STATE OF VERMONT

REQUEST-FOR-PROPOSALS (RFP)

- FOR -

PAYMENT SYSTEMS CONSULTATION

Date of Issuance: 7/30/2010
Response Due Date: 8/17/2010
OVERVIEW

The State of Vermont is issuing this Request-For-Proposal (RFP) for Consultation Services to assist in the design, redesign and implementation of new and updated hospital inpatient, outpatient and professional reimbursement systems to meet State and Federal regulations for reimbursement and claims processing. The document contains the following sections:

Section I - General Procurement Information and Procedures (Page 3): This section is used to inform Bidders of the general procurement conditions under which the RFP is issued.

Section II - Information Required from Bidders (Page 10): This section provides Bidders with instructions regarding the format and nature of the information they must provide in a proposal.

Section III - Work Statement (Page 15): This section is a description of the services to be provided through the contract based on this RFP. It is the most important portion of the RFP. Bidders shall use this section as a guideline for responding to the information required from Bidders identified in Section II.

Section IV - Evaluation Methodology (Page 19): This section describes the methodology the State will use to evaluate the proposals submitted in response to this RFP.

Section V - Contract Terms and Conditions (Page 21): This section describes the contractual terms and conditions that will be a part of any contract that result from this RFP.

Acronyms, Terms, and Definitions (Page 25): Those used in the RFP or claims adjudication system are located at the end of this RFP.

Appendices (Page 27): This section includes the attachments and appendices for this RFP.

1. Contract Attachment C
2. Contract Attachment E
3. Contract Attachment F
4. Vermont Tax Certification

USE OF THE TERM "STATE"

The term "State" is used throughout this RFP. This term describes the State of Vermont that is issuing this RFP.
SECTION I

GENERAL PROCUREMENT INFORMATION AND PROCEDURES

This section presents general procurement information pertaining to the State of Vermont.

Prospective Contractors are expected to carefully examine all documentation, schedules, and requirements stipulated in this RFP and respond to each requirement in their proposals in the format prescribed.

In addition to the provisions of this RFP and the winning proposal, which shall be incorporated by reference in the contract, any additional clauses or provisions required by federal or State law or regulation in effect at the time of execution of the contract will be included.

The State reserves the right to make a contract award without any further discussion with potential Contractors regarding the proposals received. Therefore, proposals should be submitted initially on the most favorable terms available to the State from a price and technical standpoint. The State, however, reserves the right to conduct discussions with all responsible parties who submit proposals that pass the initial screening process described in Section IV of this RFP.

ISSUING OFFICE

The State of Vermont has issued this RFP. The following person is the point of contact from the date of release of the RFP until the selection of the successful Bidder.

Procurement or Issuing Officer:
Mary Andes, Director of Data Management Analysis & Reimbursement
Department of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-8235
E-mail: mary.andes@ahs.state.vt.us

I-A GENERAL INFORMATION

The following general information pertains to this procurement:

1) Issuing Authority:

The State of Vermont is issuing this Request-For-Proposals (RFP).
2) Letter of Intent

A Letter of Intent to submit a proposal in response to this RFP is required. A letter of intent from the Bidders is necessary as only those prospective Bidders who have submitted a Letter of Intent will receive all subsequent mailings related to the RFP, including answers to written questions submitted to the State and/or RFP amendments. All information disseminated will also be available on the DVHA web site. Letters of intent will be received until 4:00 p.m. (EST) on 8/6/2010. Those Bidders not submitting a Letter of Intent are not permitted to bid on this RFP. Letters of Intent must include the name of the company, the name of the primary contact, the primary contact person’s title, a telephone number and a fax number where this individual can be reached, and his/her mailing and e-mail addresses. Letters of Intent should also include an indication of whether or not the Bidder plans to attend the Bidders’ conference, and the number of individuals the Bidder intends to bring. This is for State planning purposes. Bidders are encouraged to limit attendance to no more than three representatives per Bidder. Letters of intent may be mailed, e-mailed or faxed to:

Mary Andes, Director of Data Management Analysis & Reimbursement
Department of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-8235
Fax: 802-879-5651
E-mail: mary.andes@ahs.state.vt.us

3) Written Questions and Answers

Bidders may submit, in writing, questions raised by this RFP to:

Mary Andes, Director of Data Management Analysis & Reimbursement
Department of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-8235
Fax: 802-879-5651
E-mail: mary.andes@ahs.state.vt.us

Written questions received later than 4:00 p.m. EST, 8/9/2010, shall not be answered. The State may consolidate and/or paraphrase questions for clarity. The intention is to post answers to written questions by Wednesday, August 11, 2010. The questions can be submitted via fax or e-mail; however, the State assumes no liability for assuring accurate/complete fax/e-mail transmission/receipt and will not acknowledge receipt except by addressing the question.

At the close of the question period, a copy of all questions or comments and the State’s responses will be posted on the DHVA web site at http://dvha.vermont.gov/administration/requests-for-proposals-issued-in-2010 and http://www.vermontbusinessregistry.com/BidSearch.aspx?type=1
I-B PROCUREMENT PROCESS

The following subsections provide information on the process to be followed for various procurement events:

1) Legal Basis: The procurement process for this RFP shall be conducted in accordance with applicable procurement policies and procedures established by the State of Vermont.

2) RFP Issuance and Amendments: State Officials within Vermont reviewed this RFP. The contents represent the best statement of the requirements and needs of the State. Final approval of the contract rests with the State, once all individual state requirements have been met.

3) Proposal Submission Requirements: Late submissions shall not be accepted. Proposals that arrive late will not be accepted and will be returned to the sender unopened. Delivery of the proposals shall be at the Bidder’s expense. The time of receipt at the designated office is the time-date stamp on the proposal wrapper or other documentation of receipt maintained by the State. The State accepts no responsibility for mislabeled mail or misdirected delivery. Any and all damage that may occur due to shipping shall be the Bidder’s responsibility. Proposals shall be enclosed in a separately sealed envelope or package.

The original and ten (10) paper copies of the Proposal must be submitted under sealed cover and labeled on the outside as follows:

“VERMONT MEDICAID PAYMENT SYSTEMS CONSULTATION PROPOSAL”

One copy of each proposal shall be signed by an official authorized to legally bind the Contractor, and shall be marked:

“ORIGINAL”

The face of the package containing the original and copies, whether mailed or hand-delivered, shall bear the following legend:

“VERMONT MEDICAID PAYMENT SYSTEMS CONSULTATION PROPOSAL - OPEN BY ADDRESSEE ONLY”

A copy of the entire proposal must also be submitted in an electronic format. One CD should include the entire proposal. The CDs should use Microsoft Word and Excel as
appropriate. The Proposal should be as brief and concise as is possible. The Scope of Work Section should be as succinct as possible. It is requested that this be no more than twenty-five (25) pages (not including the cost proposal), plus any attachments. Responses that are unduly lengthy or verbose will be scored less favorably than will those that are brief and concise. Bidders must use 12-point font, and line spacing must be 1.0. Any financial information provided on spreadsheets must be provided in Excel. Gantt charts must be provided where applicable.

The format and content requirements for the Proposal must adhere to the instructions contained in this section of the RFP. Failure to respond to a specific requirement may be used as a basis for rejection of the proposal from further consideration, or result in a score of zero or a fail for a particular item. Emphasis should be placed on conformance to the RFP instructions, responsiveness to requirements, and completeness and clarity of content. Elaborate proposals are neither necessary nor desired. If the Contractor’s proposal is presented in a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Bidders shall not include any personal use items with the bid.

Each proposal must be bound separately on standard 8 ½” by 11” paper, except that charts, diagrams, and the like may be on fold-outs which, when folded, fit into the 8 ½” by 11” format. Pages may be consecutively numbered for the entire proposal, or may be numbered consecutively within sections. Figures and tables must be numbered and referenced in the text by that number. They should be placed as close as possible to the referencing text.

All proposals must be delivered no later than 3:00 p.m. EST on 8/17/2010, and only to the address below. At 3:00 p.m. the same day, there will be a public bid opening also at the address cited below. The public bid opening will be administered by two employees of the Department of Vermont Health Access. Note that only the names and addresses of Bidders shall be read at the public bid opening.

Deliver Proposals to:

Mary Andes, Director of Data Management Analysis & Reimbursement
Department of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-8235
Fax: 802-879-5651
E-mail:

I-C PROPOSAL WITHDRAWAL
Prior to the proposal due date, a submitted proposal may be withdrawn by submitting a written request for its withdrawal signed by the Bidder’s authorized agent and sent to Mary Andes, at the Department of Vermont Health Access, at the address cited above.

**I-D ACCEPTANCE OF PROPOSALS**

The State shall accept all proposals submitted according to the requirements and deadlines specified in this RFP. The State reserves the right to reject any or all proposals received. It is understood that all proposals, whether rejected or not, will become the property of the State. After receipt of proposals, the State reserves the right to sign a contract, without negotiation, based on the terms, conditions, and premises of this RFP and the proposal of the selected Bidder.

All proposals must be responsive to all requirements in the RFP in order to be considered for a Contract award.

After the opening of proposals, the State may ask any Bidder for written clarification of their proposal. In the event this clarification is requested, submission of the clarification shall be considered an amendment to the proposal.

The State reserves the right to waive minor irregularities in proposals, providing such action is in the best interest of the State. Where the State may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Bidder from full compliance with RFP specifications and other Contract requirements if the Bidder is awarded the Contract. The State also reserves the right to reject any and all proposals received, or cancel this RFP, according to the best interest of the State.

Proposals must be valid for 180 days following the close date of this RFP. This period may be extended by written mutual agreement between the Bidder and the State. Any proposal submitted shall not be available for disclosure until a contract is executed between the successful bidder and the State.

**-G CONTRACT AWARD NOTICE**

The notice of the intended contract award shall be sent to all Bidders who submitted a proposal. A contract award is contingent on approval by the State.

**I-H PROCUREMENT TIMETABLE**

The State expects to adhere to the procurement schedule shown below. It should be noted, however, that dates are subject to change.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release of RFP</td>
<td>7/30/2010</td>
</tr>
<tr>
<td>Bidders’ Library Available</td>
<td></td>
</tr>
</tbody>
</table>
I-I  RESTRICTIONS ON COMMUNICATIONS WITH STATE PERSONNEL

From the issue date of this RFP until a Contractor is selected and announced, Bidders are not allowed to communicate with any State staff except during the Bidders’ conference. All communications related to this RFP are restricted to written communications except as set forth below and in the Section labeled ‘Issuing Office’ above within Section I. Letters of intent and written questions may be mailed, e-mailed, or faxed by the deadlines included herein to:

Mary Andes, Director of Data Management Analysis & Reimbursement
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Fax: 802-879-8235
E-mail: mary.andes@ahs.state.vt.us

Violation of this restriction may result in disqualification of the Bidder’s proposal. The only exceptions to these restrictions are:

- State staff and/or Bidder’s staff present at the Bidder’s Conference for the purpose of addressing questions,
- Bidder Information - Library (for purposes of obtaining logistical support only), and
- State personnel involved in oral presentations by Bidders (State option).

As described in this RFP, any clarification regarding the RFP will be issued in writing by the State. No statements, clarifications, or opinions regarding this RFP are valid or binding except those issued in writing by the State. Under no circumstances will questions be entertained except in writing or at the Bidders’ Conference.

I-J  BIDDER INFORMATION - LIBRARY
Information about the Vermont Medicaid program may be found at, the Vermont Medicaid home page.

The Medicaid Provider Manual may be found at www.vtmedicaid.com. Click on the downloads section.

**I-K AWARD**

The State reserves the right to award a contract covering the entire scope of work proposed by Bidder, or any part thereof, if the best interest of the State shall be so served. In determination of awards, the qualification of the Bidder, the conformity with the specifications of services to be supplied and the delivery terms shall be considered.
SECTION II

INFORMATION REQUIRED FROM BIDDERS

The Bidder’s proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those considered by the Bidder to be essential to a complete understanding of the proposal submitted. Each section of the proposal should be clearly identified with appropriate headings.

II-A TRANSMITTAL LETTER

A transmittal letter must accompany the proposal, signed in ink by an official authorized to bind the Offeror to the proposal’s provisions. The letter must include a statement that the requirements set out in RFP are accepted. In submitting a proposal in response to this RFP, a Bidder agrees to comply with the terms and conditions found in the standard contract provisions, Contract Attachments C, E, and F, found in Appendices 3, 4 and 5 of this RFP. In addition a Bidder must complete a Vermont Tax Certification, which is Appendix 6 of this RFP. Bidders must also include a statement in the letter certifying that the price was arrived at without any conflict of interest.

A “Bidder information sheet” containing the following information must also accompany the transmittal letter:

- Name of company or individual
- Mailing address
- Street address (for FedEx or other mail service)
- Company Federal ID Number (or if an individual, the bidder’s social security number)
- Name and title of the person who would sign the contract
- Name and title of the company contact person (if different)
- For each key person: direct telephone number, fax number and e-mail address.

II-B BUSINESS ORGANIZATION

- State the full name and address of the Bidder organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work described in the bid.
- Indicate whether the bidder operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated.
- List all subcontractors: include firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor’s organization, abilities, and commitment to the contract period.
- Please provide annual audited financial reports for the past three (3) years for the Bidder and any subcontractor.
- Identify all owners and subsidiaries that own more than five (5) percent of the organization.
- If the Bidder is an affiliate of another organization, submit the financial information for the parent company and describe the relationship.

**II-C LOCATION**

Indicate the site or sites from which the Bidder will perform the relevant tasks embodied in this proposal.

**II-D RELEVANT EXPERIENCE**

Describe the Bidder’s experience with providing consultation related to hospital payment systems. Please specifically include any consultations to state Medicaid agencies that addressed changes or modification to hospital payment systems, and consultation services related to DRG based inpatient payment systems or Medicare like outpatient systems.

(See also Section III, Work Statement)

**References**

Proposals shall include at least five (5) business references that demonstrate the Bidder’s prior experience in areas for which services are being offered. Each reference must include the name, address and phone number of the client, organization, and the responsible project administrator familiar with the firm’s performance. Include a description of the services the Bidder provided to these clients. If the Bidder is presently providing these or similar services for other states, those references must be included. Additional references will need to be provided if requested by the State.

**II-F CONTRACTOR ORGANIZATION AND STAFFING**

The Contractor is responsible for providing all resources necessary to provide the services requested through this RFP. Notwithstanding this general requirement, the State requires that the Contractor commit to certain dedicated staff resources that will act as single points of contact for the services provided as a result of this RFP.

**II-G METHODOLOGY AND APPROACH**

Bidders will be scored, in part, on the methodology and approach proposed in the bid. Be as specific as possible in addressing all of the elements described in each section within Section III, Work Statement, of this RFP. Bidders should include a proposed implementation timeline following execution of a contract with the state in the proposal that is submitted.
II-H PRICE/COST PROPOSAL

Independent Price Determination

1. By submission of a proposal, the Bidder certifies that in connection with this proposal:

   a) The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor; and
   
   b) Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and shall not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
   
   c) No attempt has been made or shall be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

2. Each person signing the proposal certifies that she/he:

   a) Is the person in the Bidder’s organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and shall not participate) in any action contrary to 1. a), b), and c) above; or
   
   b) Is not the person in the Bidder’s organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and shall not participate) in any action contrary to 1. a), b), and c) above.

3. Should a Bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this Section, said entity shall be in default of the Contract. Consequences may include cancellation of the Contract.

Configuration of the Price/Cost Proposal

- The Bidder shall present the cost and amount of time (number of hours) and costs, including salary and fringe benefits, for each individual involved in this project.

- Bidders should provide detailed descriptions and line item costs associated with all non personnel items, including data, travel, overhead and any other items necessary for the completion of the project.
- The number of trips to Vermont should be delineated, including the estimated number of people participating in each trip.
- The number of days contractor staff will be onsite in Vermont should be specified.
- Prices/rates quoted are effective from the date that the Contract becomes effective to August 1, 2010.
- Resumes of all staff assigned to the project shall be attached.
- It should be noted that funding for contracts and price changes in any given fiscal year are contingent upon enactment of legislative appropriations and approval by the State.

**Instructions**

Please provide the bid amounts by completing a budget based on the template below. This format is intended as a general guide. Bidders may modify this format if it will improve the presentation and understanding of their cost proposal.

**I. Personnel** - List each person that will be involved in the project and add as many lines as necessary to include all personnel. Provide a total for the number of professional days that will be devoted to the project. Include any subcontractors in the personnel section.

If any part of the work is to be subcontracted, the cost proposal should include a list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor’s organizational abilities. The State reserves the right to approve subcontractors for this project and to require the Primary Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

<table>
<thead>
<tr>
<th>Name</th>
<th>Base Cost (identify the base salary amount and fringe benefit costs)</th>
<th>Percent of Time and total number of days or hours devoted to project</th>
<th>Description of Role</th>
<th>Total Amount</th>
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<table>
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<tr>
<th>Subcontractor Name</th>
<th>Address</th>
<th>Description of Work to be performed</th>
<th>Organizational Abilities</th>
<th>Amount</th>
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Note: Provide a total dollar amount for all subcontractors if applicable.

II. Operating Costs - Provide totals for all operating costs

<table>
<thead>
<tr>
<th>Category</th>
<th>Description of need for the item</th>
<th>Basis for cost</th>
<th>Amount</th>
<th>Total</th>
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III. Total Bid Amount

A. Personnel: ____________________

  Subcontractors: ____________________

B. Operating: ____________________

C. Total: ____________________
SECTION III

WORK STATEMENT

III-A BIDDER RESPONSE TO RFP – GENERAL REQUIREMENTS

I. Rate Setting – Approximately 300 hours
   a. Inpatient Rebase- Per the State Plan, the inpatient system must be rebased no later than October 1, 2012. The rebasing project should probably start no later than January 1, 2012.
   b. Inpatient Quality Payments- Separately or in conjunction with the rebase, there are quality-based initiatives (named Value-based Purchasing by Medicare) in Medicare’s inpatient payment system that was deferred by OVHA when DRGs were implemented in 2008. Medicare’s methodology or a Vermont-specific methodology could be developed and modeled.
   c. Inpatient Annual Updates- Compute new CCRs for hospitals; revisit if base rate needs upward/downward adjustment.
   d. Outpatient Annual Updates- Revisit DVHA adjustment to Medicare OPPS rates based on fiscal limitations.
   e. Outpatient Quality Payments- Model some payment packaging provisions for DVHA.
   f. RBRVS- After this is implemented, the inputs should be updated for each January 1 to coincide with Medicare’s updates. This may involve modeling overall payments using the new inputs and modeling new conversion factors.
   g. DSH- Assist in preparing Hospital Surveys to collect data to run DSH payments; assist in calculating DSH payments; document the methodology and data used for the independent auditors; provide technical assistance to auditor inquiries for prior year payments.
   h. Nursing facility Rates- a potential area with some new models needed.

II. Fiscal Analysis – Approximately 300 hours
   a. Budgeting- Build models to create analysis on savings for DVHA’s budgets. Develop a reporting package for specific populations/services.
   b. Medical Savings in Chronic Care Initiative Year Three- Build models for calculating Medical Savings in the chronic care initiatives.
   c. Waiver Assistance- Develop budget neutrality calculations
   d. Federal Health Care Reform- Provide technical assistance in navigating the mandates and options under health care reform. Complete the fiscal impacts on options under consideration, specifically as they impact the Medicaid program.
   e. Ad Hoc Analyses- fiscal analyses using claims data to measure the impact of legislative inquiries or other internal policy considerations.

III. Technical Assistance Related to Standardizing Audits and Edits – Approximately 200 hours
a. **Implementing National Audits and Edits** – provide technical support for implementation national standards for audits and edits.
b. **Assist in implementing standardized code sets in conjunction with the Director of Reimbursement.**
c. **Federal Maximization by Documenting Federal Claiming Algorithms** – traced through the systems logic to ensure that the state was maximizing federal match. Document where claiming procedures could be improved and the estimated additional federal funds if the changes were made.

IV. **Evaluations.** Approximately 250 Hours. Examples of potential focused studies include:
   a. Top to bottom review of prior authorization policies, procedures and evaluation of medical appropriateness
   b. Top to bottom review of claims processing policies and procedures, edits and audits, validation of correct payments to providers
   c. In-person interviews and mail survey to individuals in
   d. In-person interviews and mail survey to Medicaid physicians
   e. Measurement of adequacy of member’s accessibility to primary care and specialists
   f. Critique of care plans created for special needs populations in Medicaid

V. **Long Term Care Rebalancing.** Approximately 100 hours. A potential area could be to build models to create individualized funding levels for long term care populations.

VI. **Other.** Approximately 400 hours. Other types of projects that may be included:
   a. Assist the Reimbursement team in standardizing our file updates in our claims processing system.
   b. Litigation support and serving as Expert Witness
   c. Writing RFPs to procure the services of providers or other contractors (such as EQROs or medical management firms)
   d. Researching best practices in other states related to specific Medicaid policies

Reference State Plan for specific details on current payment methodology.


**III-B Technical Requirements**
The State is seeking assistance and advice in converting the current per diem system into a DRG based payment system, developing a new out-patient payment methodology, and assessing the current payment methodology for IMDs.

**Work Products**

The contractor will be expected to produce the following:

1. **Reports**

The Contractor will be responsible for preparing reports and documents for each project under this contract.

2. **State Plan Amendment and CMS Negotiations**

The Contractor will assist the state by preparing an amendment to the State Medicaid Plan that reflects the new payment methodologies. It will participate with the State in discussions and negotiations with CMS during the SPA approval process. It will provide any additional analyses or data required by CMS during the process. It will provide all the calculations necessary to demonstrate that the methodology will produce payments that are within the UPL. The Contractor will be expected to provide any analysis and justification for CMS that the payment systems meet CMS requirements.

3. **Education and Information**

The Contractor will develop working relations with the Vermont Association of Hospitals and Health Systems, the Medicaid Advisory Board, and any other group designated by the State. The Contractor shall have ongoing working relations with the State's fiscal agent, HP, in relation to provider relations and system change requirements. The Contractor shall attend Legislative or Legislative Oversight Committee meetings or other meetings designed to explain the hospital payment system or address issues raised by this contract. The Bidder should describe the processes and techniques it will employ to educate or involve providers.

4. **Implementation Assistance**

Provider education and understanding of the requirements of a new payment methodology are essential to the successful implementation of the system. Implementation assistance is considered an optional service that may be purchased by the State subsequent to the completion of the final report and approval of the payment methodology by CMS. Costs for these services if purchased will be included in a contract renewal or amendment.

If these services are purchased, the contractor will be expected to provide technical assistance to the State’s fiscal agent, HP, in making system changes consistent with the adopted payment methodologies. It will also assist, but not take the lead role in educating
provides as to any system changes that will be required of their billing systems and billing requirements. It is anticipated that a representative of the contractor will participate in provider education sessions as the systems are rolled out, and will be available to respond to questions or issues from DVHA or HP.

Any printed or electronic provider education material prepared by the Contractor will be reviewed and approved by the State prior to distribution.

**III-C. STAFFING REQUIREMENTS**

The Contractor is expected to be on site to meet with DVHA staff, providers and other state or Legislative officials as directed by the State.

The Contractor shall provide a specific, identified Project Manager who will act as the primary point of contact representing the Contractor during the project. The Project Manager is expected to be committed to the project, responsible for ensuring its successful completion, and to be accessible to State personnel during work hours. This individual must be authorized to commit the resources of the Contractor in matters pertaining to the performance of the contract.

The Contractor shall provide access to essential technical or professional staff at the Contractor’s home office that are integral to the completion of the project. This staff should be available to the State and to the State’s agents. The Contractor shall provide the State with a key contact list to include name, area of expertise/responsibility, telephone number/extension, and e-mail address.
SECTION IV
EVALUATION METHODOLOGY

Responses to this RFP shall be evaluated using a three-step selection process, as follows:

- **Step I – Mandatory Proposal Requirements:** The State has established certain mandatory requirements. Failure to meet any one of these requirements may result in disqualification.
- **Step II – Merits of the Bidder and the Bidder’s Proposed Project:** The Bidder shall be assigned a score based on the company’s experience, the Contractor personnel assigned to the project, and the proposed approach and methodology. This score shall comprise 75% of the overall scoring methodology.
- **Step III – Cost Analysis:** The Bidder shall be assigned a score based on the prices provided by the Bidder. This score, combined with the score described in Step II will be used to evaluate each bid, and to determine the Bidder or Bidders with the highest overall score. The price proposal shall comprise 25% of the overall scoring methodology. These steps are described in more detail below.

**Step I – Mandatory Proposal Requirements**

**THESE ARE ABSOLUTE REQUIREMENTS. FAILURE TO MEET ANY ONE OF THE REQUIREMENTS LISTED BELOW SHALL RESULT IN DISQUALIFICATION FROM BEING FURTHER CONSIDERED IN THIS BID PROCESS.**

1. **Minimum Capacity** – The Bidder must describe and demonstrate that it has the capacity to fulfill the requirements and needs set forth in this RFP.
2. **Minimum Experience** –
   - The Bidder must have at least three years of experience in providing consultation services covered by this RFP
   - The Bidder must have performed one consultation related to DRG inpatient payment systems.
3. The Bidder must accept the retainage requirements and performance standards and penalties identified in Section V this RFP.
4. The Bidder must accept the provisions of Contract Attachments C, E, and F.
5. The Bidder must submit a Vermont Tax Certification.
6. The Bidder must identify all owners and subsidiaries that own more than five percent (5%) of the Bidder.
7. The Bidder must identify all subcontractors and the subcontractor scope of work, as specified in Section II-B.
8. The Bidder must meet all submission requirements.

**Step II – Merits of the Bidder and the Bidder’s Proposed Project**
Only proposals passing Step I shall be considered during Step II. The Step II review includes:

- Bidder Capability, Qualifications and Experience
- Qualified Personnel and Location
- Approach and Methodology
- Aptness and Brevity of Response

The Step II review will comprise 75% of the scoring methodology.

**Step III – Cost Analysis**

The Price proposal shall comprise 25% of the overall scoring methodology.

Since there will be no opportunity for Bidders to revise the pricing, and there will not be a Best and Final Offer (BAFO) process, the Bidder should carefully calculate and propose its prices for the services requested herein.
In addition to the required provisions that relate to all state contracts, this section sets out additional provisions the bidders should be aware of in preparing their response to the RFP.

**V-A  TERM OF CONTRACT**

The duration of the contract commences on execution and extends through September 30, 2012. There may also be an additional one (1) or a two (2) year extension beyond September 30, 2012 at the discretion of the State.

**V-B  CONTRACT ADMINISTRATOR**

Upon State approval of a Contract, and following execution of said Contract, the State shall direct the Bidder to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request for Proposals implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by the State.

The Contract Administrator and Project Manager for this project is:

Mary Andes, Director of Data Management Analysis & Reimbursement  
Department of Vermont Health Access  
312 Hurricane Lane, Suite 201  
Williston, VT 05495  
Telephone: (802) 879-8235  
Mary.Andes@ahs.state.vt.us

An alternative project manager may be designated by the State.

**V-C  COST LIABILITY**

Vermont assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of any Contract resulting from this RFP. Total liability of the State is limited to the terms and conditions of this RFP and any resulting Contract.

**V-D  CONTRACTOR RESPONSIBILITIES**
The Contractor shall be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State shall consider the Primary Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. The State reserves the right to approve subcontractors for this project and to require the Primary Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

The Contractor and any subcontractors must commit to the entire contract period stated within this RFP, unless a change of subcontractors is specifically agreed to by the State.

The Agreement between the Contractor and the State will not be assignable to another party without prior written permission from the State. The Contractor shall provide advance notice to the State on any intended sale of the contracting entity. The State will have the option of terminating the Contract with the Contractor upon the sale of the contracting entity.

V-E NEWS RELEASES

News releases pertaining to this document or the services, study, data, or project to which it relates, shall not be made without prior State approval (verbal or written as specified by the State), and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior written approval of the State and then only to persons designated.

V-F FREEDOM OF INFORMATION AND PRIVACY ACT / DISCLOSURE

All material submitted by Bidders becomes the irrevocable and sole property of the State of Vermont. The State reserves the right to use all concepts, data, ideas, or configurations presented in any proposal, whether or not the proposal is selected.

All materials relating to this procurement are subject to the terms of the Freedom of Information Act, the Privacy Act, and all rules, regulations, and interpretations of these Acts, including those from the Offices of the Attorney General of the United States, Health and Human Services, Centers for Medicare and Medicaid Services, and the State of Vermont. The Bidder, by submitting a proposal, agrees that the Privacy Act of 1974, Public Law 93-579, and the Regulations and General Instructions issued pursuant thereto, are applicable to this contract, and to all subcontracts hereunder. Should the Bidder’s proposal include any materials that are proprietary and are to be treated confidentially, those materials must be clearly and separately identified. Each page of any proprietary material should be separately labeled.
**V-G GRATUITIES OR KICKBACKS**

The State prohibits Gratuities and Kickbacks.

**V-H RETAINAGE**

In submitting a proposal in response to this RFP, the Bidder agrees to a retainage of up to fifteen percent (15%) of the total contract amount. Fifteen percent (15%) retainage shall be deducted from the Contractor’s monthly invoice. Accumulated retainage may be released following completion and acceptance of the policy paper by the State, and with the approval of the Contract Administrator. Accumulated retainage may be also released following completion and acceptance of the final report by State, with the approval of the Contract Administrator.

Should the contract be terminated for any reason related to the Bidder’s failure to perform Bidder duties to the satisfaction of the State, this retainage shall revert to the State as liquidated damages in addition to the other penalties and/or damages stated in this RFP or the signed contract.

**V-I APPROPRIATIONS**

If the contract extends into more than one fiscal year (July 1 to June 30), and if appropriations are insufficient to support the contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.

**V-J OTHER PROVISIONS**

Vermont has specific contract language and requirements, as identified in Appendices 3, 4, 5, and 6. Bidders should review this language.

**V-K PERFORMANCE STANDARDS AND PENALTIES**

The Bidder must agree to abide by the following Performance Standards and Penalties.

The contractor will be subject, as determined by the Contract Administrator, to forfeiture of up to 10% of the contract amount for each instance in which:

1. The Contractor fails to meet by more than 30 days the project timelines as set out in the bid proposal. The Contract Administrator may waive or adjust this penalty if is determined that failure to meet the timeline was fully or partially outside the control of the Contractor.
2. The Contractor submits required work products or analyses that are sufficiently inadequate or incomplete that the Contract Administrator requests that they be redone. This does not apply to an analysis or work product that prompts a request for additional information or analysis by the State.

Repeated levying of penalties for failure to perform may result in cancellation of the contract by the State.
LIST OF ACRONYMS, DEFINITIONS AND TERMS USED BY DVHA

ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHS</td>
<td>Vermont Agency of Human Services</td>
</tr>
<tr>
<td>CMS</td>
<td>Centers for Medicare and Medicaid Services</td>
</tr>
<tr>
<td>HIPAA</td>
<td>Health Insurance Portability and Accountability Act of 1996</td>
</tr>
<tr>
<td>MCO</td>
<td>Managed Care Organization; DVHA is a managed care organization</td>
</tr>
<tr>
<td>MMIS</td>
<td>Medicaid Management Information System</td>
</tr>
<tr>
<td>DVHA</td>
<td>Department of Vermont Health Access</td>
</tr>
<tr>
<td>PCCM</td>
<td>Vermont’s primary care case management program is called <em>PC Plus</em></td>
</tr>
<tr>
<td>SPA</td>
<td>State Medicaid Plan Amendment</td>
</tr>
<tr>
<td>STATE</td>
<td>The State of Vermont</td>
</tr>
<tr>
<td>VHAP</td>
<td>Vermont Health Access Plan (1115(a)) Waiver</td>
</tr>
</tbody>
</table>

TERMS

The terms Bidders and Contractors are used interchangeably throughout this RFP.

DEFINITION OF TERMS USED IN THE CLAIMS SYSTEM

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjudicated Claim</td>
<td>A claim that has been captured and as a result of processing the claim determined to be either paid or denied.</td>
</tr>
<tr>
<td>Claim</td>
<td>A bill rendered by a provider to the State for a procedure, drugs, medical supplies and equipment, or services rendered for a given diagnosis or a set of related diagnoses.</td>
</tr>
<tr>
<td>Current Claim</td>
<td>An unadjudicated (in-stream) claim that is currently being subjected to a system edit or audit.</td>
</tr>
<tr>
<td>Data Element</td>
<td>A specific unit of information having a unique meaning.</td>
</tr>
<tr>
<td>Electronic Media Claims</td>
<td>Claims submitted for processing on diskette, CD, DVD, tape, or by modem.</td>
</tr>
<tr>
<td>History Claim</td>
<td>Claims that have been adjudicated and appear in the adjudicated claims history file.</td>
</tr>
<tr>
<td><strong>Post Payment Recovery</strong></td>
<td>Actions initiated subsequent to claim payment to recover Medicaid funds for which a third party is or may be liable.</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Provider</strong></td>
<td>A person, organization, or institution certified to provide health or medical care services authorized under the State Medicaid Program.</td>
</tr>
<tr>
<td><strong>Rejected Claim</strong></td>
<td>Claims which are submitted with insufficient information to process, or for which Medicaid is not the primary pay source are rejected or returned to providers prior to entry into the system.</td>
</tr>
<tr>
<td><strong>Retroactive Claims</strong></td>
<td>Claims that may be submitted for a prior period of time as allowed by State Medicaid policy.</td>
</tr>
<tr>
<td><strong>Third Party Liability (TPL)</strong></td>
<td>Liability of a third party (a person or organization other than the client or DVHA) for all or some portion of the costs of medical services incurred by a beneficiary.</td>
</tr>
<tr>
<td><strong>Transaction</strong></td>
<td>Inclusive term that means a claim, or a rejected claim.</td>
</tr>
</tbody>
</table>
APPENDIX 1

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 $\_\_\_\_\_\_\_\_ per occurrence, and $\_\_\_\_\_\_\_ aggregated.

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](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.

State of Vermont – Attachment C
Revised AHS - 4-06-09
APPENDIX 2

Attachment E

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT (“AGREEMENT”) IS ENTERED INTO BY AND BETWEEN THE STATE OF VERMONT AGENCY OF HUMAN SERVICES OPERATING BY AND THROUGH ITS DEPARTMENT, OFFICE, OR DIVISION OF (________INSERT DEPARTMENT, OFFICE, OR DIVISION) (“COVERED ENTITY”) AND (________INSERT NAME OF THE CONTRACTOR) (“BUSINESS ASSOCIATE”) AS OF (________INSERT DATE) (“EFFECTIVE DATE”). THIS AGREEMENT SUPPLEMENTS AND IS MADE A PART OF THE CONTRACT TO WHICH IT IS AN ATTACHMENT.

Covered Entity and Business Associate enter into this Agreement to comply with standards promulgated under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) including the Standards for the Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164 (“Privacy Rule”) and the Security Standards at 45 CFR Parts 160 and 164 (“Security Rule”), as amended by subtitle D of the Health Information Technology for Economic and Clinical Health Act.

The parties agree as follows:

1. **Definitions.** All capitalized terms in this Agreement have the meanings identified in this Agreement, 45 CFR Part 160, or 45 CFR Part 164.

   The term “Services” includes all work performed by the Business Associate for or on behalf of Covered Entity that requires the use and/or disclosure of protected health information to perform a business associate function described in 45 CFR 160.103 under the definition of Business Associate.

   The term “Individual” includes a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).

   The term “Breach” means the acquisition, access, use or disclosure of protected health information (PHI) in a manner not permitted under the HIPAA Privacy Rule, 45 CFR part 164, subpart E, which compromises the security or privacy of the PHI. “Compromises the security or privacy of the PHI” means poses a significant risk of financial, reputational or other harm to the individual.

2. **Permitted and Required Uses/Disclosures of PHI.**

   2.1 Except as limited in this Agreement, Business Associate may use or disclose PHI to perform Services, as specified in the underlying contract with Covered Entity. Business Associate shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by
Covered Entity in that manner. Business Associate may not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.

2.2 Business Associate may make PHI available to its employees who need access to perform Services provided that Business Associate makes such employees aware of the use and disclosure restrictions in this Agreement and binds them to comply with such restrictions. Business Associate may only disclose PHI for the purposes authorized by this Agreement: (a) to its agents (including subcontractors) in accordance with Sections 8 and 16 or (b) as otherwise permitted by Section 3.

3. **Business Activities.** Business Associate may use PHI received in its capacity as a “Business Associate” to Covered Entity if necessary for Business Associate’s proper management and administration or to carry out its legal responsibilities. Business Associate may disclose PHI received in its capacity as “Business Associate” to Covered Entity for Business Associate’s proper management and administration or to carry out its legal responsibilities if a disclosure is Required by Law or if (a) Business Associate obtains reasonable written assurances via a written agreement from the person to whom the information is to be disclosed that the PHI shall remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person and (b) the person notifies Business Associate, within three business days (who in turn will notify Covered Entity within three business days after receiving notice of a Breach as specified in Section 5.1), in writing of any Breach of Unsecured PHI of which it is aware. Uses and disclosures of PHI for the purposes identified in this Section must be of the minimum amount of PHI necessary to accomplish such purposes.

4. **Safeguards.** Business Associate shall implement and use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Agreement. With respect to any PHI that is maintained in or transmitted by electronic media, Business Associate shall comply with 45 CFR sections 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards) and 164.316 (policies and procedures and documentation requirements). Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to prevent impermissible uses or disclosures of PHI.

5. **Documenting and Reporting Breaches.**

5.1 Business Associate shall report to Covered Entity any Breach of Unsecured PHI as soon as it (or any of its employees or agents) become aware of any such Breach, and in no case later than three (3) business days after it (or any of its employees or agents) becomes aware of the Breach, except when a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security.
5.2 Business Associate shall provide Covered Entity with the names of the individuals whose Unsecured PHI has been, or is reasonably believed to have been, the subject of the Breach and any other available information that is required to be given to the affected individuals, as set forth in 45 CFR §164.404(c), and, if requested by Covered Entity, information necessary for Covered Entity to investigate the impermissible use or disclosure. Business Associate shall continue to provide to Covered Entity information concerning the Breach as it becomes available to it.

5.3 When Business Associate determines that an impermissible acquisition, use or disclosure of PHI by a member of its workforce does not pose a significant risk of harm to the affected individuals, it shall document its assessment of risk. Such assessment shall include: 1) the name of the person(s) making the assessment, 2) a brief summary of the facts, and 3) a brief statement of the reasons supporting the determination of low risk of harm. When requested by Covered Entity, Business Associate shall make its risk assessments available to Covered Entity.

6. **Mitigation and Corrective Action.** Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to it of an impermissible use or disclosure of PHI, even if the impermissible use or disclosure does not constitute a Breach. Business Associate shall draft and carry out a plan of corrective action to address any incident of impermissible use or disclosure of PHI. If requested by Covered Entity, Business Associate shall make its mitigation and corrective action plans available to Covered Entity.

7. **Providing Notice of Breaches.**

7.1 If Covered Entity determines that an impermissible acquisition, access, use or disclosure of PHI for which one of Business Associate’s employees or agents was responsible constitutes a Breach as defined in 45 CFR §164.402, and if requested by Covered Entity, Business Associate shall provide notice to the individuals whose PHI was the subject of the Breach. When requested to provide notice, Business Associate shall consult with Covered Entity about the timeliness, content and method of notice, and shall receive Covered Entity’s approval concerning these elements. The cost of notice and related remedies shall be borne by Business Associate.

7.2 The notice to affected individuals shall be provided as soon as reasonably possible and in no case later than 60 calendar days after Business Associate reported the Breach to Covered Entity.

7.3 The notice to affected individuals shall be written in plain language and shall include, to the extent possible, 1) a brief description of what happened, 2) a description of the types of Unsecured PHI that were involved in the Breach, 3) any steps individuals can take to protect themselves from potential harm.
resulting from the Breach, 4) a brief description of what the Business associate is doing to investigate the Breach, to mitigate harm to individuals and to protect against further Breaches, and 5) contact procedures for individuals to ask questions or obtain additional information, as set forth in 45 CFR §164.404(c).

7.4 Business Associate shall notify individuals of Breaches as specified in 45 CFR §164.404(d) (methods of individual notice). In addition, when a Breach involves more than 500 residents of Vermont, Business associate shall, if requested by Covered Entity, notify prominent media outlets serving Vermont, following the requirements set forth in 45 CFR §164.406.

8. **Agreements by Third Parties.** Business Associate shall ensure that any agent (including a subcontractor) to whom it provides PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity agrees in a written agreement to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI. For example, the written contract must include those restrictions and conditions set forth in Section 14. Business Associate must enter into the written agreement before any use or disclosure of PHI by such agent. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of PHI. Business Associate shall provide a copy of the written agreement to Covered Entity upon request. Business Associate may not make any disclosure of PHI to any agent without the prior written consent of Covered Entity.

9. **Access to PHI.** Business Associate shall provide access to PHI in a Designated Record Set to Covered Entity or as directed by Covered Entity to an Individual to meet the requirements under 45 CFR 164.524. Business Associate shall provide such access in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for access to PHI that Business Associate directly receives from an Individual.

10. **Amendment of PHI.** Business Associate shall make any amendments to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR 164.526, whether at the request of Covered Entity or an Individual. Business Associate shall make such amendments in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for amendment to PHI that Business Associate directly receives from an Individual.

11. **Accounting of Disclosures.** Business Associate shall document disclosures of PHI and all 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 164.528. Business Associate shall provide such
information to Covered Entity or as directed by Covered Entity to an Individual, to permit Covered Entity to respond to an accounting request. Business Associate shall provide such information in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any accounting request that Business Associate directly receives from an Individual.

12. Books and Records. Subject to the attorney-client and other applicable legal privileges, Business Associate shall make its internal practices, books, and records (including policies and procedures and PHI) relating to the use and disclosure of PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity available to the Secretary in the time and manner designated by the Secretary. Business Associate shall make the same information available to Covered Entity (without regard to the attorney-client or other applicable legal privileges) upon Covered Entity’s request in the time and manner reasonably designated by Covered Entity so that Covered Entity may determine whether Business Associate is in compliance with this Agreement.

13. Termination.

13.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by Covered Entity or until all of the PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity is destroyed or returned to Covered Entity subject to Section 17.7.

13.2 If Business Associate breaches any material term of this Agreement, Covered Entity may either: (a) provide an opportunity for Business Associate to cure the breach and Covered Entity may terminate this Contract without liability or penalty if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate this Contract without liability or penalty if Covered Entity believes that cure is not reasonably possible; or (c) if neither termination nor cure are feasible, Covered Entity shall report the breach to the Secretary. Covered Entity has the right to seek to cure any breach by Business Associate and this right, regardless of whether Covered Entity cures such breach, does not lessen any right or remedy available to Covered Entity at law, in equity, or under this Contract, nor does it lessen Business Associate’s responsibility for such breach or its duty to cure such breach.

14. Return/Destruction of PHI.

14.1 Business Associate in connection with the expiration or termination of this Contract shall return or destroy all PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity pursuant to this Contract that Business Associate still maintains in any form or
medium (including electronic) within thirty (30) days after such expiration or termination. Business Associate shall not retain any copies of the PHI. Business Associate shall certify in writing for Covered Entity (1) when all PHI has been returned or destroyed and (2) that Business Associate does not continue to maintain any PHI. Business Associate is to provide this certification during this thirty (30) day period.

14.2 Business Associate shall provide to Covered Entity notification of any conditions that Business Associate believes make the return or destruction of PHI infeasible. If Covered Entity agrees that return or destruction is infeasible, Business Associate shall extend the protections of this 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.

15. **Penalties and Training.** Business Associate understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of PHI and (b) violations of this Agreement may result in notification by Covered Entity to law enforcement officials and regulatory, accreditation, and licensure organizations. If requested by Covered Entity, Business Associate shall participate in training regarding the use, confidentiality, and security of PHI.

16. **Security Rule Obligations.** The following provisions of this Section apply to the extent that Business Associate creates, receives, maintains or transmits Electronic PHI on behalf of Covered Entity.

16.1 Business Associate shall implement and use administrative, physical, and technical safeguards in compliance with 45 CFR sections 164.308, 164.310, and 164.312 with respect to the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to protect such Electronic PHI.

16.2 Business Associate shall ensure that any agent (including a subcontractor) to whom it provides Electronic PHI agrees in a written agreement to implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI. Business Associate must enter into this written agreement before any use or disclosure of Electronic PHI by such agent. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of Electronic PHI. Business Associate shall provide a copy of the written agreement to Covered Entity upon request. Business Associate may not make any disclosure of Electronic PHI to any agent without the prior written consent of Covered Entity.
16.3 Business Associate shall report in writing to Covered Entity any Security Incident pertaining to such Electronic PHI (whether involving Business Associate or an agent, including a subcontractor). Business Associate shall provide this written report as soon as it becomes aware of any such Security Incident, and in no case later than three (3) business days after it becomes aware of the incident. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate any such Security Incident.

16.4 Business Associate shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

17. **Miscellaneous.**

17.1 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Contract, the terms of this Agreement shall govern with respect to its subject matter. Otherwise the terms of the Contract continue in effect.

17.2 Business Associate shall cooperate with Covered Entity to amend this Agreement from time to time as is necessary for Covered Entity to comply with the Privacy Rule, the Security Rule, or any other standards promulgated under HIPAA.

17.3 Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule, Security Rule, or any other standards promulgated under HIPAA.

17.4 In addition to applicable Vermont law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule and Security Rule) in construing the meaning and effect of this Agreement.

17.5 As between Business Associate and Covered Entity, Covered Entity owns all PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity.

17.6 Business Associate shall abide by the terms and conditions of this Agreement with respect to all PHI it receives from Covered Entity or creates or receives on behalf of Covered Entity under this Contract even if some of that information relates to specific services for which Business Associate may not be a “Business Associate” of Covered Entity under the Privacy Rule.

17.7 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if Covered Entity determines that it would be infeasible for Business Associate to return or destroy PHI as provided in Section 14.2 and (b) the obligation of Business Associate to provide an accounting of disclosures as set
forth in Section 11 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.

(AHS Rev: 1/25/10)
APPENDIX 3

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](http://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.

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
CERTIFICATE OF COMPLIANCE

This form must be completed in its entirety and submitted as part of the response for the proposal to be considered valid.

TAXES: Pursuant to 32 V.S.A. § 3113, bidder hereby certifies, under the pains and penalties of perjury, that the company/individual is 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 as of the date this statement is made. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes.

INSURANCE: Bidder certifies that the company/individual is in compliance with, or is prepared to comply with, the insurance requirements as detailed in Section 7 of Attachment C: Customary Provisions for Contracts and Grants. Certificates of insurance must be provided prior to issuance of a contract and/or purchase order. If the certificate(s) of insurance is/are not received by the Department of Vermont Health Access within five (5) days of notification of award, the State of Vermont reserves the right to select another vendor. Please reference the RFP and/or RFQ # when submitting the certificate of insurance.

CONTRACT TERMS: The undersigned hereby acknowledges and agrees to Attachment C: Customary Provisions for Contracts and Grants.

TERMS OF SALE: The undersigned agrees to furnish the products or services listed at the prices quoted. The Terms of Sales are Net 30 days from receipt of service or invoice, whichever is later.

Insurance Certificate: Attached ______ Will provide upon notification of award: ______

Delivery Offered _____ Days After Notice of Award Terms of Sale __________________________

Quotation Valid for ______ Days ____________ Date:

_______________________________

Name of Company/Individual: __________________________________________________________

Address: ______________________________ Telephone Number: _______________________

_________________________________ Fax Number: ___________________________

Fed ID or SS Number: _____________________ E-mail: ________________________________

By: __________________________________ Name: ________________________ (Type or Print)