

1. **Parties.** This is a contract for personal services between the State of Vermont, Department of Vermont Health Access (hereafter called "State"), and Bailit Health Purchasing, LLC with a principal place of business in Needham, MA (hereafter called "Contractor"). The Contractor's form of business organization is a Corporation. It is the Contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, the Contractor is required to have a Vermont Department of Taxes Business Account Number.
2. **Subject Matter.** The subject matter of this contract is personal services generally on the subject of State Planning and Establishment for the Affordable Care Act's Exchanges. Detailed services to be provided by the Contractor are described in Attachment A.
3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$676,000.
4. **Contract Term.** The period of Contractor's performance shall begin upon execution by the State and end on September 30, 2011.
5. **Prior Approvals.** If approval by the Attorney General's Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

Approval by the Attorney General's Office is required.

Approval by the Secretary of Administration is required.

6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.
7. **Cancellation.** This contract may be cancelled by either party by giving written notice at least 30 days in advance.
8. **Attachments.** This contract consists of 31 pages including the following attachments, which are incorporated herein:

Attachment A - Specifications of Work to be Performed

Attachment B - Payment Provisions

Attachment C - Customary Provisions for Contracts and Grants

Attachment E - Business Associate Agreement - N/A

Attachment F - AHS Customary Contract Provisions

The order of precedence of documents shall be as follows:

- 1). This document
- 2). Attachment C
- 3). Attachment A
- 4). Attachment B
- 5). Attachment E – N/A
- 6). Attachment F

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.

BY THE STATE OF VERMONT:

Date: January 14, 2011

Signature: Susan W Besio

Name: Susan Besio
Title: Commissioner
Department of Vermont Health Access

BY THE CONTRACTOR:

Date: January 11, 2011

Signature: Michael H Bailit

Name: Michael Bailit, President
Bailit Health Purchasing, LLC,
56 Pickering Street, Needham, MA 02492

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**ATTACHMENT A
SPECIFICATIONS OF WORK TO BE PERFORMED**

1.0 General Conditions

- 1.1 This Contract is funded by federal grant funding. All terms of this Contract are subject to any requirements necessary to obtain and maintain such funding. No State funds will be used to fund this Contract.
- 1.2 Betsy Forrest, of DVHA, and Rebecca Heintz, of BISCHA, shall serve as the State's primary contacts for this Contract. Joshua Slen shall serve as the Contractor's primary contact for this Contract. Such contacts may be changed by written notice to the other party.
- 1.3 The State shall identify a State Steering Committee ("Steering Committee") for periodic meetings with Contractor. The purpose of this Steering Committee will be to ensure that various State officials are apprised and consulted regarding planning work. After creation, at least monthly meetings will be held with the Steering Committee. Steering Committee meetings may be more often as directed by the State.
- 1.4 Via written communication signed by both parties, terms of this Contract may be changed as appropriate to reflect changed circumstances, including direction from the Vermont State Legislature, direction from the federal government, and direction from the Governor. The State and Contractor expressly acknowledge that future grant funding may be dependent on the deliverables under this Contract and that, as such, certain deliverables may need to be modified to maximize the likelihood of additional funding.
- 1.5 To the extent feasible, work under this Contract shall be informed by and aligned with the study being performed by Dr. Hsiao pursuant to Act 128 (2010) and with the policy needs of the new Administration in terms of options for the Exchange and options for financing. The State and Contractor specifically acknowledge that due dates pursuant to this Contract may need to be modified to meet the needs of the Legislature or the new Administration, or to more appropriately align with the work performed pursuant to Act 128 (2010). Such modifications shall be as directed by the State in writing and shall be accommodated by Contractor if reasonably practicable.
- 1.6 Contractor and the State acknowledge that much of the work performed under this Contract is interrelated. As such, Contractor and the State contacts shall have regular meetings. At a minimum, Contractor and the State contacts shall meet, by phone or in person, once every two weeks or more often if needed. Such meetings may be by phone.

- 1.7 In addition to the specific presentations referenced below, Contractor shall make 10 presentations to stakeholders identified by State relating to the subject matter of this Contract. Such presentations shall be in Vermont and may be to the Legislature, community groups, health care providers or other stakeholders. To the extent the State requests additional presentations not included herein, Contractor shall provide a price for the presentation and, upon acceptance of such price by the State, Contractor shall make such presentation.
- 1.8 The State shall review all draft and final deliverables within 7 working days and provide feedback to Contractor as necessary to meet the timelines within this Contract. Where the State is unable to meet this turn-around time for review of drafts, subsequent deliverable due dates will be adjusted based on the date of the State's delivery of written feedback to Contractor.
- 1.9 The State shall assume responsibility for the identification of internal and external stakeholders, including members of the Steering Committee, and for the scheduling of meetings necessary for task completion within all sections, with the exception of Section 9.0.

2.0 Exchange Roadmap

- 2.1 No later than January 14, 2011, or other later date within 30 days of the date of the signing of this Contract, Contractor shall develop a design "Roadmap" for State's American Health Benefits Exchange ("Exchange"). The Roadmap shall include a strategic approach to answering questions identified by the State, as well as other questions and decision points identified by the State and Contractor during their work under this contract. This contract is to support the State's obligations pursuant to the Patient Protection and Affordable Care Act ("ACA"), which was signed into law in March, 2010. The ACA requires each state (or the federal government acting on behalf of each state) to create an Exchange that performs a variety of functions, including offering residents of the state the means to compare information on available health benefit plans, enroll in plans, and receive tax credits if eligible. In addition, the Exchange (or an entity on behalf of the Exchange) will certify "qualified health plans" to be offered on the Exchange, rate those plans based on quality, maintain a website and toll-free number, provide a calculator for consumers to determine the amount of their tax credit, coordinate with the Medicaid/CHIP agencies to enroll applicants found eligible for Medicaid or CHIP, identify individuals exempt from the federal insurance mandate, require participating plans to justify rate increases, and contract for navigators to provide public education and facilitate enrollment. Either as part of the Exchange for individuals, or as a separate Exchange, small businesses will have the opportunity to assist their employees in enrolling health plans offered on the Exchange.
- 2.2 The Roadmap shall consider and describe what key design questions need to be answered, where additional work and consultation are necessary, how to

collaborate with other health reform efforts and related initiatives that are ongoing in Vermont, and how to incorporate stakeholder feedback into the design process, from high-level decisions that may involve large groupings of stakeholders to operational functions that impact very specific stakeholders. The Roadmap shall specify how other work performed under this Contract shall be coordinated and utilized in the planning and development process. The Roadmap shall identify recommended goals for the exchange, including identification of the most crucial policy decisions facing the State, the data necessary or desirable to support such decisions, and a proposed timeline from January 2011 through the implementation of the Exchange. The Roadmap shall serve as the overarching framework for all Exchange planning. The Roadmap may include recommended strategies for organizing stakeholder groups and government activities, for organizing data analysis tasks, and for identifying timelines for key planning steps. The State and Contractor acknowledge that the planning of the Exchange will be an iterative process, involving stakeholder input and Legislative direction and, as such, the Roadmap shall be subject to change and enhancement based on these and other factors.

- 2.3 To facilitate Vermont's roadmap for Exchange planning, the Contractor will start by developing a detailed strategic planning document and work plan that provides state policymakers with a clear path to make key decisions in Exchange design with appropriate input from stakeholders. In developing this deliverable, Contractor will review Vermont's Exchange planning grant application and incorporate its early thinking into a developed blueprint for the shaping and design of Vermont's Exchange.

As part of its Exchange planning grant application, the State developed a comprehensive list of questions to be researched and answered during the design phase. Contractor will develop a framework to answer of these and other questions raised during the Exchange design planning process with appropriate stakeholder input balanced with needed efficiency of time and resources. The strategic planning document will detail a proposed decision making hierarchy that allows for early advice from State officials, input from stakeholders throughout the process, and a final recommendation for approval by State officials.

Through this framework, Contractor will prioritize a series of meetings that describe minimum functions under the Exchange, discuss options for the Exchange's goals and priorities, and answer key design questions in an order that allows for grouping of like questions and answering questions that will result in further questions and analysis early on in the process.

The strategic planning document will begin with an overview of the minimum Exchange requirements included in the Affordable Care Act and the potential options for expanding the reach of an Exchange. This will provide an understanding of the potential possibilities and opportunities of an Exchange that will serve as a useful backdrop to a key first step in the Exchange planning process – identifying the State's goals and priorities for its Exchange. Once the

State has identified these goals and priorities, the strategic planning process will focus on governance issues so that legislation enabling an Exchange may be drafted as soon as possible in the planning process. To determine the goals and objectives of the Exchange, Contractor will facilitate a discussion focusing on how state leaders and stakeholders view an Exchange (e.g., minimalist or robust); and, if robust, what types of larger system issues the State wants to tackle within the Exchange (e.g., improved quality, payment reform). Following this discussion, Contractor will prepare certain key framing questions for the Exchange that need to be decided early on in the process to set the framework, including:

- confirming that the State wants to develop its own Exchange, rather than allowing the federal government to develop it;
- determining what type of entity should run the Exchange (e.g., governmental vs. non-profit), and if governmental, should the entity be quasi-independent, a full governmental entity, or part of an existing governmental entity;
- determining whether the State will have a separate Exchange for individuals and businesses, and whether there is any interest in having regional Exchanges across Vermont;
- determining what functions currently exist in Vermont (both inside and outside of state government) to perform the requirements of the Exchange, and
- determining the State's level of interest in collaborating with neighboring states on the development of the Exchange, purchasing of key infrastructure, and/or in operation and administration of the Exchange.

For this and all of the decision meetings, Contractor will develop a white paper and/or presentation that will detail the questions to be answered, potential options, opportunities and barriers to each option, stakeholder input needed and/or feedback received, and final recommendations. To the extent practicable, the analysis will be based on available data and will leverage ongoing work in the State as well as other states in which the Contractor is working to design Exchanges. The strategic planning document will identify the types of data necessary to answer specific questions detailed in the Exchange planning grant, including demographic information on individuals and employers, results of the study of the uninsured and underinsured, and the churning report, as well as actuarial analysis of potential questions.

The answers to the first set of critical questions detailed above will inform the drafting of enabling legislation for an entity to serve as Vermont's Exchange, will inform future direction for the design of the Exchange and will likely raise additional questions for the State's consideration. In addition, the answers to these questions will also inform if, and to what extent, the direction of the Exchange overlaps or is similar to other health reform initiatives ongoing in Vermont and whether planning activities or initiatives can and should be combined. As a partial list, activities of the HIT-HIE stakeholders group,

activities of the Health Care Reform Committee, activities of the Blueprint for Health, and activities of the numerous advisory boards within the Agency of Human Services including the Medicaid Advisory Board, all contain some overlapping areas of interest that will need to be addressed within the Exchange planning process. As described above, the strategic planning document and associated work plan will anticipate the need to analyze available quantitative data and feedback from focus groups as part of its detailed work plan to inform the Exchange design.

The work plan accompanying the strategic planning document will move the strategic planning document into action through use of detailed tasks and associated timelines that delineate when and how options will be considered, questions will be researched, data will be collected, stakeholders will be consulted, focus groups will be utilized and recommendations will be made.

- 2.4 Contractor shall meet with the State and additional stakeholders as identified by the State at least three times. Such meetings shall be focused on identifying key questions which must be answered in the Roadmap and expanding or modifying the scope of the Roadmap as described in the Response and RFP. Such meetings may be conducted by phone if necessary, although at least one meeting should be in person if possible.

3.0 Exchange Design Options Analysis

- 3.1 Within seven days of the execution of this Contract, Contractor shall produce for the State categories of major topics, such as the following:
- governance;
 - interaction with and impact on public programs, including Medicaid, CHIP and Catamount Care (including consideration of a Basic Health Plan and streamlining of eligibility and enrollment);
 - interaction with BISHCA and insurance requirements in Vermont (including consideration of the use of a public option);
 - business operations (including staffing, contractual, financial and infrastructure needs);
 - role of the Navigators (including impact on businesses and brokers), and
 - role of the Exchange in forwarding public health and system reform strategies (including interaction with Blueprint for Health, HIE activities, payment reform, and population health activities).

The Contractor will also produce questions and recommended priorities for the need for decisions within categories.

- 3.2 No later than January 14, 2011, or other later date within 30 days of the date of the signing of this Contract, Contractor, with direction from the State, shall develop a plan for obtaining stakeholder feedback to inform the exchange design options analysis performed in this section of the Contract. Such plan shall be in

writing and may be in addition to or aligned with the Stakeholder Study described in Section 9.0 below.

3.3 No later than March 1, 2011, Contractor shall present initial findings and potential recommendations regarding exchange design and implementation options. Such findings shall include an analysis of the pros and cons of different Exchange designs and shall address those major topic categories identified in 3.1 above. Such analysis shall include one or more recommended exchange designs and shall address the following questions and such other questions as are identified through prior work under this contract:

- How should the Exchange be governed?
- Should the Exchange have a board of directors? If so, who should be on the board and how will they be selected? If not a Board, what is the most appropriate form of ongoing oversight?
- How will the Exchange interact with existing state government? With the federal government?
- Are there functions in the Exchange that would be more cost-effective and efficient to perform regionally?
- What are the costs and benefits of creating a Basic Health Program for people between 133% and 200%?
- Should Vermont include a public option in the Exchange?
- Should the Exchange include public employee plans?
- How should applications most effectively be processed? For example, how would applications be taken by phone, as is required by ACA? Should there be an in-person application option, in addition to the required web portal, phone, and mail options?
- How will the Exchange provide "no wrong door" service such that applicants for coverage will be enrolled in the proper program, whether Medicaid, CHIP, Basic Health Program, or private insurance plans?
- How will the Exchange determine whether an applicant has an employer plan available that provides essential coverage and is affordable?
- How will the Exchange determine if an applicant is exempt from the coverage mandate?
- Should the small employer (SHOP) Exchange be separate or integrated with the primary Exchange?
- What functions should the SHOP Exchange perform to make it attractive to small businesses? For example, should the Exchange operate as an "aggregator?" What HR functions, if any, should the Exchange provide to small businesses?
- Should the SHOP Exchange be available to businesses with 50-100 employees prior to 2016? How many businesses and employees would potentially fall into this range?
- Will physical space be needed for the Exchange?
- What are important considerations for decisions on the design of the web portal?

- What are key considerations for designing a marketing and outreach component for the Exchange?
- What is the best way to utilize the ACA-mandated Navigator function?
- What role should brokers and agents have in the new Exchange environment?
- What should be the process for resolving consumer complaints? For example, should there be one process for Medicaid/CHIP and private insurance?
- How should the consumer satisfaction surveys required by ACA be conducted and presented on the web?
- Should the Exchange connect with the Health Information Exchange, and if so, how?
- How should the Exchange be evaluated? What measures should be used to define success?
- How should the Exchange be regulated?
- Should the Exchange be implemented in phases beginning earlier than January 2014? What phases could be implemented earlier?
- How could the Exchange be used to improve population health?
- How should the Exchange drive quality and cost containment?
- How could the Exchange support prevention and wellness initiatives, including ongoing initiatives such as the Blueprint for Health?
- How could the Exchange be used to drive or support payment and health care delivery reform?
- How can the Exchange leverage existing data sources and IT infrastructure to be the most efficient and effective?

3.4 It is understood by the State and Contractor that it is likely legislation proposing one or more exchange design options shall be under consideration by the Legislature while Contractor is performing the work under this section of the Contract and, as directed by the State, Contractor's work shall be informed by such legislative process. For example, based on direction from the State, Contractor may focus on less than all of the issues initially identified in the RFP or the Response, or may focus on different issues. Such changes in scope shall be identified by the State in writing.

3.5 Contractor's analysis shall take into consideration Vermont's existing benefit programs, on-going and future health care reform initiatives, and IT infrastructure (both current and future). Contractor's recommended design or designs shall be aligned with key policy goals identified by the State, shall be consistent with other activities undertaken by the State and the Legislature, shall build on existing information and shall build on information gathered through other activities conducted pursuant to this Contract. Contractor's analysis and recommendation(s) shall address, in addition to the "major categories" identified on page 23 of the Response, the goals, functions, major operational features, sustainability plan, and other characteristics that will define how the Exchange will look, feel, and perform. The State and Contractor expressly acknowledge that not all information will be available to fully analyze all aspects of an

Exchange at the time the analysis is required; where this is the case, Contractor shall fully describe data or other information not yet available and how such information will more fully inform future analysis.

- 3.6 As directed by the State, Contractor shall prepare white papers and/or presentations for identified decision points that will detail the questions to be answered, potential options, opportunities and barriers to each option, stakeholder input needed and/or feedback received, and final recommendations. To the extent practicable, the analysis will be based on available data and will leverage ongoing work in Vermont as well as other states in which Contractor is working to design Exchanges. It is anticipated that such work shall support the final report required in Paragraph 3.7.
- 3.7 No later than June 15, 2011, Contractor shall produce a final written report analyzing the pros and cons of various exchange design and planning decisions. It is anticipated that such final written report will be largely informed by the legislative process and shall include the on-going analysis and report work which Contractor has performed throughout this section of the Contract.

4.0 Exchange Implementation Plan

- 4.1 No later than July 15, 2011, Contractor shall prepare a draft implementation plan.
- 4.2 The written implementation plan for the Exchange shall reflect the State's decision as to the best model for the Exchange. It shall also include key milestones and tasks under each milestone, specific completion dates for such milestones and tasks, objective measures of success, proposed methods to ensure involvement of key stakeholders, coordination with other state initiatives related to the Exchange, leveraging of resources where appropriate, and testing of systems to be used within the Exchange. In the development of an implementation plan, Contractor shall consider whether a graduated roll out of Exchange functionalities will facilitate State goals. As directed by the State, such plan shall be consistent with current Vermont law and shall build on existing initiatives. Depending on the chosen Exchange design, key milestones in the implementation plan could include:
- drafting and enacting enabling legislation for the administration of an Exchange that details the entity to serve as the Exchange and how it will be governed;
 - appointing Board members to oversee the Exchange;
 - hiring an Executive Director and key staff to direct the work of the Exchange;
 - building or purchasing the necessary infrastructure to operate the Exchange, including streamlining eligibility across the Exchange and the Medicaid/CHIP programs;
 - developing regulations, policies and procedures, as necessary to detail the requirements of the Exchange, and

- designing systems for financial oversight of the Exchange, including activities necessary to become financially self-sustaining by January 2015.

The implementation plan will include objective measures of success, including meeting timelines laid out within the plan, involvement of key stakeholders in the process, coordination with other state initiatives related to the Exchange, leveraging of resources where appropriate, and testing of systems to be used within the Exchange.

- 4.3 Contractor shall meet with the State Steering Committee and other stakeholders as specified by the State between July 1, 2011, and August 30, 2011, to discuss the draft implementation plan.
- 4.4 Contractor shall prepare the final written implementation plan no later than September 15, 2011.

5.0 Exchange Financial Sustainability Options Analysis

- 5.1 Contractor shall produce a written analysis of sustainable financing options for the Exchange, including a thorough discussion of the pros and cons of each option and a recommendation or recommendations for the best way for the Exchange to achieve financial sustainability as required by federal law.
- 5.2 Contractor shall consider the functions the Exchange will perform, potential sources of revenue to support those functions, the state budgeting process, the methods by which the state collects and funds current public benefit programs, including Catamount Health (including whether such methods should be modified after implementation of the Exchange), and all other relevant factors. Contractor's analysis shall assess whether certain functions should continue to be performed by the existing infrastructure in Vermont (by the State or by private or other entities) to minimize the administrative costs born exclusively by the Exchange.
- 5.3 No later than March 1, 2011, Contractor shall propose a number of financing options necessary to support the financial sustainability of an Exchange, including expense categories that need to be considered in an Exchange budget, with distinctions between those that are mandatory and those which are optional. This deliverable shall include high-level estimates of development and maintenance costs, and shall include high-level cost estimates for performing functions directly by the State and by outsourcing such functions. It is anticipated that this deliverable will help inform the Legislature and Governor in decision making relating to creating a preliminary Exchange infrastructure during the 2011 Legislative session.
- 5.4 No later than June 1, 2011, Contractor shall produce a refined analysis of financial sustainability options for the Exchange. Refinements will be based on feedback from stakeholders and key decision makers, as well as in consideration

of any legislation that may have passed relating to the creation of an Exchange. The refined analysis will include budget categories for Exchange functions that will need to be considered, as well as strategies to raise revenues to support these functionalities.

- 5.5 No later than August 1, 2011, Contractor shall produce the final written analysis for Exchange financial sustainability. Unless directed otherwise by the State, no more than two financing options will be included in the final analysis. Cost estimates, for both upfront costs and ongoing operations, will be presented. The final written analysis shall include state mandated benefits costs as described below in Section 5.6. This final analysis shall also include a sustainability model that will show inflows and outflows for pre-implementation (CY 2013 or other date as appropriate) and the first three years after implementation (CY2014-2016 or other date as appropriate).
- 5.6 Contractor's final financing options analysis shall include consideration of the additional cost of state-mandated insurance benefits not required by federal law, if any, and the impact such costs would have on financing options. Costs should be estimated for each mandate separately.

6.0 Analysis of Exchange Financial Functions

- 6.1 Contractor shall produce a written assessment of each mandatory and potential finance related function which must be performed by the Exchange, with a recommendation or set of options for performing these functions, as well as estimated costs associated with performing these functions. Such functions include developing accounting and auditing standards; collecting premiums; controlling for waste, fraud, and abuse; creating transparency and reporting mechanisms for the public; developing the technical infrastructure to comply with federal financial reporting requirements; billing for, collecting, and safeguarding premiums; reconciling tax credits and cost-sharing subsidies; selecting accounting systems, audit procedures, and internal controls; tracking administrative costs and revenue; and financial reporting to the federal government and to the public. Additional functions may include, but are not limited to, aggregated billing to employers; consolidated payments to health plans (employee and employer share); payment to brokers/agents; performing other functions for employers; and implementing payment reforms.
- 6.2 As the first step in the analysis described above, Contractor will examine the financial system and functional capacity in Vermont. No later than January 14, 2011 or 30 days after contract signing, whichever is later. Contractor shall produce a written summary of the finance functions and systems of Catamount Health and other State public programs to assess current state capacity. A central focus of this summary should be to begin assessing whether to build on current systems or buy new systems, and whether resources could be combined across several states with similar system needs.

- 6.3 No later than February 11, 2011, Contractor shall produce a draft written matrix of mandatory and optional finance functions to be performed by the Exchange. Such matrix shall include preliminary options and responsible party options for each function. As directed by the State, such matrix shall be discussed and changes made based on stakeholder and other feedback.
- 6.4 No later than March 18, 2011, Contractor shall produce a matrix of mandatory and potential finance functions to be performed by the Exchange. Such matrix shall outline responsibilities within each function, and potential responsible parties to perform such functions, along with preliminary cost estimates. It is anticipated that such matrix may be used as guidance by the Legislature and Governor as Exchange infrastructure legislation is under consideration.
- 6.5 No later than May 15, 2011, Contractor shall produce a written finance options analysis, including an analysis of the advantages and disadvantages of identified options and responsible parties for specified Exchange functions. Contractor's analysis shall consider integration opportunities as identified pursuant to Section 11. This deliverable will include finance functions assigned to the Exchange at this juncture as well as those that may be considered for the Exchange in the future. The deliverable will also include a high level estimate of potential costs associated with various functions, including consideration of costs if functions are performed by the State or outsourced through contract.
- 6.6 No later than June 15, 2011, Contractor shall produce a requirements and cost analysis of exchange financial functions final report. Such report shall be informed by input from the Exchange design task performed pursuant to Sections 3 and 5 (design and financing of the Exchange) of this Contract. This report shall describe the requirements for the finance functions assigned to the Exchange and the cost of those functions. The refined requirements shall be presented in operational flow diagrams as well as narrative discussion. This information will feed into the financial sustainability analysis performed by Contractor pursuant to Section 5 of this Contract.

7.0 Study of the Uninsured

- 7.1 Contractor shall build on the Vermont Household Health Insurance Survey data and analysis that has been previously completed under another contract. Contractor's work shall provide additional analysis intended to support and inform the development of Exchange goals and the design of the Exchange. It is anticipated that further identification and analyses of the demographics and needs of the uninsured and underinsured population will inform Exchange design, including such aspects as web interface and benefit design.
- 7.2 Within 7 days of the execution of this Contract, Contractor shall prepare a proposed outline of specific analyses to be conducted using currently available data regarding the needs of the uninsured and the underinsured. No later than seven days after the State's receipt of the proposed outline, the State and

Contractor shall agree on a list, based on the proposed outline, of questions which can be answered or further explored using currently available data. As part of this work, the State and Contractor shall agree on a definition of the term "underinsured" to be used in this analysis.

- 7.3 No later than January 14, 2011, or other later date within 30 days of the date of the signing of this Contract, Contractor shall produce a draft report answering or exploring questions identified pursuant to Paragraph 7.2 of this contract. It is anticipated that this analysis shall support the exchange planning and design process.
- 7.4 After stakeholder feedback, as directed by the State, Contractor shall produce a final written report no later than March 4, 2011. As requested by the State, Contractor may present findings to stakeholder groups such as the Legislature.
- 7.5 At hourly rates specified in Attachment B, it is possible that Contractor shall perform, with the State's prior approval, additional work analyzing the uninsured and underinsured population. If such additional work is performed, Contractor shall make a written proposal to the State, with total cost estimates, and such work shall be performed pursuant to a proposal approved by the State.

8.0 Ad Hoc Actuarial Services

- 8.1 It is anticipated that some ad hoc actuarial services will be required throughout the contract period. The State and Contractor acknowledge that some actuarial resources will be used for other project deliverables in this Contract, and for those identified deliverables, actuarial services have been included in the price of such deliverables.
- 8.2 For ad hoc deliverables pursuant to this Contract section, the State will make a written request for services (such as identifying a specified question in need of an answer) and Contractor shall provide a cost estimate for such work. Upon acceptance by the State, Contractor shall provide such services.

9.0 Formal Stakeholder Study

- 9.1 Contractor shall collect stakeholder input as identified in this section. The State and Contractor acknowledge that this work will be in addition to stakeholder feedback work that the State is conducting and that such work shall be coordinated as directed by the State. Stakeholders include, but are not limited to, members of the public from a variety of political, cultural and socioeconomic perspectives; people covered by both public and private health insurance programs; state legislators; individuals with disabilities and special health needs; small and large employers; nonprofit organizations; insurance companies; insurance producers; community-based organizations; health care providers (including primary care, as well as other physical and mental health providers);

brokers and agents; and stakeholders involved in public health. It is expressly acknowledged that current funding for this Contract will not support a formal survey from each of these stakeholder groups, although representatives from these groups may participate in work performed under other sections of this contract.

- 9.2 Contractor shall use its best efforts to coordinate the work done pursuant to this section with that work performed in Section 12. The churning assessment will be closely connected to the work being conducted within the stakeholder analysis to assure that information gleaned in one setting will improve targeted outreach for the next event.
- 9.3 No later than seven days following the date the contract is signed, Contractor shall propose a detailed description of the timelines of work to be performed pursuant to this Section. Such timeline shall be coordinated with other work performed pursuant to this Contract, and other State health care reform work and shall be consistent with the timelines identified in this section. Timelines should identify when proposed areas of inquiry shall be presented, a range of times when focus groups or other inquiry shall occur, and when written summaries and analysis (draft and final) shall be produced. It is understood that all inquiry and analysis under this section should be focused on informing the Exchange planning, design and implementation processes.
- 9.4 No later than the date established pursuant to the process identified in Paragraph 9.3, Contractor shall conduct four focus groups with the uninsured. In designing the focus groups, Contractor shall:
- develop a discussion guide in consultation with the State;
 - identify appropriate respondents for participation in the sessions in consultation with the State;
 - identify potential participants and secure sample lists for such participants;
 - identify dates for the groups in consultation with the State;
 - coordinate facility arrangements for the groups;
 - develop participant selection criteria and "screeners" for use by interviewers;
 - recruit participants by senior interviewers;
 - facilitate the groups with a RIVA Institute-trained moderator;
 - provide incentives to participants;
 - provide the State with DVD recordings of groups, and
 - provide a full analytical report which includes a summary of key findings and detailed findings annotated and illustrated with respondent comments.
- Contractor shall provide a written summary and analysis of the focus groups no later than April 10, 2011.
- 9.5 No later than the date established pursuant to the process identified in Paragraph 9.3, Contractor shall conduct 12-20 in-depth interviews with insurance producers. Contractor shall work with the State to establish the best approach to reach out to this community. A pre-interview outline of questions will be sent, and all

interviews will be conducted by senior interviewers. Contractor shall provide a written summary and analysis of the focus groups no later than April 10, 2011

- 9.6 No later than the date established pursuant to the process identified in Paragraph 9.3, Contractor shall conduct 12-20 in-depth interviews with non-profit organizations, community-based organizations and public health officials and advocates. Contractor will work with the State to identify the most appropriate groups to interview and to prepare the questions. In conducting the in-depth interviews, Contractor shall:
- develop a custom qualitative interview in consultation with the State;
 - train and brief interviewers on the study;
 - develop or receive a sample with the names and telephone numbers of prospective respondents to be interviewed in the project;
 - conduct up to 20 interviews each approximately 15-20 minutes in length using trained and monitored senior interviewers;
 - transcribe interviews in notes style;
 - code and edit open-ended comments;
 - provide a full analytical report which includes a summary of key findings and detailed findings annotated and illustrated with respondent comments.
- Contractor shall provide a written summary and analysis of the interviews no later than April 10, 2011.
- 9.7 No later than the date established pursuant to the process identified in Paragraph 9.3, Contractor shall conduct a telephone survey of the small employer community. Questions for this survey shall be proposed by Contractor, subject to final approval by the State. Questions shall be designed to inform Exchange planning, design and implementation, as well as support additional State outreach with this community. Contractor shall provide a written summary and analysis of the survey results no later than April 10, 2011.

10.0 Study of the Current Insurance Market

- 10.1 To inform the planning and implementation of the Exchange, the State must analyze the current insurance market, including a comprehensive review of available plan designs. Contractor shall design and conduct a formal analysis of the current health insurance market. Such analysis shall be used to inform Exchange design decisions, and Contractor shall provide the State with guidance on how best to use data collected to inform Exchange design and implementation decisions. Examples of anticipated issues that will need to be addressed are the quality and quantity of grandfathered plans within the State, potential premium impact of reforms, the present breadth and anticipated future of the limited medical benefit plan market, and the pros and cons of allowing a catastrophic health plan.
- 10.2 No later than seven days following the date the contract is signed, Contractor shall present to the State a proposed methodology, including questions to be asked and

answered, for surveying the current Vermont insurance market. Such proposal shall be modified with feedback from the State.

- 10.3 No later than January 20, 2011, Contractor shall present, for the State's consideration, a draft report consistent with the approved methodology in developed under Paragraph 10.2.
- 10.4 Consistent with feedback relating to the draft report identified in Paragraph 10.3, Contractor shall produce a final report no later than February 7, 2011.

11.0 Assessment of Current Programs and Integration Opportunities

- 11.1 The State must develop a comprehensive assessment of health care benefit programs across the public and private sectors, with the anticipated goal of aligning or standardizing benefit packages to minimize coverage disruptions and maximize care continuity. Such integration must consider benefit design, outreach, eligibility determinations, enrollment/disenrollment, and applicable quality standards where feasible and appropriate. Where such integration is not feasible, the State must determine the best methods to explain benefit and other program feature differences to maximize consumer understanding and participation.
- 11.2 Except as expressly stated to the contrary, Contractor shall follow the approach outlined in the Response.
- 11.3 Within ten days of the signing of this Contract, Contractor shall meet with the State, and others as directed by the State, to outline an approach to performing the work under this section of the Contract, consistent with the terms contained herein. The parties expressly acknowledge that much of the work performed pursuant to this section of the Contract will need to be integrated with the work performed pursuant to other portions of this Contract and the outline should reflect how this integration shall occur.
- 11.4 No later than January 31, 2011, Contractor shall produce a matrix comparing the most common commercial insurance plans (as identified by the State) with public benefit designs. To the extent feasible, based on guidance available from the federal government, such matrix shall also include a comparison to benefit designs consistent with the Affordable Care Act.
- 11.5 No later than March 15, 2011 Contractor shall produce an interim draft report with recommendations. Such report shall describe opportunities for integration in outreach, eligibility processes, enrollment and disenrollment processes, , and quality standards, with recommendations on how to most effectively integrate across programs, and where integration is not possible, how the State can disseminate information to appropriate Vermont populations.

- 11.6 No later than June 15, 2011, Contractor shall produce a final report with recommendations. Such report shall include an updated matrix as described in Paragraph 11.4. Such report shall identify integration opportunities and challenges and shall make recommendations relating to benefit design. The report shall also address how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations.

12.0 Formal Assessment of Churning

- 12.1 Contractor shall perform a formal assessment of churning using the the 2005, 2008, and 2009 results from the Vermont Household Health Interview Survey (VHHIS), as well any available administrative enrollment data from State, to expand on these findings and further explore issues related to churning. Specifically, Contractor will develop survey tools and follow up with individual consumers who responded to the VHHIS survey and consented to be contacted again - both those who have dropped coverage and those who remain covered - to explore their experiences in Catamount Health and the primary reasons for dropping or retaining coverage. Contractor will share these findings with a core group of State officials and other key stakeholders to inform the development of recommendations to ameliorate the problem in the Exchange. Contractor will also analyze churn rates in states with comparable health insurance programs and explore how these states have attempted to mitigate the health benefit disruptions for consumers and administrative burdens associated with churning.
- 12.2 No later than January 15, 2011, Contractor shall meet with the State and finalize a work plan for the analysis performed pursuant to this section of the Contract. Such work plan shall include these steps:
- Identify, develop and analyze data from any additional secondary data (e.g. administrative enrollment data from State)
 - Develop consumer survey instrument
 - Identify consumers willing to be contacted from VHHIS survey
 - Administer the telephone survey with identified consumers
 - Analyze the results and prepare draft report on survey results to inform the Exchange Design process
 - Conduct key informant interviews (aligned and integrated with the stakeholder study)
 - Identify steps and improvement processes that could be successfully adapted by State to mitigate the effects of churning
- In addition, Contractor will compare Vermont's churn rate to churn rates in other states with similar programs, and will determine what steps those other states have taken to mitigate churning
- 12.3 No later than January 31, 2011, Contractor shall propose a survey tool to be used for consumer analysis relating to churning. Such tool shall be subject to State approval.

- 12.4 No later than March 31, 2011, Contractor shall prepare a draft written report of findings resulting from consumer surveys developed pursuant to this section of the Contract.
- 12.5 Upon receipt of feedback from the State regarding the draft report produced pursuant to Paragraph 12.4, Contractor shall conduct key informant interviews as outlined in the draft report. Such interviews shall be completed no later than April 30, 2011.
- 12.6 No later than June 15, 2011, Contractor shall produce a final report, with recommendations, regarding how to minimize churning upon implementation of the Exchange.

13.0 Ad Hoc Exchange Design and Planning Projects

- 13.1 It is anticipated that additional project work, not contemplated in the deliverables identified in this Contract, may be necessary as part of the exchange planning and design project. Some of these new deliverables may take the place of current deliverables and some may be additional new deliverables.
- 13.2 In the event the State seeks additional work from Contractor relating to its immediate exchange planning and design needs, the State shall make a written proposal outlining the scope of such work. Contractor shall provide a cost estimate, based on the hourly rates identified in Attachment B of this Contract. Upon the State's written confirmation of such proposal, Contractor shall perform work as outlined in the agreed upon scope of work.

**ATTACHMENT B
 PAYMENT PROVISIONS**

1. The maximum amount payable under this contract for service and expenses shall not exceed \$676,000. Except as described in Paragraph 2, payment shall be due pursuant to the schedule described below. Contractor shall be responsible for billing the State pursuant to this schedule. All payments are expressly conditioned on the successful delivery of the deliverables described in the referenced section of the contract. It is understood that with the exception of travel expenses (subject to Paragraph 4 below), all necessary expenses required for Contractor to accomplish a deliverable as described in the Contract are included in this schedule of payments.

The State of Vermont Payment Terms Are Net 30 days from date of Invoice. Payment by the State to the Contractor shall be made within 30 days following the receipt of an invoice for deliverable(s) approved by the State. Deliverable due dates as included in the scope of work are as follows:

Contract Section	Deliverable	Due Date	Payment Amount	Total Payment
2.0 Roadmap	Draft roadmap	1/4/11	\$22,664	\$45,328
	Final roadmap	1/14/11	\$22,664	
3.0 Exchange Design	Categories & questions	7 days from Execution	\$57,222	\$114,444
	Plan for feedback	1/14/11		
	Initial findings & recommendation	3/1/11		
	Final report	6/15/11	\$57,222	
4.0 Implementation Plan	Draft plan	7/15/11	\$21,616	\$43,232
	Final plan	9/15/11	\$21,616	
5.0 Financial Sustainability Analysis	Financing options	3/1/11	\$30,296	\$60,592
	Refined analysis	6/1/11		
	Final analysis	8/1/11	\$30,296	
6.0 Financial Functions	Summary of functions	1/14/11	\$13,342	\$26,684
	Draft matrix	2/11/11		
	Draft matrix w/ cost estimates	3/18/11		
	Options analysis	5/15/11		
	Final report	6/15/11	\$13,342	
7.0 Study of Uninsured	Proposed outline	7 days from Execution	\$11,840	\$23,680
	Draft report	1/14/11		
	Final report	3/4/11	\$11,840	
9.0 Stakeholder Study	Timeline	7 days from Execution	\$43,919	\$87,838
	Progress report	2/28/11		
	Final report	4/10/11	\$43,919	
10.0 Study of Current Insurance Market	Methodology	7 days from Execution	\$14,414	\$28,828
	Draft report	1/20/11		
	Final report	2/7/11	\$14,414	
11.0 Integration Opportunities	Approach	10 days from Execution	\$36,490	\$72,980
	Matrix of comparisons	1/31/11		
	Draft report	3/15/11		
	Final report	6/15/11	\$36,490	
12.0 Churn Analysis	Work plan	1/15/11	\$14,320	\$28,640
	Survey tool	1/31/11		
	Draft report	3/31/11		
	Final report	6/15/11	\$14,320	
Total				\$532,246

2. As explicitly noted in Sections 8.0 and 13 of the Contract, it is possible that additional services may be requested by the State, other than those described in the deliverables in Paragraph 1 of this Attachment B. Such additional work shall be paid by the State by an hourly rate (pursuant to the procedures described in the Contract). The hourly rate will vary depending on the rate for staff assigned to specific tasks required to complete the work. The hourly rates for assigned project staff are as follow:

Joshua Slen	\$232.00
Beth Waldman	\$232.00
Amy Lishko	\$225.00
Michael Bailit	\$232.00
Brendan Hogan	\$200.00
Michael Joseph	\$150.00
Mark Podrazik	\$200.00
Peter Burns	\$250.00
Stephen Pawlowski	\$190.00
Curtis Mildner	\$125.00
Brian Robertson	\$125.00
Jason Maurice	\$100.00
Patrick Madden	\$100.00
Ronald Duprez	\$238.00
Karen O'Rourke	\$119.00
Carry Buterbaugh	\$85.00
Hank Stabler	\$63.00
Sue Frechette	\$200.00
Erica Garfin	\$125.00

Individuals noted above may be replaced with like-qualified individuals upon written consent from the State. In addition, the following hourly rates for specified project staff functions are as follow:

Senior Actuary	\$300.00
Research Support Staff	\$65.00
Senior Interviewing Staff	\$35.00
Interviewing Staff	\$28.00
Data Entry/Clerical	\$35.00

All hourly rates are fully encumbered and include indirect costs - administrative expenses, occupancy fees, utilities, repair and maintenance of equipment, office maintenance, audit and legal fees, insurance, telephone, postage, supplies, etc. (excluding direct telephone and mailing expenses associated with data collection). The State does not guarantee the assignment of any minimum number of hours or other work under this contract.

3. It is noted that Contractor has elected to subcontract with numerous parties to provide the services in this Contract. It shall be the Contractors responsibility to assure payments made are distributed as appropriate among subcontractors. Payments for subcontractors that are not

specifically referenced in the Response will only be made upon receiving prior approval (See Attachment C, #13).

4. The State shall reimburse Contractor for reasonable and necessary expenses incurred in performance of this contract, in accordance with state reimbursement offered to state employees. Total travel expenses reimbursed under this contract shall not exceed \$36,300 during the term of this contract. Total focus group expenses for room, recording, and incentives shall not exceed \$8,400 during the term of this contract.

5. Contractor shall submit an invoice on a monthly basis (unless no money is owing) to the State for services provided and expenses incurred during the previous month. Invoice must include the company name and address, a unique invoice number, dates of service, itemized hours being invoiced and a list of allowable expenses incurred. The billing submission shall include an attachment detailing the deliverables completed during the time period covered by the invoice.

6. Invoices shall be submitted to:
Betsy Forrest
Department of Vermont Health Access
312 Hurricane Lane Suite 201
Williston, VT 05495

**ATTACHMENT C
CUSTOMARY PROVISIONS FOR CONTRACTS AND GRANTS**

1. **Entire Agreement.** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law.** This Agreement will be governed by the laws of the State of Vermont.
3. **Definitions:** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
4. **Appropriations:** If appropriations are insufficient to support this Agreement, the State may cancel on a date agreed to by the parties or upon the expiration or reduction of existing appropriation authority. In the case that this Agreement is funded in whole or in part by federal or other non-State funds, and in the event those funds become unavailable or reduced, the State may suspend or cancel this Agreement immediately, and the State shall have no obligation to fund this Agreement from State revenues.
5. **No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
6. **Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. The Party shall notify its insurance company and the State within 10 days of receiving any claim for damages, notice of claims, pre-claims, or service of judgments or claims, for any act or omissions in the performance of this Agreement.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. **Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverage is in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverage and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the Agreement, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Products and Completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 per Occurrence
\$1,000,000 General Aggregate
\$1,000,000 Products/Completed Operations Aggregate
\$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Professional Liability: Before commencing work on this Agreement and throughout the term of this Agreement, the Party shall procure and maintain professional liability insurance for any and all services performed under this Agreement, with minimum coverage of \$ N/A per occurrence, and \$ N/A aggregate.

8. **Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
9. **Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more

in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

A Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year.

The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the sub-recipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal year. These forms are also available on the Finance & Management Web page at:
<http://finance.vermont.gov/forms>

10. **Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.
11. **Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990 that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.
12. **Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
13. **Taxes Due to the State:**
 - a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.

Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

14. Child Support: (Applicable if the Party is a natural person, not a corporation or partnership.)
Party states that, as of the date the Agreement is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

15. Sub-Agreements: Party shall not assign, subcontract or subgrant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

Notwithstanding the foregoing, the State agrees that the Party may assign this agreement, including all of the Party's rights and obligations hereunder, to any successor in interest to the Party arising out of the sale of or reorganization of the Party.

16. No Gifts or Gratuities: Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.

17. Copies: All written reports prepared under this Agreement will be printed using both sides of the paper.

18. Certification Regarding Debarment: Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

ATTACHMENT F
AGENCY OF HUMAN SERVICES' CUSTOMARY CONTRACT PROVISIONS

1. **Agency of Human Services – Field Services Directors** will share oversight with the department (or field office) that is a party to the contract for provider performance using outcomes, processes, terms and conditions agreed to under this contract.
2. **2-1-1 Data Base:** The Contractor providing a health or human services within Vermont, or near the border that is readily accessible to residents of Vermont, will provide relevant descriptive information regarding its agency, programs and/or contact and will adhere to the "Inclusion/Exclusion" policy of Vermont's 2-1-1. If included, the Contractor will provide accurate and up to date information to their data base as needed. The "Inclusion/Exclusion" policy can be found at www.vermont211.org

3. **Medicaid Program Contractors:**

Inspection of Records: Any contracts accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid program must fulfill state and federal legal requirements to enable the Agency of Human Services (AHS), the United States Department of Health and Human Services (DHHS) and the Government Accounting Office (GAO) to:

Evaluate through inspection or other means the quality, appropriateness, and timeliness of services performed; and inspect and audit any financial records of such Contractor or subcontractor.

Subcontracting for Medicaid Services: Having a subcontract does not terminate the Contractor, receiving funds under Vermont's Medicaid program, from its responsibility to ensure that all activities under this agreement are carried out. Subcontracts must specify the activities and reporting responsibilities of the Contractor or subcontractor and provide for revoking delegation or imposing other sanctions if the Contractor or subcontractor's performance is inadequate. The Contractor agrees to make available upon request to the Agency of Human Services; the Office of Vermont Health Access; the Department of Disabilities, Aging and Independent Living; and the Center for Medicare and Medicaid Services (CMS) all contracts and subcontracts between the Contractor and service providers.

Medicaid Notification of Termination Requirements: Any Contractor accessing payments for services under the Global Commitment to Health Waiver and Medicaid programs who terminates their practice will follow the Office of Vermont Health Access, Managed Care Organization enrollee notification requirements.

Encounter Data: Any Contractor accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid programs must provide encounter data to the Agency of Human Services and/or its departments and ensure that it can be linked to enrollee eligibility files maintained by the State.

4. **Non-discrimination Based on National Origin as evidenced by Limited English Proficiency.** The Contractor agrees to comply with the non-discrimination requirements of Title VI of the Civil Rights Act of 1964, 42 USC Section 2000d, et seq., and with the federal guidelines promulgated pursuant to Executive Order 13166 of 2000, which require that contractors and subcontractors receiving federal funds must assure that persons with limited

English proficiency can meaningfully access services. To the extent the Contractor provides assistance to individuals with limited English proficiency through the use of oral or written translation or interpretive services in compliance with this requirement, such individuals cannot be required to pay for such services.

5. **Voter Registration.** When designated by the Secretary of State, the Contractor agrees to become a voter registration agency as defined by 17 V.S.A. §2103 (41), and to comply with the requirements of state and federal law pertaining to such agencies.
6. **Drug Free Workplace Act.** The Contractor will assure a drug-free workplace in accordance with 45 CFR Part 76.
7. **Privacy and Security Standards.**

Protected Health Information: The Contractor shall maintain the privacy and security of all individually identifiable health information acquired by or provided to it as a part of the performance of this contract. The Contractor shall follow federal and state law relating to privacy and security of individually identifiable health information as applicable, including the Health Insurance Portability and Accountability Act (HIPAA) and its federal regulations.

Substance Abuse Treatment Information: The confidentiality of any alcohol and drug abuse treatment information acquired by or provided to the Contractor or subcontractor shall be maintained in compliance with any applicable state or federal laws or regulations and specifically set out in 42 CFR Part 2.

Other Confidential Consumer Information: The Contractor agrees to comply with the requirements of AHS Rule No. 08-048 concerning access to information. The Contractor agrees to comply with any applicable Vermont State Statute, including but not limited to 12 VSA §1612 and any applicable Board of Health confidentiality regulations. The Contractor shall ensure that all of its employees and subcontractors performing services under this agreement understand the sensitive nature of the information that they may have access to and sign an affirmation of understanding regarding the information's confidential and non-public nature.

Social Security numbers: The Contractor agrees to comply with all applicable Vermont State Statutes to assure protection and security of personal information, including protection from identity theft as outlined in Title 9, Vermont Statutes Annotated, Ch. 62.

8. **Abuse Registry.** The Contractor agrees not to employ any individual, use any volunteer, or otherwise provide reimbursement to any individual in the performance of services connected with this agreement, who provides care, custody, treatment, transportation, or supervision to children or vulnerable adults if there is a substantiation of abuse or neglect or exploitation against that individual. The Contractor will check the Adult Abuse Registry in the Department of Disabilities, Aging and Independent Living. Unless the Contractor holds a valid child care license or registration from the Division of Child Development, Department for Children and Families, the Contractor shall also check the Central Child Abuse Registry. (See 33 V.S.A. §4919(a)(3) & 33 V.S.A. §6911 (c)(3)).
9. **Reporting of Abuse, Neglect, or Exploitation.** Consistent with provisions of 33 V.S.A. §4913(a) and §6903, any agent or employee of a Contractor who, in the performance of services connected with this agreement, has contact with clients or is a caregiver and who has reasonable cause to believe that a child or vulnerable adult has been abused or neglected as

defined in Chapter 49 or abused, neglected, or exploited as defined in Chapter 69 of Title 33 V.S.A. shall make a report involving children to the Commissioner of the Department for Children and Families within 24 hours or a report involving vulnerable adults to the Division of Licensing and Protection at the Department of Disabilities, Aging, and Independent Living within 48 hours. This requirement applies except in those instances where particular roles and functions are exempt from reporting under state and federal law. Reports involving children shall contain the information required by 33 V.S.A. §4914. Reports involving vulnerable adults shall contain the information required by 33 V.S.A. §6904. The Contractor will ensure that its agents or employees receive training on the reporting of abuse or neglect to children and abuse, neglect or exploitation of vulnerable adults.

10. **Intellectual Property/Work Product Ownership.** All data, technical information, materials first gathered, originated, developed, prepared, or obtained as a condition of this agreement and used in the performance of this agreement - including, but not limited to all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and printouts, notes and memoranda, written procedures and documents, which are prepared for or obtained specifically for this agreement - or are a result of the services required under this grant - shall be considered "work for hire" and remain the property of the State of Vermont, regardless of the state of completion - unless otherwise specified in this agreement. Such items shall be delivered to the State of Vermont upon 30 days notice by the State. With respect to software computer programs and / or source codes first developed for the State, all the work shall be considered "work for hire," i.e., the State, not the Contractor or subcontractor, shall have full and complete ownership of all software computer programs, documentation and/or source codes developed.

The Contractor shall not sell or copyright a work product or item produced under this agreement without explicit permission from the State.

If the Contractor is operating a system or application on behalf of the State of Vermont, then the Contractor shall not make information entered into the system or application available for uses by any other party than the State of Vermont, without prior authorization by the State. Nothing herein shall entitle the State to pre-existing Contractor's materials.

11. **Security and Data Transfers.** The State shall work with the Contractor to ensure compliance with all applicable State and Agency of Human Services' policies and standards, especially those related to privacy and security. The State will advise the Contractor of any new policies, procedures, or protocols developed during the term of this agreement as they are issued and will work with the Contractor to implement any required.

The Contractor will ensure the physical and data security associated with computer equipment - including desktops, notebooks, and other portable devices - used in connection with this agreement. The Contractor will also assure that any media or mechanism used to store or transfer data to or from the State includes industry standard security mechanisms such as continually up-to-date malware protection and encryption. The Contractor will make every reasonable effort to ensure media or data files transferred to the State are virus and spyware free. At the conclusion of this agreement and after successful delivery of the data to the State, the Contractor shall securely delete data (including archival backups) from the Contractor's equipment that contains individually identifiable records, in accordance with standards adopted by the Agency of Human Services.

12. **Computing and Communication:** The Contractor shall select, in consultation with the Agency of Human Services' Information Technology unit, one of the approved methods for secure access to the State's systems and data, if required. Approved methods are based on the type of work performed by the Contractor as part of this agreement. Options include, but are not limited to:

1. Contractor's provision of certified computing equipment, peripherals and mobile devices, on a separate Contractor's network with separate internet access. The Agency of Human Services' accounts may or may not be provided.
2. State supplied and managed equipment and accounts to access state applications and data, including State issued active directory accounts and application specific accounts, which follow the National Institutes of Standards and Technology (NIST) security and the Health Insurance Portability & Accountability Act (HIPAA) standards.

The State will not supply e-mail accounts to the Contractor.

13. **Lobbying.** No federal funds under this agreement may be used to influence or attempt 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, amendments other than federal appropriated funds.

14. **Non-discrimination.** The Contractor will prohibit discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under Title IX of the Education Amendments of 1972, or on the basis of race, color or national origin under Title VI of the Civil Rights Act of 1964. No person shall on the grounds of sex (including, in the case of a woman, on the grounds that the woman is pregnant) or on the grounds of religion, be excluded from participation in, be denied the benefits of, or be subjected to discrimination, to include sexual harassment, under any program or activity supported by state and/or federal funds.

15. **Environmental Tobacco Smoke.** Public Law 103-227, 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, child care, early childhood development services, 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 also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such Federal funds.

The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, & Children (WIC) coupons are redeemed.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

Contractors are prohibited from promoting the use of tobacco products for all clients.
Facilities supported by state and federal funds are prohibited from making tobacco products available to minors.

Attachment F - Revised AHS -12-08-09

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES
BAILIT HEALTH PURCHASING, LLC

CONTRACT # 18775

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