880.00	\$27,552.00	

	0	\$0	\$0	
4.6 Certification Support	2	\$55,440	\$56,784.00	
	1	\$27,720	\$28,392.00	
	0	\$0	\$0	
6.3 IES Testing Optional Support	2		\$49,920.00	\$51,520.00
	1		\$24,960.00	\$25,760.00
	0	\$0	\$0	\$0

Amendment 7 Exhibit B-1 Budget Page 1 of 2

Amendment 7 Exhibit B-1 Worksheet		Amend 7	Additional	Amend 7	SFY	SFY	SFY	SFY	SFY	SFY	SFY	SFY	SFY	SFY	SFY	TOTAL AMT	
Project Monitoring		Value	Value	Value	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015			
1.1	Overall Finalized QA Plan	\$ 19,705	\$ -	\$ 19,705	\$ 19,705											\$ -	\$ 19,705
1.1.1	Review sessions and meetings, Kickoff, Weekly Status Meetings, Other Meetings	\$ 1,848,411	\$ -	\$ 1,848,411	\$ 1,848,411	\$ 170,230	\$ 175,337	\$ 180,586	\$ 186,012	\$ 191,592	\$ 210,741	\$ 263,244	\$ 285,109	\$ -	\$ -	\$ -	\$ 1,948,411
1.1.2	Project Plans	\$ 566,115	\$ -	\$ 566,115	\$ 566,115	\$ 49,479	\$ 50,963	\$ 52,492	\$ 54,048	\$ 55,650	\$ 61,212	\$ 82,271	\$ 82,812	\$ -	\$ -	\$ -	\$ 566,115
1.1.3	Produce Monthly Project Status Reports	\$ 185,072	\$ -	\$ 185,072	\$ 185,072	\$ 16,047	\$ 16,287	\$ 16,776	\$ 17,278	\$ 18,330	\$ 20,161	\$ 27,097	\$ 27,276	\$ -	\$ -	\$ -	\$ 185,072
1.1.4	Produce Monthly Project Risk Management Reports	\$ 177,914	\$ -	\$ 177,914	\$ 177,914	\$ 15,425	\$ 16,128	\$ 16,612	\$ 17,112	\$ 17,622	\$ 19,281	\$ 26,048	\$ 26,220	\$ -	\$ -	\$ -	\$ 177,914
1.2	Publish QA Work Plan and Schedule	\$ 172,797	\$ -	\$ 172,797	\$ 172,797	\$ 14,874	\$ 15,097	\$ 15,550	\$ 16,014	\$ 16,494	\$ 18,091	\$ 23,122	\$ 23,287	\$ -	\$ -	\$ -	\$ 172,797
1.3	Integrate QA Work Plan and Implementation Project	\$ 107,364	\$ -	\$ 107,364	\$ 107,364	\$ 4,284	\$ 10,749	\$ 11,070	\$ 11,364	\$ 11,730	\$ 12,903	\$ 17,342	\$ 17,456	\$ -	\$ -	\$ -	\$ 107,364
1.4	Create Project Communication Plan	\$ 29,000	\$ -	\$ 29,000	\$ 29,000												\$ 29,000
1.5	Create a Documentation Plan for the Project	\$ 19,705	\$ -	\$ 19,705	\$ 19,705												\$ 19,705
1.6	Create Paper Work and Electronic Media Control Procedures	\$ 34,705	\$ -	\$ 34,705	\$ 34,705												\$ 34,705
1.7	DDI Deliverable Review and Approval Process	\$ 26,205	\$ -	\$ 26,205	\$ 26,205												\$ 26,205
1.8	Establish process for review and approval of software development results	\$ 14,705	\$ -	\$ 14,705	\$ 14,705												\$ 14,705
1.9	Create Expenditure Control Plan	\$ 14,705	\$ -	\$ 14,705	\$ 14,705												\$ 14,705
1.10	Create cost benefit methodology plan	\$ -	\$ -	\$ -	\$ -												\$ -
1.11	Implement Control Guidelines Plan	\$ 14,705	\$ -	\$ 14,705	\$ 14,705												\$ 14,705
1.12	Create Project Newsletters for Communications Bi-Monthly until September 2005, monthly thereafter	\$ -	\$ -	\$ -	\$ -												\$ -
1.13	Establish a Project Scope Management and Change Control Plan	\$ 45,000	\$ -	\$ 45,000	\$ 45,000												\$ 45,000
Subtotal		\$ 3,375,107	\$ -	\$ 3,375,107	\$ 3,375,107	\$ 262,479	\$ 285,501	\$ 294,062	\$ 302,956	\$ 311,916	\$ 343,089	\$ 461,124	\$ 464,160	\$ -	\$ -	\$ -	\$ 3,375,107
PRO-DI-QA																	
2.1	Business Rule Gap Analysis and Recommendations for new and/or modified Medicaid policies	\$ 53,060	\$ -	\$ 53,060	\$ 53,060												\$ 53,060
2.2	Create Business Rule Matrix	\$ 37,955	\$ -	\$ 37,955	\$ 37,955												\$ 37,955
2.3	Report detailing provider billing manuals, bulletins, and claims resolution manuals.	\$ -	\$ -	\$ -	\$ -												\$ -
2.3	Comprehensive analysis report of provider reimbursement methods, benefit levels, eligibility levels and program integrity requirements.	\$ 37,894	\$ -	\$ 37,894	\$ 37,894												\$ 37,894
2.4	Embedded MMIS Code and Business Logic Analysis	\$ 48,342	\$ -	\$ 48,342	\$ 48,342												\$ 48,342
2.5	MMIS Eligibility Conversion Strategy	\$ 73,405	\$ -	\$ 73,405	\$ 73,405												\$ 73,405
2.6	Business Process Reengineering Recommendations Report	\$ 44,180	\$ -	\$ 44,180	\$ 44,180												\$ 44,180
2.7	Report Specifications Analysis	\$ 112,200	\$ -	\$ 112,200	\$ 112,200												\$ 112,200
Subtotal		\$ 407,036	\$ -	\$ 407,036	\$ 407,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407,036
DDI-QA																	
3.1	Report on Implementation Vendor Deliverables (see Exhibit B-1a)	\$ 1,324,789	\$ -	\$ 1,324,789	\$ 1,324,789	\$ 63,741	\$ 201,956	\$ 214,015	\$ 17,142	\$ 41,366	\$ 338,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,324,789
3.2	Requirements Traceability Matrix Report	\$ 88,921	\$ -	\$ 88,921	\$ 88,921	\$ 32,634	\$ 18,807	\$ 39,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,921
3.3	JAD session Report	\$ 72,222	\$ -	\$ 72,222	\$ 72,222	\$ 72,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,222
3.4	Technical Review Report	\$ 82,052	\$ -	\$ 82,052	\$ 82,052	\$ 46,026	\$ 46,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,052
3.5	QA Test Plan	\$ 66,639	\$ -	\$ 66,639	\$ 66,639	\$ 13,445	\$ 55,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,639
3.6	Integration and System Testing Report	\$ 1,333,978	\$ -	\$ 1,333,978	\$ 1,333,978	\$ 44,800	\$ 84,868	\$ 261,810	\$ 977,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,333,978
3.7	User Acceptance Test Cases and Scripts	\$ 387,521	\$ -	\$ 387,521	\$ 387,521	\$ 44,800	\$ 84,868	\$ 261,810	\$ 977,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,521
3.8	User Acceptance Testing	\$ 545,061	\$ -	\$ 545,061	\$ 545,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545,061
3.9	Issues Tracking Report	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.10	User Acceptance Testing Report	\$ 109,289	\$ -	\$ 109,289	\$ 109,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,289

Contractor Initials: **TS**
Date: July 11, 2013

13. The parties agree that, upon mutual consent of the parties, resources associated with specific deliverables and/or the payment time frames identified in Exhibit B-1 Budget may be reallocated to other deliverables identified in this exhibit as necessary to support changes in the design, development and implementation schedule of the Medicaid Management Information System project. Any such reallocation of resources shall not increase the overall price limitation or extend the Completion Date of the Contract.
14. The provisions relative to Exhibit B-2 Holdback are amended by replacing it with "Amendment 7, Exhibit B-2: Holdback," as follows:

Amendment 7 Exhibit B-2: Holdback

Phase	Holdback Amount	Holdback Percentage
Project Monitoring Phase 1 – Project inception through 12/31/08	\$201,414	15%
Project Monitoring Phase 2 – 1/1/09 through 12/31/09	\$44,760	15%
Project Monitoring Phase 3 – 01/01/2010 through 06/30/2011	\$69,836	15%
Project Monitoring Phase 4 – 7/1/11 through 3/31/12	\$35,608	15%
Project Monitoring Phase 5 – 4/1/12 through 6/30/13	\$85,023	15%
Project Monitoring Phase 6 – 7/1/13 through 12/31/13	\$34,812	15%
Project Monitoring Phase 7 – 1/1/14 through 6/30/14	\$34,812	15%
Pre-DDI QA	\$61,055	15%
DDI Phase	\$771,391	15%
DDI Enhancement Phase - post 3/31/13	\$221,357	15%
DDI Contingency	\$98,352	15%
Post DDI	\$98,352	15%
DDI 5010 QA	\$35,966	15%
IES IV&V - FY14	\$ 74,928	15%
IES IV&V - FY15	\$ 73,032	15%
Project Total	\$1,940,698	15%

15. The provisions relative to Exhibit B Table B-4 *Future IT Services* are amended by replacing it with Amendment 7 Exhibit B Table B-4 *Future IT Services* as follows:

Amendment 7 Exhibit B Table B-4 Future IT Services

Service Position Title	SFY 2006	SFY 2007	SFY 2008	SFY 2009	SFY 2010	SFY 2011	SFY 2012	SFY 2013	SFY 2014	SFY 2015
Client Executive	\$154	\$158	\$162	\$166	\$170	\$175	\$175	\$195	\$200	\$206
Project Manager	\$139	\$142	\$146	\$150	\$154	\$158	\$158	\$170	\$170	\$175
Medicaid Policy Expert	\$134	\$137	\$141	\$144	\$148	\$152	\$152	\$155	\$159	\$164
Quality Assurance Lead	\$134	\$137	\$141	\$144	\$148	\$152	\$152	\$157	\$161	\$166
JAD Facilitator	\$144	\$148	\$151	\$155	\$159	\$163	\$163	\$168	\$172	\$177
Business Analyst	\$134	\$137	\$141	\$144	\$148	\$152	\$152	\$160	\$164	\$169
Test Analyst	\$129	\$132	\$136	\$139	\$143	\$147	\$147	\$152	\$156	\$161
Code Analyst	\$101	\$104	\$106	\$109	\$112	\$115	\$115	\$125	\$128	\$132
Senior Business Analyst	\$134	\$137	\$141	\$144	\$148	\$152	\$152	\$160	\$164	\$169
Senior Testing Analyst	\$134	\$137	\$141	\$144	\$148	\$152	\$152	\$156	\$160	\$165
Certification Specialist	\$139	\$142	\$146	\$150	\$154	\$158	\$158	\$165	\$169	\$174
TAG Member / Executive Security Consultant	\$154	\$158	\$162	\$166	\$170	\$175	\$175	\$182	\$187	\$193

17. The "contract periods" identified in DHHS Standard Exhibits D and E of the Contract are hereby extended to June 30, 2015.

18. The "contract period" identified in DHHS Standard Exhibit I of the Contract is hereby extended to June 30, 2015.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below.

State of New Hampshire
Department of Health and Human Services

Nicholas A. Toumpas 7/17/13
Nicholas A. Toumpas Date
Commissioner

Cognosante LLC

Tom Stepka July 11, 2013
Tom Stepka Date
Executive Vice President and Chief Operating Officer

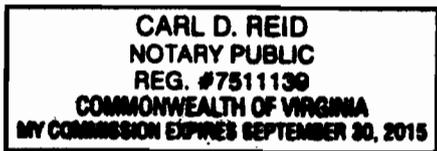
Cognosante, LLC

STATE OF VIRGINIA

COUNTY OF FAIRFAX

On this the 11th day of July 2013, before me, *CARL REID* the undersigned officer, personally appeared Tom Stepka who acknowledged himself/herself to be the EVP/Chief Operating Officer of Cognosante, LLC and that he/she, as such EVP/Chief Operating Officer being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as EVP/Chief Operating Officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Carl Reid
Notary Public/Justice of the Peace
My commission expires: 9/30/2015

The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

By: Jeanne P. Herrick
Jeanne P. Herrick, Attorney

Date: 17 JUL. 2013

I hereby certify that the foregoing contract was approved by the Governor and Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

By: _____

Title: _____

Date: _____

NH Department of Health and Human Services

STANDARD EXHIBIT C

SPECIAL PROVISIONS

1. Contractors Obligations: The Contractor covenants and agrees that all funds received by the Contractor under the Contract shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

2. Compliance with Federal and State Laws: If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.

3. Time and Manner of Determination: Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.

4. Documentation: In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.

5. Fair Hearings: The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or re-applicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.

6. Gratuities or Kickbacks: The Contractor agrees that it is a breach of this Contract to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.

7. Retroactive Payments: Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.

8. Conditions of Purchase: Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractors costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party fundors for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party fundors, the Department may elect to:

8.1 Renegotiate the rates for payment hereunder, in which event new rates shall be established;

Contractor Initials: TS
Date: July 11, 2013

8.2 Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

8.3 Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

RECORDS: MAINTENANCE, RETENTION, AUDIT, DISCLOSURE AND CONFIDENTIALITY:

9. Maintenance of Records: In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:

9.1 Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

9.2 Statistical Records: Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

9.3 Medical Records: Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.

10. Audit: Contractor shall submit an annual audit to the Department within 60 days after the close of the agency fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.

10.1 Audit and Review: During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.

10.2 Audit Liabilities: In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.

11. Confidentiality of Records: All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.

Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

Contractor Initials: 
Date: July 11, 2013

12. Reports: Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.

12.1 Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.

12.2 Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

13. Completion of Services: Disallowance of Costs: Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

14. Credits: All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:

14.1 The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, _____, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

15. Operation of Facilities: Compliance with Laws and Regulations: In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

Contractor Initials: BS
Date: July 11, 2013

SPECIAL PROVISIONS – DEFINITIONS

~~As used in the Contract, the following terms~~ shall have the following meanings:

COSTS: Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

DEPARTMENT: NH Department of Health and Human Services.

FINANCIAL MANAGEMENT GUIDELINES: Shall mean that section of the Contractor Manual which is entitled "Financial Management Guidelines" and which contains the regulations governing the financial activities of contractor agencies which have contracted with the State of NH to receive funds.

PROPOSAL: If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

UNIT: For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

FEDERAL/STATE LAW: Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

CONTRACTOR MANUAL: Shall mean that document prepared by the NH Department of Administrative Services containing a compilation of all regulations promulgated pursuant to the New Hampshire Administrative Procedures Act, NH RSA Ch 541-A, for the purpose of implementing State of NH and federal regulations promulgated thereunder.

SUPPLANTING OTHER FEDERAL FUNDS: The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

Contractor Initials: RS
Date: July 11, 2013

NH Department of Health and Human Services

STANDARD EXHIBIT D

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about—
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

Contractor Initials: BS
Date: July 11, 2013

- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted—
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (street address, city, county, state, zip code) (list each location)

DHHS, 129 Pleasant Street, Concord, NH 03301

Check if there are workplaces on file that are not identified here.

Cognosante, LLC From: 9/1/04 To: 6/30/15
(Contractor Name) (Period Covered by this Certification)

Tom Stepka, EVP/Chief Operating Officer
(Name & Title of Authorized Contractor Representative)


(Contractor Representative Signature) (Date) July 11, 2013

Contractor Initials: 
Date: July 11, 2013

NH Department of Health and Human Services

STANDARD EXHIBIT E

CERTIFICATION REGARDING LOBBYING

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

- Programs (indicate applicable program covered):
*Temporary Assistance to Needy Families under Title IV-A
*Child Support Enforcement Program under Title IV-D
*Socail Services Block Grant Program under Title XX
*Medicaid Program under Title XIX
*Community Services Block Grant under Title VI
*Child Care Development Block Grant under Title IV

Contract Period: through

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-1.)
(3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

[Handwritten Signature]

Tom Stepka, EVP/Chief Operating Officer

(Contractor Representative Signature)

(Authorized Contractor Representative Name & Title)

Cognosante, LLC

July 11, 2013

(Contractor Name)

(Date)

Contractor Initials: [Handwritten Initials]

Date: July 11, 2013

NH Department of Health and Human Services

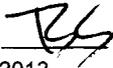
STANDARD EXHIBIT F

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION
AND OTHER RESPONSIBILITY MATTERS**

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
6. The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and

Contractor Initials: 
Date: July 11, 2013

Voluntary Exclusion - Lower Tier Covered Transactions," provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

Contractor Initials: TS

Date: July 11, 2013

LOWER TIER COVERED TRANSACTIONS

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- (b) where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.



Tom Stepka, EVP/Chief Operating Officer

~~(Contractor Representative Signature)~~

~~(Authorized Contractor Representative Name & Title)~~

Cognosante, LLC

July 11, 2013

~~(Contractor Name)~~

~~(Date)~~

Contractor Initials: TS

Date: July 11, 2013

NH Department of Health and Human Services

STANDARD EXHIBIT G

**CERTIFICATION REGARDING
THE AMERICANS WITH DISABILITIES ACT COMPLIANCE**

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.



Tom Stepka, EVP/Chief Operating Officer

(Contractor Representative Signature)

(Authorized Contractor Representative Name & Title)

Cognosante, LLC

July 11, 2013

(Contractor Name)

(Date)

Contractor Initials: TS

Date: July 11, 2013

NH Department of Health and Human Services

STANDARD EXHIBIT H

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Contractor identified in Section 1.3 of the General Provisions agrees, by signature of the Contractor's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.



Tom Stepka, EVP/Chief Operating Officer

(Contractor Representative Signature)

(Authorized Contractor Representative Name & Title)

Cognosante, LLC

July 11, 2013

(Contractor Name)

(Date)

Contractor Initials: 

Date: July 11, 2013

NH Department of Health and Human Services

STANDARD EXHIBIT I
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
BUSINESS ASSOCIATE AGREEMENT

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D. Sec. 13400.
b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, TitleXIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- m. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreasonable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

(2) Use and Disclosure of Protected Health Information.

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
 - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) **Obligations and Activities of Business Associate.**

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec.13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.

- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(5) Termination for Cause

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) Miscellaneous

- a. **Definitions and Regulatory References.** All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. **Amendment.** Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. **Data Ownership.** The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. **Interpretation.** The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. **Segregation.** If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. **Survival.** Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

<u>Department of Health and Human Services</u>	Cognosante, LLC
The State Agency Name	Name of the Contractor 
Signature of Authorized Representative	Signature of Authorized Representative Tom Stepka
Nicholas A. Toumpas Name of Authorized Representative	Name of Authorized Representative EVP/Chief Operating Officer
Commissioner Title of Authorized Representative	Title of Authorized Representative
 Date	July 11, 2013 Date

NH Department of Health and Human Services

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 62-428-7306

2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO YES

If the answer to #2 above is NO, stop here

If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

NO YES

If the answer to #3 above is YES, stop here

If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

Name: _____	Amount: _____

Contractor initials: TL
Date: July 11, 2013

NH Department of Health and Human Services

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

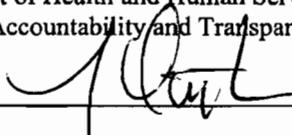
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
 - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
 - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.



Tom Stepka, EVP/Chief Operating Officer

(Contractor Representative Signature)

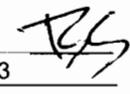
(Authorized Contractor Representative Name & Title)

Cognosante, LLC

July 11, 2013

(Contractor Name)

(Date)

Contractor initials: 

Date: July 11, 2013

2A0

DEC 21 12 PM 2:31 DAS

17



STATE OF NEW HAMPSHIRE
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 OFFICE OF INFORMATION SERVICES

129 PLEASANT STREET, CONCORD, New Hampshire New Hampshire 03301-3857
 603-271-8160 1-800-852-3345 Ext. 8160
 Fax: 271-4912 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Nicholas A. Toumpas
 Commissioner

William L. Baggeroer
 Chief Information
 Officer/Director

December 14, 2012

SOLE SOURCE

Her Excellency, Governor Margaret Wood Hassan
 and the Honorable Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

90% FED 10% GEN

Authorize the Department of Health and Human Services, Office of Information Services, to enter into a **sole source** amendment (Amendment 6) to an existing contract (Purchase Order # 1018352) with Cognosante, LLC (Vendor #223062) (formerly FOX Systems, LLC), 6263 North Scottsdale Road, Suite 200, Scottsdale, AZ 85250, for continuation of quality assurance services and expansion of the scope of services in compliance with the Centers for Medicare and Medicaid Services regulations related to the State's Medicaid Management Information System project by increasing the price limitation by \$2,663,798 from \$9,606,677 to a new amount not to exceed \$12,270,475 and by extending the completion date from December 31, 2013, to December 31, 2014, effective December 19, 2012, or upon Governor and Executive Council approval, whichever is later. Governor and Executive Council approved the original contract on December 1, 2004 (Late Item #E), Amendment 1 on December 12, 2006 (Item #119A), Amendment 2 on December 11, 2007 (Item #60), Amendment 3 on December 18, 2008 (Item #57), Amendment 4 on June 23, 2010 (Item #95) and Amendment 5 on April 18, 2012 (Item #57). Funds are available in State Fiscal Year 2013 and are anticipated to be available in State Fiscal Years 2014 and 2015 upon the availability and continued appropriation of funds in future operating budgets with authority to adjust amounts between State Fiscal Years if needed and justified.

05-95-95-954010-5952 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS:COMMISSIONER, OFFICE OF INFORMATION SERVICES, OFFICE OF INFORMATION SERVICES

<u>State Fiscal Year</u>	<u>Class Object</u>	<u>Class Title</u>	<u>Current</u>	<u>Modified</u>	<u>Increase/</u>	<u>Revised</u>
			<u>Budget</u>		<u>(Decrease)</u>	<u>Modified Budget</u>
SFY 2005	102/500731	Contracts for Program Services	\$426,820.00		\$0.00	\$426,820.00
SFY 2006	102/500731	Contracts for Program Services	\$818,733.00		\$0.00	\$818,733.00
SFY 2007	102/500731	Contracts for Program Services	\$527,267.00		\$0.00	\$527,267.00

<u>State Fiscal Year</u>	<u>Class Object</u>	<u>Class Title</u>	<u>Current Modified</u>	<u>Increase/</u>	<u>Revised</u>
			<u>Budget</u>	<u>(Decrease)</u>	<u>Modified Budget</u>
SFY 2008	102/500731	Contracts for Program Services	\$759,163.00	\$0.00	\$759,163.00
SFY 2009	102/500731	Contracts for Program Services	\$605,802.00	\$0.00	\$605,802.00
SFY 2010	102/500731	Contracts for Program Services	\$470,260.00	\$0.00	\$470,260.00
SFY 2011	102/500731	Contracts for Program Services	\$638,313.00	\$0.00	\$638,313.00
SFY 2012	102/500731	Contracts for Program Services	\$1,897,119.00	\$0.00	\$1,897,119.00
SFY 2013	102/500731	Contracts for Program Services	\$3,210,487.00	(\$3,210,487.00)	\$0.00
SFY 2014	102/500731	Contracts for Program Services	\$252,713.00	\$2,003,960.00	\$2,256,673.00
SFY 2015	102/500731	Contracts for Program Services	\$0.00	\$333,346.00	\$333,346.00
Sub Total			\$9,606,677.00	(\$873,181.00)	\$8,733,496.00

**05-95-95-956010-6147 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVC,
HHS:COMMISSIONER, OFF MEDICAID & BUSINESS POLICY, PROVIDER PAYMENTS**

<u>State Fiscal Year</u>	<u>Class Object</u>	<u>Class Title</u>	<u>Current Modified</u>	<u>Increase/</u>	<u>Revised</u>
			<u>Budget</u>	<u>(Decrease)</u>	<u>Modified Budget</u>
SFY 2013	101/500729	Medical Payments to Provider	\$0.00	\$3,536,979.00	\$3,536,979.00
Sub Total			\$0.00	\$3,536,979.00	\$3,536,979.00
Total			\$9,606,677.00	\$2,663,798.00	\$12,270,475.00

EXPLANATION

This amendment is identified as sole source. The quality assurance services included in this amendment are a continuation of the services procured under the original contract that was competitively bid. Cognosante, LLC has been involved in this major systems initiative from its onset. The vendor has provided oversight of the detailed system design and the current testing phase. They have developed an integral understanding of the New Hampshire Medicaid Management Information System and are in a unique position to continue in their support of this effort and are the most practical alternative for ensuring uninterrupted, informed support to the Medicaid Management Information System; including the expanded scope of services included in this amendment. See The Bid Summary is attached.

The purpose of this request is to continue the provision of quality assurance services provided by Cognosante, LLC through December 31, 2014, in support of the Department's implementation of a new Medicaid Management Information System and to expand the scope of services to include additional resources for user acceptance testing, dedicated support for preparation and review of the post-implementation federal certification requirements and for project monitoring and reporting.

The Medicaid Management Information System, including its Medicaid claims adjudication and payment functions, is a critical system for the Department of Health and Human Services. The Medicaid Management Information System processes over \$900 million in payments to over 5,000 actively billing and enrolled New Hampshire Medicaid providers annually. These services are provided to eligible recipients under the New Hampshire Medicaid program. The New Hampshire Medicaid Management Information System is the Department's primary system for administering and managing costs for the New Hampshire Medicaid program.

It is vitally important that the new Medicaid Management Information System is able to perform all of its required functions, and to perform them with integrity. The new Medicaid Management Information System must be secure, stable, accurate, and efficient. It must be able to store eligibility data for the current annual New Hampshire Medicaid population of approximately 130,000, enrolled provider data for approximately 19,000 providers, and 7 years of claims payment history. It must be able to receive over 6 million paper and electronic claims from providers, process those claims against the available data, execute applicable edits, and determine the appropriate payment. The System must be able to generate reliable reports, avoid costs where other insurance for a member exists, and identify potentially fraudulent provider billing practices for further investigation.

The new New Hampshire Medicaid Management Information System will replace the existing 18-year-old legacy Medicaid Management Information System. On April 18, 2012 (Item #57) the Governor and Executive Council approved Amendment #5 to extend the agreement for up to 18 months, through December 31, 2013. That Amendment also revised the project schedule for design, development and implementation of System and expanded the scope of services.

This amendment (Amendment 6):

- re-aligns the schedule of quality assurance services with a revised project schedule for design, development and implementation of the New Hampshire Medicaid Management Information System, including the extension of the contract completion date for up to 12 months, from December 31, 2013, to deployment on April 1, 2013, and through December 31, 2014, for post-deployment certification and the testing of both federal and state mandated enhancements;
- provides the Department, at its sole discretion, the option to terminate the contract as early as December 31, 2013, by providing the contractor with 30 calendar days advance written notice. It also allows the State to reduce the level of Cognosante staffing for testing and certification activities after December 31, 2013, by providing 30 calendar days advanced notice;
- expands the scope of services to provide for additional user acceptance and end-to-end testing services through the duration of design and development, and implementation of the System during which all system processes will be executed multiple times in a coordinated manner to replicate daily, weekly, monthly, quarterly, and annual cycle processing; and

- expands the scope of services to provide for dedicated support for coordination of CMS Certification preparation activities including early collection of operations and system artifacts and readiness review. These activities must take place just prior to system go-live, during which time State project resources must focus on implementation and operations transition issues, and continue after implementation in preparation for actual CMS certification. These services will help support federal certification of the Medicaid Management Information System that will entitle the Department to an enhanced rate of Federal Financial Participation (FFP) for Medicaid Management Information System operations.

The significant progress realized to date on the New Hampshire Medicaid Management Information System Project is due in part to the consistent quality assurance support provided by Cognosante. This amendment will enable the Department to retain the expertise of those Cognosante's staff who have developed an in-depth understanding of the overall New Hampshire Medicaid Management Information System design, development and implementation effort. Along with the State project team, Cognosante staff will continue to monitor, verify, and validate implementation contractor deliverables and execute tests, to help ensure that the new system meets the requirements and processes claims payment with integrity.

Should the Governor and Executive Council determine to not approve this Request, the Department would experience a gap in quality assurance services and increased risk to the project, that would jeopardize the integrity of the new Medicaid Management Information System implementation. Because the Centers for Medicare and Medicaid Services requires a quality assurance vendor, a determination to not approve this Request would result in loss of federal funding for the new system.

Federal funding for this agreement is pending the Centers for Medicare and Medicaid Services approval of an upcoming amendment to the Department's Implementation Advanced Planning Document.

Source of Funds: 90% federal funds and 10% general funds.

Area served: Statewide.

In the event that the Federal funds become no longer available, General Funds will not be requested to support this program.

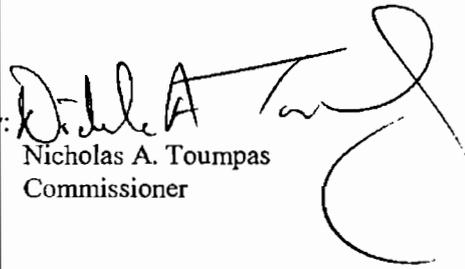
Respectfully submitted,



William L. Baggeroer
Chief Information Officer/
Director

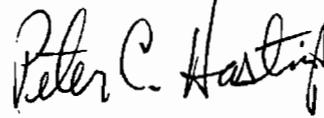
Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
December 14, 2012
Page 5

Approved by:



Nicholas A. Toumpas
Commissioner

Peter Hastings
Acting Commissioner
Department of Information Technology



*The Department of Health and Human Services' Mission is to join communities and families in providing
Opportunities for citizens to achieve health and independence.*



STATE OF NEW HAMPSHIRE
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 OFFICE OF INFORMATION SERVICES

129 PLEASANT STREET, CONCORD, NH 03301-3857
 603-271-8160 1-800-852-3345 Ext. 8160
 Fax: 271-4912 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Nicholas A. Toumpas
 Commissioner

William L. Baggeroer
 Chief Information Officer

March 21, 2012

His Excellency, Governor John H. Lynch
 and the Honorable Executive Council
 State House
 Concord, N.H. 03301

APPROVED BY _____
 DATE 4/18/12
 PAGE 9
 ITEM # 57

REQUESTED ACTION

Authorize the Department of Health and Human Services, Office of Information Services, to enter into a sole source, amendment (Amendment 5) to an existing contract (Purchase Order # 1018352) with Cognosante, LLC (Vendor #223062) (formerly FOX Systems, LLC) at 6263 North Scottsdale Road, Suite 200, Scottsdale, AZ 85250, to extend the completion date from June 30, 2012 to December 31, 2013, for continuation of quality assurance services related to the State's Medicaid Management Information System project and increase the price limitation by \$2,535,902 from \$7,070,774 to a new amount not to exceed \$9,606,676, effective July 1, 2012 or upon the approval of the Governor and Executive Council whichever is later. The Governor and Executive Council approved the original contract on December 7, 2005 (Late Item #C), Amendment 1 on December 11, 2007 (Item #59), Amendment 2 on June 17, 2009 (Item #92), Amendment 3 on June 23, 2010 (Item#97) and Amendment 4 on June 23, 2010 (Item #94).

Funds are available in SFY 2013 as follows and are anticipated to be available in SFY 2014 upon the availability and continued appropriation of funds in future operating budgets with authority to adjust amounts between State Fiscal Years if needed and justified.

05-95-95-954010-5952 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS:COMMISSIONER, OFFICE OF INFORMATION SERVICES, OFFICE OF INFORMATION SERVICES

State Fiscal Year	Class Object	Class Title	Current Modified Budget	Increase/ (Decrease)	Revised Modified Budget
SFY 2005	102/500731	Contracts for Program Services	\$426,820.00	\$0.00	\$426,820.00
SFY 2006	102/500731	Contracts for Program Services	\$818,733.00	\$0.00	\$818,733.00
SFY 2007	102/500731	Contracts for Program Services	\$527,267.00	\$0.00	\$527,267.00
SFY 2008	102/500731	Contracts for Program Services	\$759,163.00	\$0.00	\$759,163.00
SFY 2009	102/500731	Contracts for Program Services	\$605,802.00	\$0.00	\$605,802.00
SFY 2010	102/500731	Contracts for Program Services	\$470,260.00	\$0.00	\$470,260.00
SFY 2011	102/500731	Contracts for Program Services	\$2,313,181.00	(\$1,674,868.00)	\$638,313.00
SFY 2012	102/500731	Contracts for Program Services	\$1,149,548.00	\$747,571.00	\$1,897,119.00
SFY 2013	102/500731	Contracts for Program Services	\$0.00	\$3,210,487.00	\$3,210,487.00
SFY 2014	102/500731	Contracts for Program Services	\$0.00	\$252,712.00	\$252,712.00
TOTAL			\$7,070,774.00	\$2,535,902.00	\$9,606,676.00

EXPLANATION

This amendment is a fixed priced, sole source amendment. Services included in this Amendment were originally competitively bid, but were not re-bid because they are a continuation of the services procured under the original contract and because Cognosante, given its involvement in this major systems initiative from its onset through detailed system design to the current testing phase, has developed an integral understanding of the NH Medicaid Management Information System solution and is the most practical alternative for ensuring uninterrupted, informed support through to the Medicaid Management Information System implementation. See Attachment A Bidders List at the end of this document.

The purpose of the above requested action is to continue the provision of quality assurance services provided by Cognosante, LLC through December 31, 2013 in support of the Department's implementation of a new Medicaid Management Information System and to expand the scope of services in the Contract to include additional resources for end-to-end and user acceptance testing, dedicated support for preparation and review of the post-implementation certification requirements, and incremental quality assurance testing and reporting specifically focused on the new "5010" electronic transaction functionality recently approved and added to the System design strategy.

The NH Medicaid Management Information System project is a major information systems initiative underway with the Department of Health and Human Services and the Department of Information Technology (DoIT), to replace the existing 18 year old legacy Medicaid Management Information System with a new system that meets or exceeds the requirements of the NH Medicaid Management Information System Request For Proposals #RFP-DHHS-2005-002.

On March 7, 2012 (Item #22A) the Governor and Executive Council approved expanding the scope and extending schedule for the design, development and implementation of the MMIS currently underway with ACS State Healthcare LLC (ACS) to enable the new system to support electronic transactions in a 5010 format compatible with federal requirements mandated under the Health Insurance Portability and Accountability Act and 45 CFR 162. Consequently, these modifications create the need to extend and expand Cognosante's quality assurance support for testing, system go-live, and post-implementation certification. The Medicaid Management Information System implementation is currently anticipated to go live on or before December 31, 2012.

Specifically, Amendment 5 re-aligns the schedule of quality assurance services with the revised project schedule for design, development and implementation of the Medicaid Management Information System. It extends the Contract completion date for up to 18 months, through December 31, 2013, with the option for early termination by the State as soon as the Medicaid Management Information System is implemented and the post-implementation federal certification phase is complete. The Amendment provides the Department, at its sole discretion, the option to terminate the contract as early as July 31, 2013, or the last day of any month thereafter, by providing the contractor with 30 calendar days advance written notice.

Additionally, the Amendment expands the scope of services to provide for:

- Additional user acceptance and end-to-end testing services through the duration of design and development, and implementation of the System during which all system processes will be executed multiple times in a coordinated manner to replicate daily, weekly, monthly, quarterly, and annual cycle processing;
- Dedicated support for coordination of CMS Certification preparation activities including early collection of operations and system artifacts and readiness review. These activities must take place just prior to and immediately following system go-live, during which time State project

resources must focus on implementation and operations transition issues. These services will help support federal certification of the Medicaid Management Information System that will entitle the Department to an enhanced rate of Federal Financial Participation (FFP) for Medicaid Management Information System operations.

- Additional resources for testing and certification support to correspond with the new "5010" functional system requirements for electronic transaction processing added to the design of the Medicaid Management Information System. The breadth of the 5010 changes across the system necessitates that many system functions previously tested and validated during system integration testing must be retested in their entirety to ensure that 5010 related changes have not adversely impacted system processing capabilities or their integrity.

The Medicaid Management Information System, including its Medicaid claims adjudication and payment functions, is a mission critical system for the Department of Health and Human Services. The Medicaid Management Information System processes over \$900 million in payments to over 5,000 actively billing and enrolled New Hampshire Medicaid providers annually, for services provided to eligible recipients under the New Hampshire Medicaid program. It is the Department of Health and Human Services' primary system for administering and managing costs for the New Hampshire Medicaid program.

It is critically important that the new Medicaid Management Information System is able to perform all of its required functions, and to perform them with integrity. The new Medicaid Management Information System must be secure, stable, accurate, and efficient. It must be able to store eligibility data for the current annual New Hampshire Medicaid population of approximately 120,000, enrolled provider data for approximately 19,000 providers, and 7 years of claims payment history. It must be able to receive over 6 million paper and electronic claims from providers, process those claims against the available data, execute applicable edits, and determine the appropriate payment. The Medicaid Management Information System must be able to generate reliable reports, avoid costs where other insurance for a member exists, and to identify potentially fraudulent provider billing practices for further investigation.

The significant progress realized to date on the New Hampshire Medicaid Management Information System Project is due in part to the quality assurance support provided by Cognosante. This amendment will enable the Department to retain the expertise of those Cognosante staff who have developed an in-depth understanding of the overall NH Medicaid Management Information System DDI effort. Along with State project team staff, Cognosante staff will continue to monitor, verify, and validate implementation contractor deliverables and execute tests, to help ensure that the new MMIS meets the RFP requirements, and processes claims payment with integrity. Should the Governor and Executive Council determine to not approve this Request, the Department would experience a gap in quality assurance services and increased risk to the project which may jeopardize the integrity of the Medicaid Management Information System implementation

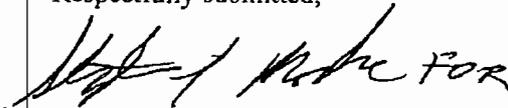
Source of Funds: Design, Development and Implementation phase: 90% federal funds,
10% general funds.

Geographic area to be served: Statewide.

In the event that the Federal funds become no longer available, General Funds will not be requested to support this program.

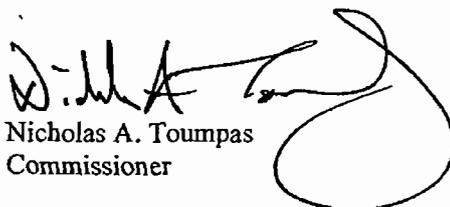
His Excellency, Governor John H. Lynch
and the Honorable Executive Council
March 21, 2012
Page 4

Respectfully submitted,



William L. Baggeroer
Chief Information Officer

Approved by:



Nicholas A. Toumpas
Commissioner



S. Williams Rogers
Commissioner
Department of Information Technology

The Department of Health and Human Services' Mission is to join communities and families in providing opportunities for citizens to achieve health and independence.

917

To DAS 6-1-10



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF MEDICAID BUSINESS AND POLICY

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-5254 1-800-852-3345 Ext. 5254
Fax: 603-271-8431 TDD Access: 1-800-735-2964

Nicholas A. Toumpas
Commissioner

Kathleen A. Dunn
Director

May 18, 2010

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, NH 03301

APPROVED BY _____
DATE 6/23/10
PAGE 13
ITEM # 95

REQUESTED ACTION

Authorize the Department of Health and Human Services (DHHS), Office of Medicaid Business and Policy (OMBP) to enter into a sole source contract amendment (Amendment 4) to an existing contract (P.O. # 1002153 with FOX Systems, LLC (FOX or Contractor), Vendor #172138, 6263 North Scottsdale Road, Suite 200, Scottsdale, AZ 85250 (formerly FOX Systems, Inc.) to extend the completion date from June 30, 2010 to June 30, 2012, for continuation of quality assurance services related to the State's Medicaid Management Information System project and to increase the price limitation by \$1,811,579 from \$5,259,195 to \$7,070,774 effective June 23, 2010 or the date of Governor and Executive Council approval, whichever is later. The Governor and Executive Council approved the original contract on December 1, 2004 (Late Item #E), Amendment 1 on December 12, 2006 (Item #119A), Amendment 2 on December 11, 2007 (Item #60) and Amendment 3 on December 18, 2008 (Item #57).

Funds are anticipated to be available in SFY 2011 and SFY 2012 as identified below with authority to adjust amounts between fiscal years if needed and justified.

05-95-95-956010-6134 HEALTH AND SOCIAL SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES HHS: COMMISSIONER, OFF OF MEDICAID & BUSINESS POLICY, MEDICAID CLAIMS MANAGEMENT SYSTEMS

<u>State Fiscal Year</u>	<u>Class Object</u>	<u>Class Title</u>	<u>Current Modified Budget</u>	<u>Increase/ (Decrease)</u>	<u>Revised Modified Budget</u>
SFY 2005	102/500731	Contracts for Program Services	\$426,820.00	\$0	\$426,820.00
SFY 2006	102/500731	Contracts for Program Services	\$818,733.00	\$0	\$818,733.00
SFY 2007	102/500731	Contracts for Program Services	\$527,267.00	\$0	\$527,267.00
SFY 2008	102/500731	Contracts for Program Services	\$759,163.00	\$0	\$759,163.00
SFY 2009	102/500731	Contracts for Program Services	\$1,273,088.00	(\$667,286.00)	\$605,802.00
SFY 2010	102/500731	Contracts for Program Services	\$1,454,124.00	(\$983,864.00)	\$470,260.00
SFY 2011	102/500731	Contracts for Program Services	\$0.00	\$2,313,181.00	\$2,313,181.00
SFY 2012	102/500731	Contracts for Program Services	\$0.00	\$1,149,548.00	\$1,149,548.00
TOTAL			\$5,259,195.00	\$1,811,579.00	\$7,070,774.00

EXPLANATION

The purpose of the above requested action is to enable the continuation of quality assurance (QA) services provided by FOX Systems, LLC in support of the DHHS's Medicaid Management Information System (MMIS) implementation. The NH MMIS project is a major information systems initiative underway with the DHHS and the Department of Information Technology (DoIT), to replace the existing 16 year old legacy MMIS with a new system that meets or exceeds the requirements of the NH MMIS Request For Proposals (RFP).

Delays in the design, development and implementation (DDI) of the MMIS underway with ACS State Healthcare LLC (ACS), as previously acknowledged to the Governor and Executive Council, require extending FOX's QA support for testing, system go-live, and post-implementation certification. This Amendment 4 updates the deliverables timeframes to align with the current project schedule and adjusts deliverables to accommodate the system testing and implementation methodology adopted by the DDI vendor. The amendment will enable the DHHS to retain the expertise of those FOX Systems' staff who, to date, have developed an in-depth understanding of the overall NH MMIS DDI effort. Along with State project team staff, FOX QA staff will continue to monitor, verify, and validate implementation contractor deliverables and execute tests, to help ensure that the new MMIS meets the RFP requirements, and processes claims payment with integrity.

The Governor and Executive Council approved the original QA contract with FOX Systems, LLC on December 1, 2004 (Late Item #E), one year prior to finalizing the MMIS DDI contract. Pre-DDI services resulted in activities and deliverables that helped the State's MMIS project team and Medicaid program area staff organize historical information and prepare for the onset of the system development phase. Final execution and approval of the implementation contract with ACS was achieved a year after the QA contract was finalized. A no-cost amendment (Amendment 1) to the QA contract, necessary to accommodate the later than anticipated start-up of the system development phase of the contract, was approved by Governor and Executive Council on December 12, 2006 (Item # 119A) and extended the duration of the QA contract to December 31, 2007. Amendment 2, approved by Governor and Executive Council on December 11, 2007 (Item #60), extended the duration of the contract one additional year to December 31, 2008. Amendment 3 extended the contract period through June 30, 2010 (Item #57), with the option, at the State's sole discretion and with the approval of Governor and Executive Council, to extend the contract period through December 31, 2010. This Amendment 4 adds a minimum of 18 months and a maximum of two years to the contract period, from June 30, 2010 to June 30, 2012, a period of up to 18 months beyond the extension period approved in Amendment 3.

The MMIS implementation is currently anticipated to go live on or before October 1, 2011. Amendment 4 provides for QA service coverage to conclude work related to testing, implementation, and six months of post-implementation support. The post-implementation support is required to help support federal certification of the MMIS that will entitle the DHHS to an enhanced rate of Federal Financial Participation (FFP) for MMIS operations. In addition, this Amendment provides the DHHS with the option to terminate the contract early if possible, as soon as the MMIS is implemented and the post-implementation certification phase is complete. Specifically, the DHHS, at its sole option, may terminate the contract effective as early as December 31, 2011, or the last day of any month thereafter, by providing the contractor with 30 calendar days advance written notice.

This amendment is a fixed priced, sole source amendment. Services included in this Amendment were originally competitively bid, but were not re-bid because they are a continuation of the services procured under the original contract and because FOX, given its involvement in this major systems initiative from its onset through detailed system design to the current testing phase, has developed an integral understanding of the NH

MMIS solution and is the most practical alternative for ensuring uninterrupted, informed support through to the MMIS implementation.

The key drivers behind this sole source request to amend and extend the FOX Systems, LLC contract for quality assurance Services for the MMIS Reprocurement Project, in addition to the services to be acquired, are:

- This amendment allows the State to retain the services of the contractor that, since 12/01/2004 has developed a strong knowledge base of NH Medicaid Business rules, as well as a detailed understanding of the State's MMIS requirements as documented in the NH MMIS RFP, and has been engaged effectively with State staff in the requirements validation and general system design phases of the NH MMIS Project over the past year.
- This extension builds on the effort of the contractor to date, and is the most efficient and cost-effective approach. The information that FOX has gained over the course of the project can be applied directly, without disruption of service, to future testing, implementation, and certification phases, without the lost time and effort that would be necessary to assist a new vendor with overcoming a significant learning curve.
- Each of the lifecycle phases of MMIS DDI effort builds on the last, placing significant value on resources who have had prior exposure and understanding of the new MMIS requirements to date, thereby enhancing efforts to maintain project progress and sustain productive momentum.
- This amendment correctly aligns the DDI services of the quality assurance vendor with the iterative development methodology of the implementation contractor's approach, as well as with the deliverables and project timeline of the MMIS implementation effort, and restructures the QA deliverables to provide for additional support during testing.
- This project is guided by the parameters defined in the State's MMIS Reprocurement Project's Implementation Advanced Planning Document (IAPD). Upon determination that the DDI Phase of the MMIS required additional time for completion, the DHHS and ACS executives and key program leaders met with Regional Directors from the federal Centers for Medicare and Medicaid Services (CMS) to review the project status and future strategy. CMS concurred with the DHHS on the direction of the project and verbally extended continued support. The DHHS is now preparing Amendment 7 to the IAPD, which will be formally reviewed by the federal Centers for Medicare and Medicaid Services (CMS). Amendment 7 to the IAPD will include modification of the FOX contract, with scope of services and pricing consistent with and as described in this amendment. A copy of the contract itself will be submitted to CMS for review along with IAPD Amendment 7. DHHS fully anticipates that the CMS will approve the DHHS's requested changes to the IAPD and the MMIS project, thereby approving 90% Federal Financial Participation (FFP) for the continuation of FOX's quality assurance contractor services to support the extended MMIS implementation timeline.

The implementation of the new MMIS is a complex and challenging endeavor that involves extensive data migration, expansion of internal and external data interfaces, a new web-based systems architecture, rules-based processing, and enhanced business operations to support real-time claims adjudication and claims

payment capabilities. Given the expansiveness of the NH MMIS project's scope and the complex nature of the MMIS implementation, with its myriad of claims processing and payment functions, it is critical that the efforts of dedicated State staff from the DHHS and the Department of Information Technology (DoIT, formerly known as the "Office of Information Technology" or "OIT") are reinforced with the continued services of the quality assurance contractor.

BACKGROUND

The role of the quality assurance (QA) contractor was described in the State's Implementation Advanced Planning Document (IAPD) for the NH MMIS Project, which was approved by the federal Centers for Medicare and Medicaid Services (CMS) in May 2004. A Request for Proposal (RFP) was issued in June 2004 and FOX Systems, Inc. was selected as the MMIS QA contractor through a competitive bid process. Email notification of the intent to publish a new RFP was sent to a comprehensive vendor list on May 13, 2004. Notification of the RFP publication was issued using standard DoIT procedures. The RFP was issued on May 14, 2004 and published on the Department of Administrative Services (DAS) website. Links to this website were also posted on the Department of Health and Human Services (DHHS) website and the DoIT website. A mandatory bidder's conference was held on May 21, 2004. Formal responses by the DHHS and DoIT to vendor questions were issued on June 2, 2004.

The DHHS received and evaluated three (3) proposals in response to the RFP. These proposals were evaluated based on the vendor's approach, qualifications, price, and technical/service/project management, to determine the best solution at the best value to the State. The evaluations also included vendor on-site team presentations by each of the three vendors. FOX Systems, Inc. was selected as the winning proposal following the evaluation process. FOX received the highest total score overall, and the evaluation team concluded that the FOX proposal best met the objectives set forth in the RFP. The Governor and Executive Council approved the original contract with FOX Systems on December 1, 2004.

Under the contract, FOX agreed to provide a variety of quality assurance services, including services to review and analyze NH Medicaid business rules in preparation for the onset of the development effort for the new NH MMIS. Between December 2004 and December 2005, prior to the start-up of the MMIS DDI effort, FOX Systems staff worked with DHHS and DoIT staff to complete the Business Rules analysis and other pre-development MMIS-related preparatory activities.

The State awarded a contract to ACS State Healthcare on December 7, 2005, to design, develop, and implement the new NH MMIS, and also to provide on-going maintenance and fiscal agent operations services. The MMIS project kick-off meeting was held in December 2005, with "Joint Application Design Requirement Validation Sessions" commencing in January 2006. Since that January, FOX Systems staff has participated along with State staff in all requirement validation and general system and detailed system design sessions, and have been engaged in the review and comment of all implementation contractor deliverables.

FOX, the quality assurance contractor, has partnered with the State to monitor that the functional requirements stipulated by the State, and approved by the Federal Centers for Medicare and Medicaid Services (CMS), are addressed adequately by the implementation contractor. FOX assists the State during the system design and development effort, to ensure that all aspects of the functional, technical, and operational components of the MMIS are verified and validated, and to monitor the project's progress according to plan.

Continuity of the FOX quality assurance effort throughout the duration of this project is essential to helping the State ensure that its objectives for the implementation of the new MMIS are met at each phase of the project's activity. As the overall duration of the project has increased, FOX has remained committed to its success and has worked with the State to ensure the retention of the same key resources throughout the project lifecycle. Over the course of their daily participation on the MMIS implementation project, the FOX team has developed a more in-depth understanding of the functionality supported by the new NH MMIS, and will apply that understanding to future system testing and validation to ensure that the new MMIS functions and performs as expected.

The expansiveness and complexity of the NH MMIS implementation presents a significant number of challenges and risks that need to be managed and mitigated. To support critical changes in Medicaid regulations and policy, New Hampshire added new functions and required the integration of new technology into the solution. The development and construction effort took longer than planned, and the current effort to comprehensively test the full functionality will require additional time, as well. The DHHS is committed to implementing a solution that is fully tested to ensure delivery of the requisite functionality and performance standards that support operational requirements. Continuation of the quality assurance contractor services is essential to the State in ensuring that the MMIS meets the State's objectives.

This Amendment is necessary to align the FOX contract with the revised MMIS system implementation timeline and continue QA contractor services through to the projected system implementation date and the post-implementation certification of the new MMIS.

Source of Funds: 90% Federal Funds, 10% General Funds

Geographic area to be served: Statewide

In the event that the Federal Funds are not approved for the costs of this Amendment, General Funds will not be requested to support this program.

Respectfully submitted,



Kathleen A. Dunn, MPH
Director

Approved by:



Nicholas A. Toumpas
Commissioner



Peter C. Hastings
Interim Chief Information Officer
Department of Information Technology

NUM. 303.
12-2-2008



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF MEDICAID BUSINESS AND POLICY

RECEIVED
OCT 18 2008

Nicholas A. Toumpas
Commissioner

Kathleen A. Dunn
Director

129 PLEASANT STREET, CONCORD, NH 03301-3867
803-271-5254 1-800-852-8845 Ext. 5254
Fax: 803-271-8431 TDD Access: 1-800-786-2964

PO # 1002153
✓ # 172138

November 25, 2008

APPROVED BY _____

DATE 12/18/08

PAGE 8

ITEM # 57

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, N.H. 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services (DHHS), Office of Medicaid Business and Policy (OMBP), to enter into a sole source contract amendment (Amendment 3) to an existing contract (Contract #971134) with FOX Systems, Inc. (FOX), (Vendor #122726), Scottsdale, AZ 85250, to increase the price limitation by \$787,725 from \$4,471,470 to \$5,259,195, for quality assurance services for the State's Medicaid Management Information System (MMIS), and to extend the completion date from December 31, 2008 to June 30, 2010, effective upon approval of the Governor and Council through June 30, 2010. The Governor and Executive Council approved the original contract on December 1, 2004 (Late Item #E), Amendment 1 on December 12, 2006 (Item # 119A), and Amendment 2 on December 11, 2007 (Item # 60).

Funds to support this agreement are available in the following accounts according to State Fiscal Year, and are anticipated to be available in SFY 2010 upon the availability and continued appropriation of funds in the future operating budgets. Funds are available with authority to adjust amounts, if needed and justified, between fiscal years:

SFY	Account Number	Account Title	Current Modified Budget	Increase / (Decrease) Amount	Revised Modified Budget
2005	010-095-5691-031-0285	Computer Equipment	\$426,820	0	\$426,820
2006	010-095-6126-097-0285	Medicaid Contracts	\$818,733	0	\$818,733
2007	010-095-6126-102-0731	Medicaid Contracts	\$527,267	0	\$527,267
2008	010-095-6126-102-0731	Medicaid Contracts	\$1,750,691	(\$991,528)	\$759,163
2009	010-095-6134-102-0731	Medicaid Contracts	\$947,959	\$325,129	\$1,273,088
2010	010-095-6134-102-0731	Medicaid Contracts	0	\$1,454,124	\$1,454,124
	Total		\$4,471,470	\$ 787,725	\$5,259,195

EXPLANATION

The purpose of the above requested action is to enable the continuation of Quality Assurance services provided by FOX Systems, Inc. in support of the implementation of the new NH Medicaid Management Information System (MMIS). The NH MMIS Project is a major information systems initiative underway with the Department and the Department of Information Technology (DIT), to replace the existing 14 year old legacy MMIS with a new system that meets or exceeds the requirements of the NH MMIS Request For Proposals (RFP).

This Amendment extends the duration of the current Quality Assurance (QA) contract, updates the deliverables timeframes to align with the current project schedule, adjusts deliverables to accommodate the system testing and implementation methodology adopted by the DDI vendor, and adds post-implementation services and support for completing requirements necessary to obtain federal certification of the new system. This Amendment will enable the Department to retain the expertise of those FOX Systems' staff who to-date have developed an in-depth understanding of the overall NH MMIS design, development, and implementation (DDI) effort. Along with State project team staff, FOX QA staff will continue to monitor, verify, and validate implementation contractor deliverables and execute tests, to help ensure that the new MMIS meets the RFP requirements, and processes claims payment with integrity.

The implementation of the new MMIS is a complex and challenging endeavor that involves extensive data migration, expansion of internal and external data interfaces, a new web-based systems architecture, rules-based processing, and enhanced business operations to support real-time claims adjudication and claims payment capabilities. Given the expansiveness of the NH MMIS project's scope and the complex nature of the MMIS implementation, with its myriad of claims processing and payment functions, it is critical that the efforts of dedicated State staff from the Department and DIT are reinforced with the services of the Quality Assurance contractor.

FOX, the Quality Assurance contractor, has partnered with the State to monitor that the functional requirements stipulated by the State, and approved by the Federal Centers for Medicare and Medicaid Services (CMS), are addressed adequately by the implementation contractor. FOX assists the State during the system design and development effort, to ensure that all aspects of the functional, technical, and operational components of the MMIS are verified and validated, and to monitor the project's progress according to plan.

The Governor and Executive Council approved the original Quality Assurance contract with FOX Systems, Inc. on December 1, 2004 (Late Item #E), one year prior to finalizing the MMIS DDI contract. Prior to the start up of the implementation contract, FOX provided "Pre-DDI" services to the State. Pre-DDI services resulted in activities and deliverables that helped the State's MMIS project team and Medicaid program area staff organize historical information and prepare for the onset of the system development phase.

With the execution of the MMIS implementation contract with ACS State Healthcare, LLC (ACS) in December 2005, the DDI phase of the Quality Assurance project effort began. Under Amendment 1 to the QA contract, Quality Assurance services outlined in the original contract for the DDI phase were restructured to meet project objectives in coordination with the system Design, Development, and Implementation activities of the implementation contractor. Amendment 2 realigned and extended the Quality Assurance (QA) project timelines, deliverable schedule, and subsequent payment schedule with the extended project timelines and deliverable schedule of the MMIS implementation project. This Amendment 3 serves to maintain the critical QA services through to project completion.

Dates, deliverables, and payment schedules incorporated in the original QA contract were based on projected estimates for the implementation contractor's schedule of activity. Final execution and approval of the implementation contract with ACS was achieved a year after the QA contract was finalized. To accommodate the later than anticipated start-up of the system development phase of the contract, a no-cost amendment (Amendment 1) to the QA contract was requested and approved by Governor and Executive Council on December 12, 2006 (Item # 119A). Amendment 1 extended the duration of the QA contract to December 31, 2007 and Amendment 2, approved by Governor and Executive Council on December 11, 2007, extended the duration of the contract one additional year to December 31, 2008.

Section 5 of Amendment 1 included a provision to allow the State, at its sole discretion (with the approval of Governor and Council) to further extend the contract through June 30, 2009. By way of relevant background, due to administrative oversight, a reference to this added provision was omitted inadvertently from the Amendment 1 Governor and Council letter. A copy of Section 5 of Amendment 1 is attached. This omission was previously disclosed in the Governor and Council letter submitted on November 6, 2007 with Amendment 2 to this contract.

This requested Amendment 3 extends the QA contract period through June 30, 2010, with the option, at the State's sole discretion and with the approval of Governor and Council, to extend the contract period through December 31, 2010. The optional additional six months, from June 30, 2010 to December 31, 2010 has been identified as a period that may be necessary to conclude work related to testing and implementation. The requested Amendment 3 extends the current period from December 31, 2008 to and past June 30, 2009.

This Amendment aligns the FOX contract with the revised MMIS system implementation timeline, and continuing QA contractor services through to the projected system implementation date. Additionally, under Amendment 3, post-implementation services are included, and the distribution of payment is adjusted to cover the costs for the additional deliverables and the schedule of delivery. Project deliverable holdback amounts will continue to be withheld based on the total deliverable cost as was originally agreed upon with the contractor. However, this Amendment allows for the costs associated with certain QA deliverables, including but not limited to holdback amounts, to be divided and distributed across completed components of those deliverables.

This contract amendment is a fixed priced, sole source amendment. Services included in this Amendment were not competitively re-bid since they are a continuation of the services intended under the original contract and because FOX, given its involvement in this major systems initiative from its onset through the detailed system design to-date, has developed an integral understanding of the NH MMIS solution and is the most practical alternative for ensuring uninterrupted, informed support through to the MMIS implementation.

The key drivers behind this sole source request to amend and extend the FOX Systems, Inc. contract for Quality Assurance Services for the MMIS Reprourement Project, in addition to the services to be acquired, are:

- This amendment allows the State to retain the services of the contractor that, since 12/01/2004 has developed a strong knowledge base of NH Medicaid Business rules, as well as a detailed understanding of the State's MMIS requirements as documented in the NH MMIS RFP, and has been engaged effectively with State staff in the requirements validation and general system design phases of the NH MMIS Project over the past year.

- This extension builds on the effort of the contractor to date, and is the most efficient and cost-effective approach. The information that FOX has gained over the course of the past
- two years can be applied directly, without disruption of service, to future development phases, without the lost time and effort that would be necessary to assist a new vendor with overcoming a significant learning curve.
- Each of the lifecycle phases of MMIS design, development, and implementation effort builds on the last, placing significant value on resources who have had prior exposure and understanding of the new MMIS requirements to date, thereby enhancing efforts to maintain project progress and sustain productive momentum.
- This amendment correctly aligns the DDI services of the Quality Assurance vendor with the iterative development methodology of the implementation contractor's approach, as well as with the deliverables and project timeline of the MMIS implementation effort, and restructures the QA deliverables to provide for additional support during testing.
- This project is guided by the parameters defined in the State's MMIS Reprocurement Project's Implementation Advanced Planning Document (IAPD). The State has submitted Amendment 5 to the IAPD, which is under review by the federal Centers for Medicare and Medicaid Services (CMS). Amendment 5 to the IAPD includes modification of the FOX contracted services, consistent with and as described in this amendment. DHHS anticipates that the CMS will approve the State's requested changes to the IAPD and MMIS project, thereby approving 90% Federal Financial Participation (FFP) for the continuation of FOX System's Quality Assurance contractor services to support the extended MMIS implementation timeline.

BACKGROUND

The role of the Quality Assurance (QA) Contractor was described in the State's Implementation Advanced Planning Document for the NH MMIS Project, which was approved by the federal Centers for Medicare and Medicaid Services (CMS) in May 2004. A Request for Proposal (RFP) was issued in June 2004 and FOX Systems, Inc. was selected as the MMIS QA contractor through a competitive bid process. Email notification of the intent to publish a new RFP was sent to a comprehensive vendor list on May 13, 2004. Notification of the RFP publication was issued using standard DIT (formerly known as the "Office of Information Technology" or "OIT") procedures. The RFP was issued on May 14, 2004 and published on the Department of Administrative Services (DAS) website. Links to this website were also posted on the Department of Health and Human Services (DHHS) website and the DIT (formerly OIT) website. A mandatory bidder's conference was held on May 21, 2004. Formal responses by the Department and DIT (formerly OIT) to vendor questions were issued on June 2, 2004.

The Department received and evaluated three (3) proposals in response to the RFP. (Please see attached bidders list). These proposals were evaluated based on the vendor's approach, qualifications, price, and technical/service/project management, to determine the best solution at the best value to the State. The evaluations also included vendor on-site team presentations by each of the three vendors. FOX Systems, Inc. was selected as the winning proposal following the evaluation process. FOX received the highest total score overall,

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
November 25, 2008
Page 5 of 6

and the evaluation team concluded that the FOX proposal best met the objectives set forth in the RFP. The Governor and Executive Council approved the original contract with FOX Systems on December 1, 2004.

Under the contract, FOX agreed to provide a variety of quality assurance services, including services to review and analyze NH Medicaid business rules in preparation for the onset of the development effort for the new NH MMIS. Between December 2004 and December 2005, prior to the start-up of the MMIS Design, Development and Implementation effort, FOX Systems staff worked with Department and DIT staff to complete the Business Rules analysis and other pre-development MMIS-related preparatory activities.

The State awarded a contract to ACS State Healthcare on December 7, 2005, to design, develop, and implement the new NH MMIS, and also to provide on-going maintenance and fiscal agent operations services. The MMIS Project kick-off meeting was held in December 2005, with Joint Application Design Requirement Validation Sessions commencing in January 2006. Since that January, FOX Systems staff has participated along with State staff in all requirement validation and general system and detailed system design sessions, and have been engaged in the review and comment of all implementation contractor deliverables.

Continuity of the FOX Quality Assurance effort throughout the duration of this project is essential to helping the State ensure that its objectives for the implementation of the new MMIS are met at each phase of the project's activity. As the overall duration of the project has increased, FOX has remained committed to its success and has worked with the State to ensure the retention of the same key resources throughout the project lifecycle.

Prior to the start-up of the MMIS implementation effort, State staff invested a significant amount of effort into providing the FOX team with a strong knowledge base of the NH Medicaid Program and MMIS-RFP requirements. Over the course of their daily participation on the MMIS implementation project, the FOX team has developed a more in-depth understanding of the functionality supported by the new NH MMIS, and will apply that understanding to future system testing and validation to ensure that the new MMIS functions and performs as expected.

The expansiveness and complexity of the NH MMIS implementation presents a significant number of challenges and risks that need to be managed and mitigated. Continuation of the Quality Assurance contractor services is essential to the State in ensuring that the MMIS meets the State's objectives.

Source of Funds: 90% Federal Funds, 10% General Funds

Geographic area to be served: Statewide

[This section intentionally left blank.]

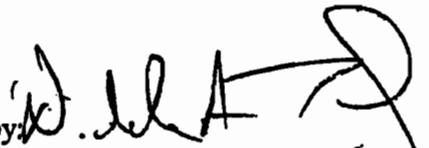
In the event that the Federal Funds are not approved for the costs of this Amendment,
General Funds will not be requested to support this program.

Respectfully submitted,

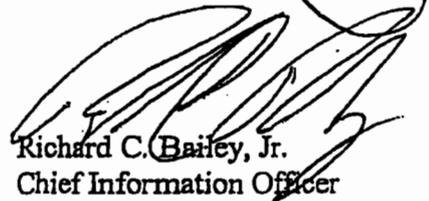


Kathleen A. Dunn, MPH
Medicaid Director

Approved by:



Nicholas A. Toumpas
Commissioner



Richard C. Bailey, Jr.
Chief Information Officer



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF MEDICAID BUSINESS AND POLICY

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-8166 1-800-852-3345 Ext. 8166
Fax: 603-271-8431 TDD Access: 1-800-735-2964

Nicholas A. Toumpas
Acting Commissioner

Kathleen A. Dunn
Acting Director

November 6, 2007

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, N.H. 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services (DHHS), Office of Medicaid Business and Policy (OMBP), to enter into a sole source contract amendment (Amendment 2) to an existing contract (Contract #971134) with FOX Systems, Inc. (FOX), (Vendor #122726), Scottsdale, AZ 85250, to increase the price limitation by \$1,493,475 from \$2,977,995 to \$4,471,470, for quality assurance services for the State's Medicaid Management Information System (MMIS), and to extend the completion date from December 31, 2007 to December 31, 2008, effective upon approval of the Governor and Council through December 31, 2008. The Governor and Executive Council approved the original contract on December 1, 2004 (Late Item #E) and Amendment 1 on December 12, 2006 (Item # 119A).

Funds to support this agreement are available in the following accounts according to State Fiscal Year, with authority to adjust amounts, if needed and justified, between fiscal years:

SFY	Account Number	Account Title	Current Modified Budget	Increase / (Decrease) Amount	Revised Modified Budget
2005	010-095-5691-031-0285	Computer Equipment	\$426,820	0	\$426,820
2006	010-095-6126-097-0285	Medicaid Contracts	\$818,733	0	\$818,733
2007	010-095-6126-097-0285	Medicaid Contracts	\$921,776	(\$394,509)	\$527,267
2008	010-095-6126-097-0285	Medicaid Contracts	\$810,666	\$940,025	\$1,750,691
2009	010-095-6126-097-0285	Medicaid Contracts	\$0	\$947,959	\$947,959
	Total		\$2,977,995	\$1,493,475	\$4,471,470

EXPLANATION

The purpose of the above requested action is to enable the continuation of Quality Assurance services provided by FOX Systems, Inc. in support of the implementation of the new NH Medicaid Management Information System (MMIS). The NH MMIS Project is a major information systems initiative underway with the Department and the Office of Information Technology (OIT), to replace the existing 13 year old legacy MMIS with a new system that meets or exceeds the requirements of the NH MMIS Request For Proposals (RFP).

This Amendment extends the duration of the current Quality Assurance (QA) contract, and adjusts the deliverables and schedule to align with the extended MMIS implementation date of January 1, 2009. This Amendment will enable the Department to retain the expertise of those FOX Systems' staff who have developed to date an in-depth understanding of the overall NH MMIS design, development, and implementation (DDI) effort. Along with State project team staff, FOX QA staff will continue to monitor, verify, and validate implementation contractor deliverables and execute tests, to help ensure that the new MMIS meets the RFP requirements, and processes claims payment with integrity.

The implementation of the new MMIS is a complex and challenging endeavor that involves extensive data migration, expansion of internal and external data interfaces, a new web-based systems architecture, rules-based processing, and enhanced business operations to support real-time claims adjudication and claims payment capabilities. Given the expansiveness of the NH MMIS project's scope and the complex nature of the MMIS implementation, with its myriad of claims processing and payment functions, it is critical that the efforts of dedicated State staff from the Department and OIT are reinforced with the services of the Quality Assurance contractor.

FOX, the Quality Assurance contractor, has partnered with the State to monitor that the functional requirements stipulated by the State, and approved by the Federal Centers for Medicare and Medicaid Services (CMS), are addressed adequately by the implementation contractor. FOX assists the State during the system design and development effort, to ensure that all aspects of the functional, technical, and operational components of the MMIS are verified and validated, and to monitor the project's progress according to plan.

The Governor and Executive Council approved the original Quality Assurance contract with FOX Systems, Inc. on December 1, 2004 (Late Item #E), one year prior to finalizing the MMIS DDI contract. Prior to the start up of the implementation contract, FOX provided "Pre-DDI" services to the State. Pre-DDI services resulted in activities and deliverables that helped the State's MMIS project team and Medicaid program area staff organize historical information and prepare for the onset of the system development phase.

With the execution of the MMIS implementation contract with ACS State Healthcare, LLC (ACS) in December 2005, the DDI phase of the Quality Assurance project effort began. Under Amendment 1 to the QA contract, Quality Assurance services outlined in the original contract for the DDI phase were restructured to meet project objectives in coordination with the system Design, Development, and Implementation activities of the implementation contractor.

This Amendment 2 realigns and extends the Quality Assurance project timelines, deliverable schedule, and subsequent payment schedule with the extended project timelines and deliverable schedule of the MMIS implementation project.

Dates, deliverables, and payment schedules incorporated in the original QA contract were based on projected estimates for the implementation contractor's schedule of activity. Final execution and approval of the implementation contract with ACS was achieved a year after the QA contract was finalized. To accommodate the later than anticipated start-up of the system development phase of the contract, a no-cost amendment (Amendment 1) to the QA contract was requested and approved by Governor and Executive Council on December 12, 2006 (Item # 119A). Amendment 1 extended the duration of the QA contract to December 31, 2007. Section 5 of Amendment 1 also included a provision to allow the State at its sole discretion to further extend the contract to June 30, 2009. Due to administrative oversight, a reference to this added provision was omitted inadvertently from the Amendment 1 Governor and Council letter. A copy of Section 5 of Amendment 1 is attached.

This requested Amendment 2 extends the QA contract period through December 31, 2008, thereby aligning this contract with the revised system implementation timeline, and continuing QA contractor services through to the projected system implementation date. Additionally, under Amendment 2, the number of QA deliverables is increased, the schedule for QA deliverable reviews is aligned with the development effort, and the distribution of payment is adjusted to cover the costs for the additional deliverables and the schedule of delivery. This Amendment allows for the costs associated with certain QA deliverables to be divided and distributed across completed components of those deliverables. Project deliverable holdback amounts will continue to be withheld based on the total deliverable cost as was originally agreed upon with the contractor.

This contract amendment is a fixed priced, sole source amendment. Services included in this Amendment were not competitively rebid since they are a continuation of the services intended under the original contract and because FOX, given its involvement in this major systems initiative from its onset through the detailed system design to-date, has developed an integral understanding of the NH MMIS solution and is the most practical alternative for ensuring uninterrupted, informed support through to the MMIS implementation.

The key drivers behind this sole source request to amend and extend the FOX Systems, Inc. contract for Quality Assurance Services for the MMIS Reprocurement Project, in addition to the services to be acquired, are:

- This amendment allows the State to retain the services of the contractor that, since 12/01/2004 has developed a strong knowledge base of NH Medicaid Business rules, as well as a detailed understanding of the State's MMIS requirements as documented in the NH MMIS RFP, and has been engaged effectively with State staff in the requirements validation and general system design phases of the NH MMIS Project over the past year.
- This extension builds on the effort of the contractor to date, and is the most efficient and cost-effective approach. The information that FOX has gained

over the course of the past two years can be applied directly, without disruption of service, to future development phases, without the lost time and effort that would be necessary to assist a new vendor with overcoming a significant learning curve.

- Each of the lifecycle phases of MMIS design, development, and implementation effort builds on the last, placing significant value on resources who have had prior exposure and understanding of the new MMIS requirements to date, thereby enhancing efforts to maintain project progress and sustain productive momentum.
- The original quality assurance contract was approved prior to the approval of the contract for the MMIS implementation contractor. Quality assurance deliverables, deliverable due dates, and project timelines were estimated based on the projected MMIS implementation timeline. This amendment correctly aligns the DDI services of the Quality Assurance vendor with the iterative development methodology of the implementation contractor's approach, as well as with the deliverables and project timeline of the MMIS implementation effort.
- The Federal Centers for Medicare and Medicaid Services (CMS) has approved Amendment 4 to the State's MMIS Reprocurement Project's Implementation Advanced Planning Document (IAPD), thereby approving 90% Federal Financial Participation (FFP) for the continuation of FOX System's Quality Assurance contractor services to support the extended MMIS implementation timeline.

BACKGROUND

The role of the Quality Assurance (QA) Contractor was described in the State's Implementation Advanced Planning Document for the NH MMIS Project, which was approved by the federal Centers for Medicare and Medicaid Services (CMS) in May 2004. A Request for Proposal (RFP) was issued in June 2004 and FOX Systems, Inc. was selected as the MMIS QA contractor through a competitive bid process. Email notification of the intent to publish a new RFP was sent to a comprehensive vendor list on May 13, 2004. Notification of the RFP publication was issued using standard Office of Technology (OIT) procedures. The RFP was issued on May 14, 2004 and published on the Department of Administrative Services (DAS) website. Links to this website were also posted on the Department of Health and Human Services (DHHS) website and the OIT website. A mandatory bidder's conference was held on May 21, 2004. Formal responses by the Department and OIT to vendor questions were issued on June 2, 2004.

The Department received and evaluated three (3) proposals in response to the RFP. (Please see attached bidders list). These proposals were evaluated based on the vendor's approach, qualifications, price, and technical/service/project management, to determine the best solution at the best value to the State. The evaluations also included vendor on-site team presentations by each of the three vendors. FOX Systems, Inc. was selected as the winning

proposal following the evaluation process. FOX received the highest total score overall and that the FOX proposal best met the objectives set forth in the RFP. The Governor and Executive Council approved the original contract with FOX Systems on December 1, 2004.

Under the contract, FOX agreed to provide a variety of quality assurance services, including services to review and analyze NH Medicaid business rules in preparation for the onset of the development effort for the new NH MMIS. Between December 2004 and December 2005, prior to the start-up of the MMIS Design, Development and Implementation effort, FOX Systems staff worked with Department and OIT staff to complete the Business Rules analysis and other pre-development MMIS-related preparatory activities.

The State awarded a contract to ACS State Healthcare on December 7, 2005, to design, develop, and implement the new NH MMIS, and also to provide on-going maintenance and fiscal agent operations services. The MMIS Project kick-off meeting was held in December 2005, with Joint Application Design Requirement Validation Sessions commencing in January 2006. Since that January, FOX Systems staff has participated along with State staff in all requirement validation and general system and detailed system design sessions, and have been engaged in the review and comment of all implementation contractor deliverables.

Continuity of the FOX Quality Assurance effort throughout the duration of this project is essential to helping the State ensure that its objectives for the implementation of the new MMIS are met at each phase of the project's activity. As the overall duration of the project has increased, FOX has remained committed to its success and has worked with the State to ensure the retention of the same key resources throughout the project lifecycle.

Prior to the start-up of the MMIS implementation effort, State staff invested a significant amount of effort into providing the FOX team with a strong knowledge base of the NH Medicaid Program and MMIS-RFP requirements. Over the course of their daily participation on the MMIS implementation project, the FOX team has developed a more in-depth understanding of the functionality supported by the new NH MMIS, and will apply that understanding to future system testing and validation to ensure that the new MMIS functions and performs as expected.

The expansiveness and complexity of the NH MMIS implementation presents a significant number of challenges and risks that need to be managed and mitigated. Continuation of the Quality Assurance contractor services is essential to the State in ensuring that the MMIS meets the State's objectives.

Source of Funds: 90% Federal Funds, 10% General Funds

Geographic area to be served: Statewide

In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

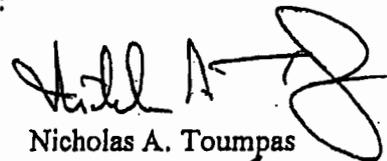
His Excellency, Governor John H. Lynch
and the Honorable Executive Council
November 6, 2007
Page 6

Respectfully submitted,

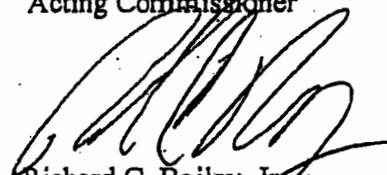


Kathleen A. Dunn
Acting Medicaid Director

Approved by:



Nicholas A. Toumpas
Acting Commissioner



Richard C. Bailey, Jr.
Chief Information Officer



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF MEDICAID BUSINESS AND POLICY

129 PLEASANT STREET, CONCORD, NH 03301-3857
 603-271-4344 1-800-852-3345 Ext. 4796
 Fax: 603-271-4365 TDD Access: 1-800-735-2964

John A. Stephen
 Commissioner

Norman W. Cordell
 Director

November 30, 2006

His Excellency, Governor John H. Lynch
 and the Honorable Executive Council
 State House
 Concord, N.H. 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services (DHHS), Office of Medicaid Business and Policy (OMBP), to amend (Amendment 1) an existing Agreement (971134) with FOX Systems, Inc. ("FOX"), Scottsdale, AZ 85250, (Vendor #122726), to provide quality assurance services for the State's Medicaid Management Information System (MMIS) and the Medicaid Program. The Governor and Executive Council approved the original contract on December 1, 2004 (Late Item #E). This Amendment 1 extends the contract termination date from December 31, 2006 to December 31, 2007, effective January 1, 2007 or date of Governor and Council approval, whichever is later, with no increase to the total original purchase value of \$2,997,995.

The existing contract with FOX is due to expire on December 31, 2006. This Amendment 1 extends the term of the MMIS Quality Assurance service contract with FOX for a 12-month period from December 31, 2006 through December 31, 2007 and provides for a redistribution of contract deliverables and expenditures across fiscal years to align with changes in the MMIS implementation project schedule. This Amendment does not change the total value of the contract.

Funds to support this agreement are available in the following accounts according to State Fiscal Year, with authority to adjust amounts, if needed and justified, between fiscal years:

SFY	Appropriation	Description	Original Contract	Change in Contract	Amended Contract
2005	010-095-5691-031-0285	Computer Equipment	\$986,127	(\$559,307)	\$426,820
2006	010-095-6126-097-0285	Medicaid Contracts	\$817,437	\$1,296	\$818,733
2007	010-095-6126-097-0285	Medicaid Contracts	\$1,174,431	(\$252,655)	\$921,776
2008	010-095-6126-097-0285	Medicaid Contracts		\$810,666	\$810,666
	Total Contract		\$2,977,995	0	\$2,977,995

EXPLANATION

The purpose of the above requested action is to enable the continuation of Quality Assurance services of FOX Systems, Inc. in support of the major information systems initiative underway within the Department, in conjunction with the Office of Information Technology (OIT), to replace the existing Medicaid Management Information System and to implement a new MMIS. The amendment will extend the duration of the original contract and adjust the deliverables schedule to accommodate the later than anticipated start of the system development phase of the overall MMIS project. The extension will enable the Department to retain the expertise of those FOX Systems' staff who have developed to date an in-depth understanding of the NH MMIS design, development, and implementation effort, and who will continue to monitor, verify, and validate deliverables and execute tests, to help ensure that the new replacement MMIS meets the requirements of the NH Medicaid program and processes payment with integrity.

Given the expansiveness of the NH MMIS project's scope and the complex nature of the MMIS implementation with its myriad of claims processing and payment functions, it is critical that the efforts of dedicated staff from the Department and OIT are reinforced with the services designated to be provided by the Quality Assurance contractor under the original agreement. The deliverables provided by FOX support the need to manage costs associated with the implementation, stay on schedule with the aggressive project timeline, and help ensure that the integrity of the system and that project objectives are met.

The Quality Assurance services outlined in the original contract were structured to meet project objectives during two major phases of the MMIS implementation, in coordination with system Design, Development, and Implementation (DDI) project activities of the implementation vendor. The QA services include:

- Pre-DDI Services – Services provided in advance of the start of system development to assist with Project Management and Organization and to enhance the Department's readiness for providing business rules criteria to support development of the systems rules logic. At this juncture, all services in support of the Pre-DDI project phase have been satisfactorily delivered as defined in the original contract.
- DDI Quality Assurance Services – Services provided throughout the systems development process through to implementation to monitor, verify, and validate the deliverables produced by the implementation contractor, to conduct all aspects of system testing, and to verify and validate operational readiness. Deliverables required to support DDI project phase are in progress with ongoing activity extending into the first half of SFY08, aligning with the overall MMIS project schedule.

This amendment aligns the Quality Assurance project timelines, deliverable schedule, and subsequent payment schedule with the project timelines and deliverable schedule of the

MMIS implementation project. The original Quality Assurance contract with FOX Systems, Inc. was approved and became effective on December 1, 2004, one year prior to finalizing the MMIS implementation contract. Dates, deliverables, and payment schedules incorporated in the original QA contract were based on estimates and projections for the implementation contractor schedule. The number of actual deliverables within this amendment has increased, given the iterative development methodology employed by the implementation contractor, the schedule for deliverable reviews has been modified to flow with the development effort, and the distribution of payment has been adjusted to cover the costs for the additional deliverables and the schedule of delivery.

The contract period is extended for one-year. The list of deliverables covered under the scope of services was expanded to reflect the actual delivery schedule of the implementation contractor deliverables. Although the total cost of the contract remains the same, dollars not expended to date due to the later start-up of the MMIS development effort have been redistributed to cover the actual deliverables for the period of this amendment. The payment schedule was adjusted to accommodate the overall deliverable schedule.

The implementation of the new MMIS is a complex and challenging endeavor that requires a detailed translation of business rules logic, extensive data migration, expansion of interfaces, new systems architecture, and expanded business operations support and claims adjudication and payment capabilities. FOX, the Quality Assurance contractor, has partnered with the State to monitor that the functional requirements stipulated by the State, and approved by the Federal Government, are addressed adequately by the implementation vendor during the system design and development, that all aspects of the functional, technical, and operational components of the MMIS are verified and validated, and to monitor the project's progress according to plan.

The key drivers behind this request to amend and extend the FOX Systems, Inc. contract for Quality Assurance Services for the MMIS Reprocurement Project, in addition to the services to be acquired, are:

- This amendment allows the State to retain the services of the contractor that, since 12/01/2004 has developed a strong knowledge base of NH Medicaid Business rules, as well as a detailed understanding of the State's MMIS requirements as documented in the NH MMIS RFP, and has been engaged effectively with State staff in the requirements validation and general system design phases of the NH MMIS Project over the past year.
- This extension builds on the effort of the contractor to date, and is the most efficient and cost-effective approach since the information that has been gained over the course of the past two years can be applied directly, without disruption of service, to future development phases, without the lost time and effort that would be necessary to assist a new vendor with overcoming a significant learning curve.
- Each of the lifecycle phases of MMIS design, development, and implementation effort builds on the last, placing significant value on

resources who have had prior exposure and understanding of the new MMIS requirements to date, thereby enhancing efforts to maintain project progress and sustain productive momentum.

- The original quality assurance contract was approved prior to the approval of the contract for the MMIS implementation contractor. Quality assurance deliverables, deliverable due dates, and project timelines were estimated based on the projected MMIS implementation timeline. This amendment correctly aligns the DDI services of the Quality Assurance vendor with the iterative development methodology of the implementation contractor's approach, as well as with the deliverables and project timeline of the implementation effort.
- The Federal Centers for Medicare and Medicaid Services (CMS) Regional Office has approved the State's MMIS Reprourement Project's Implementation Advanced Planning Document (IAPD), which includes the procurement of Quality Assurance contractor services to support the MMIS implementation initiative.
- CMS approval will result in 90% Federal Financial Participation (FFP) and the remaining 10% using State General Funds to cover the costs of the Quality Assurance contractor.

Services included in this Amendment were not competitively re-bid since they are a continuation of the original contract deliverables and FOX is in the best position to continue uninterrupted support of the QA services for the MMIS project through implementation. The contract amendment is fixed price at the original purchase value and is not subject to re-approval from the federal Centers for Medicare and Medicaid Services.

BACKGROUND

The role of the Quality Assurance Contractor was described in the State's Implementation Advanced Planning Document for the NH MMIS Project, which was approved by the federal Centers for Medicare and Medicaid Services in May 2004. FOX Systems, Inc. was selected as the MMIS QA contractor through a competitive bid process. The Governor and Executive Council approved the original contract with FOX Systems on December 1, 2004.

Under the contract, FOX agreed to provide a variety of quality assurance services, including services to review and analyze NH Medicaid business rules in preparation for the onset of the development effort for the new NH MMIS. Between December 2004 and December 2005, FOX Systems staff worked with Department and OIT staff to complete Business Rules analysis and other pre-development analytical activities prior to the start-up of the MMIS Design, Development and Implementation effort.

Following a competitive bid, on December 7, 2005 the State awarded a contract to ACS State Healthcare to design, develop, and implement the new NH MMIS, and to provide on-going maintenance and fiscal agent operations services. The MMIS Project kick-off meeting was held in December 2005, with Joint Application Design Requirement Validation Sessions

His Excellency, Governor John H. Lynch

And the Honorable Executive Council

November 30, 2006

Page 5

commencing in January 2006. Since January, FOX Systems staff has participated along with State staff in all requirement validation and general systems design sessions, and have been engaged in the review and comment of all implementation contractor deliverables.

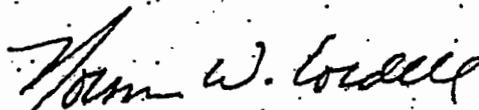
Given the complex and comprehensive nature of the MMIS implementation, the aggressive project implementation timeline, and the considerable cost investment of over \$26 million in the overall implementation effort, this extension of Quality Assurance contractor services to assist the State in ensuring that the MMIS meets the State's objectives is essential.

Source of Funds: 90% Federal Funds, 10% State General Funds

Geographic area to be served: Statewide

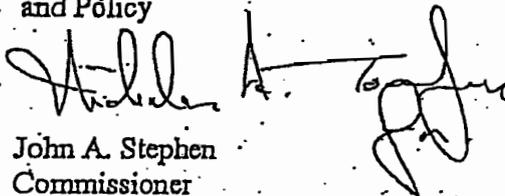
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

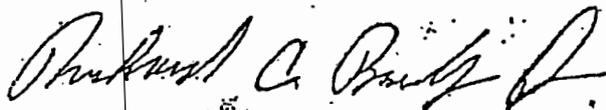


Norman W. Cordell, Director
Office of Medicaid Business
and Policy

Approved by:



John A. Stephen
Commissioner



Richard C. Bailey, Jr.
Chief Information Officer



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF MEDICAID BUSINESS AND POLICY

129 PLEASANT STREET, CONCORD, NH 03301-3857
 603-271-4796 1-800-852-3345 Ext. 4796
 Fax: 603-271-8113 TDD Access: 1-800-735-2964

John A. Stephen
 Commissioner

Stephen A. Norton
 Director

November 1, 2004

off
 G+C
 12/1/04
 E
 CE971134

His Excellency, Governor Craig R. Benson
 and the Honorable Executive Council
 State House
 Concord, NH 03301

REQUESTED ACTION

Authorize the New Hampshire Department of Health and Human Services (DHHS), Office of Medicaid Business and Policy (OMBP), to enter into an agreement with FOX Systems Inc. (FOX), Scottsdale, AZ 85250 (Vendor Number 122726) to provide quality assurance services for the Medicaid Management Information System (MMIS) in the amount of \$2,977,995.00 from December 1, 2004, or date of Governor and Council approval, whichever is later, through June 30, 2007. Funds to support this agreement are available in the following accounts according to State Fiscal Year, with authority to adjust amounts, if needed and justified, between fiscal years:

<u>SFY</u>	<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
2005	010-095-5691-031-0285	Computer Enhancements	\$ 986,127
2006	010-095-6126-097-0285	Medicaid Contracts	\$ 817,437
2007	010-095-6126-097-0285	Medicaid Contracts	\$ 1,174,431
Total			\$ 2,977,995

EXPLANATION

The purpose of the above requested action is to engage the services of FOX Systems, Inc. to provide Quality Assurance Services in support of the major information systems initiative to be undertaken by the Department in conjunction with the Office of Information Technology (OIT), to replace the existing Medicaid Management Information System and to implement a new MMIS by June 1, 2007. Given the need for a clear definition of business rules in preparation for development of the new MMIS, the project's aggressive implementation timeline, the expansiveness of the project's scope, the complex nature of the MMIS with its myriad of claims processing and payment functions, and to manage costs associated with the implementation, it is critical that the efforts of dedicated staff from the Department and OIT are reinforced with the services provided by the Quality Assurance contractor under this agreement, to help ensure the integrity of the system and that project objectives are met.

The Quality Assurance services to be provided by the contractor are structured to meet project objectives during two major phases of the MMIS implementation, in coordination with

system Design, Development, and Implementation (DDI) project activities. Organized by phase, the QA services include:

1. Pre-DDI Services – Services to assist with Project Management and Organization and to enhance the Department's readiness for providing business rules criteria to support development of the systems rules logic. These services will be provided in advance of the start of system development and at a high level include:
 - Completing a business rules analysis to ensure the State has compiled all of the business process information that the Implementation Vendor will require thereby helping to ensure that aggressive project timeframes are met;
 - Defining and clearly confirming the business processing rules that will be used to inform the code logic of the new MMIS;
 - Conducting a Critical Report Analysis; and
 - Proposing a conversion strategy for historical MMIS Medicaid eligibility data.
2. DDI Quality Assurance Services – Services to monitor, verify, and validate the deliverables produced by the implementation contractor, to conduct all aspects of system testing, and to verify and validate operational readiness. These services will be provided throughout the systems development process through to implementation and at a high level include:
 - Understanding the State's requirements for the MMIS and ensuring that the new MMIS addresses and meets the functional, technical, and operational requirements specified by the State;
 - Participating in Joint Application Design Sessions (JAD) and deliverables review;
 - Providing project monitoring, identifying risks and proposing risk mitigation strategies;
 - Planning, preparing, and conducting requisite auditing and testing of the systems functionality and operations environment; and
 - Providing Independent Validation and Verification (IV&V) for the project.
3. Post-DDI Services – Services to assist the Department in its preparation for the eventual MMIS Federal Certification Review. The Centers for Medicare and Medicaid Services (CMS) must review the processing, performance, and output of the MMIS to ensure that it meets Federal MMIS requirements. These services will be provided after the system is operational in production and include:
 - Verifying that the requisite documentation is compiled and preparing the State for the CMS on-site MMIS certification review process; and
 - Facilitating the State's response to the CMS certification process, helping to ensure a successful certification and the realization of maximum Federal Financial Participation (FFP) for MMIS operations.

The implementation of the new MMIS will be a complex and challenging endeavor that will require a detailed translation of business rules logic, extensive data migration, expansion of

interfaces, new systems architecture, and expanded business operations support and claims adjudication and payment capabilities. The Quality Assurance Contractor will partner with the State to monitor that the functional requirements stipulated by the State, and approved by the Federal Government, are addressed adequately by the implementation contractor during the system design and development, that all aspects of the functional, technical, and operational components of the MMIS are verified and validated, and to monitor the project's progress according to plan.

The key drivers behind this request to contract for Quality Assurance Services for the MMIS Reprourement Project, in addition to the services to be acquired, are:

- The Federal Centers for Medicare and Medicaid Services (CMS) Regional Office has approved the State's MMIS Reprourement Project's Implementation Advanced Planning Document (IAPD), which includes the procurement of Quality Assurance contractor services to support the MMIS implementation initiative;
- CMS approval will result in 90% Federal Financial Participation (FFP) and the remaining 10% using State General Funds to cover the costs of the Quality Assurance contractor;
- The MMIS will process over 6 million Medicaid and other related claims totaling \$770 million a year and will issue payment to over 7,000 active providers for services provided on behalf of approximately 94,000 eligible recipients statewide; and the Quality Assurance services will help to ensure the integrity of claims and payment processing; and
- The pre-development business rules analysis to be conducted by the Quality Assurance vendor will enhance the Department's ability to confirm and document the business processing requirements for provider reimbursement methodologies in advance of requirements validation, thereby helping to keep the project moving forward from the onset.

FOX Systems, Inc. was selected for the MMIS QA contract through a competitive bid process. E-mail notification of the intent to publish a new RFP was sent to a comprehensive vendor list on May 13, 2004. Notification of the RFP publication was issued using standard Office of Information Technology (OIT) procedures. The Request for Proposals (RFP) was issued on May 14, 2004 and published on the Department of Administrative Services (DAS) website. Links to this website were also posted on the Department of Health and Human Services (DHHS) website and the OIT website. A mandatory bidder's conference was held on May 21, 2004. Formal responses by the Department and OIT to vendor questions were issued on June 2, 2004.

The Department received and evaluated three (3) proposals in response to the RFP – (Please see attached bidders list). These proposals were evaluated based on the vendor's approach, qualifications, price, and technical/service/project management, to determine the best solution at the best value to the State. The evaluations also included vendor on-site team presentations by each of the three vendors. FOX Systems, Inc. was selected as the winning

proposal following the evaluation process. FOX received the highest total score overall, concluding that the FOX proposal best met the objectives set forth in the RFP.

The Department, in its QA vendor procurement, was seeking many key components that could not be provided sufficiently in house. These included a critical reinforcement of the State testing effort and supplying MMIS/Medicaid Experience. FOX proposed staffing for the contract that allowed for addressing all of the requirements in the RFP. Other bidders required that the State trade-off or prioritize among requirements to obtain the same level of services. FOX demonstrated a strong commitment to reinforcing the State's system testing effort while other bidders viewed their position in testing as a passive or diminished role. FOX also proposed key individuals with extensive MMIS implementation experience and Medicaid expertise. These resources, which are both technical and business in nature, will help with the specific areas of need and include expertise in technical data architecture, programming code, Medicaid rules, Medicaid eligibility, system and operational readiness testing, Joint Application Design (JAD) and requirements validation. This expertise along with the FOX experience with MMIS Implementation and Quality Assurance will guide the State to ensure that the MMIS implemented in NH meets the project's objectives.

Overall, FOX was determined to be the best value to the State. The FOX proposal best met the Department's objectives and FOX was the lowest unit cost bidder. FOX was, however, the next to lowest total bid price. The cost proposal analysis determined that FOX and another of the three vendors bid the total number of hours required for the project within 2% of each other and the number of hours proposed by these two vendors was considered valid by the evaluation team, given the scope and objectives of the RFP. The third vendor bid 42% less hours than the average of the other two bids. When taking into account the broad scope of the RFP, the approach, and the hours proposed by the other bidders, this significant variance in hours was determined to be inadequate. The third vendor bid the lowest price but proposed significantly less hours. Comparing the bids on a cost per hour basis, where the cost per hour was the total cost of the contract divided by the total number of hours, it was determined that the FOX bid was the lowest cost per hour by approximately 20%. FOX not only proposed the approach that best met the Department's needs, but the cost analysis determined that of the three bidders, FOX was the lowest unit cost bidder and the overall best value to the State.

A key project objective is to have FOX commence work in December 2004; four months in advance of the projected MMIS Reprocurement project start date. FOX will complete the business rules analysis and other business preparatory activities in time for the start up of system development. The information that is compiled during the QA business rules analysis will be used to inform the business rules processing logic of the MMIS.

BACKGROUND

New Hampshire's current MMIS is a component-based system. It is comprised of three (3) distinct systems, each operated by a different vendor. The MMIS processes Medicaid payments for covered services provided to New Hampshire Medicaid-eligible persons in both its fee for service and pharmacy benefit management programs. The MMIS processed approximately 6.5 million claims, in excess of \$770 million in State Fiscal Year 2003 (SFY03). In addition, the MMIS performs various review, audit, and reporting functions to assess and evaluate the provision of Medicaid services and associated payment. The current MMIS meets all certification requirements as set forth by the Centers for Medicare and Medicaid Services (CMS) in the State Medicaid Manual Part 11 - Medicaid Management Information System.

The New Hampshire AIM (NH AIM) Fee for Service (FFS) system is the core component of the MMIS. It is the primary tool used by the Department of Health and Human Services (DHHS) to manage its Medicaid program and is operated by the State's fiscal agent, Electronic Data Systems (EDS). EDS implemented the NH AIM system in April 1994. The State owns the NH AIM hardware and software.

The FFS component is the traditional MMIS that processes all Medicaid claims, except for pharmacy, and issues payment to providers. Approximately 2.6 million claims for \$662 million were processed to payment through NH AIM in State Fiscal Year 2003. Recipient eligibility information is passed nightly to NH AIM from the eligibility determination system, New HEIGHTS.

A second component of the New Hampshire MMIS is the Pharmacy Benefits Management System (PBM). The State has contracted with First Health Services Corporation (FHSC) as its Pharmacy Benefits Manager for system and operations support. The PBM component was implemented in November 2001 and processes pharmacy point of sale (POS) claims and issues payments, via checks, to pharmacy providers. Functions supported through the PBM system include pharmacy claims processing and payment, preferred drug list, pharmacy audits, as well as drug rebate, drug utilization, and other clinical pharmacy initiatives. It also supports the supplemental and the Omnibus Budget Reconciliation Act (OBRA) drug rebate and drug utilization programs, auditing, and various other clinical initiatives. Approximately 4 million claims for \$112 million were processed to payment through the PBM system in State Fiscal Year 2003 (SFY03).

The third component, the Medicaid Decision Support System (MDSS), developed using The Medstat Group Inc.'s proprietary reporting tools, Advantage Suite, supports the State's Management and Administrative Reporting System (MARS), Surveillance and Utilization Review System (SURS) and federal reporting requirements of MMIS. It also provides statistical and Medicaid trend analysis and reporting support and additional federal reporting functionality. MDSS receives a weekly data file from the NH AIM source system, including the data received from PBM.

The State of New Hampshire issued an RFP to solicit proposals from qualified and experienced vendors to implement a state of the art, multi-payer, rules-driven, on-line and real-time, HIPAA compliant MMIS on September 14, 2004. The proposed solution must offer expanded and innovative functionality that reinforces best business practice, rather than a business as usual approach.

The new New Hampshire MMIS will be a web enabled, enterprise-wide MMIS solution. The flexibility and breadth of functionality will facilitate improved management of services across Medicaid program areas, effect more efficient, unduplicated service planning and payment, support the current and evolving business needs of the Department, and provide for improved provider access and communication.

The Department and OIT have worked collaboratively with the Federal Centers for Medicare and Medicaid Services (CMS) to acquire the requisite approvals to proceed with the project and to release the MMIS procurement RFP. The Department intends, through the MMIS RFP to replace its MMIS, seeking to transfer a state of the art system that will be certified and that will be customized to meet New Hampshire-specific present and future Medicaid business needs.

The New Hampshire MMIS Reprocurement RFP will seek a qualified, experienced vendor to implement an MMIS that supports the functions of the current MMIS, including Fee for Service claims processing as well as additional components including county billing and receipts, acuity rate determination, case tracking, and care management. The State will consider the merits and cost effectiveness of vendor proposals for integrating proposed additional components within the replacement MMIS, and at its option, will select the components to comprise the final solution.

The new NH MMIS will consolidate the automated processing of Medicaid claims transactions and requisite maintenance of provider, recipient, authorization, and reference data that presently is housed and supported in various applications across the Medicaid enterprise, into a single enterprise-wide MMIS solution. Several new interfaces will be created in support of this initiative.

Given the complex and comprehensive nature of the MMIS implementation, the aggressive project implementation timeline, and the considerable cost investment, this acquisition of a Quality Assurance vendor to assist the State in ensuring that the MMIS meets the State's objectives is essential.

The Department will monitor numerous performance measures throughout the life of the QA contract to ensure ~~FOX Systems Inc meets or exceeds the contractual requirements.~~
The Department will monitor the following performance measures at an overall level:

- Timely delivery of written deliverables;
- Quality of deliverables;
- Adequate and appropriate staffing; and

- Deliverables are produced at the cost outlined.

Additionally, the Department will review specific performance measures during the three (3) major phases of the project:

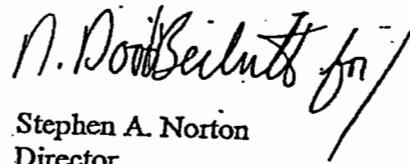
1. Pre-DDI Services:
 - Completed a Critical Report Analysis that was useful to the MMIS Project;
 - Defined and confirmed the business processing rules in a way that it was useful to the new MMIS; and
 - Proposed a logical conversion strategy that was effective during the implementation phase of the project.
2. DDI Quality Assurance Services:
 - Understood the State's requirement for the MMIS and ensured the new MMIS addressed the functional, technical, and operational requirements;
 - Assisted the State in Joint Application Design Sessions (JAD) and deliverables review;
 - Provided sufficient project monitoring;
 - Identified risk and proposed risk mitigation strategies;
 - Planned, prepared, and conducted requisite auditing and testing of the systems functionality and operations environment; and
 - Provided Independent Validation and Verification (IV&V) for the project.
3. Post-DDI Services:
 - Verifying that the requisite documentation is compiled and preparing the State for the CMS on-site MMIS certification review process; and
 - Helped prepare the State prepare for the CMS on-site visit.

Source of Funds: 90% Federal Funds, 10% State General Funds

Geographic area to be served: Statewide

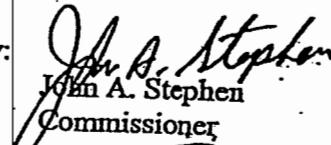
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

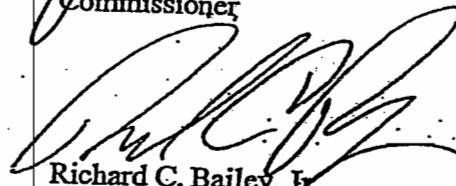


Stephen A. Norton
Director

Approved by:



John A. Stephen
Commissioner



Richard C. Bailey, Jr.
Interim Chief Information
Officer

Attachment 1: Bidders List

[REDACTED]						
Company	Yes					
BDMP	Yes					
Compass	Yes					
Deloitte	Yes	52.75 \$	4,184,661			
FOX Systems Inc.	Yes	81.25 \$	3,530,240			2,977,995
Maximus	Yes	69.75 \$	1,989,597			
S3 Technologies	Yes					

* Not a requirement of the RFP