AMENDMENT AND RESTATEMENT

1. **Parties.** This is a contract for personal services between the State of Vermont, Department of Vermont Health Access (hereafter called "State"), and Change Healthcare Pharmacy Solutions, Inc. with a principal place of business in Augusta, Maine (hereafter called "Contractor"). The Contractor's form of business organization is a Corporation. It is the Contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, the Contractor is required to have a Vermont Department of Taxes Business Account Number.

2. **Amended and Restated Contract.** As of May 1, 2014, the State and the Contractor originally entered into a contract relating to Pharmacy Benefit Management services (the "Original Contract"). As of February 28, 2019, the State and the Contractor agree to amend and restate the Original Contract, as previously amended, to read in whole as set forth in this Amendment 5 of the Original Contract. The Parties hereby affirm each of their respective representations and certifications made as of the date of the Original Contract. The Parties agree that this amended and restated agreement shall have the effect of continuing the Parties' contractual rights and responsibilities from the effective date of the Original Contract.

3. **Subject Matter.** The subject matter of this contract is services generally on the subject of the Vermont Health Services Enterprise Pharmacy Benefit Manager. Detailed services to be provided by the Contractor are described in Attachment A.

4. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed $37,364,262.01

5. **Contract Term.** The period of Contractor's performance shall begin on May 1, 2014 and end on December 31, 2022.

6. **Prior Approvals.** This contract shall not be binding unless and until all requisite prior approvals have been obtained in accordance with current State law, bulletins, and interpretations.

7. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

8. **Termination.** This contract may be terminated by either party for non-cause. A non-cause termination may occur provided one hundred eighty (180) days' notice is provided to the other party pursuant to paragraph 9 below. The contract may also be terminated for cause. In this case, either party may terminate the contract as a consequence of default, as described in Attachment D. The contract may be terminated by the State immediately in the event that federal funding is withdrawn from the State. In the event of termination for withdrawal of federal funding, the Contractor shall be paid for work completed up to the date at which federal funds are no longer available. Under no circumstances does termination of this contract waive the Contractor's obligations regarding turnover, close-out, data privacy and security, return of data, and related matters unless waived in writing by the State.

9. **Notice of Contract Action.** For purposes of this contract, the parties agree that the following persons and addresses shall be used to notify either party of a contract action:

State Fiscal Manager:	State Program Manager:	Contractor:
Meaghan Kelley	Nancy Hogue	Dan Hardin
Meaghan.Kelley@vermont.gov	Nancy.Hogue@vermont.gov	dhardin@changehealthcare.com

Notices to The Parties Under This Agreement

To the extent notices are made under this agreement, the parties agree that such notices shall only be effective if sent to the following persons as representative of the parties:

	STATE REPRESENTATIVE	CONTRACTOR
Name	Department of Vermont Health Access (DVHA) Legal	Dan Hardin
Address	280 State Drive, NOB 1 South Waterbury, VT 05671-1010	45 Commerce Drive, Suite 5 Augusta, ME 04332
Email	DVHA.Legal@vermont.gov	dhardin@changehealthcare.com

The parties agree that notices may be sent by electronic mail except for the following notices which must be sent by United States Postal Service certified mail: termination of contract, contract actions, damage claims, breach notifications, alteration of this paragraph.

DVHA Monitoring of Contract

The parties agree that the DVHA official State Authorized Representative is primarily responsible for the review of invoices presented by the Contractor. The State Authorized Representative is Nancy Hogue: Nancy.Hogue@vermont.gov or if unavailable, designee, Jennifer Egelhof: Jennifer.Egelhof@vermont.gov. The State Fiscal Manager is primarily responsible for receiving invoices from the Contractor and processing the invoices for payment upon approval by the State Authorized Representative. The State Fiscal Manager is Meaghan Kelley: Meaghan.Kelley@vermont.gov.

10. **Attachments.** This contract consists of 134 pages including the following attachments, which are incorporated herein:

Attachment A - Specifications of Work to be Performed
Appendix I – Additional Scope of Work
Appendix II – Key Service Level Requirements
Attachment B - Payment Provisions
Attachment C - Standard State Provisions for Contracts and Grants
Attachment D - Other Provisions
Attachment E - Business Associate Agreement
Attachment F - Agency of Human Services' Customary Contract/Grant Provisions
Attachment G - Required Forms
Attachment H - Glossary

Any ambiguity, conflict or inconsistency between the documents comprising this contract shall be resolved according to the following the order of precedence of documents shall be as follows:

1). This document
2). Attachment D
3). Attachment C
4). Attachment A
5). Attachment B
6). Attachment E
7). Attachment F
8). Other Attachments

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

BY THE STATE OF VERMONT:

E-SIGNED by Cory Gustafson on 2019-03-12 15:42:21 UTC March 12, 2019

CORY GUSTAFSON, COMMISSIONER DATE
280 State Drive, NOB1 South
Waterbury, VT 05671-1010
Email: cory.gustafson@vermont.gov

BY THE CONTRACTOR:

E-SIGNED by Dan Hardin on 2019-03-06 18:37:32 UTC March 06, 2019

DAN HARDIN DATE
CHANGE HEALTHCARE PHARMACY SOLUTIONS, INC.
45 Commerce Drive, Suite 5
Augusta, ME 04332
Email: dhardin@changehealthcare.com

ATTACHMENT A – SPECIFICATIONS OF WORK TO BE PERFORMED

PHARMACY BENEFITS MANAGEMENT SOLUTION

OVERVIEW

Vermont serves approximately 180,000 Medicaid members who have pharmacy benefits. In support of the pharmacy benefits program the State requires support in the areas of claims adjudication, call center operations, utilization management, drug utilization review, benefit design, clinical support, rebate management, reporting and analytics. The Contractor shall assist the State in managing the State's publicly-funded pharmacy benefits programs. The Contractor shall provide a Pharmacy Benefits Management Solution (PBMS) including clinical and operational services and the software design, development, and technical support to deliver those services.

The State's primary objectives in executing this contract are to continue to enhance quality of care; improve access to those who need it; control pharmacy expenditures on behalf of the individuals for whom the State provides coverage; and efficiently manage program administrative costs.

To support the State's objectives, the Contractor will provide services under this contract, including but not limited to:

- Maintaining a Preferred Drug List (PDL) to assure clinically appropriate and cost-effective coverage in high-use and high-cost drug categories;
- Increasing the use of clinically appropriate generic and other lower cost drugs;
- Managing the drug benefits through more intensive clinical management to improve overall quality and outcomes;
- Protecting the health of members through use of Retrospective Drug Utilization Review (RDUR) and prospective DUR (ProDUR) editing to prevent inappropriate drug dispensing and/or use;
- Maintaining positive relationships with the provider community including providing appropriate clinical information to improve prescribing, and cost information to assist in product selection;
- Providing administrative support to the State for the multi-state supplemental rebate process;
- Limiting paid claims to those submitted for eligible clients, by eligible providers, and for covered drug services;
- Preventing payment of fraudulent or duplicate claims;
- Cost-avoiding pharmacy claims for members with third-party liability coverage (hereinafter referred to as Coordination of Benefits (COB) and/or Third-Party Liability (TPL);
- Providing maximum efficiency in pharmacy claims processing through advanced technology and services; and
- Managing the program at the lowest administrative cost possible.

Where applicable in the specification of work in this contract agreement, the Contractor will adhere to Federal Guidelines: Public Health (42 CFR Part 495), General Administration (45 CFR Part 95), and all other Federal Regulations that may apply.

The Contractor's PBMS must comply with Centers for Medicare and Medicaid Services' (CMS) Standards and Conditions and CMS' Medicaid Information Technology Architecture (MITA) 3.0 and must be closely integrated with Vermont's Medicaid Managed Information System (MMIS) solution. The Contractor's systems and services must support the goals of DVHA's Pharmacy Benefits Programs, namely, to assure access to and the availability of safe, efficacious, and clinically appropriate drug therapy at the lowest cost possible. In addition, DVHA strives for business processes that reduce administrative burden to providers, members, and the State throughout the duration of the contract.

The Contractor must be innovative and proactive in employing business techniques and technologies that ensure enhanced quality of care under the pharmacy benefit while helping the State control the growth of pharmacy benefit expenditures. The Contractor shall research and recommend to the State sound clinical and fiscal policies that shall ensure that the goals of the pharmacy benefits program are met. The Contractor must also support the State's health and payment reform efforts.

Both parties agree that the Contractor shall work with the State, prescribers, members, pharmacies, drug manufacturers, and other stakeholders to find the most effective ways to control drug costs. These efforts shall include appropriate therapeutic controls and careful monitoring of performance and pricing.

The Contractor shall be expected to make the following warranties:

- The Contractor has all requisite power and authority to execute, deliver and perform its obligations under the contract and the execution, delivery and performance of the contract by the Contractor has been duly authorized by the Contractor.
- There is no outstanding litigation, arbitrated matter or other dispute to which the Contractor is a party which, if decided unfavorably to the Contractor, would reasonably be expected to have a material adverse effect on the Contractor's ability to fulfill its obligations under the contract.
- All deliverables shall be free from material errors and shall perform in accordance with the specifications there for.
- Each and all of the services shall be performed in a timely, diligent, professional and work person-like manner, in accordance with the highest professional or technical standards applicable to such services, by qualified people with the technical skills, training and experience to perform such services in the planned environment. At its own expense and without limiting any other rights or remedies of the State hereunder, the Contractor shall re-perform any services that the State has determined to be unsatisfactory in its reasonable discretion, or the Contractor shall refund that portion of the fees attributable to each such deficiency.
- The Contractor has adequate resources to fulfill its obligations under the contract.
- Virus Protection. The Contractor warrants and represents that any time software is delivered to the State, whether delivered via electronic media or the Internet, no portion of such software or the media upon which it is stored or delivered shall have any type of software routine or other element which is designed to facilitate unauthorized access to or intrusion upon; or unrequested disabling or erasure of; or unauthorized interference with the operation of any hardware, software, data or peripheral equipment of or utilized by the State.

PERFORMANCE OBLIGATIONS

The business requirements for the systems and services to be delivered under this agreement are enumerated under Appendix I. The Contractor shall maintain and operate all systems and provide all services necessary to achieve those business objectives. Further description of the Contractor's obligations under this contract are contained in this Attachment A.

A. OPERATION OF SYSTEMS AND PERFORMANCE OF SERVICES

I. Point-of Sale Pharmacy Claims Processing System

The Contractor shall maintain and operate a Point-of-Sale (POS) Pharmacy Claims Processing System ("POS System"). At a minimum, the POS System shall have the following functionalities and capabilities:

a. Eligibility, Pharmacy and Prescriber Validation.
   The Contractor must approve or deny benefits to covered individuals based on reliance upon the eligibility files provided by the State.
b. Drug Coverage Validation (NDC/UPC).

c. Claims Pricing (such as State Maximum Allowable Cost (SMAC), Wholesale Acquisition Cost (WAC), Federal Upper Limit (FUL), Average Wholesale Price (AWP), Usual and Customary (U&C), National Average Drug Acquisition Cost (NADAC), Submitted Ingredient Cost, Gross Amount Due (GAD) and Dispensing Fees (DF).
d. Claims Messaging including National Council for Prescription Drug Programs (NCPDP) standard and free-text, customized messages for paid and denied claims.
e. Automated Prior Authorization (POS-PA).
The Contractor must provide a claims adjudication system that performs automated determinations of Prior Authorization (PA) criteria during the on-line adjudication process. The system must allow drugs to bypass the manual PA process when Department-specified criteria are present in a patient's profile on the claim date of service. The POS-PA process shall be based on the State's PDL and must apply a PA with a state-defined expiration date. The Contractor shall work with State staff to define the drugs managed through the automated POS-PA program.
f. Drug reference database.
g. Provider reference database.
h. Rebate Validation.
i. Clinical Edits that apply the Preferred Drug List, Prior Authorization requirements, Step Therapies, Quantity Limits and Prospective DUR.
j. Plan Design Edits (such as Days' Supply, copayments and covered services.
k. Compound drug detail claims processing.
l. Coordination of Benefits (COB) Edits.
m. Reimbursement for professional services (such as vaccine administration, medication therapy management).

II. External Coordination of Benefits

The Contractor will perform External Coordination of Benefits (eCOB) for Pharmacy Claims, providing external third-party enrollment data to supplement the State's internal third-party liability (TPL) member records, according to the following terms and conditions:

a. The Contractor's use of third-party data will be referred to as External Coordination of Benefits, herein after referred to as "eCOB" or "eCOB Services."
b. The Contractor will establish procedures to ensure that eCOB services are provided with respect to a claim only after ensuring that all TPL data supplied by the State has been exhausted.
c. The Contractor shall search national databases to obtain current information regarding members' other pharmacy benefit insurance coverage and shall create a TPL file (herein after called the "Contractor's eCOB File") that will interface in the POS system and will adjudicate against claims. The Contractor will update this TPL information through the POS weekly.
d. The Contractor will validate pharmacy claims to determine whether there is a liable third party other than the State. In situations where other insurance coverage is detected for the date of service, the claim will be denied and a TPL message will be generated in the system. The message will prompt the Provider to process the pharmacy claim through the other existing third-party coverage prior to processing the pharmacy claim through the State.
e. Claims Denial and Messaging: The following information shall be included in the Point-of-Sale Processing System (POS) messaging, when available:
    i. Bank Identification Number (BIN);
    ii. Processor Control Number (PCN);
    iii. Group Number when available;
    iv. Cardholder ID; and

v. Helpdesk Phone Number customized for the applicable payer where the pharmacy claim should be sent.

The system shall allow the Pharmacy Help Desk, managed by the Contractor, to override the TPL edit in accordance with State policies.

f. If the State supplies TPL data that is different from the data in the Contractor's eCOB File, the Contractor shall not modify such State TPL data, and the State's TPL data will be utilized before the Contractor's eCOB Data during claims processing.

g. The Contractor will suppress, and the State will not be invoiced for, identified eCOB coverage information in the following circumstances:
   i. Medicare Parts D or C;
   ii. Any entity which the State has identified, or the Contractor can reasonably ascertain, to be a discount card or other non-insurance entity; and
   iii. Any entity which the State has requested to be excluded from eCOB activities prior to the avoided claim.

h. Reporting: The Contractor shall provide the State with a monthly invoice and a monthly report that includes, but is not limited to, the following information:
   i. The number and dollar amount of pharmacy claims denied using Contractor-identified primary insurance billing information categorized as follows:
      1. Not rebilled to the State after 15 days;
      2. Rebilled with State paying the full amount or substantial portion of claim;
      3. Rebilled with third party paying substantial portion of claim.
   ii. The final amount paid by the State on such pharmacy claims;
   iii. The difference between the dollar amount of claims denied and the final amount paid by the State; and
   iv. For each denied claim, Unique ID and associated reject code.

i. Historical Record: The Contractor agrees to retain the following data to support inquiries by the State and to substantiate invoices for eCOB services:
   i. On the POS, data regarding eCOB activity including coverage identified, effective date of coverage and end date of coverage; and
   ii. Available upon request from the State, the date on which newly identified coverage was first loaded into the system.
   iii. Reimbursement for eCOB services shall be reduced by 75% in each invoicing period for which the historical record is not available.

j. Requirements for verified cost-avoided transactions: The Contractor shall be eligible for reimbursement for eCOB services for each claim for which it can demonstrate with the following validation:
   i. The Contractor's eCOB file was used to identify third party coverage;
   ii. The coverage was not included in the State's TPL file on or before the day it was included in the Contractor's eCOB file;
   iii. The claim was not resubmitted to Medicaid within 15 days of the eCOB denial or a substantial portion of the claim was paid by a third party; and
   iv. All other eCOB terms of this contract have been met.

III. Provider Support Services

The Contractor shall maintain a full featured Provider Support Services Program. At minimum, the following systems and services will be included:

a. Provider Call Center

i. The Contractor will staff and operate a call center, to support all pharmacies and prescribers enrolled in Vermont's pharmacy benefits programs.
ii. The Contractor will use a technical call-management application to log, track and record a description of the resolution of all calls and issues, and to monitor performance of call center activities.
iii. Call center employees must be hired specifically to support the State of Vermont and must be located in Vermont within 30 miles of the State's pharmacy staff offices.
iv. The Contractor must be the first point of contact for pharmacy and medical providers with questions, concerns and complaints. The call center must:
    1. Assist pharmacies with claims-processing issues, drug-coverage questions and all other inquiries and issues
    2. Accept and process requests from providers for prior authorizations that cannot be managed through the automated POS-PA system. The Contractor must review the data submitted by providers, obtain any corroborating information and make a final determination of all PA requests.
    3. Answer any other inquiries from providers including but not limited to PA status and questions about drug-coverage.
v. The call center system and human resources will accommodate variability in call volumes and be capable of handling peak call volumes within defined service levels.

b. Provider Web Portal
i. The Contractor will operate, support and host a Provider Web Portal that:
    1. Enables pharmacies and prescribers to electronically access services specific to their practices;
    2. Provides a secure, electronic means for both pharmacies and prescribers to validate member eligibility, view drug history, view the preferred drug list and clinical criteria, view drug alternatives, submit a PA request and check on the status and expiration date of a PA;
    3. Supports pending PA status inquiries;
    4. Provides relevant pharmacy policy and procedure manuals and other instructional documents;
    5. Provides a document repository for pharmacy program announcements and updates, Maximum Allowable Cost (MAC) list, and drug coverage policies; and
    6. Provides appropriate contact information for various help desks and Contractor Key Personnel staff.
ii. The Contractor will:
    1. Grant the State access to the Provider Web Portal.
    2. Produce user activity reports as requested by the State, providing information such as the number and type of PA requests, user access requests, and PA determination status;
    3. Create and update the accounts of other administrators;
    4. Review and approve or deny login requests from new users;
    5. Review activity logs such as failed logins and unauthorized access attempts.
    6. Provide technical support for portal users.
    7. Provide support, updates and maintenance of the Provider Web Portal as required by the State.
iii. It is the State's and the Contractor's objective that this portal will integrate with the State's Enterprise Health Services Platform for identity and access management and each shall work cooperatively toward that objective.

c. Provider Communications
i. The Contractor will create and disseminate, with State approval, all provider communications related to the pharmacy benefits programs, and maintain current contact information for the

provider networks. Communications include information that is shared via the web, provider portals, mail, email, fax or telephone communications.

ii. The Contractor shall educate prescribers on program specifics and benefits, the preferred drug list and program utilization review and prior authorization procedures. The Contractor shall perform education of network providers on program specifics, program changes and on claim submissions as defined by the State.

iii. The Contractor shall participate in the update of the pharmacy provider manual as each change program is implemented.

iv. The Contractor shall maintain and communicate educational materials to the provider network as necessary and with prior State approval.

v. The Contractor shall perform member education activities, as identified by the State. Examples include but are not limited to prescription drug program announcement letters and other pharmacy-specific communications.

vi. The Contractor shall participate in the update of member handbooks that provide information about the pharmacy benefits, including, but not be limited to, information regarding the PDL and use of generics.

vii. The Contractor shall assign one member of their Account Team to be responsible for the development and execution of the communication strategies and training for each identified stakeholder group. The Contractor, in conjunction with the State, shall identify the groups to be contacted.

viii. The Contractor will accomplish communication and training through:

1. Direct involvement with prescribers and pharmacy providers to educate them about program intent, the process that was used to determine the content of the PDL, the processes to be followed to obtain a PA if necessary and resolution of issues that arise.
2. Direct involvement with providers and constituent groups to help facilitate their understanding of the program and the processes that must be followed.

ix. A designated Contractor Key Personnel Team member shall act as a resource for the provider community for program information and as the primary contact for any issues that need addressing.

d. <u>E-Prescribing and Electronic Health Record Interface</u>

The Contractor must support the State in its efforts to promote the electronic exchange of drug information to support administrative simplification and to ease provider and State burden.

i. The Contractor will make the following information available to all enrolled providers' Electronic Health Record (EHR) systems statewide:

1. Pharmacy benefit eligibility validation,
2. medication history and preferred drug list (PDL) information.

ii. The Contractor shall ensure accurate and meaningful displays of PDL information when requested through an EHR, such as preferred and non-preferred drugs, alternative preferred drug selections, drugs that require PA have quantity limits, step therapy and other coverage limitations.

iii. This information must be displayed and made available to prescribers at the time of prescribing.

iv. The Contactor must develop routine reports as defined by the State that describe prescribing activities and support invoicing.

v. A quality assurance plan must be implemented to assure system integrity of the information required to support e-prescribing for the Department and to ensure that duplicate transactions do not result in duplicate payments.

vi. The Contractor must provide electronic prescribing companies (e.g. SureScripts, AllScripts,) access to the data for the Department's various programs including, but not limited to:

1. Member eligibility;
2. Preferred Drug List including drug's PDL status, alternative choices within the class and their PDL status;
3. Member drug claims history;
4. Other Department specified data.

IV. Utilization Management Services

The Contractor shall provide the services and functionality necessary to manage the utilization of services in a manner that is evidence based, efficient, transparent, cost effective, and compliant with all applicable State and Federal requirements. At a minimum, these services shall include:

a. Prior Authorization (PA)
   i. The Contractor shall utilize its clinical decision rules engine and workflow support as well as clinical, pharmacy, and technical staff to:
      1. Provide consulting and design support for PA criteria and rules; and
      2. Perform PA determinations for all pharmacy benefit and physician-administered drug claims.
   ii. The Contractor shall utilize medical codes such as CPT, HCPCS, ICD-9, and ICD-10 codes to make automated PA determinations through the POS.
   iii. The Contractor shall also process manual PA determinations and will accommodate the electronic submission of forms via the provider portal.
   iv. The Contractor shall ensure that providers may request a non-preferred drug that does not appear on the Preferred Drug List (PDL) and will process such requests in conformity with clinical criteria for use, quantity limits, step therapy, and any other coverage limitations that apply.
   v. The Contractor shall develop all clinical criteria and procedures for the use of the drug, communicate these criteria and procedures to providers and other interested parties as defined by the State.
   vi. The Contractor shall complete documentation of all clinical decisions.
   vii. The Contractor shall provide a written notification of all drug denials and approvals to members and providers in the manner and time required by applicable Federal and State laws and policies.
   viii. The Contractor shall conduct reviews of all denials by a staff clinical pharmacist and/or physician in response to requests for reconsideration.
   ix. The Contractor shall provide ongoing review, evaluation and reporting on the PA program.

b. Exceptions, Appeals and Fair Hearings
   i. The Contractor will enable Members to request an Exception, Appeal, and Fair Hearing for a denial of drug coverage in the Prior Authorization process.
   ii. The Contractor will perform the following services in the State's exception, appeal and Fair Hearing processes:
      1. Notifying providers and Members of their exception, appeal and Fair Hearing rights in accordance with the State's policies.
      2. Coordinating with State personnel who oversee the exception, appeal and Fair Hearing processes.
      3. Preparing appropriate reports and documentation to support the Contractor's actions that resulted in a Member's or provider's request for an exception, appeal or Fair Hearing.
      4. Providing the services of a clinical pharmacist to engage in peer discussions with state Medical Director and other Department clinical personnel to address an appeal related to pharmacy benefit services.
      5. Complying with mandates and timelines stipulated by the State, and Federal and State

policies.

c. Preferred Drug List and PA Criteria Development and Maintenance
   i. The Contractor shall administer the drug coverage rules developed with the guidance of the State and the State's DUR Board.
   ii. The Contactor shall maintain the Department's PDL and provide clinical analysis, guidance and recommendations to the State and the DUR Board for consideration. The Contractor must assure clinical integrity of the PDL so that its recitation of recommended therapeutic classes and preferred drugs accurately reflect evidence-based drug use described in section D.
   iii. The Contractor shall prepare and present clinically sound drug reviews that include:
      - the latest clinical evidence by drug, therapeutic class and disease state;
      - tracking of new drugs entering the market;
      - recommendations for new drugs;
      - recommendations for therapeutic classes for PDL management;
      - review of new drugs, existing drugs and therapeutic classes on a regular basis according to State regulations and policies; and
      - review and presentation of safety alerts or other relevant drug information.
   iv. The Contractor shall manage the PDL in the POS System and maintain an online version of the PDL and Clinical Criteria Manual for posting on the State's website.
   v. The Contractor shall make the PDL available to prescribers and pharmacy providers through electronic means, including via the Provider Web Portal (eWebs), prescriber's practice management system's electronic health records, and Epocrates®. Epocrates® is a publisher of mobile device software applications that provide drug information prescribers and other health care professionals, in particular drug formulary or preferred drug list information.

d. Drug Utilization Review (DUR)
   i. The Contractor shall operate Prospective POS Drug Utilization Review and Retrospective Drug Utilization Review programs that comply with all federal regulations, particularly Section 1927 of the Social Security Act.
   ii. These services shall encompass drugs processed through both the pharmacy benefit and those physician-administered drugs processed through the medical benefit.
   iii. At each meeting of the DUR Board, the Contractor shall deliver Retrospective DUR analyses for review by the Board, analyzing utilization patterns by member, pharmacy, and prescriber.
   iv. Pursuant to federal requirements, the Contractor shall perform analyses of the utilization of drugs in the Medicaid program and the educational programs for providers and members. Analyses shall be required based on issues identified in the DUR and/or as requested by the State. Data points to be analyzed may include, but are not limited to:
      - Prospective DUR;
      - Retrospective DUR;
      - Potential fraud and abuse/misuse assessment by prescribers, pharmacists, pharmacies and Members;
      - Prescribing habits;
      - Prescribing patterns;
      - Provider dispensing practices;
      - Therapeutic appropriateness;
      - Over-utilization and under-utilization;
      - Therapeutic duplication;
      - Drug-disease contraindications;
      - Age/gender contraindications;
      - Adverse drug events;

- Addiction;
- Drug-drug interactions;
- Drug allergy interactions;
- Incorrect drug dosage or duration of drug treatment;
- Appropriate use of generic products;
- Volume of prescriptions per month;
- Use of High cost prescriptions;
- Prescriptions from multiple pharmacies or prescribers;
- Disproportionate prescribing or dispensing patterns;
- Rates of generic substitution;
- Dispense as written rate;
- Number of DUR overrides;
- Return on Investment;
- Drug effectiveness;
- Criteria for prescribing;
- Comparison of use data against predetermined standards, consistent with peer-reviewed literature and recommendations of the State's DUR Board.

v. When analyzing this data, drawing conclusions and making recommendations for change, the Contractor shall:
   1. Distinguish between suspected fraud and unintentional processing errors; and
   2. Immediately report cases of suspected fraud or abuse to the State.

vi. The Contractor shall draft and finalize the CMS annual DUR report as described in Section 1927(g)(3)(D) of the Social Security Act for submission to the State. This report shall be used to evaluate the effectiveness of each DUR program and shall include:
   1. A description of the DUR activities and programs;
   2. The scope and nature of the Prospective and Retrospective drug use review programs;
   3. A summary of the interventions used;
   4. An assessment of the impact of these educational interventions on the quality of care; and
   5. An estimate of the medical and pharmacy cost savings generated as a result.

e. DUR Board, Clinical Pharmacist and DUR Plan

i. The Contractor Clinical Pharmacist shall:
   1. Perform daily oversight of these pharmacy programs;
   2. Provide clinical analysis and guidance to the DUR Board;
   3. Present a DUR Plan to the DUR Board for consideration at least once a year that includes a description of all proposed DUR programs, dates for execution and expected outcomes;
   4. Coordinate DUR program activities with the DUR Board;
   5. Propose DUR programs to the DUR Board for approval;
   6. Present study items and action items at each DUR Board Meeting.

ii. The Contractor shall:
   1. Evaluate drug use data from the DUR;
   2. Develop and deliver educational and intervention initiatives to improve compliance with clinical best practices;
   3. Ensure that prescriptions are appropriate, medically necessary and do not result in adverse drug events;
   4. Develop active and ongoing educational outreach programs to educate practitioners on common drug therapy problems to improve prescribing or dispensing practices;
   5. Create a schedule for the following year's the DUR Board meetings at least 60 days prior to the end of the Calendar year.

iii. The Contractor shall ensure that its DUR programs:
1. Include provider communications and other educational components such as educational outreach and peer-to-peer education;
2. Serve as an adjunct and support to the prescriber and the pharmacist's education and professional judgment and do not replace the human cognitive review process;
3. Act as a clinical continuum of utilization management of prescribing habits, provider dispensing practices and abuses or misuses of the system.

iv. The Contractor shall perform the following functions for each DUR Board Meeting:
1. Post proper agendas under the Vermont Open Meetings Law to announce each DUR meeting;
2. Create an agenda for the meeting in consultation with the State's Pharmacy Director;
3. Create materials based on the posted agenda for the members of the DUR;
4. Send materials to the State at least 14 days prior to the meeting;
5. Make a written record of discussions and votes at each meeting;
6. Create draft minutes for State review and posting according to the Vermont's Open Meeting law, 1 V.S.A. § 310 et. seq., and the corresponding SLRs listed in Appendix II;
7. Present draft minutes to the Board for approval at the next meeting;
8. Consult with the State's Medical Director and Pharmacy Director after the meeting to determine what recommendations taken by the DUR will be implemented;
9. Implement actions recommended by the Board and authorized by the State to the extent requested by the State.

f. Specialty Drugs, Limited Distribution Drugs and Physician Administered Drugs
i. The Contractor shall support members in managing complex health conditions by coordinating the State's pharmacy benefit management programs and services with its specialty pharmacy services.
ii. The Contractor shall provide clinical and utilization management and consultative support to assist the State in managing the increasingly high cost of specialty drugs. This includes identifying the optimal clinical management, site of dispensing and site of service for the State. This shall encompass, at a minimum, specialty pharmaceuticals, limited distribution drugs and physician-administered drugs.
iii. At the State's request, the Contractor shall provide input and consultation into the development, administration, and maintenance of a State strategy to manage physician-administered drugs. This input and consultation shall incorporate the breadth of clinical and utilization management services such as drug utilization review, prior authorization, step-therapy, quantity limits and PDL management and support. It must also include consultative support to identify the optimal site of service and may also include claims adjudication.

g. Specialty Pharmacy
i. The Contractor shall work with enrolled Specialty Pharmacies to ensure that Members receiving Specialty Pharmacy Services are supported in medication compliance and the management of their disease.
ii. The Contractor shall provide recommendations for controlling specialty costs without compromising quality of care.
iii. The Contractor shall advise the State about optimal drug sourcing and site of service recommendations for specialty medications including, but not limited to white bagging and buy and bill.

h. Pharmacy Care Management
i. The Contractor shall provide a Pharmacy Care Management Program (PCM), supported by the Contractor's Med-Management MTMP workflow application. The Contractor shall:
1. Enroll members into the PCM based on parameters defined in cooperation with the State,

which may include but are not limited to beneficiaries receiving complex and/or high-cost drugs will be proactively identified through pharmacy claims data and during the prior authorization process.

2. Analyze member activity to identify those needing closer clinical review of therapies;
3. Support the management of high-cost members and members meeting other criteria;
4. The PCM pharmacist will perform a thorough review of the selected beneficiary's pharmacy claims. The first claims to be examined will be those for the medication of interest/focus. This includes an assessment medication noncompliance and/or erratic compliance, dosage, therapy duration, drug /disease state related issues including potential interactions, medication and /or therapeutic duplication, and previous medication trials.
5. Engage in communications targeted to specific members and/or providers based on the member's enrollment into the PCM program, if deemed appropriate for the review of the use of a targeted medication, the PCM pharmacist will review notes, laboratory values or other relevant information necessary for the target medication review. Once obtained, this clinical information can be faxed into the Med Management tool for review by the PCM pharmacist;
6. The pharmacist will communicate with the member in a culturally sensitive, educationally appropriate level in order for the member to obtain, process and understand the information needed to use the prescription successfully.
7. Engage through its clinical staff in discussion with prescribers and the Contractor's clinical staff; and
8. Engage dispensing retail pharmacist in the Pharmacy Care Management (PCM) activities as part of the overall member management and drug management.

ii. Interventions and activities under the PCM will include:
   1. Ensuring the use of the medication comports with acceptable standards, e.g. U.S. Food and Drug Administration (FDA) approval and/or other evidence-based strategies, if relevant;
   2. Discussing any potential drug-drug interactions and other clinical issues relevant to the prescription;
   3. Discussing alternative treatments which have demonstrated efficacy and safety, and which may be more cost effective in accordance with the Vermont's PDL or net cost;
   4. Discussing strategies to minimize waste of the high-cost product, such as being very specific with regards to weight-based dosing and/or package sizes;
   5. Evaluation of plans for follow up including any needed testing;
   6. Review of drugs that must be co-administered;
   7. Follow up, as appropriate, to ensure the member is receiving the benefit expected and adhering to the medication as prescribed; and
   8. Advocating for very active intervention if adherence or efficacy are not as expected.

iii. The Contractor shall measure and report on interventions and their impacts. The Contractor shall produce a quarterly PCM report to include but not be limited to the following metrics:
   1. Number of interventions described above and overall cost avoidance.
   2. Number of members and medications listed as the measures.
   3. Additionally, the quarterly report will include disease states monitored, medications addressed including adherence/persistence issues, problems identified, number of prescribers contacted, and outcomes.
   4. Dollar spend saved by each intervention.
   5. Overall pharmacy and medical cost changes or impact before and after the intervention.

iv. For select interventions, the Contractor may perform long-term follow-up of outcomes and determine long-term cost savings initiatives.

V. Pricing and Financial Management

The Contractor shall provide services and functionality to support the State's claims pricing and financial management functions. At minimum, these services shall include:

a. Pharmacy Claims Pricing Methodologies including State Maximum Allowable Cost (SMAC) Program and the Federal Upper Limit (FUL)
   i. The Contractor shall comply with the approved pricing structure as outlined in State Plan and approved by CMS. This includes but is not limited to benchmarks such as
      1. Average Wholesale Price (AWP);
      2. Wholesale Acquisition Cost (WAC);
      3. National Average Drug Acquisition Cost (NADAC);
      4. Usual and Customary (U&C);
      5. Federal Upper Limit (FUL);
      6. State Maximum Allowable Cost (SMAC); and
      7. Gross Amount Due (GAD).
   ii. The Contractor shall implement, administer, and maintain a SMAC and FUL that complies with all federal and state regulations and policies.
   iii. The Contractor shall establish a SMAC by setting rates on prescription and over-the-counter, multiple-source generic drugs rated as therapeutic equivalents (A-rated) according to the FDA Approved Drug Products with Therapeutic Equivalence Evaluations.
   iv. The Contractor shall establish a SMAC for certain brand drugs, such as some specialty drugs, as necessary.
   v. The Contractor's methodology for determining a MAC rate must be available and transparent to the State.
   vi. The Contractor shall make available a monthly report of MAC rates for the State, for posting on the State's website.
   vii. The Contractor shall ensure the State's MAC rates, when compared with Federal Upper Limit (FUL) rates published by CMS, in aggregate, do not exceed FUL rates for CMS-specified products. The Contractor must calculate, interpret, and present this aggregate calculation quarterly to State staff and provide a standard report for the State.

b. Rebate Management
   i. The Contractor shall support the State in complying with all provisions of 42 U.S.C. § 1396r-8(b) and other state and federal laws governing rebate programs.
   ii. The Contractor shall must manage all aspects and accounting functions of rebate support including, but not limited to:
      1. Preparing and submitting Drug Rebate Invoices for drug manufacturers quarterly. All invoices must be approved by the State prior to manufacturer distribution.
      2. Processing the CMS Rebate Utilization files;
      3. Providing rebate reporting to the State and partners;
      4. Reconciliation and resolving drug rebate disputes;
      5. Supporting manufacturer inquiries such as claims level detail; and
      6. Supporting the State in maximizing the value of the rebate programs.

c. Supplemental Rebate Program Administration
   i. In support of the State's supplemental rebate program, the Contractor shall perform the following tasks and services:
      1. Identify, schedule and coordinate meetings with the designated manufacturers on behalf of the State.
      2. Evaluate rebate proposals to determine what proposals are most appropriate clinically and financially for the State and provide the State with recommendations. The State must have final approval prior to the acceptance of any Supplemental Rebate Offer and has final

approval on all preferred drug list changes.

3. Work with the Sovereign State Drug Consortium (SSDC) contractor in conjunction with the Department as necessary to administer the program.
4. Perform bid reviews and selection, determining the value proposition for the State on rebate acceptance.
5. Finalize rebate contracts with manufacturers.
6. Annually assist with modifications to the Supplemental Rebate Agreement and obtaining CMS approval of said agreement.
7. Perform rebate invoicing, collections, dispute resolution and reporting.
8. Development of clinical criteria in support of its PDL.
9. Manage negotiated changes to the PDL.
10. Represent the State at all meetings where rebate business is conducted.

ii. Under 42 U.S.C. § 1396r-8(b)(3)(D) information disclosed by manufacturers or wholesalers is confidential and shall not be disclosed. Thus, the Contractor shall not disclose any manufacturer-disclosed pricing without the express consent of the State.

iii. In the event of any public records request for data, the Contractor shall consult with the State's Pharmacy Director for direction before any response. The Contractor must comply with all federal and states laws that govern rebate requirements.

d. 340B Program Support

The Contractor must support 340B program operations for the State. The Contractor must comply with all federal 340B rules and regulations and must exclude 340B claims from rebate invoices processed for manufacturers.

e. Manufacturer Fee

The Contractor must support the Manufacturer Fee program operations for the State. The Contractor must comply with 33 V.S.A. § 2004 and provide all support necessary for its enforcement.

VI. Other Services

a. Benefit Design and Consultative and Clinical Support

The Contractor must provide recommendations to the State for enhancing the value of its operational and clinical pharmacy programs and services, such as general program improvements, cost reductions, cost avoidance and operational efficiencies. The Contractor shall support the State to obtain necessary approvals and buy-in, to implement approved changes, and to measure and report on program efficacy on an ongoing basis.

b. Quality Assurance

The Contractor must develop and implement quality management principles and processes using best practices that are consistent with industry standards including, but not limited to:

i. Implement Quality Improvement for recurring processes;
ii. Continuous performance measurement and improvement using technical reviews, internal audits, satisfaction surveys and other assessment tools;
iii. Ongoing Contractor staff training.

c. Audits/Post-Payment Claims Management

The Contractor must process post-payment claim reversals for pharmacy claims, such as corrective actions identified from post-payment audit findings, Third-Party Liability (TPL) adjustments and other adjustments.

VII. System Technical Scope

The Contractor shall maintain its systems to ensure full functionality of systems and services provided in this contract, and to conform to all applicable specifications.

a. Architecture/Policy Requirements

i. The Contractor's PBMS shall include flexible, configurable, scalable and well-designed Service-Oriented-Architecture (SOA) platforms that are specifically designed for the delivery of Medicaid Pharmacy solutions.
ii. Contractor systems architecture, as it relates to shared services capabilities, shall provide configurable or programmable interfaces that shall successfully accommodate cross-platform exchanges of data and content, coordinated with the Vermont System Integrator. The infrastructure and technology underlying Contractor solutions ensures interoperability between platforms operating elsewhere within a State's Medicaid enterprise, such as the System Integrator, Core Medicaid Management Information System (MMIS), and/or other Vermont contractors. The Contractor shall build upon current, industry standard technologies and apply regular updates to ensure nothing is ever obsolete. All Contractor standards for storing and interfacing data are documented and provided to the State and business partners.
iii. The PBMS delivered by the Contractor shall adhere to the State Technical Architectural standards, best practices, and the State Policy.

b. General System Requirements
i. The Contractor shall incorporate best technology practices in all products covered by this contract. Flexible design principles are a key component toward ensuring a technology approach that meets the State needs. Each new product must be designed and delivered to leverage SOA principles and that which the State utilizes. The PBMS delivered by the Contractor shall meet best practice General System requirements. The Contractor must employ accessibility standards, processes and best practices and apply these to all end-user applications. As external standards such as the Americans with Disabilities Act (ADA) and Information Technology and Applications (IITA) are modified, best practices are to be enhanced and applied to any applications effected.

c. Interoperability/Interfaces
i. The Contractor shall provide infrastructure, connectivity and interfaces that are compliant with all applicable standards, policies and business and functional requirements set forth by the United States Department of Health and Human Services (DHHS), CMS and other applicable entities.
ii. The PBMS shall interface and provide interoperability with identified State systems.
iii. The Contractor shall work with all parties involved to assure viable and reliable information transfers as follows:
1. The Contractor shall ensure that periodic file transfer is supported with respect to legacy systems in place at the time of this contract.
2. The Contractor shall provide input to ensure that future systems, including those replacing legacy systems include interfaces and interoperability consistent with the State technical architecture standards.

d. Regulatory and Security
i. The Contractor and its systems shall provide all the information and processing capabilities necessary for the State to be compliant with all current and revised regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).
ii. The Contractor solution shall provide for the acceptance and transmission of all Electronic State Interchanges (EDI) formats necessary for supporting all components of the PBMS solution. The Contractor shall consider security and confidentiality to be of the utmost importance in the handling of members' information.
iii. To protect the confidentiality, integrity and availability of information, the Contractor shall have in place appropriate physical site and data security measures. The Contractor shall be compliant and maintain compliance with HIPAA and all other applicable State / Federal mandates regarding the confidentiality of information maintained by the Contractor under this

contract, including the Federal Information Processing Standards (FIPS).

iv. The Contractor shall review the application and certify it meets the following:
   1. Identify the key risks to the important assets and functions provided by the application and conduct an analysis of the Top 25 software errors (http://cwe.mitre.org/top25), or most common programming errors, and document in writing that they have been mitigated.
   2. Ensure all application code and any new development meets or exceeds the Open Web Application Security Project (OWASP) Application Development Security Standards outlined on the www.OWASP.org site (currently https://www.owasp.org/images/4/4e/OWASP_ASVS_2009_Web_App_Std_Release.pdf) and document in writing that they have been met.

e. User Interface
   i. The PBMS delivered by the Contractor shall provide a consistent user interface across all applications covered within this contract. The provider portal and other support applications must be compliant with the ADA Section 508 and be configured to meet any additional requirements necessary to comply with the Federal and Vermont laws or policy.
   ii. The Contractor's PBM Portal shall provide authorized users with real-time access to claims data, drug formulary/PDL information, and PAs through a secure, web-based user interface.

B. MANAGEMENT OF MAINTENANCE AND OPERATIONS

The Contractor shall employ, in concert with State stakeholders, appropriate systems management, change management, communications management and other control practices, as well as project management practices.

I. Operations Management

a. The Contractor shall develop an Operations Management Plan specifically for the State's PBM project. This plan shall address all automated and manual tools and all processes that shall be performed by the Contractor to ensure effective system control, reliability, documentation, and recovery.
   i. The Operations Management Plan shall contain specifications for operations services and related requirements reflecting the requirements presented in this contract, including all requirements specified in Appendix I and any clarifications or updates provided by the State.
   ii. The Operations Management Plan shall also contain the procedures and best practices the Contractor follows internally.

b. The Contractor shall deliver a high-quality operational environment using but not limited to the following methods and techniques:
   i. Operating facilities and housing daily operational staff as defined in the Staffing Plan within Vermont, within 30 miles to DHVA offices;
   ii. Maintaining internal and client-specific product enhancement plans for all provided solutions;
   iii. Refining and executing plans to achieve higher levels of MITA Maturity;
   iv. Monitoring, State, Federal and related industry standards and planning for any forthcoming updates to policy or standards effecting pharmacy benefit management;
   v. Following change control protocols required under Section C of this Attachment A.
   vi. Hiring and training knowledgeable staff; and
   vii. Monitoring Service Level Requirements, reacting in a timely manner if indicators are near to or below minimal standards or requirements.

c. The Contractor shall create or provide all deliverables listed in the Task-Related Deliverables Table included in Section E of this Contract during all implementations related to upgrades, significant enhancements, etc. The Contractor shall work with the State and other State contractors to ensure that there is no disruption of service during the implementation of future projects that occur after the first "go live."

II. Organization and Staffing

The Contractor shall maintain organization and staffing with sufficient experience to ensure support of ongoing operations, including all deliverables and activities specified in this contract. This shall include the provision of staff at the levels, roles and responsibilities as defined in the Staffing Tables below.

a. Staff identified as "Key Project Personnel" are instrumental and essential to the Contractor's satisfactory performance of all DDI and M&O requirements contained in this contract. Key Project Personnel shall be engaged throughout both the implementation and operations periods. Changes to the positions and responsibilities shall only be allowed with prior written permission from the State. These Key Project Personnel are to be full-time and dedicated solely to the Vermont PBMS account. Any "Key Project Personnel" who are required to be "on-site" will be based 100% in Vermont at the Change Healthcare offices co-located with the Help Desk.

b. Location of Contracted Functions and Personnel
   i. The Contractor's Key Project Personnel must be able to participate in-person during PBM-related meetings as scheduled by the State and must perform all VT-related work at Contractor offices located in the Burlington area. The State shall not provide facilities for Contractor Key Project Personnel. Work must be performed during normal business hours, 8:00 AM until 4:30 PM Eastern Time, Monday through Friday except State of Vermont holidays.
   ii. The State and the Contractor shall establish appropriate protocols to ensure that physical property/facility security and data confidentiality safeguards are maintained. Access to any non-Vermont facility used to support the Medicaid Enterprise shall be reviewed and granted or denied within five workdays of the request.

c. The Contractor must ensure Key Project Personnel have, and maintain, relevant current license(s) and/or certification(s).

d. The Contractor shall seek and receive State approval before hiring or replacing any Key Project Personnel and all Vermont-based staff. The Contractor shall remove Key Project Personnel, if requested by the State, as well as develop a plan for the replacement of that Key Project Personnel, all within two (2) weeks of the request for removal.

e. The Contractor must provide the State with written notification of anticipated vacancies of Key Project Personnel within two business days of receiving the individual's resignation notice, the Contractor's notice to terminate an individual, or the position otherwise becoming vacant. Replacements for Key Project Personnel shall have qualifications that meet or exceed those of prior approved staff and shall be subject to approval by the State. The Contractor shall provide the State with status update reports every 30 days on the progress of the replacement candidate recruiting process until a qualified candidate is hired. The Contractor shall have in place a qualified replacement within ninety (90) calendar days of the last day of employment of the departing Key Project Personnel. The Contractor agrees that the provision of replacement resources with equivalent skill shall be made at no additional charge.

Personnel Level	Role	Description
Key Personnel	Account Director	• Contract Management • Contract Negotiations • Provides contract management • Executive level oversight • Conflict resolution • Change management final approval • Primary point of contact with the State's Contract Administrator, Pharmacy Director and other State Executive Sponsors for activities related to contract administration, overall project management and scheduling, correspondence between the State and the

Personnel Level	Role	Description
		Contractor, dispute resolution, and status reporting to the State for the duration of the contract • Authorized to commit the resources of the Contractor in matters pertaining to the implementation performance of the contract • Responsible for addressing any issues that cannot be resolved with the Contractor's Account Manager • Does not have to work 100% on site with the State
Key Personnel	Sr. Account Pharmacy Manager	• PBM Business expert • Contract Negotiations • Provides contract management • Oversees clinical management of all PBM programs and resources • Senior clinical pharmacy expert in the area of Pharmacy Benefits Management systems • Advises the State regarding best practices and recommends modifications to business processes • Acquire, analyze, and present information regarding pharmacy benefit management "best practices" • Provide expert guidance ensuring that pharmacy policy and business rules from the current Pharmacy Benefits program are correctly implemented in the Contractor's solution • Advises the State regarding best practices and recommends modifications to business processes • Oversees Account Manager and Clinical Pharmacy Manager • Does not have to work 100% on site with the State
Key Personnel	Account Manager	• On-site management of the project • Chief liaison for the State for project activities • Day-to-day project decisions • Organizing the project, and managing the team • Direct the planning, design, development, implementation of programs • Ensures all information and documents for programs and services are in compliance • Scheduling and reporting project activities, • Host bi-weekly on-site status meetings, • Provides support to resolve provider issues • Manage all activities in the project management plans • Expected to host bi-weekly on-site status meetings, monthly milestone meetings, as well as interim meetings. Shall assign Contractor staff to those meetings as appropriate. Shall provide an agenda and develop minutes for each meeting • Participates in developing, implementing, and maintaining cost-effective programs and strategies to provide value added services to the Department • Provide expert guidance ensuring that pharmacy policy and business rules from the current Pharmacy Benefits program are correctly implemented in the Contractor's solution • Advises the State regarding best practices and recommends modifications to business processes which improve the overall Pharmacy Benefits program • Provides support to resolve provider issues • Is expected to work 100% on site with the State

Personnel Level	Role	Description
Key Personnel	Clinical Pharmacist Manager	• Mentors pharmacy interns during experiential rotations • Provide drug information to support clinical initiatives • Provide assistance on HCPCS & CPT coding pertaining to drugs • Monitor drug utilization trends & make clinically/financially sound recommendations to the State • Support pro-DUR and retro-DUR activities & provider communications • DUR Board coordination and support • Acquire, analyze, and present information regarding pharmacy benefit management "best practices" • Support drug appeals • Resolve provider issues • Analyze utilization data, prior authorization data and other clinical program data to assess the need for changes • Is expected to work 100% on site with the State
Key Personnel	VT Data Analyst	• Responsible for all State data requirements and reporting needs • Provides ad hoc reporting as requested by Pharmacy Benefits Management staff • Ensure the integrity of pharmacy data used in claims processing • Management of procedures associated with systems change orders • Management of requests for claims adjustments • Informational resource pertaining to inquiries, system configuration, and data files • Does not have to work 100% on site with the State
	Rebate Negotiations Pharmacist	• SSDC support. • Clinical review of new drugs • Pricing • Negotiation of supplemental rebates with drug manufacturers for both the SSDC multistate pool and State • Advises State on Preferred Drug List strategies, taking into account changes in the drug marketplace (such as drug shortages, price/rebate changes, recent and expected brand and generic drug launches), market share shifts and clinical evidence. • Monitors and analyzes state and federal legislation and policies affecting Medicaid pharmacy • Presents supplemental rebate information, cost modeling and PDL recommendations to State DUR Board, as well as to the SSDC states during their annual meeting.
	Physician Support	• Medical Director guidance to State pharmacy clinical program • Provides assistance on HCPCS & CPT coding pertaining to drugs • Clinical input – PDL, DUR, SSDC support • Oversees clinical aspects of the pharmacy benefits • Recommends both pro-DUR and retro-DUR criteria • Oversight of clinical prior authorization activities • Oversight of clinical and fiscal aspects of PDL design including supplemental rebate negotiation, and integration with State Maximum Allowable Cost activities • Active participant in DUR meetings • Oversight of all clinical activities for the Contractor, including the medical benefit management services
	VT Rebate Manager	• Ensures contract compliance for each Rebate account • Maintains current status of all tasks for different projects and keeps Director and other Team Leaders apprised as necessary • Identifies obstacles and helps coordinate with stakeholders to overcome them or adjust project scope for both short-term and long-term solutions

Personnel Level	Role	Description
		• Maintains and manages project scope, updating and educating stakeholders throughout the life of each project • Previous management experience required. Excellent written and verbal communication skills required. Demonstrated ability to meet deadlines. Experience with technical writing and user documentation design required. • Must have experience with a Data Processing type environment. • Must be able to communicate and work with a variety of personnel to accomplish project goals. • Must have excellent and proven abilities to work with a variety of people; successfully manage relations and tasks in a positive and thriving manner.
	VT Rebate SR Supervisor	• Day to day operations and oversight of the VT PBMS Rebate Team • Assists rebate staff and support personnel in understanding their assigned tasks and ensuring that they are completed on time and in the manner expected
	Vermont Based Staff	• Three PA Pharmacists • PCM/MTM Pharmacist-On site or Off site • Five Help Desk Pharmacy Technicians

III. Communications Management

a. The Contractor shall develop a Communications Plan sufficient to ensure the effectiveness of communications between the Contractor and State as required under the Contract.
   i. The Communications Plan shall establish Contractor and State lines of authority and communications interfaces, including formal meetings, reports, impromptu meetings, provider notices and messaging.
   ii. The plan shall ensure that communications and lines of authority follow a "chain of command" structure that ensures the effectiveness of communications.
b. The Contractor shall provide the meeting space, communication support (phone/video conference) and other functions required to facilitate successful ongoing meetings and communications.
c. The Contractor shall facilitate regularly-scheduled operational status meetings with the state to discuss the PBMS ongoing operations.
d. Prior to the weekly meetings, the Contractor shall issue a weekly status report that contains a summary report of project accomplishments, issues, risks, next steps and any other information the State may need.
e. The Contractor shall also meet other communications requirements addressed in this contract.

IV. Quality Management

a. The Contractor shall develop and deliver a comprehensive Quality Management Plan that describes the approach that is to be a cornerstone of the Vermont PBM project. QM shall begin with the planning development, and implementation phase for each project that occurs throughout the life of this contract. It shall also address the Operations Phase. The Contractor shall follow a set of defined and repeatable processes that enable the State to monitor the project management and business projects in a manner that promotes continuous quality improvement.
b. The Contractor shall Develop a Quality Assurance Control/Quality Management Plan (by business activity and/or functional area) to address the needs and specific opportunities for quality improvement throughout the Contract period. The Quality Assurance Control/ Quality Management Plan shall be developed and maintained to reflect the Contractor's experience and commitment to:
   i. Methodology for maintaining quality of the code, workmanship, project schedules, Deliverables, and any subcontractor activities.
   ii. Quality in systems design, testing and implementation.

iii. Process design and staff training.
iv. Performance standards development and measurement.
v. Customer satisfaction measurement and analysis.

c. The plan shall be delivered to the Department for review and approval during the Initiation and Planning Phase and may be revised through the duration of the project as needed to address change.
d. The Contractor shall also meet requirement details regarding Quality Management requirements as addressed in detail in Appendix I- Quality Control and Management Specifications, System Management
   i. Contractor Network Services team shall be alerted by SMS, phone, and/or email when specific system events occur within the data center infrastructure. The State shall receive notifications on system infrastructure failures and when certain system or infrastructure thresholds are reached or exceeded (ex., Central Processing Unit (CPU), disk, network utilization), which shall be based upon mutually agreed upon thresholds. These alerts shall be configured to generate alerts and other types for warnings when monitoring systems indicate an impact or potential limits on system performance and availability. When an alert is received, the issue shall be reviewed, and specific procedures followed for the type of alert, as defined by the Contractor and the State.
   ii. The Contractor shall have systems in place in the data center that monitor all SLAs. The systems will have reporting capabilities used for SLA management.
   iii. The Contractor shall also meet requirement details regarding Systems Administration and Management requirements as addressed in detail in Appendix I- System Operations Specifications.

V. Maintaining Completed Deliverables

a. The Contractor will maintain the currency on no less than an annual basis for the following completed deliverables:
   i. Deliverable 7 – Detailed Functional and Non-Functional Requirements Matrix
   ii. Deliverable 20 – System Documentation
   iii. Deliverable 21 – Performance SLA's and Reporting Tool
   iv. Deliverable 27 – Operations and Maintenance Procedures Manuals
   v. Deliverable 28 – Disaster Recovery and Business Continuity Plans
   vi. Turnover Plan
   vii. Knowledge Transfer and Training Plan

VI. Knowledge Transfer & Training

a. The Contractor must develop and execute a Knowledge Transfer and Training Plan for use throughout the Operations Phase, in consultation with and approved by the State. The Knowledge Transfer and Training Plan must include, at a minimum:
   i. Training goals/standards and the specific plan for training any Vermont technical personnel and end users.
   ii. Size of population and types of roles that need training
   iii. Strategy for providing training early in the project to allow the training goals to be implemented throughout the project life phase.
   iv. Tasks, deliverables and resources necessary to complete the training effort and identify tools and documentation that shall be necessary to support proposed effort.
   v. Types of training, the specific courses and course materials, the training approach for both technical personnel and end users, and how training effectiveness shall be measured and addressed. Knowledge Transfer & Training

VII. Reporting and Analytics

a. The Contractor shall perform analysis and reporting functions and services to support the reporting and analysis of claims data and to monitor and support the efficacy of PBM operations. The Contractor's reporting functionality shall:
   i. Support user-defined reporting views/screens based upon different roles, security profiles, etc., of various stakeholders and
   ii. Include the provision of Dashboard capabilities that support various roles of PBM operations.

b. The Contractor shall generate static or "canned" reports at predefined intervals and on demand by State users. Such reports shall include but will not be limited to:
   i. Utilization Reports
   ii. Financial Reports
   iii. Auditing Reports
   iv. Preferred Drug List Reports
   v. Claims Processing Reports
   vi. Coordination of Benefits (COB) Reports
   vii. Net Cost Reports

c. The Contractor shall provide functionality and support to the State for the following reporting and analytic functions:

d. Parameterized reports that allow State users to select from a defined number of parameters that inform a report including. Parameters include but are not limited to: date or date range, Member, Member eligibility characteristic, program, drug, and pharmacy.
   i. Ad hoc querying and reporting capabilities
   ii. Graphical data with presentation parameters configurable by the end-user;
   iii. Capability to access more detailed (drill-down) information;
   iv. Capability to export report data as well as the underlying data used to build the report in a variety of data formats;
   v. Capability to support advanced analysis such as predictive analysis, root-cause analysis and identification of statistical outliers;
   vi. As requested by the State, additional static, parameterized and ad hoc reports.

e. The Contractor shall assist the State in designing, preparing, running and formatting queries, and providing analysis, and recommendations.

VIII. Key Service Level Requirements and Remedies

a. The Contractor shall perform tracking, monitoring, and reporting sufficient to demonstrate compliance with the applicable Service Level Requirements (SLRs) stated in this Contract.

b. Certain key SLRs have been selected as indicators of the services provided under this contract and have been described in detail in Appendix II.

c. Failure to meet these key Service Level Requirement is a failure to fully perform the services under this Contract. The consequences for failure to meet key SLRs are stated in Attachment II.

d. Under no circumstances shall the payment of a discount as a consequence of a failure to meet one or more key SLRs relieve the Contractor of its obligation to address and fix system defects or other performance issues pertaining to a service level requirement or any other obligations under this Contract.

C. CHANGE MANAGEMENT

All Change Requests shall follow the DVHA Portfolio Change Control Plan posted at: http://dvha.vermont.gov/administration/dvha-portfolio-change-control-plan.

D. TURNOVER PLAN AND POST OPERATIONAL PHASE CONTRACT CLOSURE

The Contractor and the State recognize that the Pharmacy Benefits Management (PBM) services performed under this agreement are vital to the State and must be continued without interruption and that, upon Contract expiration or termination by either party, a successor may be selected to provide these services to the State. The State and the Contractor shall design a Turnover Plan (as described below) that shall allow the State to transfer data and other pertinent information from the Contractor to the successor.

I. General Terms

a. The word "data" as used in this agreement means all paper and electronic data, including but not limited to: reference files, data files, claims files, production computer programs, data entry software, manuals, logs, scripts, operational manuals, training manuals and edit files.

b. The Contractor recognizes that data as defined in this section is the property of the State, that the services under this contract include the return of this data to the State in a format suitable for use by the State, such as JSON or XML, and the data will be provided at no additional cost to the State. The resultant database files will be accompanied by a business data dictionary and a technical data dictionary.

c. The parties' desire that the data transfer shall allow a newly awarded PBM to operate the State's pharmacy program at the same level as the Contractor currently operates, with minimal impact to providers, Members and State staff.

d. If the State reasonably anticipates that the Contractor will be unable to conform in a timely manner with the terms of this Section D, it may withhold payment up to $50,000 until such time as the Contractor delivers to the State's satisfaction, all data and all accompanying materials as defined in this section D.I and any other items defined in the Turnover Plan or necessary to accomplish the goals defined in paragraph D.I.c. above.

II. Turnover Plan

a. Ten months prior to contract expiration, or no more than 60 calendar days following a request by the State, whichever comes sooner, the Contractor must provide to the State a Turnover Plan. The Turnover Plan *must* include a detailed strategy which addresses all the following:

i. A timetable for turnover;
ii. A detailed outline and specifications of all data to be turned over;
iii. The turnover of data to the newly awarded PBM vendor;
iv. The provision of any updates to the current system's data before the newly awarded bidder begins operation;
v. The identification of Contractor staff responsible for overseeing and executing this turnover plan;
vi. A timetable for preparation of data transfer to the newly awarded bidder;
vii. A plan for post-turnover support to resolve data conversion and production issues;
viii. Training of the newly awarded bidder, if necessary and requested by the State, to extract information contained in the Turnover Plan; and
ix. A timetable for acceptance testing with the newly awarded bidder to begin properly analyzing transactions.
x. A plan for porting of published phone number(s) to the new contractor, such as Provider Help Desk phone numbers.

b. Upon receipt of the Turnover Plan by the State both parties agree to meet, discuss and resolve any issues or concerns in order to meet the terms of this section. The parties agree to personally meet and negotiate in good faith regarding the provisions outlined within the Turnover Plan.

III. Components of a Turnover Plan for Data Transfer

Data conversion is an extremely dynamic process. A Turnover Plan document cannot be detailed enough to address all the potential variables one must consider when performing a data conversion.

Therefore, the final determination of items addressed by this plan are left to the discretion of the State of Vermont data conversion Project Leader and the integrated project team. A Data Conversion Plan template is available from the State of Vermont Agency for Human services for preparing an adequate data conversion plan.

http://confluence.ahs.state.vt.us/display/AHSDS/Data+Migration+Plan+Template

Major data components of the Turnover Plan include, but are not limited to the following:

a. Pharmacy claims files utilizing the National Council for Prescription Drug Programs (NCPDP) claims format;
b. Specialty pharmacy data from (e.g. All open, active, and pending new and refill orders for specialty products for State Members);
c. Data file layouts and data dictionaries for all data files sent or received by the Contractor including but not limited to eligibility, drug, medical, pharmacy, preferred drug list, and physician data files;
d. All information related to the administration of the State's Rebate programs including contracts, invoices, collections, disputes, rebate data files and other pertinent information;
e. All Member-specific prior authorization (PA) case details, and data files with elements necessary to apply correct PA status and expiration status, including manual PA, automated PA's, PA's completed through the eWEBS application, and PA's completed through either the POS system or prescriber's electronic health records if applicable;
f. All plan design documentation including drug coverage parameters and funding source mapping;
g. All Standard Operational Reports; and
h. All members currently active in the Pharmacy Cost Management program, the drug leading to placement in the program, and any relevant clinical notes necessary to conduct a smooth transition of care to the new vendor.

E. SYSTEMS DEVELOPMENT (Historical)

I. Overview of Design, Development and Implementation (DDI)

a. The Task-Related Deliverables table provides a list of deliverables that shall at a minimum, be created or provided by the Contractor during implementation for the initial DDI of all Systems, start-up of services, included in this contract and subsequent implementations related to upgrades, significant enhancements, etc. The Contractor shall work with the State and other State contractors to ensure that there is no disruption of service during the implementation and transition periods as well as future projects that occur after the first "go live".
   i. Deliverables Expectations Documents
   Prior to initiating work on contract deliverables, the Contractor must develop and gain State approval of a Deliverable Expectation Document (DEDs), using the State DED form and format. Project deliverables must adhere to the information within the DED. No work shall be performed by the Contractor on any deliverable until the DED has been approved in writing by the State. As each project deliverable is submitted for approval, the Contractor must include a copy of the associated Deliverable Expectation Document.
   ii. Deliverable Acceptance
   As a general rule, the State will complete its review of all payment-based items (Deliverables) within ten (10) business days. The review period may be reduced or increased to a timeframe agreed upon by the SoV and vendor Project Managers. The State will accept or reject the items in writing using the Comments Log templates when applicable or the Deliverables Acceptance Document (DAD). In the event of the rejection of any item or deliverable, the SoV Project Manager will notify the DDI Vendor via email, attaching a copy of the comment log, and giving the specific reason(s) for rejection. The DDI Vendor shall have up to five (5) business

days to correct the rejected deliverable and return it to the State via the email process specified.

The DAD shall not be unreasonably withheld by the State. The State shall sign the DAD within the timeframe specified above with both parties receiving a copy thereof.

b. Deliverables shall either be associated with a Phase or Phases below or they shall be Phase Independent. The Task-Related Deliverables table in Section 3 below will indicate if a deliverable is Phase Independent or if the deliverable is associated with a Phase or Phases. A deliverable within a Phase may be submitted for acceptance once all deliverable expectations are completed as defined in the DED.

	Phase 1	Phase 2	Phase 3
System Applications Deliverables by Phase	• Point of Sale • Decision Support System • Help Desk • Preferred Drug List • Prior Authorization Decision Support System • Formulary • State Maximum Allowable Cost • Specialty Dugs	• eREBS • Rebates Services Portal • Business Objects Business Intelligence • Auto Prior Authorization • Pharmacy Care Management • PBM Portal (Dashboard)	• Provider Portal (eWEBS) • ePrescribing

c. Task-Related Deliverables

The table below outlines the deliverables set forth within this Agreement. Deliverables will be scheduled and documented in the approved Project Work Plan and Schedule, as described in Section VIII. Payment for deliverables is detailed within Attachment B of this Agreement.

Deliverables Grouped by Task
Project Initiation Activities (Phase Independent)
Deliverable 1 — Project Kick-off Presentation
Deliverable 2 — Project Management Plan
Deliverable 3 — Project Work Plan and Schedule
Deliverable 4 — Weekly Project Status Reports Established
Requirements Analysis (Phase Independent)
JAD Sessions Complete
Deliverable 5 — Requirements Methodology and Template
Deliverable 6 — Cross-Walk of contract Requirements against Contractor's proposed PBMS
Deliverable 7 — Detailed Functional and Non-Functional Requirements Traceability Matrix (RTM)
Business and Technical Design Phase 1
Deliverable 8.1 — Configuration Design Document Phase 1 Deliverable 9.1 — Data Integration and Interface Design Document Phase 1
Business and Technical Design Phase 2
Deliverable 8.2 — Configuration Design Document Phase 2 Deliverable 9.2 — Data Integration and Interface Design Document Phase 2
Conversion Activities (Phase Independent)
Deliverable 10 – Demonstration of successful initial data conversion

Deliverables Grouped by Task
Configuration and Development Phase 1
Deliverable 11.1 — Client Review of Configuration Phase 1
Deliverable 12.1 — Unit Testing Results Phase 1
Configuration and Development Phase 2
Deliverable 11.2 — Client Review of Configuration Phase 2
Deliverable 12.2 — Unit Testing Results Phase 2
Configuration and Development Phase 3
Deliverable 12.3 — Unit Testing Results Phase 3
System Testing Phase 1
Deliverable 13.1 — Documented System Test Results Phase 1
System Testing Phase 2
Deliverable 13.2 — Documented System Test Results Phase 2
System Testing Phase 3
Deliverable 13.3 — Documented System Test Results Phase 3
Acceptance Testing Phase 1
Deliverable 14.1 — User Acceptance Phase 1
Acceptance Testing Phase 2
Deliverable 14.2 — User Acceptance Phase 2
Acceptance Testing Phase 3
Deliverable 14.3 — User Acceptance Phase 3
Training Phase 1
Deliverable 15 — Training Plan
Deliverable 16.1 — Training Materials Phase 1
Deliverable 17.1 — Documented Evidence of Successful End-User Learning – Phase 1
Training Phase 2
Deliverable 16.2 — Training Materials Phase 2
Deliverable 17.2 — Documented Evidence of Successful End-User Learning Phase 2
Training Phase 3
Deliverable 16.3 — Training Materials Phase 3
Deliverable 17.3 — Documented Evidence of Successful End-User Learning Phase 3
POS Implementation (Phase Independent)
Deliverable 18 — Deployment Plan
Deliverable 19 — CMS Certification Plan
Deliverable 20 — System Documentation
Deliverable 21 — Performance SLAs Reporting Tools and pre-go live results
Deliverable 22 — Final Data Conversion Deliverable 23 — Rollout (Go Live)
Production Support (Transition to Operations) Phases 1&2
Deliverable 24.1 & 24.2 — Post go live support plan
Deliverable 25.1 & 25.2 — Systems Acceptance (punch list completion) (Phase 1 and 2)
Deliverable 27.1 & 27.2 — Operations and Maintenance Procedure Manuals (Phase 1 and 2)

Deliverables Grouped by Task
Deliverable 28 — Disaster Recovery and Business Continuity Plans (Phase Independent)
Production Support (Transition to Operations) Phase 3
Deliverable 24.3 — Post go live support plan
Deliverable 25.3 — Systems Acceptance (punch list completion)
Deliverable 27.3 — Operations and Maintenance Procedure Manuals
Certification of POS
Deliverable 26.A — CMS Certification – (letter from CMS)
Deliverable 26.B — Preparation of Certification Evidence Package
Deliverable 26.C — Enhanced Staffing Support

d. Project Management
   i. The Contractor must employ, maintain and execute a project management methodology that complies with the Project Management Institute (PMI) standards or equivalent. The Contractor must develop and prepare a project management approach, methodology and plan to be used for all service configuration and deployment project life cycles that follows a Project Management Plan (PMP) conforming to the Project Management Body of Knowledge (PMBOK). The approach, methodology, and plan must be developed in consultation with and approved by the State. The PMP shall incorporate the following PMBOK knowledge areas:
      1. Project Integration Management
      2. Project Scope Management
      3. Project Time Management
      4. Project Cost Management
      5. Project Quality Management
      6. Project Human Resource Management
      7. Project Communications Management
      8. Project Risk Management
      9. Project Procurement Management
      10. Project Stakeholder Management
   ii. For the portions of the project that the Contractor shall use the Agile methodology, the following tools and processes shall be adhered to.
      1. Atlassian Jira - Software development / configuration workflow and task management.
      2. Automated build servers - This facilitates frequent builds of new and enhanced application features.
      3. Frequent deployments of fixes and enhancements - Allows business users to provide feedback early and often, creating a better feedback loop between the Contractor's operations and technical staffs.

e. Project Organizational Approach
   i. The Contractor shall provide the resources to complete the following activities:
      1. In consultation with the State, prepare, submit and obtain approval for individual project management approaches and plans
      2. In consultation with the State, and subject to State approval, execute and maintain individual project management approaches and plans
      3. Prepare and submit the draft deliverables for State review and comment in accordance with this Contract

4. Prepare and submit the final deliverables for State review and approval in accordance with this Contract
5. Abide by the goals, objectives and requirements contained in this Contract
6. Confirm an understanding of the goals, objectives and requirements contained in this Contract
7. Prepare and conduct requirements confirmation sessions with all necessary State personnel, other parties designated by the State, such as other State contractors.
8. Prepare and submit to the State for approval the project management plans for meeting the goals and objectives of the PBMS.
9. Manage all activities defined in the approved project management plans
10. Submit for review and approval all changes to the approved project management plans as specified in the Change Management Plan.
11. Participate with other designated contractors (such as the existing PBM contractor), the MMIS contractor, State personnel and other parties as designated by the State in creating the PBM integrated project management plan
12. Review and confirm roles and responsibilities that the Contractor has which are part of any other business processes that are the responsibility of other contractors or the State
13. Define quality measures to monitor the contractually required service levels
14. Manage all business processes using a continual improvement approach and submit improvements to the State for review and approval
15. Comply with all laws, policies, procedures, and standards dictated by the State in meeting the goals and objectives of the PBMS
16. Provide an estimate of the number and type of State resources required, recognizing that the Contractor shall remain responsible for the successful implementation of the project

ii. The State project team shall:

1. Define the goals and objectives of the PBM programs and services throughout implementation and ongoing operations
2. Communicate the goals, objectives, and ongoing status of the project and program to all stakeholders
3. Work with stakeholders to identify and monitor project and program risk and appropriate mitigation strategies.
4. Oversee the project management approach that shall govern the project
5. Review the draft deliverables and final deliverables developed by the Contractor and provide feedback and required changes for the Contractor to make until the State is satisfied with the resulting deliverable
6. Review and approve or reject final deliverables developed and revised by the Contractor
7. Provide access to State management and Subject Matter Experts (SME's) for the approval of the deliverables required to meet the goals and objectives of the project
8. Provide for the access and archiving of project artifacts in a secured repository.
9. Manage the procurement of additionally required resources necessary for program success, including (but not limited to) obtaining CMS pre-approval.
10. Monitor Contractor performance for purposes of determining contract compliance, provide improvement requests, and approve or reject invoices as detailed in Attachment B of this contract.

f. Project Monitoring and Status Reporting

Project status shall be tracked and reported on an ongoing basis. Regularly scheduled status meetings between State Project Management Team and the Contractor Account Manager shall be held to discuss project progress, issues, resolutions and next steps. The following standard

reporting mechanisms shall be used:

- Status reports
- Issues lists
- Risk management updates

In addition, a Project Information Library (PIL) must be developed and maintained, by the Contractor and overseen by the Contractor Account Manager in a single repository used to store, organize, track, control and disseminate all information and items produced by, and delivered to, the project. The PIL must include a file structure with defined access and permissions. It must also include an interface, such as a Web page or portal, where individuals can obtain project information, the latest documentation, and input issues or comments to the Project Team. The State acknowledges and agrees it will work collaboratively with the Contractor, where reasonably practicable, to consider the best approach to perform this function.

The State shall be the owner of all the documents available in the PIL.

At a minimum, the following deliverables must be completed by the Contractor. The Contractor may propose additional deliverables as needed to achieve project goals.

Project Status Reports (Recurring Deliverable)
This deliverable must be a recurring deliverable for the entire length of the project. The deliverable must at a minimum include periodic reporting of the following activities:

i. Graphical status of scope, schedule, and budget (red, yellow, or green).
ii. Status of work completed against the Project Work Plan
iii. Objectives for the next reporting period
iv. Contractor and State responsibilities for the next reporting period
v. Recovery plan for all work activities not tracking to the approved schedule
vi. Projected completion dates compared to approved baseline key dates
vii. Escalated risks, issues (including schedule and budget), and Action items
viii. Disposition of logged issues and risks
ix. Important decisions
x. Actual/projected Project Work Plan dates versus baseline Project Work Plan milestone dates
xi. Budgeted to actual budget figures, and estimated cost at completion (or similar forecast of remaining costs).
xii. One-page graphical summary of the Project Work Plan status of all major tasks and subtasks for each cycle

II. Detailed Scope of Work for Implementation

a. Task 1 — Project Initiation and Planning

At a minimum, the following subtasks must be completed by the Contractor. The Contractor may propose additional tasks as needed to achieve the task goals.

i. Deliverable 1: Project Kickoff Presentation This deliverable is a presentation to familiarize project team members with the project. The presentation includes the following topics:
   1. Project Overview
   2. Project Schedule (high level)
   3. Objectives and Definitions
   4. Process (including change management, change control and issue/risk management)
   5. Artifacts

6. Roles and Responsibilities
7. Keys to Success
8. Next Steps
9. Questions and Answers (Q&A)
10. Resources

ii. Deliverable 2: Project Management Plan

The Contractor shall provide a set of documents that, when taken together, constitute the Project Management Plan that describes how project objectives shall be met and provides a road map for implementing and managing the PBM solution. The approach shall be consistent with the Project Management Institute Project Management Methodologies stated in the Project Management Body of Knowledge or equivalent.

The Project Management Plan shall address the initiating, planning, controlling, executing, and closing processes. The Project Management Plan shall at a minimum consist of the following sub-plans:

1. Scope Management Plan — this plan documents the project vision and goals, items that are in-scope and out-of-scope and their prioritization, dependencies between the scope items, and risks associated with the inclusion and removal of items from scope. The plan also defines the process used to modify project scope.
2. Cost Management Plan — The Contractor is responsible for developing a plan that indicates how project costs/budget shall be incurred, controlled, and reported. The plan must include the finalized cost and budget for the project. Cost-related progress report formatting shall be developed and included by the Contractor, consistent with Agency of Human Services (AHS) requirements and format, with inputs from State team members, and must include a tracking of costs to the project budget baseline.
3. Risk Management Plan — Development of a Risk Management Plan is required. The Contractor, with the support of State team members, must submit a baseline Risk Assessment to the State's Project Manager within one month of the project initiation.
4. Quality Management Plan — The Contractor's plan must have the following elements:
   A. Defined quality assurance responsibilities
   B. Detailed definition of all deliverables by phase and associated acceptance criteria
   C. Defined deliverable review process
   D. Disciplined deliverable review process
   E. Regularly scheduled reviews of key project phases and milestones
   F. Identified target performance areas and proposed methods of measurement; establish the baseline metrics for the agreed upon goal areas; and assist the State in determining the level of achievement of the performance goals.
   G. The Schedule Management Plan – The plan developed by the Contractor must include the following:
      a. How the project schedule shall be monitored for variances
      b. What types of corrective actions shall be taken to address schedule variances during the life of the project
      c. The process, roles, and responsibilities involved in making changes to the project schedule.
5. Communication Management Plan — The plan must detail the varying levels and needs of the project's stakeholders for information regarding the project, status, accomplishments, impact on stakeholders, etc. As part of Communication Management, issues must be logged and reported bi-weekly and the plan must detail the escalation mechanisms for issue

resolution.

6. Closure Approach — upon the completion of the Base and Extension Operations Periods, the Contractor shall perform all activities necessary to close out the Project. This includes:
   A. Performing formal contract closure
   B. Updating process documentation and transferring this to the State
   C. Transitioning any relevant process and/or solution responsibilities over to the State Project team, or to another contractor
   D. This includes updating and transferring all solution documentation, performing formal contract closure, and transitioning any relevant solution responsibilities over to the State Project team.
7. DDI Change Management Plan — The Contractor shall adhere to Section C of Attachment A for developing the DDI Change Management Plan.

iii. Deliverable 3: Project Work Plan and Schedule

The Contractor shall deliver a Baseline Project Work Plan and Schedule, including a Work Breakdown Structure (WBS), Gantt chart(s), and a Project calendar in Microsoft Project. The Contractor shall document any work plan or schedule changes from the plan submitted with the Contractor's original proposal.

The Contractor shall provide a Project Work Plan and Schedule to include identification of all phases of the Project, the sequences of the phases, the duration of the phases, and the duration of the Project. The Project Schedule shall identify the resources to be provided by both the Contractor and the State, together with the scheduled dates those resources shall be required. It shall take into account State holidays, holidays that shall be observed by the Contractor staff, periods during which the State has advised that data processing systems shall be unavailable to the Contractor, and the resources that the State has committed to providing in the Contract. The Project Work Plan and Schedule, once accepted by the State, shall form the Baseline Work Plan and Schedule for the overall PBM Project.

As part of the Project Work Plan and Schedule, the Contractor shall prepare and submit a WBS that encompasses all activities from Project Initiation and Planning to Project Closeout. The WBS shall define the Project's overall objectives by identifying all Project tasks and deliverables.

The Contractor shall maintain and update applicable portions of the Project Schedule no less than bi-weekly to reflect the current status of the Project with a comparison made to the Initial and Baseline Project Schedules. The Project Schedule shall be consistent with available State and contracted Project resources. The State resources shall be identified by the State and communicated to the Contractor prior to Schedule development. The State shall have direct electronic access to the Project Schedule as well as all deliverables and working papers for immediate review and coordination of schedules and plans.

iv. Deliverable 4: Weekly Status Report

The Contractor shall be required to provide a Weekly Status Report, which shall address overall Project status against the current and Baseline (if different) Project Schedule. It shall cover progress against plans for the previous review period and identify work planned for the next work period, or longer if circumstances dictate. These weekly reports will be complied into a Monthly Status Report which shall address issues and concerns, action items and other pertinent information needed by the Contractor or requested by the State as necessary and

applicable to that Phase of the Project. The presentation of the Status Reports shall be both written and oral. Status report meetings shall include both State and Contractor Project management staff.

The Contractor shall provide Weekly Status Reports, updated with the most current information, to include a minimum of the following elements:

1. Milestones reached
2. Major tasks accomplished
3. Schedule Performance Index (SPI)
4. State Approved Scope Changes
5. Risks/problems identified and a detailed report of the planned or completed mitigation thereof
6. Milestones not met on schedule
7. Milestones or critical path items expected to occur during the next month
8. Graphical dashboard of triple constraint (red, yellow, green).
9. Budgeted to actual budget figures, and estimated cost at completion (or similar forecast of remaining costs).
10. One-page table summary of all major milestones completed to date, and those in progress.

b. Task 2 — Requirements Traceability Analysis

In this task, the Contractor must lead and facilitate the process for reviewing and validating the detailed Functional and Non-Functional Requirements documentation. Throughout this task the Contractor must validate and use the high-level baseline requirements developed during the planning phase and outlined in the following documents:

- Appendix I - Functional Requirements
- Appendix I - Functional Requirements Approach
- Appendix I - Non-Functional Requirements

The Contractor is required to conduct a crosswalk of the high-level baseline requirements against the legacy system functionality to validate and identify any possible gaps in the requirements. The Contractor must also develop their approach for augmenting the existing requirements and crafting design level use cases and workflows to meet all Functional Requirements.

i. Deliverable 5: Requirements Methodology and Template

The Contractor must provide a clear and concise layout of how detailed requirements shall be gathered. The requirements template must be robust enough to store and track functional, technical and other operational and performance requirements.

ii. Deliverable 6: Crosswalk of Request for Proposal (RFP) Functional Requirements Against Legacy System Functionality

The Contractor must conduct a crosswalk of the RFP Functional Requirements for the solution against the functionality that currently resides in the legacy system to validate and identify and possible gaps in the requirements. The Contractor must document the findings from the crosswalk.

iii. Deliverable 7: Detailed Functional and Non-Functional Requirements Traceability Matrix (RTM)

The Contractor is required to generate a more detailed Functional and Non-Functional Requirements traceability matrix by conducting joint meetings with the State Project team and Subject Matter Experts (SME). This deliverable must provide a gap analysis of the

requirements to define the services and provide recommendations to close the gaps.

Any recommendations to close specific gaps that require changes to the requirements matrix shall be reviewed by the State and if approved by the State, shall be updated. The State Pharmacy Benefits Management Business Unit Director, Business Lead, IT Lead, supported by the appropriate State Project Team, IT Project Team Members and SMEs shall be responsible for reviewing proposed requirements changes. Approval for changes to the baseline requirements shall only be provided if there is a clear business case for changes, and all possible implications of the change in regard to functionality and technology have been fully understood.

The RTM shall be routinely updated as necessary by the Contractor throughout the term of the Agreement. Any time requirements or added, deleted or modified, the RTM shall be updated.

c. Task 3 — Business and Technical Design and Conversion Activities

The Business and Technical Design and Conversional Activities task includes system design, interface design, and information exchange design activities. Detailed and logical system design documents produced by the Contractor shall direct the System configuration/development efforts. The design shall be driven by the outputs of the requirements validation phase. These documents provide the framework essential to ensure that the system is constructed consistently and include all the functionality required by the Contract.

The Contractor shall define a software design approach and methodology. The methodology shall reflect and incorporate applicable government and industry best practices such as Capability Maturity Model Integration (CMMI) guidelines.

i. Deliverable 8: Configuration Design Document

The Contractor shall deliver a Configuration Design Document, or its equivalent, describing how the proposed System shall enable the Functional and Non-Functional requirements. The Configuration Design Document artifact must include the following components:

1. Details on which components shall be leveraged from existing systems and which components shall be newly developed
2. Business rules
3. Reporting capabilities and prebuilt reports
4. User profiles and security role permissions
5. System functionality traceable back to the Functional Requirements traceability matrix
6. System overview diagrams
7. Domain model
8. Process flows

The Contractor may propose alternatives to any of these components, but they must be clearly justified and have the prior approval of the PBMS Project team.

All components of the design must be maintained throughout the course of the project and updated when any System design changes occur. The Contractor must conduct a walkthrough of the Configuration Design Document with the PBMS Project team and the Quality Assurance (QA) Provider to validate the contents of the Configuration Design Document, the incorporation of all information from the design sessions, and the incorporation of all Functional Requirements. Approval of the Configuration Design is required before

configuration and development can begin.

ii. Deliverable 9: Data Integration and Interface Design Document
The Contractor must deliver to the State a Data Integration and Interface Design Document, or its equivalent, reflecting the required interface for operation. This document must be developed based on outputs from the design sessions conducted with the Contractor, QA Provider and Pharmacy Benefits Management Solution Project personnel.

The Data Integration and Interface Design Document must include the following components:

- Entity Relationship Diagrams
- Data Flow Diagrams
- Data Dictionary
- Processing controls
- Processes to manage System installation and configuration
- Data backup procedures

The Data Integration and Interface Design Document must include, at a minimum, the interface definitions and design (including XML/SOAP specifications for file formats). The Contractor must conduct a walkthrough of the final Data Integration and Interface Design Document with the PBMS Project team and the QA Provider to validate the contents of the Data Integration and Interface Design Document, the incorporation of all information from the design sessions, and the incorporation of all Non-Functional Requirements. Approval of the Data Integration and Interface Design Document is required before development can begin.

iii. Deliverable 10: Demonstration of successful data conversion, transformation and loading from all associated incumbent systems

d. Task 4 — Configuration and Development
Configuration and Development efforts shall be guided by the outputs of the Requirements and Design tasks. This ensures that the solution is constructed consistently. During this phase, the Contractor shall configure the system to satisfy both Functional and Non-Functional Requirements. As part of this task, the Contractor shall provide documentation that shall demonstrate the system configuration.

i. Deliverable 11: Client Review of Configuration
The Contractor must deliver a walkthrough of the solution for the Pharmacy Benefits Management Solution Project team and the QA Provider. The walkthrough shall demonstrate how the requirements are satisfied by the Solution.

ii. Deliverable 12: Unit Testing Scripts and Results
Unit testing is used to validate that an individual program module or script functions correctly. Each System module that has been configured or developed shall be tested to ensure that all module functionality is working properly. If a module interacts with other modules, the interfaces between the modules are 'stubbed' out or removed so that only the module itself is tested in isolation.

The Contractor must deliver the unit test scripts, results and reports that verify that all requirements have been tested successfully.

e. Task 5 — System and Acceptance Testing

The new System must undergo a series of System, User Acceptance Tests (UAT), Final Acceptance Test (FAT), and Pilot Tests prior to deployment. This includes emphasis on testing new functionality, as well as regression testing of already accepted functionality to ensure that changes to software have not adversely affected existing code. Each phase of testing requires the execution of the previously developed Test Plan, including test cases, scripts, data sheets, and expected results. The tests that are developed must be repeatable and must be directly traceable to the requirements.

System testing, UAT, and FAT must be driven by Requirements and Design, and must adhere to detailed test plans and test scripts. PBMS Project team, the Contractor, and QA Provider all have significant roles in the testing process. The Contractor must thoroughly test the software itself before the State UAT and FAT teams begin their work. This includes System/integration testing, volume and stress testing, performance testing, and load balancing testing prior to User Acceptance Testing and FAT. When the Contractor test results are validated by the PBMS Project team and the QA Provider, UAT can commence. Upon the completion of the UAT and FAT, overall readiness shall be assessed and a decision made (GO/NO GO) regarding deployment. A specific Pilot Testing plan will be determined during the Implementation Phase discussions

i. Deliverable 13: Documented System Test Results

The Contractor shall be responsible for generating the test data and test cases to be used for its own System test. The Contractor must develop the new System using a structured System life cycle development methodology that includes the following types of test activities:

- Module Test — validate that an individual program module or script functions correctly
- Integration Test — ensure that small groupings of modules are working properly
- Regression Test — re-running of previously completed test cases after new functionality or bug fixes have been added to the System

ii. Deliverable 14: User Acceptance

Once the PBMS Project has received the verification of a successful Systems Test from the Contractor and a successful walkthrough of System functionality has been completed, UAT shall begin.

The Contractor shall be responsible for providing on-site support to the PBMS Project during the planning and execution of UAT. Contractor support must involve assistance with following activities:

- Plan and set up Test environment
- Develop Test Cases
- Provide an efficient approach to testing that maximizes parallel and overlapping test activities
- Explain how development has interpreted requirements
- Communicate information about problems encountered during earlier test phases
- Respond to and fix reported defects
- Determine workarounds to be used during test scenario execution
- Provide information concerning the content of code builds during test execution
- Track details and provide summary reporting on testing plans, progress, issues, and interim results during test execution

The Contractor must prepare a UAT report documenting all the test results including any errors

and resolutions identified as a part of the UAT test. The UAT report must summarize the UAT results and whether the UAT objectives were met. At a minimum, it must cover:

- Achievement of UAT objectives
- Test execution results by test cycle
- Test execution statistics and trends
- A plan to address any UAT test issues still unresolved

Pilot testing will include:

1. Simulated real time processing using real-time claims captured from the pharmacy telecommunication switching companies
2. End-to-end pilot test scenarios that are comprehensive, true-to-production, using a segregated claims processing platform including but not limited to the automated prior authorization module and claims processing.

f. Task 6 — Training

The user training, in addition to focusing on the navigation and functional use, shall also focus on how the System is integrated into the day-to-day work of end users, including new business processes and/or workflows related to the State's new PBM Solution. To the fullest extent possible, the training classes shall consist of trainees with similar job duties and materials and approach should reflect a user-specific focus, including the use of user-specific case scenarios. The Contractor shall organize training in an interesting, non-technical manner to keep the trainees' attention. Innovative training aides, case studies, scenarios, humor, and other learning tools that shall engage the users and support information retention are encouraged.

If implementation of PBM solution is delayed after initial training has been completed, the Contractor shall provide refresher training. This training should provide the foundation for ongoing operations training and knowledge transfers (see section VIII Operations Phase) as well as be the base training for all new personnel.

i. Deliverable 15: Training Plan

The purpose of the Training Plan is to identify the activities and define the curricula that State needs to support their PBM Solution and specific transactional training requirements. The Contractor shall include in the Training Plan delivery of user training as well as training State staff so that State may assume ongoing training responsibilities where applicable. In general, the Contractor shall be responsible for ongoing training throughout the Operations Phase. The Contractor shall provide a Training Plan that meets the requirements described above and, at a minimum, the following components:

- Overview stating the purpose and scope of the Training Plan that meets the requirements of this contract.
- Training Curricula:
- Detailed description of the training model for adult learners.
- Flow diagrams and detail for the training curriculum for each functional area and integration into the end-to-end business process.
- Specific training curricula targeted and delivered to the different users in a manner that meets their specific needs.
- Training Materials Development Plans:
- Role of the 'Training Team.'
- Documentation style standards for the development of training material (e.g., document format, references, acronyms, font).

- Plan for review of training material.
- Approach to prototyping and testing training materials with training customers.
- Approach to modifying or adjusting training materials based on the results of the Evaluation of Training Effectiveness.
- Training Methodology and Delivery Plans:
- Identification of the training mix including, but not limited to, Web-based learning in-person learning, learning-labs, and informal learning. Because of the constraints related to scheduling staff out of the office for multiple training sessions, the Contractor shall develop a training mix that leverages use of online training tools and self-guided learning material that is supported by in-person training.
- Identification of plan to motivate and engage users to learn about and use the system and complete the training.
- The logistical plan for preparing and delivering the training solution including, but not limited to.
- Training Schedule: Schedule and timeline of training development, delivery, and evaluation. Schedule shall align with phased integration of data systems and the associated number of end users.
- Plan for Evaluation of Training Effectiveness.

ii. Deliverable 16: Training Material

The Contractor shall develop training materials in such a way as to allow for training to continue beyond initial deployment. All training material becomes the property of the State. This construction includes the ability to modularize the material and embed it into existing State training programs. All training material shall have a consistent look and feel and shall be provided in a soft copy format so that the State may easily make modifications to the materials. All training materials shall be maintained to reflect the latest version of PBM Solution and the changes resulting from evaluations and use during acceptance. All training material shall be maintained online. The Contractor shall be responsible for developing and providing training materials and for training State staff. The Contractor shall employ professional training staff (not technical staff) to conduct training sessions and to prepare training and user materials. The State shall have approval over Contractor-provided staffing used for training and over the format/content of the training to be given. State and Contractor staff shall work together to develop the format/content for the training and user materials that the Contractor shall produce. These materials shall be provided to the State in both hard and soft copy. The State must accept these materials before they are distributed to State staff for use.

- Training Manuals, Guides, and Materials shall include, but is not limited to:
- Instructor/Trainer Guides shall provide the ability for State staff to perform the training on a continuing basis.
- Trainee Packages shall provide the trainees exercises and usable examples with which to practice the lessons provided during formal training.
- The User's Manual shall be as non-technical as possible and emphasize person-centered service delivery, program collaboration, and related business functions in the explanation of PBM features, functions, modules and tools and the detailed procedures to deliver services. State shall provide input regarding person-centered service delivery, any relevant State policies, and information regarding State business processes. The System User Manuals shall be designed for ease of use so that any user, regardless of his or her function, can readily locate, identify, understand and use the information. The manuals shall include copies of relevant screens with instruction on the use and function of each, including the definition of all data elements. System User's Manuals shall include a catalog of all reports,

forms, letters, and other system-generated documents (generated either automatically by the System or by the user). This catalog shall include, at a minimum a copy of each report, form, letter, or document together with a description of its contents and step-by-step instruction on how to produce it.

- Desk Aids shall provide, at a minimum, quick access to solutions and information which users most frequently need.
- User tips which shall be designed as short messages that can be sent to recent trainees with reminders about short-cuts, features, and other relevant information to promote end-user adoption and use of the new PBM Solution.

iii. Deliverable 17: Documented Evidence of Successful End-User Training
The Contractor shall provide Documented Evidence of Successful End-User Training. Evidence shall include at a minimum:

- Tracking of employee attendance and completion of training courses and modules
- An Evaluation of Training Effectiveness
- Actions addressing any deficiencies in the proficiency of the current cohort of trainees based on the results of the evaluation of training effectiveness
- An action plan to adjust or modify future training based on the evaluation outcomes

g. Task 7 — Deployment/POS Implementation
The Contractor shall produce a detailed and thorough plan for deployment of the planned functionality for each phase.

i. Deliverable 18: Deployment Plan
The Contractor shall provide a detailed Deployment Plan that documents all the activities that need to be accomplished to successfully migrate the new System from the testing associated environments to the production environment. The Plan shall provide a detailed schedule of activities with key "go-no go" decision points identified throughout the deployment process. In addition, the plan shall detail a back-out and recovery process to be triggered in the event the turnover to production fails.

ii. Deliverable 19: CMS Certification Plan
The Contractor shall deliver an acceptable plan that includes but is not limited to:

- Develop a CMS Certification Checklist
- Assist the State in preparing certification documents and reports
- Review and report on the progress and compliance towards CMS Certification

iii. Deliverable 20: System Documentation
The Contractor shall conduct a review with the State and identify any documentation that must be updated as a result of changes. The Contractor shall update the documentation and provide it to the State for review and Final Acceptance. The Contractor shall also transfer all finalized required documentation to the State.

iv. Deliverable 21: Performance SLAs
The Contractor shall provide ongoing compliance monitoring and reporting for the Service Level Agreements (SLAs) from pre "go-live" state through ongoing operations. Demonstrations of acceptable SLAs are to be included as a ready for "go-live" determination. These SLA's shall be updated and maintained in detail throughout the duration of this Contract See Appendix I for detailed requirements.

v. Deliverable 22: Final Data Conversion

vi. Deliverable 23: Rollout
The Contractor shall provide notice to the State of System Rollout readiness once the following has been completed:

- All Deliverables required by the DDI Project Plan have been completed as relevant prior to Rollout of the PBM Solution,
- All Deliverables required by the DDI Project Plan have been delivered to the State;
- The Contractor determines that the PBM Solution is installed and ready to be operational; and
- All necessary training is complete for this phase.

This rollout recommendation as well as go or no-go determination accepted by the State, shall thereafter occur on a mutually agreed upon date and when State in its reasonable discretion, deems appropriate. The State shall provide the Contractor with advance written notice of the date of Rollout. the Contractor shall perform all tasks allocated to the Contractor in the Deployment Plan, including but limited to all appropriate stakeholder notifications and shall otherwise provide sufficient assistance to the State in connection with the Rollout to assure a smooth and seamless Rollout.

h. Task 8 — Certification and Production Support (Transition to Operations)

i. Deliverable 24: Post go-live support plan
The post go-live support plan will detail the level of support resources that will be available including but not limited to call center, clinical staff for PA and exception processing, systems technical staff, for the following time periods: the first 24 hours of system operations, the next 48 hours, first week, subsequent two weeks, first month. The plan will be co-developed between the State and the Contractor.

ii. Deliverable 25: Systems Acceptance (punch list completion)
The systems acceptance document will be a formal acceptance document signed by the State and the Contractor indicating acceptance of the system as production and agreeing to the transition to the Operational Phase. The document will be accompanied by the punch list that is a record of the defects and issues discovered from the point of "go-live" (turning on the system to processing of live data) to a point in time that is mutually agreeable to both parties, but no less than two weeks post go live.

iii. Deliverable 26:

1. CMS Certification – (letter from CMS)
The Contractor must ensure that the PBM Solution obtains CMS Certification to receive the maximum allowable Federal Financial Participation. The Contractor shall work closely with the State and CMS executing the Certification Plan and completing the checklist to identify, remediate where necessary, and thereby meet all certification criteria. Completion of this task shall be indicated upon State receipt of the CMS certification letter from CMS.

2. Certification Evidence Package Submittal to CMS
The Contractor shall prepare and submit the Certification Evidence Packages to the State for submission to CMS as identified pursuant to the Certification Plan. Completion of this task shall be indicated upon submission by the State of its application letter for Certification

to CMS.

3. Enhanced Staffing Support for CMS Certification
   The Contractor shall provide enhanced staff support of a .40 FTE Certification Lead through December 31, 2017, as described in the accepted Certification Plan. Enhanced staff support may be discontinued without penalty prior to 12/31/2017 upon completion of Deliverable 26.A (CMS Certification Letter from CMS).

iv. Deliverable 27: Operations and Maintenance Policy and Procedure Manuals
Required Project Policies, Guidelines and Methodologies
The Contractor shall comply with all applicable laws, regulations, policies, standards and guidelines affecting information technology projects, which may be created or changed periodically. It is the responsibility of the Contractor to remain abreast of new or revised Laws, regulations, policies, standards and guidelines affecting project execution. Agency specific confidentiality and privacy policies, such as Health Insurance Portability and Accountability Act (HIPAA) may apply and shall be communicated to the Contractor by the State.

v. Deliverable 28: Disaster Recovery and Business Continuity Plans, Testing Schedule
The Disaster Recovery Plan (DRP), Business Continuity Plan (BCP), and Testing Schedule (TS) shall be prepared for the implementation and ongoing operation of the Pharmacy Benefits Management System.

1. The Disaster Recovery Plan shall combine the processes and procedures that will be enacted to restore the Contractor's operation in the event of a declared disaster. The DRP will allow the Contractor to quickly determine the appropriate actions to be taken during an interruption or disaster. Disaster Recovery is part of the overall Business Continuity Plan but shall be represented in a separate document. The DRP document shall be submitted to the State and shall be in compliance with the State's Enterprise Architect and Security standards.
2. The Business Continuity Plan shall provide procedures for dealing with emergency situations that may render critical business units and/or processes unable to perform or operate. The BCP shall describe the Contractor's assumptions and objectives, while protecting Personal Health Information. A copy of the BCP shall be submitted to the State.
3. The Testing Schedule shall detail the steps that the Contractor shall take to ensure that the Disaster Recovery and Business Continuity Plan are kept up-to-date and function as requested and required by the State.

ATTACHMENT B – PAYMENT PROVISIONS

The maximum dollar amount payable under this agreement is not intended as any form of a guaranteed amount. The Contractor will be paid for products or services performed and/or delivered as specified in Attachment A up to the maximum allowable amount specified in this agreement.

1. Prior to commencement of work and release of any payments, Contractor shall submit to the State:
   a. a certificate of insurance consistent with the requirements set forth in Attachment C, Section 8 (Insurance), and with any additional requirements for insurance as may be set forth elsewhere in this contract; and
   b. a current IRS Form W-9 (signed within the last six months).
2. Payment terms are **Net 30** days from the date the State receives an error-free invoice with all necessary and complete supporting documentation.
3. Contractor shall submit invoices to the State in accordance with the schedule set forth in this Attachment B.
4. Invoices shall be submitted to the State at the following address:
   AHS.DVHAGrantsContracts@vermont.gov
5. All rates set forth in this contact are all-inclusive. No expenses, benefits, or insurance will be deemed reimbursable to the Contractor by the State under this contract.
6. Unless otherwise specifically provided in Attachment A, Contractor shall issue to the State, monthly in arrears, a separate invoice in U.S. Dollars for the amounts due for work provided in Attachment A provided in the previous month. Each invoice shall include such detail and categories of information as mutually agreed upon by the parties in good faith. Each invoice shall itemize the specific sections of Attachment A on which such charge is based and include calculations used to establish such charges. Invoices shall be segregated, as directed by the State, to facilitate proper accounting among multiple funding sources and different cost allocations among different parts of the solution. All periodic charges under this agreement (excluding charges based upon actual usage or consumption of services) shall be computed on a calendar month basis and shall be prorated for any partial month.

7. Table B-1: Total Cost Summary

Description	Total One-time Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total Costs
	5/2014-12/2014	1/1/15-12/31/15	1/1/16-12/31/16	1/1/17-12/31/17	1/1/18-12/31/18	1/1/19-12/31/19	1/1/20-12/31/20	1/1/21-12/31/21	1/1/22-12/31/22	
Implementation / Configuration	$2,018,775.75	-	-	-	-	-				$2,018,775.75
Contingency (Budget for Unanticipated Tasks)	$10,047.50	-	-	-	-	-				$10,047.50
Total DDI	$2,028,823.25	-	-	-	-					$2,028,823.26
Claims Processing and Operational Support	-	$1,243,053.84	$1,289,683.30	$1,252,778.58	$1,219,894.73	$1,340,778.30	$1,529,436.10	$1,565,913.50	$1,603,519.08	$11,045,057.43
Clinical Program Management and Support	-	$1,103,679.76	$1,146,248.42	$1,104,065.24	$1,065,810.74	$1,183,159.35	$1,313,149.65	$1,388,885.85	$1,470,495.30	$9,775,494.31
Financial Support Services	-	$689,329.80	$715,973.94	$689,169.76	$664,836.77	$738,616.62	$761,460.43	$785,010.76	$809,289.44	$5,853,687.52
Medication Therapy Management Program-Medicaid ($125 per Utilizing Member per Month)	-	$425,000.00	$437,750.00	$450,882.50	$464,408.98	$478,341.25	$493,185.49	$508,322.36	$524,047.22	$3,781,937.80
M&O Contingency	-	$113,348.90	$116,749.39	$120,251.87	$123,859.43	$127,575.21	$131,402.47	$135,344.54	$139,404.88	$1,007,936.69
SOC 2, Type 1 and 2 Audits(SOC 2, Type 1 audit takes place in 2019, SOC 2 Type 2 audits beginning in year 2020)							$110,000	$110,000	$110,000	$330,000.00
eCOB Costs 1/1/15 – 6/30/17-$35.30 per avoided claim, not to exceed 30,000 claims (paid out in Year 3)	-	-	-	$1,059,000.00	-	-				$1,059,000.00
eCOB costs 7/1/17 – 12/31/18- $37.96 per avoided claim, not to exceed 20,000 claims 1/1/19 – 12/31/19-$41.03 per avoided claim 7/1/21 – 12/31/22-$51.85 per avoided claim 7/1/20 – 12/31/21-$47.96 per avoided claim 7/1/19 – 12/31/20-$44.36 per avoided claim	-	-	-	$250,536.00	$508,664.00	$400,000	$420,103	$440,828	$462,194	$2,482,325.00
Total O&M	-	$3,574,412.30	$3,706,405.05	$4,926,683.95	$4,047,474.65	$4,268,470.73	$4,758,737.14	$4,934,305.01	$5,118,949.92	$35,335,438.75
Total Costs including One-time Costs and Ongoing Costs	$2,028,823.25	$3,574,412.30	$3,706,405.05	$4,926,683.95	$4,047,474.65	$4,268,470.73	$4,758,737.14	$4,934,305.01	$5,118,949.92	$37,364,262.01

Category FY2020: PA - Electronic POS $0.81 per PA, Manual/Call Center $12.66 per PA; Electronic Medical Record/Electronic Health Record $0.11 per transaction. MTM Program: $128.87 PUMPM

8. Contingency Funds Work performed under the contingency line items called out in Table B-1 shall not exceed $1,007,937.80. The contingency line items may be billed by deliverable, fixed price or by Customer Service (CSRs) hour as requested by the State. The Parties may initiate the CSR process leading to a new project need by utilizing the Change Management Process in Attachment A, Section C. CSR hours will be billed per hour as utilized. As of May 1, 2014, the base rate for CSR hours is $108.25. Effective January 1, 2015, the hourly rate for billable project CSR hours will be increased from the 2014 base rate of $108.25 per hour at the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) inflation rate and the per- hour State reimbursement for any hours remaining at the termination of the contract will also be increased at the CPI-W inflation rate. CSR hours are not expended for new project proposal development as indicated below. The Contractor agrees to provide the following number of CSRs hours to the State:

Between May 1, 2014 and December 31, 2014, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2015 and December 31, 2015, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2016 and December 31, 2016, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2017 and December 31, 2017, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2018 and December 31, 2018, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2019 and December 31, 2019, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2020 and December 31, 2020, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2021 and December 31, 2021, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2022 and December 31, 2022, the Contractor shall allow the State up to 1,017 CSR Hrs.

Any unused CSR hours may be carried over to the following year. State will have the option to purchase additional CSR allocations annually in minimum block of 500 per year at a rate of $98.25/hour through December 31, 2018. Any purchase of additional blocks of hours will be reduced to writing and incorporated into a signed amendment to this contract.

9. Table B-2 outlines the details for payment for the DDI phase ($2,018,775.75) and a contingency amount ($10,047.50).

Table B-2 DDI Milestones

PROJECT MILESTONES	DOLLAR VALUE OF MILESTONE PAYMENT
Project Initiation Activities	$95,938.79
Deliverable 1 — Project Kick-off Presentation	
Deliverable 2 — Project Management Plan	
Deliverable 3 — Project Work Plan and Schedule	
Deliverable 4 — Weekly Project Status Reports Established	
Requirements Analysis	$287,816.36

PROJECT MILESTONES	DOLLAR VALUE OF MILESTONE PAYMENT
JAD Sessions Complete	
Deliverable 5 — Requirements methodology and Template	
Deliverable 6 — Cross-Walk of contract Requirements against Contractor's proposed PBMS	
Deliverable 7 — Detailed Functional and Non-Functional Requirements Traceability Matrices	
Business and Technical Design Phase 1	$95,938.79
Deliverable 8.1 — Configuration Design Document	
Deliverable 9.1 — Data Integration and Interface Design Document	
Business and Technical Design Phase 2	$95,938.79
Deliverable 8.2 — Configuration Design Document	
Deliverable 9.2 — Data Integration and Interface Design Document	
Conversion Activities	$191,877.57
Deliverable 10 – Demonstration of successful initial data conversion1	
Configuration and Development Phase 1	$143,908.18
Deliverable 11.1 — Client Review of Configuration Phase 1	
Deliverable 12.1 — Unit Testing Results Phase 1	
Configuration and Development Phase 2	$100,735.73
Deliverable 11.2 – Client Review of Configuration Phase 2	
Deliverable 12.2 — Unit Testing Results Phase 2	
Configuration and Development Phase 3	$43,172.45
Deliverable 12.3 – Unit Testing Results Phase 3	
System Testing Phase 1	$95,938.79
Deliverable 13.1 — Documented System Test Results Phase 1	
System Testing Phase 2	$67,157.15
Deliverable 13.2 — Documented System Test Results Phase 2	
System Testing Phase 3	$28,781.64
Deliverable 13.3 — Documented System Test Results Phase 3	
Acceptance Testing Phase 1	$95,938.79
Deliverable 14.1 — User Acceptance Phase 1	
Acceptance Testing Phase 2	$67,157.15
Deliverable 14.2 — User Acceptance Phase 2	
Acceptance Testing Phase 3	$28,781.64
Deliverable 14.3 — User Acceptance Phase 3	
Training Phase 1	$47,969.40
Deliverable 15 — Training Plan Phase 1	
Deliverable 16.1 — Training Materials Phase 1	
Deliverable 17.1 — Documented Evidence of Successful End-User Learning – Phase 1	

PROJECT MILESTONES	DOLLAR VALUE OF MILESTONE PAYMENT
Training Phase 2	$33,578.58
Deliverable 16.2 — Training Materials Phase 2	
Deliverable 17.2 — Documented Evidence of Successful End-User Learning Phase 2	
Training Phase 3	$14,390.82
Deliverable 16.3 — Training Materials Phase 3	
Deliverable 17.3 — Documented Evidence of Successful End-User Learning Phase 3	
POS Implementation	$191,877.57
Deliverable 18 — Deployment Plan	
Deliverable 19 — CMS Certification Plan	
Deliverable 20 — System Documentation	
Deliverable 21 — Performance SLAs Reporting Tools and pre-go live results	
Deliverable 22 — Final Data Conversion Deliverable 23 — Rollout (Go Live)	
Production Support (Transition to Operations) Phases 1 & 2	$81,547.97
Deliverable 24.1, 24.2 — Post go live support plan	
Deliverable 25.1, 25.2 — Systems Acceptance (punch list completion)	
Deliverable 27.1, 27.2 — Operations and Maintenance Procedure Manuals	
Deliverable 28 — Disaster Recovery and Business Continuity Plans	
Production Support (Transition to Operations) Phase 3	$14,390.80
Deliverable 24.3 — Post go live support plan	
Deliverable 25.3 — Systems Acceptance (punch list completion)	
Deliverable 27.3 — Operations and Maintenance Procedure Manuals	
Certification of POS	
Deliverable 26.A — CMS Certification – (letter from CMS)	$95,938.80
Deliverable 26.B — Submission of Certification Evidence Package	$75,000.00
Deliverable 26.C — Enhanced Certification Staff Support	$25,000.00
SUBTOTAL	$2,018,775.76
Contingency	$10,047.50
Total DDI	**$2,028,823.26**

10. Table B-3 outlines the details for payment for Operations and Maintenance years 1-8 ($34,327,502.06) and a contingency amount ($1,007,936.68).

Table B-3 PBM Operations

Description	Unit of Measure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	TOTAL COSTS
		CY2015	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	
Claims Processing and Operational Support		**$1,243,053.84**	**$1,289,683.30**	**$1,252,778.58**	**$1,219,894.73**	**$1,340,798.30**	**$1,529,436.10**	**$1,565,913.50**	**$1,603,519.08**	**$11,045,057.43**
POS Claims Processing (includes eligibility, adjudication, pricing, FUL, SMAC, 340B, COB, benefit design, Pro-DUR, all other edits, audits, restrictions)*	per month	$689,329.92	$715,973.94	$689,169.76	$664,836.77	$730,737.74	$753,317.25	$776,615.72	$800,634.77	**$5,820,595.87**
Provider Support: Provider Portals, Provider Support, Call Center(s)-Technical and Clinical, Provider Communications	per month	$389,923.92	$404,995.36	$389,833.40	$376,069.28	$413,335.28	$426,118.85	$439,297.78	$452,884.31	**$3,292,458.18**
Electronic Prescribing Support and Interface*	per transaction	$163,800.00	$168,714.00	$173,755.42	$178,988.68	$196,725.28	$350,000.00	$350,000.00	$350,000.00	**$1,931,983.38**
***variable based on utilization of prescriber base**										
Clinical Program Management and Support		**$1,103,679.76**	**$1,146,248.42**	**$1,104,065.24**	**$1,065,810.74**	**$1,183,159.35**	**$1,313,149.65**	**$1,388,885.85**	**$1,470,495.30**	**$9,775,494.31**
Prior Authorization - Electronic POS (Drug and Medical Look-Back) ***Maximum ceiling fee***	per claim	$206,798.96	$214,792.18	$206,750.93	$199,451.03	$221,411.12	$228,258.81	$235,318.44	$242,596.02	**$1,755,377.49**
Prior Authorization - Manual/Call Center ***No maximum ceiling fee***	per claim	$357,198.20	$371,004.68	$357,115.24	$344,506.33	$382,437.40	$487,663.20	$537,868.80	$593,158.45	**$3,430,952.30**
Prior Authorization-Electronic Medical Record/Electronic Health Record ***No maximum ceiling fee***	per transaction	$10,500.00	$10,815.00	$11,139.45	$11,473.63	$12,736.91	$13,130.81	$13,536.93	$13,955.59	**$97,288.32**
State Maximum Allowable Cost Program(SMAC)	per month	$83,555.16	$86,784.72	$83,535.73	$80,586.28	$89,459.04	$92,225.82	$95,078.16	$98,018.73	**$709,243.64**
All other Clinical Programs and Services: PDL Management, Utilization Management, Retrospective Drug Utilization Review, DUR Board Support, Appeals Support, Specialty Pharmacy programs, Consultative Support	per month	$445,627.44	$462,851.84	$445,523.89	$429,793.47	$477,114.88	$491,871.01	$507,083.52	$522,766.51	**$3,782,632.56**
Financial Support Services		**$689,329.80**	**$715,973.94**	**$689,169.76**	**$664,836.77**	**$738,616.62**	**$761,460.43**	**$785,010.76**	**$809,289.44**	**$5,853,687.52**
Management of State and Federal rebate programs	per month	$612,737.64	$636,421.28	$612,595.35	$590,966.04	$656,548.13	$676,853.74	$697,787.36	$719,368.42	**$5,203,277.96**
Administration and support of Supplemental rebate program	per month	$41,777.52	$43,392.36	$41,767.86	$40,293.13	$44,764.64	$46,149.11	$47,576.40	$49,047.84	**$354,768.86**
Analytics and reporting	per month	$34,814.64	$36,160.30	$34,806.55	$33,577.60	$37,303.85	$38,457.58	$39,646.99	$40,873.19	**$295,640.70**
Other Services		**$538,348.90**	**$554,499.39**	**$1,880,670.37**	**$1,096,932.41**	**$1,005,916.46**	**$1,154,691.05**	**$1,194,494.83**	**$1,235,645.84**	**$8,661,199.24**

Medication Therapy Management Program-Medicaid ***Maximum ceiling fee*** **$125 per utilizing Member per month**	Per Utilizing Member Per Month	$425000.00	$437,750.00	$450,882.50	$464,408.98	$478,341.25	$493,185.49	$508,322.36	$524,047.22	**$3,781,937.80**
M&O Contingency	As Utilized	$113,348.90	$116,749.39	$120,251.87	$123,859.43	$127,575.21	$131,402.47	$135,344.54	$139,404.88	**$1,007,936.69**
eCOB Costs 1/1/15 – 6/30/17 **$35.30 per avoided claim, not to exceed 30,000 claims (paid out in Year 3)**	Per verified cost avoided transaction			$1,059,000.00						**$1,059,000.00**
eCOB costs 7/1/17 – 6/30/18 **$37.96 per avoided claim, not to exceed 20,000 claims**	Per verified cost avoided transaction			$250,536.00	$508,664.00					**$759,200.00**
eCOB costs 7/1/18 – 6/30/19 **$41.03 per avoided claim, based on variable claim volume**	Per verified cost avoided transaction					$400,000.00				**$400,000.00**
eCOB costs 7/1/19 – 6/30/20 **$44.36 per avoided claim, based on variable claim volume**	Per verified cost avoided transaction						$420,103.00			**$420,103.09**
eCOB costs 7/1/20 – 6/30/21 **$47.96 per avoided claim, based on variable claim volume**	Per verified cost avoided transaction							$440,828.00		**$440,827.93**
eCOB costs 7/1/21 – 6/30/22 **$51.85 per avoided claim, based on variable claim volume**	Per verified cost avoided transaction								$462,193.74	**$462,193.74**
SOC 2, Type 1 and 2 Audits ***(SOC 2, Type 1 audit takes place in 2019, SOC 2 Type 2 audits beginning in year 2020)***							$110,000.00	$110,000.00	$110,000.00	**$330,000.00**
Total PBM Operations		**$3,574,412.30**	**$3,706,405.05**	**$4,926,663.95**	**$4,047,474.65**	**$4,268,490.73**	**$4,758,737.14**	**$4,934,305.00**	**$5,118,949.93**	**$35,335,438.75**

ATTACHMENT C: STANDARD STATE PROVISIONS FOR CONTRACTS AND GRANTS
REVISED DECEMBER 15, 2017

1. 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. "Agreement" shall mean the specific contract or grant to which this form is attached.

2. 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.

3. Governing Law, Jurisdiction and Venue; No Waiver of Jury Trial: This Agreement will be governed by the laws of the State of Vermont. Any action or proceeding brought by either the State or the Party in connection with this Agreement shall be brought and enforced in the Superior Court of the State of Vermont, Civil Division, Washington Unit. The Party irrevocably submits to the jurisdiction of this court for any action or proceeding regarding this Agreement. The Party agrees that it must first exhaust any applicable administrative remedies with respect to any cause of action that it may have against the State with regard to its performance under this Agreement. Party agrees that the State shall not be required to submit to binding arbitration or waive its right to a jury trial.

4. Sovereign Immunity: The State reserves all immunities, defenses, rights or actions arising out of the State's sovereign status or under the Eleventh Amendment to the United States Constitution. No waiver of the State's immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the State's entry into this Agreement.

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: The Party will act in an independent capacity and not as officers or employees of the State.

7. Defense and Indemnity: The Party shall defend the State and its officers and employees against all third-party claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party in connection with the performance of this Agreement. 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 State retains the right to participate at its own expense in the defense of any claim. The State shall have the right to approve all proposed settlements of such claims or suits.

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 in connection with the performance of this Agreement.

The Party shall indemnify the State and its officers and employees if the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party or an agent of the Party in connection with the performance of this Agreement.

Notwithstanding any contrary language anywhere, in no event shall the terms of this Agreement or any document furnished by the Party in connection with its performance under this Agreement obligate the State to (1) defend or indemnify the Party or any third party, or (2) otherwise be liable for the expenses or reimbursement, including attorneys' fees, collection costs or other costs of the Party or any third party.

8. Insurance: Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of

insurance on file with the State through the term of this Agreement. No warranty is made that the coverages 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. Vermont will accept an out-of-state employer's workers' compensation coverage while operating in Vermont provided that the insurance carrier is licensed to write insurance in Vermont and an amendatory endorsement is added to the policy adding Vermont for coverage purposes. Otherwise, the party shall secure a Vermont workers' compensation policy, if necessary to comply with Vermont law.

General Liability and Property Damage: With respect to all operations performed under this 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 Each Occurrence

$2,000,000 General Aggregate

$1,000,000 Products/Completed Operations Aggregate

$1,000,000 Personal & Advertising Injury

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 $500,000 combined single limit. If performance of this Agreement involves construction, or the transport of persons or hazardous materials, limits of coverage shall not be less than $1,000,000 combined single limit.

Additional Insured. The General Liability and Property Damage coverages required for performance of this Agreement shall include the State of Vermont and its agencies, departments, officers and employees as Additional Insureds. If performance of this Agreement involves construction, or the transport of persons or hazardous materials, then the required Automotive Liability coverage shall include the State of Vermont and its agencies, departments, officers and employees as Additional Insureds. Coverage shall be primary and non-contributory with any other insurance and self-insurance.

Notice of Cancellation or Change. There shall be no cancellation, change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without thirty (30) days written prior written notice to the State.

9. Reliance by the State on Representations: All payments by the State under this Agreement will be made in reliance upon the accuracy of all representations made by the Party in accordance with this Agreement, including but not limited to bills, invoices, progress reports and other proofs of work.

10. False Claims Act: The Party acknowledges that it is subject to the Vermont False Claims Act as set forth in 32 V.S.A. § 630 *et seq.* If the Party violates the Vermont False Claims Act it shall be liable to the State for civil penalties, treble damages and the costs of the investigation and prosecution of such violation, including attorney's fees, except as the same may be reduced by a court of competent jurisdiction. The Party's liability to the State under the False Claims Act shall not be limited notwithstanding any agreement of the State to otherwise limit Party's liability.

11. Whistleblower Protections: The Party shall not discriminate or retaliate against one of its employees or agents for disclosing information concerning a violation of law, fraud, waste, abuse of authority or acts threatening health or safety, including but not limited to allegations concerning the False Claims Act. Further, the Party shall not require such employees or agents to forego monetary awards as a result of such disclosures, nor should they be required to report misconduct to the Party or its agents prior to reporting to any governmental entity and/or the public.

12. Location of State Data: No State data received, obtained, or generated by the Party in connection with performance under this Agreement shall be processed, transmitted, stored, or transferred by any means outside the continental United States, except with the express written permission of the State.

13. Records Available for Audit: The Party shall maintain all records pertaining to performance under this agreement. "Records" means any written or recorded information, regardless of physical form or characteristics, which is produced or acquired by the Party in the performance of this agreement. Records produced or acquired in a machine readable electronic format shall be maintained in that format. The records described shall be made available at reasonable times during the period of the Agreement and for three years thereafter or for any period required by law 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.

14. Fair Employment Practices and Americans with Disabilities Act: Party agrees to comply with the requirement of 21 V.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, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement.

15. 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.

16. 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 this 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.
- **D.** 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.

17. Taxation of Purchases: All State purchases must be invoiced tax free. An exemption certificate will be furnished upon request with respect to otherwise taxable items.

18. Child Support: (Only applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date this 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.

19. Sub-Agreements: Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the State. Party shall be responsible and liable to the State for all acts or omissions of subcontractors and any other person performing work under this Agreement pursuant to an agreement with Party or any subcontractor.

In the case this Agreement is a contract with a total cost in excess of $250,000, the Party shall provide to the State a list of all proposed subcontractors and subcontractors' subcontractors, together with the identity of those subcontractors' workers compensation insurance providers, and additional required or requested information, as applicable, in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54).

Party shall include the following provisions of this Attachment C in all subcontracts for work performed solely for the State of Vermont and subcontracts for work performed in the State of Vermont: Section 10 ("False Claims Act"); Section 11 ("Whistleblower Protections"); Section 12 ("Location of State Data"); Section 14 ("Fair Employment Practices and Americans with Disabilities Act"); Section 16 ("Taxes Due the State"); Section 18 ("Child Support"); Section 20 ("No Gifts or Gratuities"); Section 22 ("Certification Regarding Debarment"); Section 30 ("State Facilities"); and Section 32.A ("Certification Regarding Use of State Funds").

20. No Gifts or Gratuities: Party shall not give title or possession of anything 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.

21. Copies: Party shall use reasonable best efforts to ensure that all written reports prepared under this Agreement are printed using both sides of the paper.

22. 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.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at: http://bgs.vermont.gov/purchasing/debarment

23. Conflict of Interest: Party shall fully disclose, in writing, any conflicts of interest or potential conflicts of interest.

24. Confidentiality: Party acknowledges and agrees that this Agreement and any and all information obtained by the State from the Party in connection with this Agreement are subject to the State of Vermont Access to Public Records Act, 1 V.S.A. § 315 et seq.

25. Force Majeure: Neither the State nor the Party shall be liable to the other for any failure or delay of performance of any obligations under this Agreement to the extent such failure or delay shall have been wholly or principally caused by acts or events beyond its reasonable control rendering performance illegal or impossible (excluding strikes or lock-outs) ("Force Majeure"). Where Force Majeure is asserted, the nonperforming party must prove that it made all reasonable efforts to remove, eliminate or minimize such cause of delay or damages, diligently pursued performance of its obligations under this Agreement, substantially fulfilled all non-excused obligations, and timely notified the other party of the likelihood or actual occurrence of an event described in this paragraph.

26. Marketing: Party shall not refer to the State in any publicity materials, information pamphlets, press releases, research reports, advertising, sales promotions, trade shows, or marketing materials or similar communications to third parties except with the prior written consent of the State.

27. Termination:

A. **Non-Appropriation:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by Federal funds, and in the event Federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.

B. **Termination for Cause:** Either party may terminate this Agreement if a party materially breaches its obligations under this Agreement, and such breach is not cured within thirty (30) days after delivery of the non-breaching party's notice or such longer time as the non-breaching party may specify in the notice.

C. **Termination Assistance:** Upon nearing the end of the final term or termination of this Agreement, without respect to cause, the Party shall take all reasonable and prudent measures to facilitate any transition required by the State. All State property, tangible and intangible, shall be returned to the State upon demand at no additional cost to the State in a format acceptable to the State.

28. Continuity of Performance: In the event of a dispute between the Party and the State, each party will continue to perform its obligations under this Agreement during the resolution of the dispute until this Agreement is terminated in accordance with its terms.

29. No Implied Waiver of Remedies: Either party's delay or failure to exercise any right, power or remedy under this Agreement shall not impair any such right, power or remedy, or be construed as a waiver of any such right, power or remedy. All waivers must be in writing.

30. State Facilities: If the State makes space available to the Party in any State facility during the term of this Agreement for purposes of the Party's performance under this Agreement, the Party shall only use the space in accordance with all policies and procedures governing access to and use of State facilities which shall be made available upon request. State facilities will be made available to Party on an "AS IS, WHERE IS" basis, with no warranties whatsoever.

31. Requirements Pertaining Only to Federal Grants and Subrecipient Agreements: If this Agreement is a grant that is funded in whole or in part by Federal funds:

A. **Requirement to Have a Single Audit:** The Subrecipient will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a Single Audit is required for the prior fiscal year. If a Single Audit is required, the Subrecipient will submit a copy of the audit report to the granting Party within 9 months. If a single audit is not required, only the Subrecipient Annual Report is required.

For fiscal years ending before December 25, 2015, a Single Audit is required if the subrecipient expends $500,000 or more in Federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the subrecipient expends $750,000 or more in Federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F. The Subrecipient Annual Report is required to be submitted within 45 days, whether or not a Single Audit is required.

B. **Internal Controls:** In accordance with 2 CFR Part II, §200.303, the Party must establish and maintain effective internal control over the Federal award to provide reasonable assurance that the Party is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

C. **Mandatory Disclosures:** In accordance with 2 CFR Part II, §200.113, Party must disclose, in a timely manner, in writing to the State, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures may result in the imposition of sanctions which may include disallowance of costs incurred, withholding of payments, termination of the Agreement, suspension/debarment, etc.

32. Requirements Pertaining Only to State-Funded Grants:

A. **Certification Regarding Use of State Funds:** If Party is an employer and this Agreement is a State-funded grant in excess of $1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

B. **Good Standing Certification (Act 154 of 2016):** If this Agreement is a State-funded grant, Party hereby represents: (i) that it has signed and provided to the State the form prescribed by the Secretary of Administration for purposes of certifying that it is in good standing (as provided in Section 13(a)(2) of Act 154) with the Agency of Natural Resources and the Agency of Agriculture, Food and Markets, or otherwise explaining the circumstances surrounding the inability to so certify, and (ii) that it will comply with the requirements stated therein.

(End of Standard Provisions)

ATTACHMENT D – OTHER PROVISIONS

1. **The requirements contained in Attachment C, Section 19, are hereby modified by adding the following language at the end of paragraph 19:**

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 sales of or reorganization of the Party.

2. **By adding to Attachment C, Section 8 ("Insurance"), the following Professional Liability requirement:**

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 ***$3,000,000*** per occurrence, and ***$5,000,000*** aggregate. To the extent the Contractor has access to, processes, handles, collects, transmits, stores, or otherwise deals with State data, the Contractor shall maintain first party Breach Notification Coverage of not less than $1,000,000.

3. **Attachment F, Section 9, subsection titled "Intellectual Property/Work Product Ownership" as an individual part of Section 9, is hereby deleted and replaced with the following language:**

Intellectual Property/Work Product Ownership:
(i) The State shall retain all right, title and interest in and to all data content provided by the State, and to all information that is created under this Contract, including, but not limited to, all data that is generated under this Contract as a result of the use by Contractor, the State or any third party of any technology systems or knowledge bases that are solely and exclusively developed for the State and used by Contractor hereunder ("**State Information**"), and all other rights, tangible or intangible (collectively, "**State Intellectual Property**"). Contractor may not use State Intellectual Property for any purpose other than as specified in this Contract. Upon expiration or termination of this Contract, Contractor shall return or destroy all State Intellectual Property and all copies thereof, and Contractor shall have no further right or license to such State Intellectual Property.

All Work Product shall belong exclusively to the State, with the State having the sole and exclusive right to apply for, obtain, register, hold and renew, in its own name and/or for its own benefit, all patents and copyrights, and all applications and registrations, renewals and continuations thereof and/or any and all other appropriate protection. To the extent exclusive title and/or complete and exclusive ownership rights in and to any Work Product may not originally vest in the State by operation of law or otherwise as contemplated hereunder, Contractor shall immediately upon request, unconditionally and irrevocably assign, transfer and convey to the State all right, title and interest therein. Without any additional cost to the State, Contractor shall promptly give the State all reasonable assistance and execute all documents the State may reasonably request to assist and enable the State to perfect, preserve, enforce, register and record its rights in and to all Work Product. Contractor hereby appoints the State, through its designated signatory, as Contractor's agent and Attorney-in-Fact to execute, deliver and file, as and if necessary, any and all documents necessary to give effect to the provisions of this Section and to take all actions necessary therefore, in Contractor's stead and name, with the same force and effect as if executed, delivered and/or filed by Contractor. Notwithstanding the foregoing, or any other provision of this Agreement, the State of Vermont and Contractor acknowledge and agree that any software and services that are accessed through Contractor's hosted environment in connection with this Agreement shall be regarded as Software-As-A-

Service, and shall not be subject to the foregoing assignment of ownership rights to the State of Vermont.

"**Work Product**" means any tangible or intangible work product, creation, material, item or deliverable, documentation, information and/or other items created by Contractor, either solely or jointly with others, and which are developed, conceived of, prepared, procured, generated or produced by Contractor solely and exclusively for the State. Work Product may include ideas, inventions, improvements, discoveries, methodologies or processes, or writings, designs, models, drawings, photographs, reports, formulas, algorithms, patterns, devices, compilations, databases, computer programs, specifications, operating instructions, procedures manuals, or other documentation, whether or not protectable under Title 17 of the U.S. Code and whether or not patentable or otherwise protectable under Title 35 of the U.S. Code, that are developed, conceived of, prepared, arise, procured, generated or produced in connection with this Contract solely and exclusively for the State, whether as individual items or a combination of components and whether or not the services or the deliverables are completed or the same are reduced to practice during the Contract term. For the avoidance of doubt, Work Product shall not be deemed to include Contractor Intellectual Property, provided the State shall be granted a license to any such Contractor Intellectual Property that is incorporated into Work Product during the term of this Agreement. Notwithstanding the foregoing, or any other provision of this Agreement, the State of Vermont and Contractor acknowledge and agree that any software and services that are accessed through Contractor's hosted environment in connection with this Agreement shall be regarded as Software-As-A-Service and shall not be subject to the foregoing assignment of ownership rights to the State of Vermont.

(ii) Upon full payment to Contractor hereunder, and subject to the terms and conditions contained herein, Contractor hereby (i) assigns to State all rights in and to the Deliverables, except to the extent they include any Contractor Technology; and (ii) grants to State the right to use, for State's internal business purposes, any Contractor Technology included in the Deliverables in connection with its use of the Deliverables. Except for the foregoing license grant, Contractor or its licensors retain all rights in and to all Contractor Technology.

For purposes of these terms (i) "Technology" means works of authorship, materials, information and other intellectual property; (ii) "Contractor Technology" means all Technology created prior to or independently of the performance of the Services, or created by Contractor or its subcontractors as a tool for their use in performing the Services, plus any modifications or enhancements thereto and derivative works based thereon; and (iii) "Deliverables" means all Technology that Contractor or its subcontractors create for delivery to State as a result of the Services.

The Contractor shall not sell or copyright a work product or item produced solely and exclusively for the State under this Contract 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 Technology. Notwithstanding the foregoing, or any other provision of this Agreement, the State of Vermont and Contractor acknowledge and agree that any software and services that are accessed through Contractor's hosted environment in connection with this Agreement shall be regarded as Software-As-A-Service and shall not be subject to the foregoing assignment of ownership rights to the State of Vermont.

OTHER TERMS

4. **Order of Precedence; Contractor Documentation.** The parties specifically agree that any language or provisions contained in a Contractor Document is of no force and effect if such language or provisions conflict with the terms of Attachment C or Attachment D to this Contract. Further, in no event shall any Contractor Document (a) require indemnification by the State of the Contractor; (b) waive the State's right to a jury trial; (c) establish jurisdiction in any venue other than the Superior Court of the State of Vermont, Civil Division, Washington Unit; (d) constitute an implied or deemed waiver of the immunities, defenses, rights or actions arising out of State's sovereign status or under the Eleventh Amendment to the United States Constitution; or (e) limit the time within which an action may be brought hereunder.

   For purposes of this Attachment D, "Contractor Document" shall mean one or more document, agreement or other instrument required by the Contractor in connection with the performance of the services set forth in Attachment A hereto regardless of format and any other paper or "shrinkwrap," "clickwrap" or other electronic version thereof.

5. **Term of Contractor's Documents.** Contractor acknowledges and agrees that, to the extent a Contractor Document provides for alternate term or termination provisions, including automatic renewals, such sections shall be waived and have no force and effect. All Contractor Documents shall run concurrently with the term of this Contract.

6. **Indemnification.** The Contractor acknowledges and agrees that the laws and the public policy of the State of Vermont prohibit the State from agreeing to indemnify contractors and other parties. The Contractor agrees that, to the extent a Contractor Document expressly provides for or implies indemnification of the Contractor and/or other third parties by the State, such sections shall be waived and have no force and effect with respect to the State.

7. **Limitation on Disclaimer.** Notwithstanding anything to the contrary set forth in a Contractor Document, the express warranties set forth in this Contract shall be in lieu of all other warranties, express or implied.

8. **Limits to Liability.**
   (i) CONTRACTOR'S AGGREGATE LIABILITY TO THE STATE OF VERMONT IN CONNECTION WITH THIS AGREEMENT (WHETHER UNDER CONTRACT, TORT OR ANY OTHER THEORY OF LAW OR EQUITY) SHALL NOT EXCEED, UNDER ANY CIRCUMSTANCES, TWO AND A HALF (2.5) TIMES THE FEES PAID OR PAYABLE BY THE STATE OF VERMONT TO CONTRACTOR DURING THE FIRST YEAR OF OPERATIONS (DEFINED HERE AS THE FIRST YEAR THE CONTRACTOR PAYS CLAIMS OR 2015). THE FOREGOING LIMITATION SHALL NOT APPLY TO STATE CLAIMS ARISING DIRECTLY OUT OF (A) CONTRACTOR'S OBLIGATION TO INDEMNIFY THE STATE FOR COPYRIGHT, PATENT OR OTHER INTELLECTUAL PROPERTY INFRINGEMENT; (B) PERSONAL INJURY OR DAMAGE TO REAL OR PERSONAL PROPERTY; OR (C) CONTRACTOR'S GROSS NEGLIGENCE, FRAUD OR INTENTIONAL MISCONDUCT. THE FOREGOING LIMITATION SHALL APPLY TO STATE CLAIMS ARISING DIRECTLY OUT OF CONTRACTORS CONFIDENTIALTY OBLIGATIONS TO THE STATE.

   THE CONTRACTOR SHALL NOT BE LIABLE TO THE STATE FOR ANY INDIRECT, INCIDENTAL OR SPECIAL DAMAGES, DAMAGES WHICH ARE NOT PROXIMATELY CAUSED BY A PARTY OR LOSS OF ANTICIPATED BUSINESS OR PROFITS IN CONNECTION WITH OR ARISING OUT OF THE SUBJECT MATTER OF THIS CONTRACT.

(ii) The provisions of this Section shall apply notwithstanding any other provisions of this Contract or any other agreement. The provisions of this Section shall survive the expiration or termination of this Contract.

9. **Records Available for Audit:** The Contractor shall maintain all records pertaining to performance under this agreement. "Records" means any written or recorded information, regardless of physical form or characteristics, which is produced or acquired by the Contractor in the performance of this Agreement. Records produced or acquired in a machine readable electronic format shall be maintained in that format. The Records described shall be made available at reasonable times during the period of the Agreement and for three years thereafter or for any period required by law 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.

10. **Trial by Jury.** The Contractor acknowledges and agrees that public policy prohibits the State from agreeing to arbitration and/or from waiving any right to a trial by jury. Therefore, Contractor further acknowledges and agrees that, to the extent a Contractor Document expressly provides for arbitration or waiver of the State's right to a jury trial of the Contractor and/or other third parties by the State, such sections shall be waived and shall have no force and effect with respect to the State.

11. **Sovereign Immunity.** The Contractor acknowledges that State reserves all immunities, defenses, rights or actions arising out of State's sovereign status or under the Eleventh Amendment to the United States Constitution. No waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the State's entry into this contract.

12. **Jurisdiction.** Notwithstanding anything to the contrary in the Contractor's Documents, the Contractor agrees that any action or proceeding brought by either the State or the Contractor in connection with this Agreement shall be brought and enforced in the Superior Court of the State of Vermont, Civil Division, Washington Unit. The Contractor irrevocably submits to the jurisdiction of such court in respect of any such action or proceeding. The State shall not be liable for attorneys' fees in any proceeding.

13. **Governing Law.** Notwithstanding anything to the contrary in a Contractor Document, the Contractor agrees that this Agreement, including any Contractor Document, shall be governed by and construed in accordance with the laws of the State of Vermont.

14. **Warranties.** The Contractor represents, warrants and covenants that:

(i) The Contractor has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and the execution, delivery and performance of this Agreement by the Contractor has been duly authorized by the Contractor.

(ii) There is no outstanding litigation, arbitrated matter or other dispute to which the Contractor is a party which, if decided unfavorably to the Contractor, would reasonably be expected to have a material adverse effect on the Contractor's ability to fulfill its obligations under this Agreement.

(iii) The Contractor shall comply with all laws applicable to its performance of the services and otherwise to the Contractor in connection with its obligations under this Agreement.

(iv) All deliverables shall be free from material errors and shall perform in accordance with the specifications therefor.

(v) The Contractor owns or has the right to use under valid and enforceable agreements, all intellectual property rights reasonably necessary for and related to delivery of the services and provision of the deliverables as set forth in this Agreement and none of the deliverables or other materials or

technology provided by the Contractor to the State shall infringe upon or misappropriate the intellectual property rights of any third party.

(vi) All Contractor services shall be performed in a timely, diligent, professional and workperson-like manner, in accordance with the highest professional or technical standards applicable to such services, by qualified persons with the technical skills, training and experience to perform such services in the planned environment. At its own expense and without limiting any other rights or remedies of the State hereunder, the Contractor shall re-perform any services that the State has determined to be unsatisfactory in its reasonable discretion, or the Contractor shall refund that portion of the fees attributable to each such deficiency.

(vii) The Contractor has adequate resources to fulfill its obligations under this Agreement.

15. **Virus Protection.** Contractor warrants and represents that any time software is delivered to the State, whether delivered via electronic media or the internet, no portion of such software or the media upon which it is stored or delivered shall have any type of software routine or other element which is designed to facilitate unauthorized access to or intrusion upon; or unrequested disabling or erasure of; or unauthorized interference with the operation of any hardware, software, data or peripheral equipment of or utilized by the State. Notwithstanding the foregoing, Contractor assumes no responsibility for the State's negligence or failure to protect data from viruses, or any unintended modification, destruction or disclosure.

16. **Effect of Breach of Warranty.** If, at any time during the term of this Contract, software or the results of Contractor's work fail to perform according to any warranty of Contractor under this Contract, the State shall promptly notify Contractor in writing of such alleged nonconformance, and Contractor shall provide at no additional cost of any kind to the State, the maintenance required.

17. **Trade Secret, Patent, and Copyright Infringement.** Notwithstanding anything to the contrary in the Contractor's Documents regarding intellectual property and infringement claims, the State shall not be deemed to waive any of its rights or remedies at law or in equity in the event of Contractor's trade secret, patent and/or copyright infringement.

18. **Taxes:** Most State purchases are not subject to federal or state sales or excise taxes and must be invoiced tax free. An exemption certificate shall be furnished upon request covering taxable items. The Contractor agrees to pay all Vermont taxes which may be due as a result of this Contract.

19. **Limits on Actions Prohibited.** The Contractor acknowledges and agrees that 12 V.S.A. § 465 renders any contractual provision which limits the time in which an action may be brought under the contract, or waives the statute of limitations, null and void.

20. **Contract Default; Remedies.** Notwithstanding anything to the Contrary in the Contractor Documents hereto, if either party breaches a material provision of this Contract, which breach remains uncured for a period of thirty (30) days after written notice thereof from the other party specifying the breach (or if such breach cannot be completely cured within the thirty (30) day period, such longer period of time provided that the breaching party proceeds with reasonable diligence, as determined by the State, to completely cure the breach) either party, at its option, may terminate this Contract immediately by giving written notice and exercise such other remedies as shall be available under this Contract, at law and/or equity.

No delay or failure to exercise any right, power or remedy accruing to either party upon breach or default by the other under this Contract shall impair any such right, power or remedy, or shall be construed as a waiver of any such right, power or remedy nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default. All waivers must be in writing.

21. **State Facilities.** During the term of this Contract, the State shall make available to Contractor space in any State facility applicable to the Services, subject to the conditions that Contractor: (i) shall only use such space solely and exclusively for and in support of the Services; (ii) shall not use State facilities to provide goods or services to or for the benefit of any third party; (iii) shall comply with the leases, security, use and rules and agreements applicable to the State facilities; (iv) shall not use State facilities for any unlawful purpose; (v) shall comply with all policies and procedures governing access to and use of State facilities that are provided to Contractor in writing; (vi) instruct Contractor personnel not to photograph or record, duplicate, disclose, transmit or communicate any State information, materials, data or other items, tangible or intangible, obtained or available as a result of permitted use of State facilities; and (vii) return such space to the State in the same condition it was in at the commencement of this Contract, ordinary wear and tear excepted. State facilities shall be made available to Contractor on an "AS IS, WHERE IS" basis, with no warranties whatsoever.

22. **Force Majeure.** The parties' performance under this Contract is subject to acts of God, war or civil commotion, fire, earthquake, or other natural disaster, and unforeseeable acts of any federal, state, or local government or agency thereof, or any other cause beyond the parties' control, making it illegal or impossible to perform their obligations under this Contract. If a party asserts Force Majeure as an excuse for failure to perform the party's obligation, then the nonperforming party must prove that it took reasonable steps to minimize delay or damages caused by foreseeable events, that the party substantially fulfilled all non-excused obligations, and that the other party was timely notified of the likelihood or actual occurrence of an event described in this Paragraph.

23. **Marketing.** Neither party to this Agreement shall refer to the other party in any publicity materials, information pamphlets, press releases, research reports, advertising, sales promotions, trade shows, or marketing materials or similar communications to third parties except with the prior written consent of such party prior to release.

24. **Confidentiality of Contractor Information**. Notwithstanding anything to the contrary in a Contractor Document, the State shall not disclose information for which a reasonable claim of exemption can be made pursuant to 1 VSA § 317(c), including, but not limited to, trade secrets, proprietary information or financial information, including any formulae, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to the Contractor, and which gives the Contractor an opportunity to obtain business advantage over competitors who do not know it or use it.

    The State shall promptly and without unreasonable delay notify Contractor of any request made under the Access to Public Records Act, or any request or demand by any court, governmental agency or other person asserting a demand or request for Contractor information. Contractor may, in its discretion, seek an appropriate protective order, or otherwise defend any right it may have to maintain the confidentiality of such information under applicable State law within three business days of the State's receipt of any such request. Contractor agrees that it shall not make any claim against the State if the State makes available to the public any information in accordance with the Access to Public Records Act or in response to a binding order from a court or governmental body or agency compelling its production. Contractor shall indemnify the State for any costs or expenses incurred by the State, including attorneys' fees awarded in accordance with 1 V.S.A. § 320, or otherwise incurred by the State, in connection with any action brought by Contractor or a third party in connection with Contractor's attempts to prevent public disclosure of Contractor's information.

25. **Confidentiality of State Information.** In performance of this Agreement, and any exhibit or schedule hereunder, the Party acknowledges that certain State Data (as defined below), to which the Contractor may have access may contain individual federal tax information, personal protected health information and other individually identifiable information protected by State or federal law. In addition to the provisions of this Section, the Party shall execute the HIPAA Business Associate Agreement attached as Attachment E. Before receiving or controlling State Data, the Party shall have an information security policy that protects its systems and processes and media that may contain State Data from internal and external security threats and State Data from unauthorized disclosure, and a copy of such policy has been provided to the State. No State Data shall be stored, accessed from, or transferred to any location outside the United States.

    Contractor agrees to keep confidential all information received and collected by Contractor in connection with this contract, including, but not limited to Medicaid eligibility data, rebate information, supplemental rebate information, provider enrollment and claims data, 340B program pricing, protected health information including; but not limited to, (1) diagnosis codes, (2) disease information, (3) progress notes, (4) authorization requests, (5) responses to authorization requests, all historical data of the previous contractor, DUR Board information including prospective and retrospective analysis, presentations, and recommendations made to the DUR and decisions by the DUR, minutes, and all internal correspondence between Contractor and DVHA and DUR ("State Data") unless otherwise instructed by the State. The Contractor agrees not to publish, reproduce, or otherwise divulge any such State Data in whole or in part, in any manner or form or authorize or permit others to do so. Contractor shall take reasonable measures as are necessary to restrict access to State Data in the Contractor's possession to those employees on his/her staff who must have the information on a "need to know" basis. The Contractor shall promptly notify the State of any request or demand by any court, governmental agency or other person asserting a demand or request for State Data to which the Contractor or any third party hosting service of the Contractor may have access, so that the State may seek an appropriate protective order. The Contractor represents and warrants that it has implemented and it shall maintain during the Term of this Agreement the highest industry standard administrative, technical, and physical safeguards and controls consistent with NIST *Special Publication 800-53* and *Federal Information Processing Standards Publication* 200 and designed to (i) ensure the security and confidentiality of State Data; (ii) protect against any anticipated security threats or hazards to the security or integrity of the State Data; and (iii) protect against unauthorized access to or use of State Data. Such measures include at a minimum, as applicable: (1) access controls on information systems, including controls to authenticate and permit access to State Data only to authorized individuals and controls to prevent the Contractor employees from providing State Data to unauthorized individuals who may seek to obtain this information (whether through fraudulent means or otherwise); (2) industry-standard firewall protection; (3) encryption of electronic State Data while in transit from the Contractor networks to external networks; (4) measures to store in a secure fashion all State Data which shall include multiple levels of authentication; (5) dual control procedures, segregation of duties, and pre-employment criminal background checks for employees with responsibilities for or access to State Data; (6) measures to ensure that the State Data shall not be altered or corrupted without the prior written consent of the State; (7) measures to protect against destruction, loss or damage of State Data due to potential environmental hazards, such as fire and water damage; (8) staff training to implement the information security measures; and (9) monitoring of the security of any portions of the Contractor systems that are used in the provision of the services against intrusion on a twenty-four (24) hour, seven (7) days a week, three hundred sixty-five (365) days per year basis.

26. **Security Breach Reporting**. The Contractor acknowledges that in the performance of its obligations under this Agreement, it shall be a "data collector" pursuant to Chapter 62 of Title 9 of the Vermont Statutes (9 V.S.A. §2430(3)). In addition to the requirements set forth in the Business Associate Agreement, in the event of any actual or suspected security breach the Contractor either suffers or learns

of that either compromises or could compromise State Data in any format or media, whether encrypted or unencrypted (including PII, PHI or ePHI)(for example, but not limited to, physical trespass on a secure facility, intrusion or hacking or other brute force attack on any State environment, loss/theft of a PC or other portable device (laptop, desktop, tablet, smartphone, removable data storage device), loss/theft of printed materials, failure of security policies, etc.) (collectively, a "Security Breach"), and in accordance with 9 V.S.A. §2435(b)(2), the Contractor shall promptly and without unreasonable delay notify appropriate State personnel of such Security Breach.

The Contractor's report shall identify: (i) the nature of the Security Breach, (ii) the State Data used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what the Contractor has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action the Contractor has taken or shall take to prevent future similar unauthorized use or disclosure. The Contractor shall provide such other information, including a written report, as reasonably requested by the State.

The Contractor agrees to comply with all applicable laws that require notification in the event of unauthorized release of personally-identifiable information, as they may be amended from time to time, including, but not limited to Chapter 62 of Title 9 of the Vermont Statutes, HIPAA and/or HITECH, or other event requiring notification. In the event of a breach of any of the Contractor's security obligations or other event requiring notification under applicable law ("Notification Event"), the Contractor agrees to assume full responsibility for such notification, and to pay or be liable for the direct reasonable expenses and costs directly arising therefrom (unless the State agrees to assume any such liability) that are, in the State's reasonable determination, required by law; computer forensics and like costs related thereto, including reasonable investigation costs resulting therefrom; and credit monitoring services to affected individuals for a period of time not to exceed one (1) year from the date of the breach in an amount consistent with reasonable market costs for such services.

In addition to any other indemnification obligations in this agreement, the Contractor shall fully indemnify and save harmless the State from any direct costs, loss or damage to the State resulting from a Security Breach or the unauthorized disclosure by the Contractor, its officers, agents, employees, and subcontractors of such State Data.

27. **Continuity of Performance**. In the event of a dispute between the Contractor and the State, each party shall continue to perform its obligations under this Agreement during the resolution of such dispute unless and until this Agreement is terminated in accordance with its terms.

28. **Audit Requirements.** The Contractor shall cause an SSAE 18 SOC 2 Type 2audit certification to be completed by September 30, 2019. The audit results and the Contractor's plan for addressing or resolution of the audit results shall be shared with the PBM Contract Manager within sixty (60) days of the Contractor's receipt of the audit results. Further, on an annual basis, within 90 days of the end of the Contractor's fiscal year, the Contractor shall transmit its annual audited financial statements to the State.

29. **Access to State Data:** Within ten (10) business days of a request by State and within sixty (60) days after the effective date of termination of this Agreement, the Contractor shall make available to the State a complete and secure (i.e. encrypted and appropriately authenticated) download file of State Data in a format acceptable to State including all schema and transformation definitions and/or delimited text files with documented, detailed schema definitions along with attachments in their native format. *Provided, however*, in the event the Contractor ceases conducting business in the normal course, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets or avails itself of or becomes subject to any proceeding under the Federal

Bankruptcy Act or any statute of any state relating to insolvency or the protection of rights of creditors, the Contractor shall make commercially reasonable efforts to return all State Data to State control, or, if such return is infeasible, destroy and certify destruction of such State Data; including, but not limited to, making all necessary access to applicable remote systems available to the State for purposes of downloading all State Data.

30. **Ownership of State Data**: The Contractor acknowledges and agrees that all State trademarks, trade names, logos and other State identifiers, Internet uniform resource locators, State user name or names, Internet addresses and e-mail addresses obtained or developed pursuant to this Agreement shall be the property of State. All content and all property, data and information furnished by or on behalf of the State or any agency, commission or board thereof, to Contractor to facilitate Contractor's performance under the Contract ("State Materials") shall be and remain the sole property of the State and that the Contractor acquires no rights or licenses, including, without limitation, intellectual property rights or licenses, to use State Materials for its own purposes. In no event shall the Contractor claim any security interest in the State Materials.

31. **Access to State Materials.** Within ten (10) business days of a request by State and within sixty (60) days after the effective date of termination of this contract, Contractor shall make available to State a complete and secure (i.e. encrypted and appropriately authenticated) download file of State Materials in a format acceptable to State including all schema and transformation definitions and/or delimited text files with documented, detailed schema definitions along with attachments in their native format. *Provided, however*, in the event the Contractor ceases conducting business in the normal course, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets or avails itself of or becomes subject to any proceeding under the Federal Bankruptcy Act or any statute of any state relating to insolvency or the protection of rights of creditors, the Contractor shall immediately return all State Materials to State control; including, but not limited to, making all necessary access to applicable remote systems available to the State for purposes of downloading all State Materials.

    The Contractor's policies regarding the retrieval of data upon the termination of services have been made available to the State upon execution of this Contract under separate cover. The Contractor shall make commercially reasonable efforts to provide the State with not more than thirty (30) days written notice following any material amendment or modification of such policies. The parties agree that upon termination of this Contract, the Contractor shall, at the choice of the State, either return all the State Materials transferred and the copies thereof to the State or shall destroy all the State Materials and certify to the State that it has done so.

32. **Back-Up Policies:** The Contractor's back-up policies have been made available to the State upon execution of this Contract under separate cover. The Contractor shall make commercially reasonable efforts to provide the State with not more than thirty (30) days written notice following any material amendment or modification of such policies.

33. **Data Format; Encryption.** The Contractor agrees to maintain State Data at rest in Standard Query Language (SQL) Server data files using encryption. Further the Contractor agrees to utilize Transparent Data Encryption with a minimum of AES 128-bit encryption strength. The Contractor agrees to maintain State Data in motion using Secure File Transfer Protocols (sFTP). Further the Contractor agrees to utilize Digital Signature Algorithm (DSA) or RSA standards with a minimum of 1024 bit encryption. Change Healthcare will ensure that any storage and encryption methods comply with all applicable state and federal standards.

34. **Contractor Bankruptcy.** Contractor acknowledges that if Contractor, as a debtor in possession, or a trustee in bankruptcy in a case under Section 365(n) of Title 11, United States Code (the "Bankruptcy Code"), rejects this Contract, the State may elect to retain its rights under this Contract as provided in Section 365(n) of the Bankruptcy Code. Upon written request of the State to Contractor or the Bankruptcy Trustee, Contractor or such Bankruptcy Trustee shall not interfere with the rights of the State as provided in this Contract, including the right to obtain the State Materials.

Approval:

Assistant Attorney General: E-SIGNED by Jesse Moorman on 2019-03-06 20:38:01 UTC

Date: March 06, 2019

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 of Vermont Health Access** ("Covered Entity") and **Change Healthcare Pharmacy Solutions, Inc.** ("Business Associate") as of **May 1, 2014** ("Effective Date"). This Agreement supplements and is made a part of the contract/grant to which it is attached.

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 (HITECH), and any associated federal rules and regulations.

The parties agree as follows:

1. **Definitions**. All capitalized terms used but not otherwise defined in this Agreement have the meanings set forth in 45 CFR Parts 160 and 164 as amended by HITECH and associated federal rules and regulations.

"Agent" means those person(s) who are agents(s) of the Business Associate, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c).

"Breach" means the acquisition, access, use or disclosure of protected health information (PHI) which compromises the security or privacy of the PHI, except as excluded in the definition of Breach in 45 CFR § 164.402.

"Business Associate shall have the meaning given in 45 CFR § 160.103.

"Individual" includes a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

"Protected Health Information" or PHI shall have the meaning given in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Agency.

"Security Incident" means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information or interference with system operations in an information system.

"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.

"Subcontractor" means a person or organization to whom a Business Associate delegates a function, activity or service, other than in the capacity of a member of the workforce of the Business Associate. For purposes of this Agreement, the term Subcontractor includes Subgrantees.

2. **Identification and Disclosure of Privacy and Security Offices.** Business Associate and Subcontractors shall provide, within ten (10) days of the execution of this agreement, written notice to the Covered Entity's contract/grant manager the names and contact information of both the HIPAA Privacy Officer and HIPAA Security Officer. This information must be updated any time either of these contacts changes.

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

3.1 Except as limited in this Agreement, Business Associate may use or disclose PHI to perform Services, as specified in the underlying grant or contract with Covered Entity. The uses and disclosures

of Business Associate are limited to the minimum necessary, to complete the tasks or to provide the services associated with the terms of the underlying agreement. 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.

3.2 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 and Subcontractors in accordance with Sections 9 and 18 or, (b) as otherwise permitted by Section 3.

3.3 Business Associate shall be directly liable under HIPAA for impermissible uses and disclosures of the PHI it handles on behalf of Covered Entity, and for impermissible uses and disclosures, by Business Associate's Subcontractor(s), of the PHI that Business Associate handles on behalf of Covered Entity and that it passes on to Subcontractors.

4. 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 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 the Agreement requires the person or entity to notify Business Associate, within two (2) business days (who in turn will notify Covered Entity within two (2) business days after receiving notice of a Breach as specified in Section 6.1), in writing of any Breach of Unsecured PHI of which it is aware. Uses and disclosures of PHI for the purposes identified in Section 3 must be of the minimum amount of PHI necessary to accomplish such purposes.

5. Safeguards. Business Associate, its Agent(s) and Subcontractor(s) 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 or its Subcontractor(s) 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 or its Agent(s) and Subcontractor(s) shall identify in writing upon request from Covered Entity all of the safeguards that it uses to prevent impermissible uses or disclosures of PHI.

6. Documenting and Reporting Breaches.

6.1 Business Associate shall report to Covered Entity any Breach of Unsecured PHI, including Breaches reported to it by a Subcontractor, as soon as it (or any of its employees or agents) becomes aware of any such Breach, and in no case later than two (2) 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.

6.2 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. Business Associate shall require its Subcontractor(s) to agree to these same terms and conditions.

6.3 When Business Associate determines that an impermissible acquisition, use or disclosure of PHI by a member of its workforce is not a Breach, as that term is defined in 45 CFR § 164.402, and therefore does not necessitate notice to the impacted individual(s), it shall document its assessment of risk, conducted as set forth in 45 CFR § 402(2). When requested by Covered Entity, Business Associate shall make its risk assessments available to Covered Entity. It shall also provide Covered Entity with 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 probability that the PHI had been compromised. When a breach is the responsibility of a member of its Subcontractor's workforce, Business Associate shall either 1) conduct its own risk assessment and draft a summary of the event and assessment or 2) require its Subcontractor to conduct the assessment and draft a summary of the event. In either case, Business Associate shall make these assessments and reports available to Covered Entity.

6.4 Business Associate shall require, by contract, a Subcontractor to report to Business Associate and Covered Entity any Breach of which the Subcontractor becomes aware, no later than two (2) business days after becomes aware of the Breach.

7. 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. Business Associate shall require a Subcontractor to agree to these same terms and conditions.

8. Providing Notice of Breaches.

8.1 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 individual(s) whose PHI has been 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.

8.2 If Covered Entity or Business Associate determines that an impermissible acquisition, access, use or disclosure of PHI by a Subcontractor of Business Associate constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity or Business Associate, Subcontractor shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When Covered Entity requests that Business Associate or its Subcontractor provide notice, Business Associate shall either 1) consult with Covered Entity about the specifics of the notice as set forth in section 8.1, above, or 2) require, by contract, its Subcontractor to consult with Covered Entity about the specifics of the notice as set forth in section 8.1

8.3 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.

8.4 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).

8.5 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.

9. **Agreements with Subcontractors**. Business Associate shall enter into a Business Associate Agreement with any Subcontractor to whom it provides PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity in which the Subcontractor agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI. Business Associate must enter into this Business Associate Agreement before any use by or disclosure of PHI to 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 Business Associate Agreement it enters into with a subcontractor to Covered Entity upon request. Business associate may not make any disclosure of PHI to any Subcontractor without prior written consent of Covered Entity.

10. **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.

11. **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.

12. **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.

13. **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 of HHS in the time and manner designated by the Secretary. Business Associate shall make the same information available to Covered Entity, 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.

14. **Termination**.

14.1 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 19.8.

14.2 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 the contract or grant without liability or penalty if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate the contract or grant 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 the contract or grant, nor does it lessen Business Associate's responsibility for such breach or its duty to cure such breach.

15. Return/Destruction of PHI.

15.1 Business Associate in connection with the expiration or termination of the contract or grant shall return or destroy, at the discretion of the Covered Entity, all PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity pursuant to this contract or grant 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.

15.2 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. This shall also apply to all Agents and Subcontractors of Business Associate.

16. Penalties. 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.

17. Training. Business Associate understands that it is its obligation to comply with the law and shall provide appropriate training and education to ensure compliance with this Agreement. If requested by Covered Entity, Business Associate shall participate in AHS training regarding the use, confidentiality, and security of PHI, however, participation in such training shall not supplant nor relieve Business Associate of its obligations under this Agreement to independently assure compliance with the law and this Agreement.

18. 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.

18.1 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.

18.2 Business Associate shall ensure that any Agent and 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 or Subcontractor. 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 or Subcontractor without the prior written consent of Covered Entity.

18.3 Business Associate shall report in writing to Covered Entity any Security Incident pertaining to such Electronic PHI (whether involving Business Associate or an Agent or 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 two (2) 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. 18.4 Business Associate shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

19. Miscellaneous.

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

19.2 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.

19.3 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.

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

19.5 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.

19.6 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 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.

19.7 Business Associate is prohibited from directly or indirectly receiving any remuneration in exchange for an individual's PHI. Business Associate will refrain from marketing activities that would violate HIPAA, including specifically Section 13406 of the HITECH Act. Reports or data containing the PHI may not be sold without Agency's or the affected individual's written consent.

19.8 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 12 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.

ATTACHMENT F
AGENCY OF HUMAN SERVICES' CUSTOMARY CONTRACT/GRANT PROVISIONS

1. **Definitions:** For purposes of this Attachment F, the term "Agreement" shall mean the form of the contract or grant, with all of its parts, into which this Attachment F is incorporated. The meaning of the term "Party" when used in this Attachment F shall mean any named party to this Agreement *other than* the State of Vermont, the Agency of Human Services (AHS) and any of the departments, boards, offices and business units named in this Agreement. As such, the term "Party" shall mean, when used in this Attachment F, the Contractor or Grantee with whom the State of Vermont is executing this Agreement. If Party, when permitted to do so under this Agreement, seeks by way of any subcontract, sub-grant or other form of provider agreement to employ any other person or entity to perform any of the obligations of Party under this Agreement, Party shall be obligated to ensure that all terms of this Attachment F are followed. As such, the term "Party" as used herein shall also be construed as applicable to, and describing the obligations of, any subcontractor, sub-recipient or sub-grantee of this Agreement. Any such use or construction of the term "Party" shall not, however, give any subcontractor, sub-recipient or sub-grantee any substantive right in this Agreement without an express written agreement to that effect by the State of Vermont.

2. **Agency of Human Services**: The Agency of Human Services is responsible for overseeing all contracts and grants entered by any of its departments, boards, offices and business units, however denominated. The Agency of Human Services, through the business office of the Office of the Secretary, and through its Field Services Directors, will share with any named AHS-associated party to this Agreement oversight, monitoring and enforcement responsibilities. Party agrees to cooperate with both the named AHS-associated party to this contract and with the Agency of Human Services itself with respect to the resolution of any issues relating to the performance and interpretation of this Agreement, payment matters and legal compliance.

3. **Medicaid Program Parties** (*applicable to any Party providing services and supports paid for under Vermont's Medicaid program and Vermont's Global Commitment to Health Waiver*):

   Inspection and Retention of Records: In addition to any other requirement under this Agreement or at law, Party must fulfill all state and federal legal requirements, and will comply with all requests appropriate to enable the Agency of Human Services, the U.S. Department of Health and Human Services (along with its Inspector General and the Centers for Medicare and Medicaid Services), the Comptroller General, the Government Accounting Office, or any of their designees: (i) to evaluate through inspection or other means the quality, appropriateness, and timeliness of services performed under this Agreement; and (ii) to inspect and audit any records, financial data, contracts, computer or other electronic systems of Party relating to the performance of services under Vermont's Medicaid program and Vermont's Global Commitment to Health Waiver. Party will retain for ten years all documents required to be retained pursuant to 42 CFR 438.3(u).

   Subcontracting for Medicaid Services: Notwithstanding any permitted subcontracting of services to be performed under this Agreement, Party shall remain responsible for ensuring that this Agreement is fully performed according to its terms, that subcontractor remains in compliance with the terms hereof, and that subcontractor complies with all state and federal laws and regulations relating to the Medicaid program in Vermont. Subcontracts, and any service provider agreements entered into by Party in connection with the performance of this Agreement, must clearly specify in writing the responsibilities of the subcontractor or other service provider and Party must retain the authority to revoke its subcontract or service provider agreement or to impose other sanctions if the performance of the subcontractor or service provider is inadequate or if its performance deviates from any requirement of this Agreement. Party shall make available on request all contracts, subcontracts and service provider agreements between the Party, subcontractors and other service providers to the Agency of Human Services and any of its departments as well as to the Center for Medicare and Medicaid Services.

   Medicaid Notification of Termination Requirements: Party shall follow the Department of Vermont Health Access Managed-Care-Organization enrollee-notification requirements, to include the requirement that Party provide timely notice of any termination of its practice.

Encounter Data: Party shall provide encounter data to the Agency of Human Services and/or its departments and ensure further that the data and services provided can be linked to and supported by enrollee eligibility files maintained by the State.

Federal Medicaid System Security Requirements Compliance: Party shall provide a security plan, risk assessment, and security controls review document within three months of the start date of this Agreement (and update it annually thereafter) in order to support audit compliance with 45 CFR 95.621 subpart F, *ADP System Security Requirements and Review Process*.

4. **Workplace Violence Prevention and Crisis Response** (*applicable to any Party and any subcontractors and sub-grantees whose employees or other service providers deliver social or mental health services directly to individual recipients of such services*):

Party shall establish a written workplace violence prevention and crisis response policy meeting the requirements of Act 109 (2016), 33 VSA §8201(b), for the benefit of employees delivering direct social or mental health services. Party shall, in preparing its policy, consult with the guidelines promulgated by the U.S. Occupational Safety and Health Administration for *Preventing Workplace Violence for Healthcare and Social Services Workers*, as those guidelines may from time to time be amended.

Party, through its violence protection and crisis response committee, shall evaluate the efficacy of its policy, and update the policy as appropriate, at least annually. The policy and any written evaluations thereof shall be provided to employees delivering direct social or mental health services.

Party will ensure that any subcontractor and sub-grantee who hires employees (or contracts with service providers) who deliver social or mental health services directly to individual recipients of such services, complies with all requirements of this Section.

5. **Non-Discrimination**:

Party shall not discriminate, and will prohibit its employees, agents, subcontractors, sub-grantees and other service providers from 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, and on the basis of race, color or national origin under Title VI of the Civil Rights Act of 1964. Party shall not refuse, withhold from or deny to any person the benefit of services, facilities, goods, privileges, advantages, or benefits of public accommodation on the basis of disability, race, creed, color, national origin, marital status, sex, sexual orientation or gender identity as provided by Title 9 V.S.A. Chapter 139.

No person shall on the grounds of religion or on the grounds of sex (including, on the grounds that a woman is pregnant), 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 of Vermont and/or federal funds.

Party further shall 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, requiring that contractors and subcontractors receiving federal funds assure that persons with limited English proficiency can meaningfully access services. To the extent Party provides assistance to individuals with limited English proficiency through the use of oral or written translation or interpretive services, such individuals cannot be required to pay for such services.

6. **Employees and Independent Contractors**:

Party agrees that it shall comply with the laws of the State of Vermont with respect to the appropriate classification of its workers and service providers as "employees" and "independent contractors" for all purposes, to include for purposes related to unemployment compensation insurance and workers compensation coverage, and proper payment and reporting of wages. Party agrees to ensure that all of its subcontractors or sub-grantees also remain in legal compliance

as to the appropriate classification of "workers" and "independent contractors" relating to unemployment compensation insurance and workers compensation coverage, and proper payment and reporting of wages. Party will on request provide to the Agency of Human Services information pertaining to the classification of its employees to include the basis for the classification. Failure to comply with these obligations may result in termination of this Agreement.

7. Data Protection and Privacy:

Protected Health Information: Party 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 Agreement. Party 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: Substance abuse treatment information shall be maintained in compliance with 42 C.F.R. Part 2 if the Party or subcontractor(s) are Part 2 covered programs, or if substance abuse treatment information is received from a Part 2 covered program by the Party or subcontractor(s).

Protection of Personal Information: Party agrees to comply with all applicable state and federal statutes to assure protection and security of personal information, or of any personally identifiable information (PII), including the Security Breach Notice Act, 9 V.S.A. § 2435, the Social Security Number Protection Act, 9 V.S.A. § 2440, the Document Safe Destruction Act, 9 V.S.A. § 2445 and 45 CFR 155.260. As used here, PII shall include any information, in any medium, including electronic, which can be used to distinguish or trace an individual's identity, such as his/her name, social security number, biometric records, etc., either alone or when combined with any other personal or identifiable information that is linked or linkable to a specific person, such as date and place or birth, mother's maiden name, etc.

Other Confidential Consumer Information: Party agrees to comply with the requirements of AHS Rule No. 08-048 concerning access to and uses of personal information relating to any beneficiary or recipient of goods, services or other forms of support. Party further agrees to comply with any applicable Vermont State Statute and other regulations respecting the right to individual privacy. Party shall ensure that all of its employees, subcontractors and other service providers performing services under this agreement understand and preserve the sensitive, confidential and non-public nature of information to which they may have access.

Data Breaches: Party shall report to AHS, though its Chief Information Officer (CIO), any impermissible use or disclosure that compromises the security, confidentiality or privacy of any form of protected personal information identified above within 24 hours of the discovery of the breach. Party shall in addition comply with any other data breach notification requirements required under federal or state law.

8. Abuse and Neglect of Children and Vulnerable Adults:

Abuse Registry. Party agrees not to employ any individual, to use any volunteer or other service provider, or to otherwise provide reimbursement to any individual who in the performance of services connected with this agreement provides care, custody, treatment, transportation, or supervision to children or to vulnerable adults if there has been a substantiation of abuse or neglect or exploitation involving that individual. Party is responsible for confirming as to each individual having such contact with children or vulnerable adults the non-existence of a substantiated allegation of abuse, neglect or exploitation by verifying that fact though (a) as to vulnerable adults, the Adult Abuse Registry maintained by the Department of Disabilities, Aging and Independent Living and (b) as to children, the Central Child Protection Registry (unless the Party holds a valid child care license or registration from the Division of Child Development, Department for Children and Families). See 33 V.S.A. §4919(a)(3) and 33 V.S.A. §6911(c)(3).

Reporting of Abuse, Neglect, or Exploitation. Consistent with provisions of 33 V.S.A. §4913(a) and §6903, Party and any of its agents or employees who, in the performance of services connected with this agreement, (a) is a caregiver or has any other contact with clients and (b) 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: as to children, make a report containing the information required by 33 V.S.A. §4914 to the Commissioner of the Department for Children and Families within 24 hours; or, as to a vulnerable adult, make a report containing the

information required by 33 V.S.A. §6904 to the Division of Licensing and Protection at the Department of Disabilities, Aging, and Independent Living within 48 hours. Party 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.

9. Information Technology Systems:

Computing and Communication: Party 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 Party as part of this agreement. Options include, but are not limited to:

1. Party's provision of certified computing equipment, peripherals and mobile devices, on a separate Party'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.

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 Party (or subcontractor or sub-grantee), shall have full and complete ownership of all software computer programs, documentation and/or source codes developed.

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

If Party is operating a system or application on behalf of the State of Vermont, Party 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 Party's materials.

Party acknowledges and agrees that should this agreement be in support of the State's implementation of the Patient Protection and Affordable Care Act of 2010, Party is subject to the certain property rights provisions of the Code of Federal Regulations and a Grant from the Department of Health and Human Services, Centers for Medicare & Medicaid Services. Such agreement will be subject to, and incorporates here by reference, 45 CFR 74.36, 45 CFR 92.34 and 45 CFR 95.617 governing rights to intangible property.

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

Party will ensure the physical and data security associated with computer equipment, including desktops, notebooks, and other portable devices, used in connection with this Agreement. Party 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. Party 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, Party shall securely delete data (including archival backups) from Party's equipment that contains individually identifiable records, in accordance with standards adopted by the Agency of Human Services.

Party, in the event of a data breach, shall comply with the terms of Section 7 above.

10. Other Provisions:

Environmental Tobacco Smoke. Public Law 103-227 (also known as the Pro-Children Act of 1994) and Vermont's Act 135 (2014) (An act relating to smoking in lodging establishments, hospitals, and child care facilities, and on State lands) restrict the use of tobacco products in certain settings. Party shall ensure that no person is permitted: (i) to use tobacco products or tobacco substitutes as defined in 7 V.S.A. § 1001 on the premises, both indoor and outdoor, of any licensed child care center or afterschool program at any time; (ii) to use tobacco products or tobacco substitutes on the premises, both indoor and in any outdoor area designated for child care, health or day care services, kindergarten, pre-kindergarten, elementary, or secondary education or library services; and (iii) to use tobacco products or tobacco substitutes on the premises of a licensed or registered family child care home while children are present and in care. Party will refrain from promoting the use of tobacco products for all clients and from making tobacco products available to minors.

Failure to comply with the provisions of the federal 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. The federal Pro-Children Act of 1994, however, does not apply to 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.

2-1-1 Database: If Party provides health or human services within Vermont, or if Party provides such services near the Vermont border readily accessible to residents of Vermont, Party shall adhere to the "Inclusion/Exclusion" policy of Vermont's United Way/Vermont 211 (Vermont 211), and will provide to Vermont 211 relevant descriptive information regarding its agency, programs and/or contact information as well as accurate and up to date information to its database as requested. The "Inclusion/Exclusion" policy can be found at www.vermont211.org.

Voter Registration: When designated by the Secretary of State, Party 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.

Drug Free Workplace Act: Party will assure a drug-free workplace in accordance with 45 CFR Part 76.

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.

ATTACHMENT G – REQUIRED FORMS

Department of Vermont Health Access
Subcontractor Compliance

Date: _____ Original Contractor/Grantee Name: _____ Contract #: _____

Subcontractor Name: _____ Dollar Amount:

Scope of Subcontracted Services:

_____

_____

_____

Is any portion of the work being outsourced outside of the United States? ☐ YES ☐ NO
(If yes, **do not proceed**)

All vendors under contract, grant, or agreement with the State of Vermont, are responsible for the performance and compliance of their subcontractors with the Standard State Terms and Conditions in Attachment C. This document certifies that the Vendor is aware of and in agreement with the State expectation and has confirmed the subcontractor is in full compliance (or has a compliance plan on file) in relation to the following;

- ☐ Subcontractor does not owe, is in good standing, or is in compliance with a plan for payment of any taxes due to the State of Vermont
- ☐ Subcontractor (if an individual) does not owe, is in good standing, or is in compliance with a plan for payment of Child Support due to the State of Vermont.
- ☐ Subcontractor is not on the State's disbarment list.

In accordance with State Standard Contract Provisions (Attachment C), The State may set off any sums which the subcontractor owes the State against any sums due the Vendor 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 in Attachment C.

_____ _____
Signature of Subcontractor Date

_____ _____
Signature of Vendor Date

_____ _____
Received by DVHA Business Office Date

Required: Contractor cannot subcontract until this form has been returned to DVHA Contracts & Grants Unit

ATTACHMENT H – GLOSSARY OF TERMS

TERM	ACRONYM or ABBREVI-ATION	DEFINITION
Abuse		Incidents or practices that are inconsistent with accepted medical, business, or fiscal procedures.
ACCESS		State of Vermont's current Integrated Eligibility System
Account Team		Contractor staff members who are assigned to the State of Vermont, including the Account Manager, Account Director, Data Analyst and Clinical Pharmacist.
Ad Hoc Query/Report		Queries/reports created by users to obtain information for a specific need as it arises
Agency of Digital Services	**ADS**	The State Agency responsible for providing IT services and solutions to enable better government.
AHS- Agency of Human Services		Vermont's agency that administered the majority of the State's health and human services programs. AHS is the State's Single Medicaid Agency
Aids Drug Assistance Program	**ADAP**	Special pharmacy program covers certain drugs for eligible individuals with HIV/AIDS. ADAP is funded through Title II of the Federal Social Security Act. In Vermont, this program is called the Vermont AIDS Medication and Assistance Program (VMAP)
Americans with Disabilities Act	**ADA**	A federal Act that sets standards that facilitate access to information technology for people with disabilities. Examples of these regulations include sections 504 and 508.
Appeal		The process for reconsideration of a denied claim or prior authorization.
Authorization		Official approval for action taken for, or on behalf of, a Medicaid client. This approval is only valid if the client is eligible on the date of service.
Authorized Prescriber		Physician, osteopath, dentist, nurse, physician assistant, optometrist, naturopath, or other person duly authorized to prescribe drugs.
Average Manufacturer Price	**AMP**	Average price paid to manufacturers by wholesalers for drugs distributed to the retail pharmacy.
Average Wholesale Price	**AWP**	Average of list prices charged by wholesalers to pharmacies.
Bank Identification Number	**BIN**	Bank Identification Number is the identifier number for the payer.
Business Continuity Plan	**BCP**	A plan that establishes systems of prevention and recovery to deal with potential threats to an organization.
Member		An individual eligible and enrolled in one or more State benefit plans.
Blue Book		A database of drugs that is updated weekly by First DataBank (FDB). http://www.firstdatabank.com

Brand Name		Proprietary or trade name selected by the manufacturer and placed upon a drug, its container, label, or wrapping at the time of packaging.
Business Intelligence	**BI**	The process or capability of gathering information in the field of business; the process of turning data into information and then into knowledge.
Center for Medicare and Medicaid Innovation	**CMMI**	Part of CMS; supports the development and testing of innovative health care payment and service delivery models
Center for Medicare and Medicaid Services	**CMS**	Administers the Medicare and Medicaid programs. Formerly the Health Care Financing Administration (HCFA).
Central Processing Unit	**CPU**	The brains of a computer that carry out the instructions of a computer program, performing basic arithmetical, logical and input/output operations of a computer system.
Chemical Name		The chemical name is a proper scientific name for an ingredient of a product.
Chief Information Officer	**CIO**	The State position overseeing the Department of Information and Innovation
Claim		Information submitted to insurers requesting payment for covered services.
Clinical Pharmacist		The clinical pharmacist member of the Contractor's Account Team, providing oversight of clinical issues as forth in this contract.
Clinical Criteria Manual	**CCM**	An expanded version of the State's PDL that specifies clinical criteria that needs to be met for a medication to be covered.
CMS Seven Standards and Conditions		Under sections 1903(a)(3)(A)(i) and 1903(a)(3)(B) of the Social Security Act, the Centers for Medicare & Medicaid Services (CMS) has issued new standards and conditions that must be met by the states in order for Medicaid technology investments (including traditional claims processing systems, as well as eligibility systems) to be eligible for the enhanced match funding. The final regulation establishing these standards and conditions was made public on April 14, 2011 at http://www.regulations.gov/#!searchResults;rpp=10;po=70;s=CMS-2010-0251 Source: http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Downloads/EFR-Seven-Conditions-and-Standards.pdf
Compound Drug		A prescription drug prepared by a pharmacist using at least two or more active ingredients.
Compounding		Combining two or more active ingredients or adjusting therapeutic strengths in the preparation of a prescription.
Contractor		Change Healthcare (CHC)

Contractor Account Team		Account Manager, Clinical Pharmacist, Account Director and Data Manager, who have been assigned to manage the operations of this Contract for its duration.
Contractor Key Personnel		Same as Account Team
Coordination of Benefits	**COB**	This is the process by which the State determines if it should be the primary, secondary or tertiary payer of pharmacy claims for a Member who has coverage from more than one health insurance company.
Co-payment		Participant's financial responsibility for a prescription assigned by Medicaid. Unless exempt, recipients must pay a copay depending on the cost of the drug. Exempt recipients include residents of a nursing facility, pregnant clients and clients under the age of 21. Tobacco cessation and family planning services are also exempt from co-payments.
Corrective Action Plan	CAP	A procedure with specific, measurable tasks and expected results to correct unacceptable Contractor performance.
Current Procedural Terminology	**CPT**	CPT® is a trademark of the American Medical Association
Customer Service	**CSR**	
Dashboards		Display of Key Service Level Requirements or business metrics using intuitive visualization, including charts, graphs, dials, gauges and/or traffic lights that indicate the state of various SLRs against targets.
Data Mart		Analytical data stores, usually part of a data warehouse, that are designed to focus on specific business functions for a specific community within an organization
Data Warehouse		A repository of an organization's electronically stored data designed to facilitate reporting and analysis
Date of Service (DOS)	**DOS**	The calendar date on which a specific medical or drug service is performed.
Day Supply	**DS**	Day supply of tablets, capsules, fluids (cc's), etc., prescribed for the recipient. Day supply is the total number of days a patient's prescription lasts when taken as directed, not the duration of treatment.
Deliverable Acceptance Document	**DAD**	Official document acknowledging receipt and acceptance of services as per contract and or DED.
Deliverable Expectations Document	**DED**	A document approved by the State to guide the development of deliverables created by a Vendor.
Department of Health and Human Services	**DHHS**	Federal Agency responsible for providing public assistance programs to particular populations.
Department of Information and Innovation	**DII**	The State department overseeing technology and technology implementations. Renamed 'Agency of Digital Services (ADS) in 2018.
Department of		The State department which administers nearly all of the

Vermont Health Access	**DVHA**	publicly funded health care programs for the State of Vermont
Design, Development and Implementation	**DDI**	The period of time when a project is under the design, development and implantation phase.
Device		Equipment or apparatus used to remedy or compensate for a physical deficiency, e.g., a prosthetic device.
Digital Signature Algorithm	**DSA**	A standard for digital signatures.
Disaster Recovery Plan	**DRP**	Documented procedures for an organization to follow to recover and protect a business IT infrastructure in the event of a disaster.
Dispensing Fees	**DF**	A professional fee a pharmacist charges to fill a prescription.
Dispensed As Written	**DAW**	Codes to be used by providers to explain the dispensing of a brand-name product instead of a generic one.
Drug Efficacy Study Implementation	**DESI**	Drugs determined by the FDA as lacking substantial evidence of effectiveness. If the index is low, the drug is classified as "less than effective".
Drug Enforcement Administration Number	**DEA Number**	Federal registry number used to identify a prescriber.
Drug Utilization Review	**DUR**	Program designed to measure and assess (prospectively and retrospectively) the proper use of outpatient drugs in the Medicaid program. Primary objective of the DUR systems are to improve the quality of care and to assist in containing health care costs. Prospective DUR is a system within the Pharmacy point-of-sale (POS) system that assists pharmacy providers in screening selected drug categories for clinically important potential drug therapy problems before the prescription is dispensed to the recipient. Retrospective DUR screens after the prescription has been dispensed to the recipient through drug profiling and peer grouping.
Drug Utilization Review Board	**DUR Board**	Group of actively practicing healthcare professionals responsible for the establishment and implementation of medical standards and criteria for the prospective and retrospective DUR programs. The DUR Board makes recommendations for education interventions to prescribers and pharmacists to identify and reduce patterns of fraud, abuse, gross overuse, and inappropriate or medically unnecessary care. This group is also responsible for making recommendations for coverage of drugs and placement in the State's Preferred Drug List.
Dual Eligible	**DE**	Medicaid recipients who are also eligible for health benefit under Medicare or other public-sponsored health program.
Durable Medical Equipment	**DME**	Medical equipment used repeatedly in the treatment of illness and injury. These items may be reusable, such as walkers or wheelchairs.

eCOB		External Coordination of Benefits for Pharmacy Claims, providing external third-party enrollment data to supplement the State's internal third-party liability (TPL) member records
Electronic Health Record	**EHR**	An Electronic Health Record (EHR) is an electronic version of a patient's medical history, that is maintained by the provider over time, and may include all of the key administrative clinical data relevant to that persons care under a particular provider, including demographics, progress notes, problems, medications, vital signs, past medical history, immunizations, laboratory data and radiology reports http://cms.hhs.gov/Medicare/E-Health/EHealthRecords/index.html
Enterprise Architecture	**EA**	The competency of integrating business, information, application and technology to a cohesive goal.
Enterprise Service Bus	**ESB**	A software construct found in a Service-Oriented Architecture that provides fundamental services via a messaging engine.
ePocrates		ePocrates provides clinicians with immediate access to drug, disease and diagnostic information in a concise and convenient format. Medicaid's PDL can be accessed through ePocrates.
eWebs	**eWebs**	Provider web portal.
Extract, Transform, Load	**ETL**	A process for transitioning data from one system to another.
Final Acceptance Test	**FAT**	One of a series of tests required before deployment.
Fair Hearing, Grievance, Appeal		Fair Hearing, Grievance, Appeal, CFR §438.400 Statutory basis and definitions and §431.200 Basis and scope CFR §438.400 Statutory basis and definitions *Appeal* means a request for review of an action, as "action" is defined in this section. *Grievance* means an expression of dissatisfaction about any matter other than an action, as "action" is defined in this section. The term is also used to refer to the overall system that includes grievances and appeals handled at the MCO or PIHP level and access to the State fair hearing process. (Possible subjects for grievances include, but are not limited to, the quality of care or services provided, and aspects of interpersonal relationships such as rudeness of a provider or employee, or failure to respect the enrollee's rights.) §431.200 Basis and scope. Fair Hearing: (b) Prescribes procedures for an opportunity for a hearing if the State agency or PAHP takes action, as stated in this subpart, to suspend, terminate, or reduce services, or an MCO or PIHP takes action under subpart F of part 438 of this chapter.

Federal Drug Rebates		Payment made by pharmaceutical manufacturers to the states, for drugs dispensed to Medicaid recipients, as a condition of participating in the Federal Drug Rebate Program
Federal Upper Limit	**FUL**	Maximum payment for a multiple source drug in a State Medicaid Program, as established by CMS for certain multiple source drugs.
Fiscal Agents		The Medicaid fiscal agent is under contract to certify providers, process medical claims, pay pharmacy and medical claims, issue identification cards to recipients, and publish information for providers and Members. The State's fiscal agent is Hewlett-Packard.
File Transfer Protocol	**FTP**	A standard network protocol used to copy a file from one host to another.
Fill Date		Date a prescription was filled.
Food & Drug Administration	**FDA**	United States Department of Health and Human Services agency responsible for regulating food, dietary supplements, drugs, biological medical products, blood products, medical devices, radiation-emitting devices, veterinary products, and cosmetics in the United States.
Federal Information Security Management Act	**FISMA**	The E-Government Act (Public Law 107-347) passed by the 107th Congress and signed into law by the President in December 2002 recognized the importance of information security to the economic and national security interests of the United States. Title III of the E-Government Act, entitled the Federal Information Security Management Act (FISMA) requires each federal agency to develop, document, and implement an agency-wide program to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source. Source: http://csrc.nist.gov/groups/SMA/fisma/overview.html
Generic Code Number	**GCN**	Number used to identify generic formulation of a drug.
Generic Drug		Identical or bioequivalent to a brand name drug in dosage form, safety, strength, route of administration, quality, performance, characteristics, and intended use. Generic drugs usually cost less than brand-name drugs and are required by the Food and Drug Administration (FDA) to be as safe and as effective as the brand-name drug.
Generic Name		Official title of a drug or drug ingredients published in the latest edition of a pharmacopeia or formulary.
Gross Amount Due	**GAD**	A pharmacy drug pricing term that is the sum of the "Ingredient Cost Submitted" and the "Dispensing Fee Submitted" fields
Health and Human Services	**HHS**	The general term used to describe services provided by AHS.

Health Information Technology for Economic and Clinical Health Act	**HITECH**	The Health Information Technology for Economic and Clinical Health Act was enacted under Title XIII of the American Recovery and Reinvestment Act of 2009 (Pub.L. 111–5). Under the HITECH Act, the United States Department of Health and Human Services is spending $25.9 billion to promote and expand the adoption of health information technology.
Health Insurance Portability and Accounting Act	**HIPAA**	Federal act designed to increase efficiency of the health care system by establishing standards for transmission, storage, and handling of data.
Healthcare Common Procedure Coding System	**HCPCS**	Set of health care procedure codes based on the American Medical Association's Current Procedural Terminology (CPT). Commonly pronounced "*Hick-Picks*".
Health Services Enterprise	**HSE**	The HSE Program is an integrated system of policies, business processes and information systems that together form Vermont's strategic Health Care vision. The HSE consists of: Vermont Health Connect (VHC), Integrated Eligibility (IE) system, Medicaid Management Information System (MMIS) update project, Health Information Exchange (HIE) and Health Information Technology (HIT) (Clinical Public Health Information and Surveillance technologies). The HSE Program will: Implement State and Federal Health Care legislation creating a 21st Century Health Care transformation for Vermont.
Health Services Enterprise Platform:	**HSEP**	The shared services and infrastructure that will be shared across solutions.
Identification	**ID**	Identification
Identity and Access Management	**IAM**	The management of individual IDs, their authentication, authorization, and privileges/permissions within or across system and enterprise boundaries.
Information Architecture		A description of the information and data flows that are critical to a solution. This architecture illustrates the types of information and data that are collected by a solution and how the information is aggregated, stored, and used for reporting purposes.
Information Infrastructure Technology and Applications	**IITA**	A past federal project designed to set standards for high performance government computing.
Institute of Electrical and Electronics Engineers	**IEEE**	A standards organization that promotes the engineering process of creating, developing, integrating, sharing, and applying knowledge about electro- and information technologies.
Integrated Eligibility	**IE**	May refer to Vermont's Integrated Eligibility System, the functionality associated with the process of determining eligibility for multiple programs through the use of a single application or the work stream containing that functionality

International Classification of Diseases-9th Revision, Clinical Modification (ICD-9 CM)	**ICD-9**	International Classification of Diseases, 9th Revision, Clinical modification. Nomenclature for medical diagnoses required for billing.
International Classification of Diseases-10th Revision, Clinical Modification (ICD-10 CM)	**ICD-9** **ICD-10**	**International Classification of Diseases, 9th Revision,** International Classification of Diseases, 10th Revision, Clinical modification. Nomenclature for medical diagnoses required for billing.
Key Performance Indicator	**KPI**	A type of performance measurement that evaluates the success of a particular activity (such as projects, programs, products and other initiatives) in which it engages.
Joint Application Development	**JAD**	A process for the development of requirements commonly used in systems development.
J-CODES		A subset of the HCPCS Level II code set with a high-order value of "J" that has been used to identify certain drugs and other items.
Legacy System		The State's current MMIS system through HP.
Legend Drug		Any drug that requires a prescription under federal code 21 USC 353(b).
Lock-In Program	**Lock-In**	Restricts a patient to filling all of his or her prescriptions at one or more pharmacies and/or limiting prescribing to one or more physicians. The purpose of this program is to control duplicate and inappropriate drug therapies. Also called Pharmacy Home and Team Care.
Maximum Allowable Cost	**MAC**	An upper limit of pharmacy reimbursement, determined by the Contractor, that the State will pay a pharmacy for a drug. Usually refers to generic and brands with generic alternatives but may include some brands such as specialty brand drugs.
Maintenance Drug		Drugs furnished to an individual with a chronic illness or condition. The Department designates drugs as maintenance drugs based on therapeutic value, clinical consultation with practitioners, and applicable CMS guidelines.
Managed Care Organization	**MCO**	An organization that combines the functions of health insurance, delivery of care, and administration.
Medicaid	**Title XIX**	Medical assistance program authorized under Title XIX of the Social Security Act. Program provides health care coverage to low-income families with children, pregnant women, disabled people, and the elderly.
Medicaid Information Technology Architecture: MITA	**MITA**	MITA is a reference business, information and technology architecture developed to support Medicaid across the country. Additional details can be found at: http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Medicaid-Information-Technology-architecture-MITA.html.

Medicaid Management Information System	**MMIS**	The MMIS is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives. For Title XIX purposes, "systems mechanization" and "mechanized claims processing and information retrieval systems" is identified in section 1903(a)(3) of the Act and defined in regulation at 42 CFR 433.111. The objectives of this system and its enhancements include the Title XIX program control and administrative costs; service to recipients, providers and inquiries; operations of claims control and computer capabilities; and management reporting for planning and control. Source: http://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/MMIS/index.html?redirect=/MMIS/
Medical Supplies		Disposable, semi-disposable, or expendable medical supplies. This does not include durable medical equipment, oxygen, or oxygen supplies.
Medically Necessary		Pharmaceutical service that is consistent with the recipient's diagnosis or condition; recognized as the prevailing standard or current practice among the provider's peer groups; and rendered in response to a life-threatening condition or paint; to treat an injury, illness or infection; to treat a condition that could result in physical or mental disability; to care for a mother and child through the maternity period; or to achieve a level of physical or mental function which is consistent with prevailing community standards
Medicare		Health insurance program for the aged and disabled under Title XVIII of the Social Security Act.
Medication Therapy Management Program	**MTMP**	Medical care provided by pharmacists, or other qualified providers, intended to optimize drug therapy and improve outcomes for people taking medication, especially for people who have multiple chronic conditions and are taking multiple medications.
Member		An individual eligible and enrolled in one or more State benefit plans.
Metadata		Information that describes various facets of an information asset to improve its usability throughout its life cycle.
Middleware		Computer software that connects software components or applications. The software consists of a set of services that allows multiple processes running on one or more machines to interact
Medicaid Information Technology Architecture	**MITA**	An initiative sponsored by the Center for Medicare and Medicaid Services (CMS) intended to foster integrated business and IT transformation across the Medicaid

		enterprise to improve the administration of the Medicaid program
Module		A portion of a system that provides specific, discrete functionality.
Multi-Source Brand Drug		A brand drug for which the patent has expired.
National Association of Board of Pharmacies	**NABP**	Independent, international, and impartial association that assists its member boards and jurisdictions in developing, implementing, and enforcing uniform standards for the purpose of protecting the public health. http://www.nabp.net/
National Average Drug Acquisition Cost	**NADAC**	The National Average Drug Acquisition Cost (NADAC) is based on the retail price survey and focuses on the retail community pharmacy acquisition costs. CMS has mandated that Medicaid pharmacy programs reimburse the actual acquisition cost (AAC) of drugs plus a professional dispensing fee.
National Council for Prescription Drug Programs	**NCPDP**	Entity that creates and promotes national standards for the transfer of data to and from the pharmacy services sector of the healthcare industry. http://www.ncpdp.org/about.asp
National Drug Code	**NDC**	Eleven-digit code assigned to each drug. The first five numbers indicate the labeler code (CMS assigned), the next four numbers indicate the drug and strength (manufacturer assigned), and the remaining two numbers indicate the package size (manufacturer assigned).
National Provider Identifier	**NPI**	Unique identification number for covered health care providers. Under HIPAA, NPIs will be used in administrative and financial transactions. NPI Registry: https://nppes.cms.hhs.gov/NPPES/NPIRegistryHome.do
National Institute of Standards and Technology	**NIST**	**NIST** is the federal technology agency that works with industry to develop and apply technology, measurements, and standards.
Non-Rebatable Drugs		Drugs manufactured or distributed by manufacturers who have not signed a drug rebate agreement with the federal Department of Health and Human Services.
Omnibus Budget Reconciliation Act	**OBRA**	Federal legislation that defines Medicaid drug coverage requirements and drug rebate rules.
Open Web Application Security Project	**OWASP**	A 501c3 worldwide charitable organization focused on improving the security of application software. Their mission is to make application security visible, so that people and organizations can make informed decisions about true application security risks.
Orange Book Code	**OBC**	Orange Book Code (OBC) identifies the therapeutic equivalency ratings assigned to each approved prescription product according to the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations.
Online Analytical Processing	**OLAP**	Client and server-based analysis tools, allowing for complex analytical and ad-hoc queries with a rapid execution time.

Other Coverage Codes	**OCC**	A code indicating whether or not the patient has other insurance coverage
Over-the-Counter Drug	**OTC**	Non-legend drugs that do not require a prescription before they can be dispensed.
Pharmacist		A person licensed to practice pharmacy by the Vermont State Board of Pharmacy or a similar board or agency in another state.
Pharmacy		An entity licensed to operate a pharmacy by the Vermont State Board of Pharmacy or a similar board or agency in another state.
Pharmacy Benefits Manager	**PBM**	A Pharmacy benefit manager (PBM) is a company that administers the drug benefit for a health plan.
Pharmacy Benefit Management Solution	**PBMS**	The collection of systems, services, and programs provided by the Contractor that will provide support to the State in administering the pharmacy benefit programs.
Physician		A person licensed to practice medicine or osteopathy by the Vermont Medical Practice Board or a similar board or agency in another state.
Point-of-Sale	**POS**	Pharmacy claims processing system capable of adjudicating claims on-line.
POS Prior Authorization	**POS-PA**	The process by which a prior authorization is granted electronically through the POS claims system. The POS system checks medical and pharmacy claims and diagnoses to determine if a patient meets clinical criteria for approval.
Practitioner		A physician or other licensed practitioner of the healing arts authorized to prescribe drugs and practicing within the scope of professional practice as defined under Vermont Statutes or the laws of another state.
Preferred Drug List	**PDL**	A list of medications, both preferred and non-preferred, within a therapeutic class designed to maximize clinical and economic benefit as determined by the State in consultation with the DUR Board. The PDL identifies medications providers may prescribe with and without restrictions such as prior authorization (PA).
Prescription	**Rx**	A written, electronic, faxed, or oral medication order, as required by the Board of Pharmacy, from an authorized prescriber.
Prior Authorization	**PA**	An effective clinical and cost management tool requiring that prescribers provide documentation that patients meet specific clinical and utilization criteria for use of a drug, for it to qualify for coverage.
Processor Control Number	**PCN**	One of three data elements related to the routing of pharmacy claims transactions that directs the transaction to the correct processor that is handling the transactions.
Professional Dispensing Fee	**PDF**	Amount of Medicaid reimbursement authorized as payment for the service of dispensing any prescribed drug.

Project Information Library	**PIL**	A single repository used to store, organize, track, control and disseminate all information and items produced by, and delivered to, a project
Prospective Drug Utilization Review	**ProDUR**	The practice of reviewing drugs for clinical appropriateness and medical necessity prior to approving a drug for payment. Example of ProDUR include claims processing edits that return denials or "soft edits" to the pharmacy based on a variety of factors including for example, drug-drug interactions and drug-disease interactions
Process Flows		A diagram depicting the set of activities required to perform a specific function in the future state
Project Management Body of Knowledge	**PMBOK**	A comprehensive knowledge center developed and maintained by the Project Management Institute
Project Management Institute	**PMI**	The organization of choice for project management professionalism. PMI establishes Project Management standards, provides seminars, educational programs.
Project Management Office	**PMO**	Group or department within a business, agency or enterprise that defines and maintains standards for project management within the organization.
Project Management Plan	**PMP**	A comprehensive plan for the execution of a project; includes multiple sub-plans that address specific project management aspects.
Provider		Individual or entity furnishing medical, mental health, dental or pharmacy services.
Provider Portal		A computing gateway that unifies access to State benefits information and the Contractor's applications.
Quality Assurance	**QA**	A program for the systematic monitoring and evaluation of the various aspects of a project, service, or facility to ensure that standards of quality are being met.
Quantity Limit	**QL**	Limits on the number of dosage units that will be covered over a period of time, e.g. daily or monthly.
Member		A person who has been determined eligible for Medicaid or another Vermont publicly funded program such as VPharm.
Retrospective Drug Utilization Review	**RetroDUR**	A retrospective DUR occurs after the patient has received the medication, and aims to detect patterns in prescribing, dispensing or administering drugs and results in various interventions to prevent recurrence of inappropriate medication use or abuse.
Request for Proposal	**RFP**	A document that details the proposal that a vendor must submit to an issuer.
Requirements Traceability Matrix	**RTM**	Requirements Traceability Matrix (RTM) is a document used to ensure that the requirements defined for a system are linked at every point during the verification process. It also ensures that they are duly tested with respect to test parameters and protocols. It is a tabulated document which defines multiple to and from relationships between use

		cases (requirements) and test cases. The Requirements Traceability Matrix (or RTM) is usually developed in concurrence with the initial list of requirements and is updated simultaneously with the newly-developed design specifications and test protocols. Ideally, every test step in the testing protocol should be traced with requirements that are specific to that particular step. Source: https://economictimes.indiatimes.com/definition/requirement-traceability-matrix
Rivest–Shamir–Adleman Standards	**RSA Standards**	One of the first public-key cryptosystems and is widely used for secure data transmission. In such a cryptosystem, the *encryption* key is public and it is different from the *decryption* key which is kept secret (private).
Sanction		Penalty for noncompliance with laws, rules, and policies regarding Medicaid, which may include withholding payment from a provider or terminating Medicaid enrollment.
Schedule Performance Indicator	**SPI**	A measure of project efficiency given by Project Management to gauge the progress and efficiency of a project.
Service Level Agreement	**SLA**	An agreement between two parties of the level of service one will provide to the other.
Services		Drugs, medical supplies, and devices that are reimbursable.
Service-Oriented Architecture	**SOA**	A set of design principles used in application development characterized by the following attributes: 1. The system must be modular. This provides the obvious benefit of being able to "divide and conquer" — to solve a complex problem by assembling a set of small, simple components that work together. 2. The modules must be distributable — that is, able to run on disparate computers and communicate with each other by sending messages over a network at runtime . 3. Module interfaces must be "discoverable" — that is, clearly defined and documented. Software developers write or generate interface metadata that specifies an explicit contract, so that another developer can find and use the service. 4. A module that implements a service must be "swappable." This implies that it can be replaced by another module that offers the same service without disrupting modules that used the previous module. This is accomplished by separating the interface design from the module that implements the service. 5. Service provider modules must be shareable — that is, designed and deployed in a manner that enables them to be

		invoked successively by disparate applications in support of diverse business activities.
Simple Object Access Protocol	**SOAP**	A protocol specification for exchanging structured information in the implementation of Web Services.
Single-Source Brand		A brand drug for which the patent has not expired and is not a co-branded drug.
Sovereign States Drug Consortium	**SSDC**	A collaborative group of twelve Medicaid states whose members are focused on providing quality pharmaceutical care while controlling costs. The primary activity is a Medicaid drug rebate program that negotiates for rebates that are in addition to those required under the federal Medicaid Drug Rebate Program
Specialty Drug		Drugs listed by the State on its website which are designated specialty drugs. Generally, and as defined by the Academy of Managed Care Pharmacy, a drug that requires a difficult or unusual process of delivery to the patient (preparation, handling, storage, inventory, distribution, Risk Evaluation and Mitigation Strategy (REMS) programs, data collection, or administration) or, requires patient management prior to or following administration (monitoring, disease or therapeutic support systems).
Specialty Pharmacy		A Medicaid-enrolled pharmacy that dispenses medications defined by the State as specialty drugs, and that has received one of three required Specialty Pharmacy Certifications per State Policy.
Social Security Number	**SSN**	A nine-digit number assigned to citizens, some temporary residents and permanent residents in order to track their income and determine benefit entitlements.
Stakeholder		A stakeholder is anybody who can affect or is affected by an organization, strategy or project.
State		State of Vermont, Department of Vermont Health Access
State Maximum Allowable Cost	**SMAC**	State's maximum allowable reimbursement to pharmacies for certain multi-source drug products.
Subject Matter Expert	**SME**	An expert in a specific subject area.
State-Only Rebates		Rebates applied to claims paid for Vermont Members enrolled in the State's SPAP.
State Prescription Drug Assistance Program	**SPAP**	A state-funded drug benefit program which helps pay for prescription medicines for eligible Members. The State's SPAP is called VPharm and is available to individuals who meet income guidelines and are currently enrolled in Medicare Part D coverage.
Step Therapy	**ST**	The process by which the State may require that certain lower cost or more clinically appropriate drugs are tried first to treat a person's medical condition before a second-line drug will be covered.
Supplemental Drug		A payment from a pharmaceutical manufacturer negotiated

Rebate		by the state, in addition to the Federal rebate.
Therapeutically Equivalent		A drug that has essentially the same effect in the treatment of a disease or condition as one or more other drugs. A drug that is a therapeutic equivalent may or may not be chemically equivalent, bioequivalent, or generically equivalent
Third Party Liability	**TPL**	Entity that is, or may be, liable to pay all or part of the medical cost of care for Medicaid.
Title XIX		Medicaid Program authorized by the Federal Social Security Act.
Universal Product Code	**UPC**	A barcode symbology that is widely used in the United States for tracking trade items in stores, consisting of 12 numeric digits, that are uniquely assigned to each trade item
Use Case		A format used to capture the requirements from a client and user perspective. The purpose of the use cases is to illustrate *what* the system is expected to do, not *how* it is expected to do it.
User Acceptance Test	**UAT**	Testing by users with the intent of acceptance of a system by the client.
User Interface	**UI**	The method or component users use to interact with a system.
Usual and Customary	**U&C**	Fee provider most frequently charges the general public for a service or drug.
Vendor		Systems Integrator that is awarded the contract to provide the solution.
Vermont AIDS and Medication Assistance Program	**VMAP**	See ADAP
VPHARM		State Pharmaceutical Assistance Program (SPAP) that offers prescription assistance to those enrolled in Medicare. Eligibility is based on income, disability status and age. VPharm helps pay for prescription medicines with affordable monthly premiums.
Web Services		Web services are modular business services delivered over the Internet as and when needed. The modules can be combined, can come from any source, and can eventually be acquired dynamically and without human intervention, when needed. They are a key building block of a Service-Oriented Architecture.
Web Services Description Language	**WSDL**	An XML-based language that provides a model for describing Web Services
Wholesale Acquisition Cost	**WAC**	A manufacturer's list price of the drug when sold to the wholesaler supplier, used a benchmark for pricing and reimbursement of prescription drugs.

Work Breakdown Structure	**WBS**	A deliverable oriented decomposition of a project into smaller components.
Extensible Markup Language	**XML**	A language similar to HTML that allows for the self-descriptive categorization, storage and transport of data

APPENDIX I
ADDITIONAL SCOPE OF WORK REQUIREMENTS

The Contractor agrees to the following provisions:

Point-of-Sale (POS) The Contractor's POS claims processing system must support online, real-time operations for receipt, adjudication, and notification to billing prcviders regarding the disposition of a claim (e.g., as payable, denied, or requiring more information).
The Contractor's POS claims processing system must adhere to the most current version of the National Council for Prescription Drug Program (NCPDP) Implementation Guide functionality for Governmental Programs to allow appropriate reimbursement and coordination of a Member's benefits.
The Contractor's POS claims processing system must support NCPDP Multi-Ingredient Compound functionality to process compounded claims in accordance with current Department policy and procedures.
The Contractor must support implementation and ongoing support of providers' interaction with the Contractor's POS systems including, but not limited to, the following
1. Establish testing procedures
2. Coordinate with network Contractors to ensure smooth operation of the POS system
3. Certify provider practice management systems (e.g., service bureaus, switches, etc.) as compatible and ready to interface with the Contractor's POS system
The Contractor's POS claims processing system must be capable of adding, changing, or removing adjudication rules, edits, and customized transmission messages to accommodate Department-required changes for its current and future pharmacy programs.
The Contractor's POS claims processing system must support, at a minimum, the following:
a. The ability to track and report on the specific adjudication rule in effect by date of service and date of payment, and the date the rule was changed, added or deleted
b. Adjudication rules customized for each of the Department's programs by category codes within Medicaid, eligibility status, Member attributes (e.g. age, sex, medical condition, etc.), ambulatory, long-term care, hospice or other residential setting, drug or drug class (e.g. brand/generic status, drug coverage status, preferred drug list status or other attributes), Medicare-Medicaid dual eligible status and other criteria specified by the Department.
c. The ability to look up the PDL status of a drug at a claim and NDC level
The Contractor's POS claims processing system must support unique edit and claims processing logic as specified by the Department for each of its individual programs including, at a minimum, the following:
a. Prescriber Validation – Validate the prescriber entry on the claim using either a National Provider (NPI) check digit or an HCIdea National Provider Identifier/DEA Lookup from the NCPDP, and/or the Department's Master Provider Index as specified by the Department.
b. Co-Payments – Calculate different co-payment amounts for different pharmacy programs, for different drugs, and for Members based on age or any other specifications provided by the Department.

c. Prior Authorization (PA) Requirements – Edit for drugs requiring PA or bypass PA requirements when authorization is granted for the date of dispensing or automated authorization is allowed based on pharmacy or medical claims history files. In particular, system must be capable of displaying expiration dates of prior authorizations at POS.
d. Diagnosis-Specific Requirements – Edit for drugs requiring submission of specific diagnosis codes.
e. Age-Specific Requirements – Edit for drugs requiring specific Member age restrictions
f. Other Reference Files – Apply Department-specified payment criteria based on First DataBank, Medi-Span, or other reference files approved for use by the Department.
g. Preferred Drug List and Other Formulary Requirements – Deny payment for drugs requiring PA, non-preferred, non-covered drugs or drug classes not covered by a Member's pharmacy program and notify the provider through an online, real-time response. Exceptions must be allowed when approved by the Department or based on Department-approved criteria.
h. Authorized Providers – Limit payment for selected drugs, classes, or specific Department programs to authorized prescribers as designated by the Department. For example, limit certain dosage forms of buprenorphine to prescribers with an X-DEA number.
i. Compounded Drugs – Capture, edit, and adjudicate compounded drug claims as specified by the Department. Must be able to apply edits at ingredient level detail
j. Quantity, Days Supply, and Frequency of Service – Validate claims to assure that the quantity of services is consistent with the Department's policy (i.e., verify drug specific minimum and maximum quantity limitations are followed including any days supply limitations and frequency limitations).
k. Benefit Restrictions – Impose pharmacy benefits restrictions that apply to a given recipient including, but not limited to: benefit restrictions based on the lock-in program, living arrangements (e.g., ambulatory versus long-term care settings), and eligibility for the Department's different pharmacy programs.
l. Approved Manufacturers – Deny payment for drugs distributed by manufacturers not participating in the federal manufacturer drug rebate program, except as directed by the Department for specific pharmacy programs or products.
m. Proposed Less-Than-Effective Drugs – Deny payment for drugs that the federal government has identified as proposed less-than-effective under the Drug Efficacy Study Implementation (DESI) program and as identical, related, or similar to such drugs.
n. Other CMS-Restricted Drugs – Deny payment for any drug that CMS identifies as restricted.
o. Sanctioned Providers – Deny payment for sanctioned providers (e.g., pharmacies or prescribers) designated, and as provided to Contractor, by the federal government and the State.
The Contractor's POS claims processing system must provide NCPDP standard messages in addition to customized transmission response messages as specified by the Department for its current or future programs including, but not limited to, the following:
a. Bill [Health Plan] and [phone number]
b. Bill Medicare Part B
c. Bill Medicare Part D [name] and [phone number]
d. Program has no pharmacy benefit
e. Bill as Medical Supplier
f. PA expires on [date]

g. Drug not covered – included in long-term care per diem rate
h. Doctor not authorized, pharmacy not authorized, doctor/NDC not authorized, or pharmacy/NDC not authorized related to the Lock-In Program (message must return authorized pharmacy)
The Contractor must be able to process POS, batch electronic claims (e.g. batch adjustments), and paper claims. Paper claims to be processed by the Contractor within 14 days of receipt
The Contractor must create electronic imaged copies of all paper claims and attachments within 24 hours of receipt.
The Contractor must notify the Department staff of any and all claims that have been erroneously processed by the claims processing system, and present a corrective action plan to the Department within five business days. The Contractor must initiate corrective actions, at no additional cost to the Department, only after the written approval of the Department.
The Contractor must analyze probable erroneous payments that have been brought to the Department's attention by providers or that have been identified through the Department's evaluation of paid claim samples.
The Contractor must base its POS transmissions and batch electronic transmissions on NCPDP and other required transactions and code sets. As additions and updates are available, the Contractor must continue to be in compliance and, at no additional cost to the Department, the Contractor must:
a. Implement new and updated NCPDP and other required transactions and code sets
b. Maintain compatibility with pharmacies using the previous version data elements and those providers using the updated version(s), according to the timeline approved by the Department
The Contractor must adjudicate primary, secondary, and tertiary pharmacy claims for the Department's current programs and any future programs consistent with the Department's coverage and reimbursement policies and procedures specified in the Vermont Provider Manual, the Pharmacy Provider Manual, Department PDL, the VT Medicaid State Plan, and other Department documentation. The Department's current programs are:
a. Medicaid
b. Dr. Dynasaur
c. VPharm
d. Healthy Vermonters
e. VMAP(Ryan White HIV MA program)
f. Dual Eligibles
g. General Assistance
h. Long Term Care
The Contractor must provide automated audit trails to document, identify, and track chronological records and transactions throughout the Contractor's systems including, but not limited to, additions, deletions, and changes to PDL and formulary maintenance
Contractor's System must be capable of recording the PDL status of a drug on an NDC level, and capable of a look-up or query of PDL status of a drug on an NDC level.
Contractor's must maintain detailed electronic documentation outlining the specific benefit design structure that supports and represents the Department's pharmacy benefits in the Contractor's system

The Contractor must provide functionality to apply different reimbursement logic or benefit coverage as specified by the Department including, but not limited to, the following:
a. Ingredient Cost and Dispensing Fee Payments based on pharmacy network for compounded drugs, 340B drugs, specialty drugs, and other
b. Based on program, category code or other program specifications, Member age, drug or drug class, Medicare-Medicaid dual eligibility, Members residing in a nursing facility, and other
c. The State "lower-of" reimbursement logic as outlined in the Vermont Medicaid State Plan included in the Procurement Library
Coordination of Benefits (CoB)
The Contractor must validate claims to determine whether there is a liable third party (or parties) that must be billed prior to billing the Department's programs including, but not limited to, the following:
a. Denying payment for claims when a Member is covered by one or more carriers until the billing provider indicates the claim has been fully adjudicated (paid or denied) by the other payer(s)
b. Utilizing the Department's, Contractor's or external sources of TPL data and eligibility records to ensure that all payment opportunities are exhausted
c. Processing claims where multiple third parties are liable, at a minimum, must be able to correctly process claims where either the Department or an external insurer is the tertiary payer. Must be able to identify and/or assign multiple funding sources depending on the payer, if the payer is an Agency program.
d. Overriding COB editing as specified by the Department
e. Maintaining indicators to identify Medicare Part B drugs and process the claim balance remaining after subtracting the Medicare Part B payment for Members dually enrolled in Medicare and any of the Department's programs
f. Coordinating benefits automatically with all primary payers including capturing and storing the primary payer's data
g. Obtaining maximum cost avoidance and reimbursement for Members covered by third parties
The Contractor must report TPL plan information to billing providers when another payer is primary (or available) including, but not limited to:
a. Payer names, identifiers, addresses, phone numbers
b. The payer's Bank Identification Number (BIN) and Processor Control Number (PCN).
The Contractor must be able to support the Department's current COB process for mail order pharmacy coverage from another insurer.
Provider Support
The Contractor must maintain telephone support for technical and business operations. Vermont office hour coverage and off-hours coverage will be determined during the Implementation/JAD phase. The Contractor must maintain call center services and help lines to respond to providers about questions and issues including, but not limited to, general eligibility questions, claims inquiries, prior authorizations, operational questions and problems, clinical/drug inquiries, and general provider support. The Contractor must supply all required information systems, telecommunications, and personnel to perform these operations. Each of the following help lines must be available through a designated telephone number:
a. Pharmacy Support Services Help Line available toll-free 24 hours a day, during every day of the year, including all holidays to respond to questions on coverage, claims processing, pricing, reimbursement and other pharmacy-related issues. At a minimum, the call center will be staffed 7:30am-6:30pm Monday through Friday, and 7:30am-4pm on Saturdays with remaining hours supported through on-call services.
b. Prescriber Support Services Help Line (including toll-free telephone and toll-free fax access) available 24 hours a day, during every day of the year, including all holidays, to handle PA requests from prescribers, drug dispensing questions, or other requests from providers. At a minimum, the

call center will be staffed 7:30am-6:30pm Monday through Friday, and 7:30am-4pm on Saturdays with remaining hours supported through on-call services.
The Contractor must provide operational and customer service that is scalable to meet the Department's future needs and includes, but is not limited to, the following:
a. An automated call distribution voice-response system;
b. Capacity to handle all telephone calls at all times including times of peak call volume and to meet the Department's needs and performance expectations with acceptable call completion and abandonment rates
c. Management tracking and reporting capabilities
d. A Quality Assurance program that includes call sampling and follow up to confirm efficient handling and caller satisfaction
e. Language translation services
f. Call response from individuals with hearing or visual impairments
g. Access to a pharmacist consultant 24 hours a day, during every day of the year, including all holidays
h. A reference document with guidelines on how to handle caller inquiries
i. A backup system available to operate in the event of line trouble or other problems
The Contractor must implement and maintain a provider contact and problem resolution tracking and document management system which, at a minimum, documents and tracks contacts with providers, identifies issues and describes the problem resolution. The Contractor must prepare an analysis of the issues which must be reviewed with Department staff at regularly scheduled meetings at the Department's discretion.
Contractor must prepare and distribute (subject to the Department's approval) all provider communications including but not limited to, provider notices, newsletters, operational, programmatic, or system changes of any type that impact providers, and clinical notices such as changes to drug coverage. Communications must be distributed in a variety of formats including, but not limited to direct mail, Contractor web portal, The State's website, email, fax, phone.
The Contractor must interface with the State of Vermont's Master Provider Index database in order to maintain a database of current contact information for providers. The Contractor must research any undelivered provider communication and make reasonable attempts to identify a new address for such providers.
The Contractor must design, develop, and implement customized provider portals for the Department that support the needs of the pharmacy programs. Contractor must support, update, and maintain the portals to meet the needs of the Department. The Contractor must guarantee any data exchange on its website between the Contractor and the Department and/or providers shall be secure.
The Contractor must update its portals, maintained for the Department, after the content of such updates has been approved by the Department. The Contractor's postings to its website must include, but not be limited to:
a. Important communications and alerts to providers
b. Drug Utilization Review (DUR) Board meeting schedules, meeting agendas and notices, policies, meeting minutes, Member contact information
c. Other Department-designated committee activities.
d. Provider forms and reference policies or links to forms and policies, if applicable.
e. Drug information including the Vermont Preferred Drug List (PDL), special drug policies, Maximum Allowable Cost (MAC) policies and prices, frequently asked questions from manufacturers or providers.

f. Manuals including the Pharmacy Claims Processing Manual and links to the Vermont Medicaid Provider Manual.
g. Special provider policies and requirements including e-prescribing support.
h. Web-based PA requests.
i. Other documents as specified by the Department
Contractor must keep current electronic versions of Department-approved Pharmacy Provider Manual which must include payer sheets, instructions on POS, batch, and paper claims processing. The Contractor must post the Manual(s) on the provider portals and/or website and, on an on-going basis, maintain and update these manuals. Any modifications must be submitted to the Department for approval prior to implementation of revisions.
E-Prescribing
The Contractor must provide electronic prescribing companies (e.g. SureScripts, AllScripts,) access to the data for the Department's various programs including, but not limited to:
a. Member eligibility
b. Preferred Drug List including drug's PDL status, alternative choices within the class and their PDL status
c. Member drug claims history
d. Other Department specified data.
The Contractor must work with the Department to meet the Department's goals for electronic prescribing and for providing information to prescribers and pharmacies promoting electronic prescribing
The Contractor must provide, at a minimum, monthly reporting on e-Prescribing activities such as number of e-prescriptions, number of requests for eligibility, medication history, or PDL inquiries, and any technical or operational issue identified during the specified time period. Contractor must have quality assurance process in place to assure system integrity and display of required information.
Prior Authorization Program
1. Implementation of the operational processes to support drug coverage decisions for all clinical and non-clinical criteria
2. Operation of a provider call center staffed with appropriate clinical personnel
3. Notifications of decision to providers and Members
4. Compliance with all Department PA rules, regulations, and policies
5. Support of the grievance, exception and appeals processes
6. Detailed reporting and analysis on all aspects of the PA program, including auto-PA.
The Contractor must comply with all Department PA requirements including, but not limited to, providing a telephone call center which must:
1. Be accessible 24 hours a day, during every day of the year, including all holidays – except for Contractor downtime approved in advance by the Department
2. Support PA processing through toll-free telephone, toll-free facsimile, mail and web-based requests through the provider portal
3. Be compatible with real-time electronic editing of medication requests based on current paid claims history, Member eligibility, provider eligibility, and reference medical data supplied to the Contractor
4. Be staffed with appropriate technical and clinical personnel including clinical pharmacists

The Contractor must have functionality to automatically override PA requirements during POS processing based on data available from pharmacy claims paid by the Contractor and on medical claims history files provided by the Department to the Contractor.
The Contractor must include a review of the Member's eligibility record as part of their PA processing to retrieve the information needed for PA determinations including, but not limited to:
a. Program eligibility
b. Existence of authorized prescribers
c. Existence of program coverage restrictions
d. Existence of alternative insurance (ex. Part B or primary commercial coverage)
e. Other elements specified and approved by the Department
The Contractor's PA process must allow determinations based on various data elements identifying drug products including, but not limited to, the following:
a. The first 9-digits of a product's NDC
b. First DataBank, Medispan, or equivalent, therapeutic classification system
The Contractor must send required notifications to the Member and provider when PA is approved or denied. Notifications must include the required components as outlined by the State.
The Contractor must coordinate and provide support to the Department and other State personnel who oversee the appeals process if an appeal results from a denied PA.
The Contractor must interface with the State of Vermont's Master Person Index database in order to maintain a database of current contact information for Members. The Contractor must research any undelivered Member communication and make reasonable attempts to identify a new address for such Members.
The Contractor must allow for the dispensing of at least a 72-hour supply (or other Department-approved amount) of a drug product in an emergency situation as specified by the Department, except for non-covered drug classes or products.
The Contractor must maintain an electronic version of a PA policies and procedures manual, including, but not limited to:
a. Clinical criteria
b. Department-approved product protocols
c. Criteria for PA processing
The information shall be available on The State's website and/or the provider portals
The Contractor must provide a PA system, accessible to designated state staff and providers, which maintains and allows the query of all pertinent information about PA requests and determinations including, but not limited to, the following:
a. Requesting provider name
b. Date and time of request
c. Member identifiers
d. Requested drug name, strength, form, and quantity
e. Program eligibility of the Member

f. Request status (i.e., approved, pended, denied)
g. Reason for denial or exception
h. Authorization begin and end dates
i. Date and time of action on the request
j. Authorization of a 72-hour emergency drug supply
k. Comprehensive and flexible "free-text" notation functionality.
The Contractor's PA system must have flexible administrative reporting and include functionality to retrieve and track PA determinations using multiple search fields including, but not limited to: pharmacy program, Member name, Member unique identification number, provider name or ID, drug, date of authorization, and authorization status
The Contractor's system must include functionality to support the Team Care and Pharmacy Home (Prescriber/Pharmacy Lock-In) programs including, but not limited to, the following:
a. Implement claims processing customized edits and transmission messages
b. Support Member lock-in for a specific drug, drug class, drug DEA schedule, and other parameters as defined by the Department
c. Support the capability to lock Members into one or more specific providers (pharmacies and/or prescribers).
d. Support identification of potential Team Care eligible Members in the claims processing system using state defined criteria,
e. Provide detailed reporting information to the Department on program activities including, but not limited to, prescription utilization, cost per Member, and parameters of the lock-in
The Contractor must comply with State and federal policies and procedures for Member or provider appeals including, but not limited to, the following:
a. Notifying providers and Members of their appeal rights in accordance with the Department's policy
b. Coordinating with State personnel who oversee the grievance, exception, appeals and Fair Hearing processes
c. Preparing the appropriate reports and documents to support the Contractor's actions resulting in the request for an appeal, exception or Fair Hearing from a Member or provider
d. Providing the services of a clinical pharmacist to engage in peer discussions with state Medical Director and other Department clinical personnel to address an appeal related to pharmacy benefit services
e. Providing resources to address appeals related to claims disputes
f. Complying with the mandates and timelines stipulated by the Department
The Contractor must continuously review and evaluate PA protocols and criteria, and the appropriateness of continued PA, suggestions for drugs appropriate for electronic or manual PA's. These reviews and evaluations must encompass drugs processed through the pharmacy benefit and physician-administered drugs processed through the medical benefit. The Contractor must analyze historical PA determinations and drug claims data and must provide quarterly recommendations and protocols for PA to the Department for review and approval.
The Contractor must provide detailed monthly operational, clinical, and financial reporting on all prior authorization activities, including but not limited to: number of PA's, denial/approval rates, number of electronic vs. manual PA's, drug and overall health care savings, and return on investment. Reports should be available by drug, drug class, Member, provider, and other defined parameters.
The Contractor must, develop and maintain approved protocols and criteria for coverage of products
a. Not listed on the PDL

b. Typically, not covered
c. Exceeding the Department's SMAC rates
d. Not meeting other clinical or technical criteria
Drug Utilization Review and Management
The Contractor's RetroDUR management system must include data warehouse analytic/reporting tools, clinical rules, algorithms, and profiling including, but not limited to, identifying prescribing and utilization patterns which fall outside best practice guidelines.
The Contractor's RetroDUR management system must have functionality to merge medical service claims provided by the Department with pharmacy claims to identify and monitor drug usage including, but not limited to:
a. Overutilization
b. Underutilization
c. Therapeutic duplication
d. Drug-disease contraindications
e. Drug-drug interactions
f. Incorrect drug, dosage, or duration of therapy
h. Drug-induced illness
i. Member clinical abuse and drug misuse
j. Therapeutic appropriateness
k. Other criteria identified by the Department or its DUR Board
The Contractor must conduct regular ProDUR and RetroDUR program activities that meet all state and federal requirements. Contractor must conduct regular program review, facilitate quarterly evaluations of criteria and interventions, recommend draft standards and criteria, and implement approved changes. RetroDUR activities must encompass drugs processed through the pharmacy benefit and physician-administered drugs processed through the medical benefit. Actions include, but are not limited, to the following:
a. Conduct clinical and financial analyses and literature reviews related to its ProDUR and RetroDUR activities and report findings to the Department and DUR Board regularly
b. Assess the effectiveness of ProDUR and RetroDUR practices and provide clinical and financial summary reports at least quarterly
c. Implement DUR Board recommended changes after Department approval
d. Generate educational materials for prescribers, pharmacies, and Members to support Department-approved interventions
The Contractor must monitor and report on the outcomes of its DUR educational efforts quarterly or as otherwise specified by the Department.
The Contractor's RetroDUR management system must have clinical pharmacist oversight.
The Contractor must draft and finalize, with support from the Department, the CMS annual DUR report as described in Section 1927(g)(3)(D) of the Social Security Act and the required cost savings analysis including, but not limited to, the following:
a. Provide the draft CMS-required DUR Annual Report to the Department at least 30 days prior to the due date

b. Incorporate any changes recommended by the Department into the CMS annual report
c. Perform additional research requested by the Department
d. Upload per CMS protocol the final CMS-required DUR Annual Report to the Department at least 10 days prior to the due date for Department approval and submission.
The Contractor must facilitate the DUR Board meetings and prepare Department-approved meeting materials including, but not limited to, the following:
a. Prepare, distribute, and post meeting agendas and materials to DUR Board Members at least 14 days prior to the DUR Board meeting
b. Present in person, all items on the agenda related to DUR activities, PDL recommendations, and drug related information at the DUR Board meetings.
c. Record meeting minutes including all PDL changes and action items, and forward them to the Department within 3 days after the meeting for Department approval
d. Post meeting minutes on the website 5 days after the DUR Board meeting.
e. Assure that all DUR Board actions are implemented on a timely basis
The Contractor's designated (Key Personnel) Clinical Pharmacist must manage and direct the Department's DUR program and PDL activities and act as the Contractor's representative at the DUR Board meetings. During planned or unplanned absences, Contractor must provide replacement personnel to fill this role.
The Contractor's designated (Key Personnel) Clinical Pharmacist must proactively research, analyze, present findings, and advise the Department and/or the DUR Board on topics requested by the Department including, but not limited to:
a. PA requirements and clinical criteria
b. Prescription spending trends focusing on the Department's programs and on national trends
c. Cost containment strategies
d. RetroDUR
e. Educational materials for DUR
f. POS claims processing
g. Reimbursement strategies for product costs, dispensing fees, and Member cost sharing
h. ProDUR
i. Reconsiderations and appeals
Resources "a" through "e" must consider drugs processed through the pharmacy and physician-administered drugs processed through the medical benefit.
The Contractor must facilitate the DUR Board's use of clinical subject matter experts in reviewing various classes of drugs or individual drugs, if such expertise is needed.
The Contractor must maintain the drug coverage lists specific to the Department's programs as defined by the State. These include the Department's Preferred Drug List, clinical criteria document, covered OTC's, and other coverage lists.
State Maximum Allowable Cost Program

The Contractor must administer the Department's MAC program, by setting rates on prescription and over-the-counter multiple-source generic and brand products. The Contractor's methodology for calculating the MAC must be available and transparent to the Department.
The Contractor must set MAC rates on all multiple-source drugs rated as therapeutic equivalents (A-rated) according to the FDA Approved Drug Products with Therapeutic Equivalence Evaluations, unless otherwise directed by the Department.
The Contractor must comply with the requirements explained at www.cms.hhs.gov/reimbursement for Federal Upper Limits and Medicaid Prescription Drugs under DRA (the Deficit Reduction Act of 2005). Updates to the FUL shall be made on a timely basis.
The Contractor must monitor the Department's MAC rates to assure products are available at the MAC rates and are appropriate estimates of providers' actual acquisition costs.
The Contractor must publish weekly additions, deletions, and revisions to the MAC rates on the Contractor and/ or provider portals. The MAC list shall be posted in a searchable and downloadable format
The Contractor must notify the Department at least ten business days prior to placing a MAC rate on a product, when a MAC has never been previously placed on that product.
The Contractor must ensure the Department's MAC rates, when compared with Federal Upper Limit (FUL) rates published by CMS, in aggregate, do not exceed FUL rates for CMS-specified products. This includes, but not limited to, taking the following actions:
a. Monthly compare the Department's Medicaid expenditures and utilization on CMS-specified FUL products to what would have been paid if the FUL rates were used
b. Prepare a monthly summary report of findings for the Department
c. Prepare an action plan within ten business days of becoming aware that the Department's Medicaid expenditures exceeded, in aggregate, projected expenditures if the FUL rates had been used
The Contractor must provide regular reports on the operational status of the MAC program in addition to cost savings reports at least quarterly.
Reporting and Analytics
The Contractor must provide management reports to the Department, on a schedule to be determined in negotiation with the State, to support PBM analytics. Examples of all current reports are included in the Procurement Library. The reports must include, but are not limited to:
a. Utilization Reports
b. Financial Reports
c. Auditing Reports
d. Preferred Drug List Reports
e. Claims Processing Reports
f. Coordination of Benefits (COB) Reports
g. Net Cost Reporting
The Contractor's reporting system shall provide data dashboard capabilities to facilitate real time graphical display of key outcome and performance metrics with drill-down capability aligned with user's role and permissions
As changed by CR 02: The Contractor's reporting system shall have the capability to generate and display population, program and activity-based dashboard

reports.
Population and program-based reports may include but not be limited to:
1. Characteristics of a population (e.g., Number and percentage of program participants by program type, Population distribution by eligibility or drug criteria, Participants enrolled in multiple programs / services, etc.)
2. Program information (e.g., PA's received and status / disposition, referrals received, appeals with status, etc.)
3. Solution performance and quality assurance reports (e.g., Solution performance according to agreed-upon SLAs, Fraud, waste and abuse detection indicators)
The Contractor's reporting system shall allow the user to drill down in order to view more detailed information about a specific metric, where available
The Contractor's reporting system shall provide the capability to present data in graphical and/or GIS map format
The Contractor's reporting system shall provide the capability for reports to be automatically generated and distributed on a periodic basis
The Contractor's reporting system shall allow the user to configure report preferences
The Contractor's reporting system shall allow users to subscribe to reports so that they shall be sent to them electronically upon periodic creation
The Contractor's reporting system shall allow the user to export information presented and underlying information with a granularity consistent with the user's access rights (jpg, pdf, xls, csv, etc.)
The Contractor's reporting system shall provide report formatted for printing on standard paper sizes
The Contractor's reporting system shall create an auditable list of all users that access reports and which reports they access
The Contractor's reporting system shall provide the ability to suppress data sets with a sample size of zero or a sample size that does not meet the threshold for de-identified/anonymous data
The Contractor's reporting system shall notify users of the estimated time required to run a report if it exceeds a predefined time limit
The Contractor's reporting system shall allow queuing of reports
The Contractor's reporting system shall include version control for all reports
The Contractor's reporting system shall provide a mechanism to archive and remove reports in order to prevent a proliferation of reports
The Contractor's reporting system shall have the capability to generate and display standard ("canned") reports as defined by the Department that users can view and export, but not customize
The Contractor's reporting system shall allow users to specify "favorite" reports and shall automatically identify frequently used reports
The Contractor's reporting system shall display a list of standard reports available to the user. The list shall include, but is not limited to:
i. Report title
ii. Last update date
iii. Last run date
iv. Planned run frequency
The Contractor's reporting system shall allow generation of reports with an 'as-of' date that may not be the same as the current date
The Contractor's reporting system shall display a list of parameter-based reports available to the user. Parameter based standard reports may include:
i. Existing reports that are currently generated and published

ii. Demographics, utilization, and other population-based reports.
iii. Member-centric reports
The Contractor's reporting system shall allow users to specify one or multiple parameters for the report. Parameters may include, but are not limited to:
i. Reporting period (last month, last quarter, customized date range, etc.)
ii. Population characteristics (age range, gender, program participation)
iii. Geography (zip code, region, county, census)
iv. Member or Provider-based analyses
v. Threshold-based and exception reporting vi. Percent change reporting
vii. Changes over time
The Contractor's reporting system shall allow for the user to sort and filter report data
The Contractor's reporting system shall provide the ability to upload a data set (e.g., list of Member names or UID's) for use as a parameter
The Contractor's reporting system shall provide the option of saving the report parameters in order to re-run it another time
The Contractor's reporting system shall provide the ability to perform calculations (e.g., unique count, average, etc.)
The Contractor's reporting system shall provide the ability to compare the data from one reporting period to another
The Contractor's reporting system shall provide the ability to identify statistical outliers
The Contractor's reporting system shall provide the ability to build and save reports and report templates. These reports shall have filtering capabilities and must be easy to build and modify by the user
The Contractor's reporting system shall allow the user to view and select available data sources for use in a query. Data sources may include, but are not limited to:
a. Any data accessible within the Contractor solution
b. Any data accessible through integration with other data systems
c. Data from other external sources that may be imported for use in the query
The Contractor's reporting system shall provide a standards-based interface/integration capability which can be triggered by a user to request that data be obtained from The Contractor's reporting system and imported to other authorized systems (e.g. MMIS solution, integrated eligibility solution, program integrity solution)
The Contractor's reporting system shall allow the user to share the queries with other users
The Contractor's reporting system shall make timely, accurate, and complete decision support information available to authorized users through the application and standardized tools
The Contractor's reporting system shall provide for appropriate class of reporting and business intelligence tools for different type of users (e.g. executive, analyst, operations staff)

The Contractor's reporting system shall provide the ability to provide access via multiple formats (Portable Document Format (PDF), Microsoft Excel, Microsoft Access, HTML)
Quality Assurance
The Contractor must develop and implement quality assurance processes and adopt best practices learned from other customer deployments, consistent with industry standards, principles, and processes including, but not limited to:
a. Recurring process reengineering evaluation to ensure processes are aligned with best practices and opportunities for process improvement are realized.
b. Continuous performance measurement and improvement through the use of technical reviews, internal audits, and Contractor provider satisfaction surveys, or other assessment tools (e.g. reporting on operational metrics).
c. Ongoing Contractor staff training.
d. Implement Quality Improvement Processes for recurring processes.
The Contractor must conduct client Satisfaction Surveys at least biannually, or as specified by the Department. The Contractor's surveys must include, but are not limited to:
a. Performance inquiries consistent with the duties and responsibilities of the Contractor and any SubContractor.
b. Performance expectations and measurement criteria for managing the ongoing long-term business relationship with the Contractor and for monitoring performance.
c. Inquiries on technology, quality, responsiveness, delivery, cost and continuous improvement.
The Department, in its sole discretion, may modify these requirements.
The Contractor must immediately notify the Department of any system, program, or operational deficiencies or defects identified. The Department shall establish the severity level and approve timelines for fixes or resolutions.
The Contractor must provide corrective action plans to the Department within three business days of the discovery of severe defects found through internal quality control reviews and identify options for corrective actions. The Contractor must initiate corrective actions plans, at no additional cost to the Department, only after the written approval of the Department.
The Contractor must provide audit trails to document, identify, and track chronological records and transactions throughout the Contractor's systems including, but not limited to, additions, deletions, and changes to:
a. Master file data related to Members, providers, drugs, pricing, and other reference data
b. Prior Authorizations
c. Member Lock-Ins
d. All edits encountered, resolved or overridden
e. POS transactions, including data submitted by providers and responses sent to the provider
The Contractor must sample and reconcile its claims processing system and files to ensure accurate and timely payments including, but not limited to, the following:
a. Conduct a random sample of a minimum of 500 claims each quarter

b. Stratify the sampling technique by variables, such as the Department's programs, reimbursement methodology, product type (e.g., sole-source, multiple-source, generics, etc.), or as specified by the Department for each reporting quarter
c. Report quarterly review findings to the Department
d. Provide an action plan to address processing errors
The Contractor must implement a continuous process improvement program to reduce administrative burden on the Department, providers, and Members. This process must be regularly assessing and continue throughout the duration of the contract.
The Contractor must maintain a log of operational, clinical, programmatic, and claims processing issues which shall be reviewed in weekly team meetings with Department staff. Each issue shall be analyzed and a resolution determined on a timeline approved by the Department. Issues not resolved on a timely basis shall be subject to penalty.
Drug Rebate Management **The Contractor must manage the Department's manufacturer drug rebates for the following programs:**
a. Federal OBRA'90 rebate program
b. State supplemental rebate program
c. State-only rebate program
The requirements in this section apply to all the Department's rebate programs
The Contractor must comply with the provisions explained at www.cms.hhs.gov/MedicaidDrugRebateProgram and Section 1927 of the Social Security Act.
The Contractor must maintain an electronic policies and procedures manual documenting all aspects of the Contractor's administration of the Department's manufacturer drug rebate programs.
The Contractor must not engage in any contracts or agreements during the Contract, and any renewal thereof, to receive direct compensation from pharmaceutical manufacturers (e.g., fees associated with data, rebates, rebate management, compliance, or clinical programs) which pertain to prescription claims data collected from the Department's programs.
The Contractor must conduct a review of rebate contracting and program performance at least quarterly with representatives from the Department.
The Contractor must integrate the following Department claims data to calculate manufacturer rebates owed to the Department including:
a. NDC claims data paid by the Contractor
b. Practitioner and outpatient hospital claims data for physician-administered drugs paid by the Department and forwarded to the Contractor.
The Contractor must calculate the total rebate amounts due from each manufacturer based on:
a. The number of units paid per an NDC
b. Unit rebate amounts applicable for the Department's programs, which are (1) distributed by CMS for the Federal Medicaid rebate program; (2) Supplemental unit rebate amounts as negotiated by the multi-state rebate pool; and (3) rebates required for participation in State-funded plans
The Contractor must invoice manufacturer rebates quarterly (or by other time periods specified by the Department or CMS) including, but not limited to, the following requirements:
a. Invoice 100% of participating manufacturers for Federal, State supplemental, and State-only rebates no later than 60 days after the end of the quarter, or in compliance with the timelines of the Federal government and the Department for generating manufacturer drug rebate invoices
b. Submit the manufacturer rebate invoice summary for the Department's approval at least three business days prior to invoicing participating

manufacturers.
The Contractor's rebate invoicing format and reported data elements must comply with CMS standards and with CMS policies and procedures for original invoices, for any needed prior period adjustments for previously invoiced quarters, and for interest on outstanding balances owed by a manufacturer.
The Contractor must provide manufacturers with electronic invoices and claims level detail in a format agreed upon with the Department.
The Contractor must utilize pre-invoicing quality control edits to proactively reduce manufacturer disputes of invoiced rebate amounts (e.g., quarter-to-quarter percent change in rebate amount invoiced by NDC, rebate amount exceeds reimbursed amount, quantity exceeds expected amounts, etc.). The Contractor must obtain Department approval on all pre-invoicing edits and must provide an audit trail of all pre-invoicing adjustments along with justification recorded into the Contractor's rebate management system. The Contractor must provide the Department a quarterly report of each adjustment and related justification by NDC.
The Contractor must provide a pre-invoicing capability to convert unit types, when mismatches occur between the pharmacy claim unit types paid and the CMS unit rebate types.
The Contractor must track and process prior period adjustments including, but not limited to, the following:
a. Maintain all quarters of manufacturer drug rebate invoices and other information to accommodate prior period adjustment processing including a minimum of 12 quarters (available online)
b. Identify and process, at NDC level, any corrections to rebate information received from CMS or from a manufacturer
c. Provide capabilities to manually enter and report corrections at the NDC level on manufacturer drug rebate invoices.
The Contractor must process prior period adjustments, calculate interest-due amounts, and work to resolve outstanding rebate disputes including those originating prior to the Contract.
The Contractor must provide a rebate dispute resolution process that complies with CMS Best Practices for Dispute Resolution and must meet all State and Federal requirements for pursuing recoveries in a timely manner.
The Contractor must provide a method to extract claims and other documentation for NDCs that are in dispute.
The Contractor must compare invoices to the Reconciliation of State Invoice (ROSI) returned by a manufacturer to determine which NDC and rebate amounts are in dispute.
The Contractor shall provide documentation, upon Department request, of its repeated efforts to resolve aged disputes.
The Contractor must correct invoice records at the quarter and NDC level to support the dispute resolution process and log the updated amounts into its rebate management system.
The Contractor must maintain an automated drug rebate dispute tracking system. This system must track by labeler and NDC: the manufacturer name, manufacturer code, invoiced amount, invoiced quantity, manufacturer's paid quantity for the NDC, unpaid quantity (positive or negative), rebate amount per unit, unpaid rebate amount, dispute reason, interest owed, and quarter.
The Contractor must automatically recalculate the utilization for each disputed NDC for all manufacturers after all adjustments have been recorded and log the updated amounts into its online rebate management system.
The Contractor must, at least annually or as directed by the Department, attend and actively participate in CMS-sponsored dispute resolution meetings on behalf of, or in addition to, the Department's staff. Costs associated with Contractor staff attending such meetings shall be the Contractor's responsibility.

The Contractor must reconcile payments received from manufacturers with the amount invoiced by program, category code, quarter, and National Drug Code (NDC).
The Contractor must maintain the original and corrected invoice information at the NDC level.
The Contractor must identify discrepancies between the rebate amount due and total amount paid to pharmacy (e.g., rebate amount exceeds amount paid). The Contractor must determine reasons for any discrepancy (e.g., pharmacy billing errors, CMS imposed manufacturer penalty) and resolve the discrepancy. The Contractor must log such resolutions in its online rebate management system.
The Contractor must calculate and invoice interest on unpaid quarterly manufacturer rebate amounts in accordance with Federal notifications. The Contractor must report interest invoicing separately from rebates.
The Contractor's manufacturer drug rebate management system must house and maintain data by program, category codes, quarter, NDC, and claim including, but not limited to:
a. Listings of manufacturers participating in the Federal manufacturer drug rebate program
b. Federal unit rebate amounts for the Department's Medicaid program
c. Supplemental rebate amounts
d. State-only rebate amounts
e. Rebate invoiced claims data including physician and outpatient hospital administered drugs paid by the Department and pharmacy prescriptions paid by the Contractor's POS claims processing system
f. Rebates received
g. Pre-invoicing adjustments to unit rebate amounts and utilization
h. Recalculated invoice amounts based on data submitted from manufacturers
i. Manufacturer invoices
j. Prior-period adjustments
k. Manufacturer disputes
l. Dispute resolutions and utilization adjustments supporting dispute resolution
The Contractor's manufacturer drug rebate management system must have functionality to maintain complete records of all rebate data and transactions.
This requirement has been deleted by CR 04. *(The Contractor's manufacturer drug rebate management system must provide online access for Department-designated staff)*
The Contractor's manufacturer drug rebate management system must retain rebate records conforming to Federal regulations and notifications or as otherwise specified by the Department.
The Contractor's manufacturer drug rebate management system must have functionality to age the accounts.
The Contractor's manufacturer drug rebate management system must have functionality to apply adjustments for any given time period.
The Contractor's manufacturer drug rebate management system must have functionality to allow multiple select keys and sort preferences including, but not limited to

a. by manufacturer
b. by year/quarter
c. by type of rebate
d. by program or category code
e. claim level
The Contractor must provide automated audit trails to document, identify, and track chronological records and transactions throughout the Contractor's systems including, but not limited to, additions, deletions, and changes to:
a. Original rebate invoices
b. Rebate interest billing
c. Pre-invoicing adjustments
d. Rebate write-offs
e. Prior period adjustments
f. Rebate accounts receivable and balances
g. Dispute resolution
The Contractor must import into its manufacturer drug rebate management system all historical quarterly rebate data available from the Department's current rebate Contractors.
The Contractor must assume all administrative and management tasks associated with rebates for historical quarters as well as future quarters occurring during the Contract.
The Contractor must generate and transmit to CMS a file of all manufacturer rebate invoices quarterly as required by CMS. This shall include, but not be limited to, original invoices, interest amounts, prior period adjustments, and adjustments resulting from resolved disputes.
The Contractor must provide quarterly drug rebate information in a form compatible for the Department's submission of the Quarterly Expense Report of the Medicaid Budget and Expenditure System (CMS-64) reporting requirements on or before 15 days following the close of a quarter's end.
The Contractor must deliver operational rebate reports to the Department within two business days after the reporting period or as otherwise specified by the Department. The Contractor must provide reports online for the Department-designated staff in downloadable versions of Microsoft® Excel or other Department-specified format.
The Contractor's online manufacturer drug rebate management system and operational rebate reporting functionality must separately report manufacturer rebate payments by:
a. Quarter
b. Program (Aid Category Code)
c. Rebate type (e.g., Federal, State, Supplemental)
d. Drugs crossed-walk from Healthcare Common Procedure System (HCPCS) codes to NDCs by the Contractor (i.e., practitioner and outpatient hospital claims for physician-administered drugs
e. Prescription claim level

f. Funding Source
The Contractor must provide pre-invoicing quality control, operational reports to the Department prior to invoicing manufacturers quarterly. Reports shall include, but are not limited to, NDCs for which:
a. Rebate amounts exceed total reimbursement plus payment from other insurers
b. Rebate amounts exceed quarter-over-quarter variability thresholds (e.g., +/- 15%)
c. Pre-invoicing adjustment amounts have been made by the Contractor
d. Zero rebate amounts are listed on the CMS file
e. Reimbursement has been made by the Contractor but the NDC is not found on CMS rebate file
The Contractor must reconcile drug rebate data with the Department's fiscal records monthly, quarterly, and annually. Such efforts must include detailed reports that identify adjustments, unit amount rebate changes, write-offs, and other accounting transactions that impact the Department rebate reporting.
The Contractor must provide operational rebate reports, in a format and schedule agreed upon and approved by the Department, which track:
a. Rebate recoveries
b. Current reporting period disputes by manufacturers with aged disputes for previous quarters
c. Adjustments and recoveries resulting from dispute resolution activities
d. Pre-invoicing adjustments, unit rebate amount changes, write-offs, and other accounting transactions
e. Current and past accounts receivable by manufacturer
f. Interest billed and collected
g. Feasibility determinations of rebate write-offs
h. Amount rebated compared to amount paid by quarter, manufacturer, and NDC
The Sovereign States Drug Consortium (SSDC) is a Medicaid supplemental drug rebate program that allows participating states to pool their prescription utilization numbers to obtain supplemental rebates from pharmaceutical manufacturers. The Contractor must administer the Supplemental Rebate program on behalf of the State, including participating in all required activities with the SSDC and its designees, and identifying and implementing opportunities with the SSDC to maximize the supplemental rebate amounts returned to the State.
The Contractor must support the State in its engagement with the SSDC and its PBM Contractor as the SSDC negotiates supplemental rebates with manufacturers. This support includes, but is not limited to:
a. Provide utilization and rebate modeling analytic capabilities
b. Provide the necessary utilization, URA, and other data files on a timely basis as required by the SSDC
c. Make recommendations and submit all potential rebate arrangements to the Department for approval prior to acceptance
d. Perform modeling that incorporates rebate data and determined net cost to the Department associated with individual PDL decisions for a drug
e. Participate along with State staff and/or represent the Department in all SSDC meetings, conference calls, and other venues during which rebate business is conducted

The Contractor must work with the SSDC and its PBM Contractor to support the State in administration of the supplemental rebate program. This support includes, but is not limited to
1) Calculate, prepare and issue manufacturer invoices
2) Work with manufacturers to obtain fully executed supplemental rebate agreements (SRA)
3) Work with the Department on any needed revisions to the SRA annually
4) Track, reconcile, resolve all collections, disputes, adjustments
5) Provide all required reporting and analysis
6) Perform other administrative duties as defined by the State
The Contractor shall maintain those data systems used to calculate the Supplemental Rebates. In the event material discrepancies are discovered, the Contractor shall promptly make an appropriate adjustment, which may include a credit as to the amount of the Supplemental Rebates or a refund to Manufacturer.
The Contractor shall maintain electronic claims records for the most recent four rebate quarters, which shall permit the Manufacturer to verify the supplemental rebate summaries through an audit process.
Payment Adjustments and Audits
The Contractor must, as requested by the Department, process post-payment claim reversals for pharmacy claims, such as TPL adjustments and other adjustments.
The Contractor must, as requested by the Department, process financial gross adjustments to pharmacy payments, such as corrective actions identified from post-payment audit findings and other adjustments.
The Contractor and any SubContractors must cooperate with financial audits by Department staff, other State departments, the United States Department of Health and Human Services, State or Federal designees, or others authorized to perform audits relating to the work and deliverables rendered by the Contractor and any SubContractors. Contractor and SubContractor audit support must include, but is not limited to:
a. Enable read and copy access to files, documentation, and personnel including inventory control files, Member eligibility files, preferred drug list, diagnosis files, provider master files, all pricing files, adjudicated claims file, all software and operating manuals, all documentation along with rules, regulations, memos, internal reports, training manuals, and detail design documentation
b. Enable access to computer resources including, but not limited to, all application programs and libraries, all system programs and libraries, the operating system along with job accounting and software
c. Notify audit staff within 24 hours of any changes made to computer programs and edit logic between processing runs related to audit activities
d. Provide the ability to retrieve and print claims
e. Provide the personnel and resources necessary for automated or manual sampling of claims and reference file data including the retrieval of historical data.
General System Requirements
The System shall comply with the Health Insurance Portability and Accountability Act (HIPAA) privacy and Member consent for release requirements, where applicable
The System shall comply 42 CRF, Part 2, ensuring the confidentiality of drugs used to treat addiction.

The System shall accommodate diverse populations of users including those with visual and hearing impairments, persons with low and moderate educational levels, and the elderly (Section 508 compliant) http://www.section508.gov/ and all similar State of Vermont policies
The System shall accommodate diverse populations of users including those with disabilities and limited English proficiency as defined in section 504 of the Rehabilitation Act of 1973
The System shall be designed and developed to support a production environment and reporting system available 24 hours a day, during every day of the year, including all holidays
The System shall uniquely identify each Member using both SS# and Unique ID number assigned by SoV Enrollment System
The System shall uniquely identify each provider using both NPI and a system generated Unique ID
The System shall have the capability to interact with other systems as needed to collect and report services and benefits provided to a Member.
The System shall provide a mechanism to limit access to view/update information, based on user role, access rights and program rules.
The System shall have the capability to save and print all forms, reports, documents, screens, based on user role and program rule
The System shall automatically save information as users enter it.
The System shall validate that all mandatory data fields have been completed when a user attempts to submit information.
The System shall inform the user of errors based on the validations performed.
The System shall allow the user to review and update information if there are correctable errors.
The System shall contain a "help" function on each screen as needed to provide users with instructions on how to perform functions, descriptions of data elements and/or other information.
The System may provide access to "rules/regulations documentation" via the System for look up and reference in the relevant context of the screen/process.
The System shall send alerts/notifications to users who (1) have subscribed to these types of notifications, (2) have consent to view the Member 's data (3) have the correct access rights and (4) have a valid reason for viewing this data.
The System shall send notifications based on the preferences a Member or user has indicated in their profile unless a specific delivery method is specified by policy (e.g., certain notifications must be sent via US postal mail, ADA compliant communication). Where possible, electronic delivery methods (email, SMS) shall be selected.
The System shall have role-based access control at the data field level.
The System shall have rules-based access control and display information.
The System shall have a user interface written in English (including warnings, notifications and user prompts) free of grammatical errors and typos.
The System shall contain written language targeted to the average adult reading level (e.g., 6th grade level) Note: This applies to all languages.
The System may provide the capability to check an individual's language indicator to include language specific text on notices, correspondence and other materials.
The System shall maintain a record (e.g. audit trail) of all changes made to data in the System - system initiated changes or user-initiated changes. This should be readily searchable by user ID, system ID or Member ID. This must include but is not limited to:
i. The user ID of the person who made the change or system ID if the change was system generated
ii. The date and time of the change
iii. The information that was changed
iv. The data before and after it was changed
v. The data source if the change was system generated

The System shall record the date, time, and name of users viewing Member information.
The System shall use industry standard taxonomy(ies) if relevant.
The System shall provide web pages with general information about Pharmacy Benefit programs to the public without requiring a login.
The System shall authenticate users before allowing access to functionality requiring a login.
Provide Optical Character Recognition to convert appropriate paper documentation received through PBMS Operations into indexed, content searchable electronic format (e.g., claims and attachments, correspondence, provider information).
The State shall have the final authority to hire/fire any contract staff working in state facilities.
Interoperability-Integration Requirements
The System's interfaces shall secure and protect the data and the associated infrastructure from a confidentiality, integrity and availability perspective.
The System shall be able to support Application to Application (A2A) synchronous and asynchronous messaging using web services. The messaging capabilities shall be able to support a wide variety of A2A patterns including, but not limited to, the following:
- Data look-up and retrieval
- Data look-up with services provided by other applications
- Simple bulk data transfer to/from other Systems.
The System's interface infrastructure shall continue to operate despite failure or unavailability of individual technology components such as a server platform or network connection.
The System's interfaces must be scalable to accommodate changes in scale including changes in user population, transaction volume, throughput and geographical distribution. The System shall be capable of making any changes to the interface data elements/layouts easily, and to test those changes.
The System shall implement, at a minimum, interfaces (both real-time or batch) with the State and other contracted systems requiring integration and data sources such as but not limited to ACCESS / Integrated Eligibility, VISION and the Existing and replacement MMIS. These interfaces shall be implemented using point-to-point methods and secure file transfer for the legacy systems and Vermont's Health Services Enterprise integration middleware, Oracle SOA Suite and Service Bus for the replacement systems.
The System shall implement, at a minimum, interfaces (both real-time or batch) with the applications and data sources that are currently being procured and or being implemented by the State, they are systems requiring integration as outlined in these requirements and contract such as what is referred to as the HSE Platform, which includes but is not limited to: Identity Management, Consent Management, Portal, Enterprise Information Exchange, Master Data Management, Rules Engine, Eligibility Automation Foundation, Content Management, Analytics and Business Intelligence Tools and Repositories, Collaboration Capabilities. These interfaces shall be implemented using Vermont's Health Services Enterprise integration middleware, Oracle SOA Suite and Service Bus.
The System shall provide the capability to perform source to destination file integrity checks for exchange of data and alert appropriate parties with issues
Systems components shall be committed to an advanced approach to interoperability using web services and Service Oriented Architecture (SOA) aligned with State standards and vision for interoperability.
Systems shall integrate with VT HSE using a Service Oriented Architecture by using an Enterprise Service Bus, responsible to monitor and control routing of message exchange between services, resolve contention between communicating service components, control deployment and versioning of services and marshal use of redundant services.
Systems shall support creation and extension of service interfaces using Web Services Description Language (WSDL)
Systems shall develop/integrate services using standardized Web Services formats.

Systems shall provide the ability to publish services and related data to be used by different types and classes of service consumers.
Systems shall provide the capabilities for a Real-Time (or near real-time) Integrated Enterprise where common data elements about the customers served and services rendered are easily shared across organizational units with appropriate adherence to security and privacy restrictions.
Systems shall have the capability to implement synchronous and asynchronous program-to-program communication, moving messages between SOA service consumer modules and service provider modules at runtime. The ESB component may also move files, database rows and other data.
Message and data formats should be based on logical representations of business objects rather than native application data structures
Data transformations shall be to and from normalized formats.
Normalized data formats facilitate composition and reduce the number of transformations that must be created and maintained. A canonical data representation that spans the enterprise can be used but is not required. A federated approach to data normalization is also possible
Point-to-point integrations are to be avoided. Application integration, both internal and external, shall go through the central ESB.
All System services shall be classified with one of the following values: Presentation, Process, Business, Data, Access, or Utility
All services shall be reviewed, classified, and cataloged prior to use. The Documentation Artifacts shall be modeled per ISO/IEC/IEEE 42010 Architecture Descriptions part of the Vermont Enterprise Architecture Program Requirements, or other comparable industry standards reasonably acceptable to the State. Duplicate services shall be rationaled and retired appropriately.
All services shall have key stakeholder/owners identified following the ADM Architecture Model. Role Matrix should include s/w developers, integrationists, technologists, Enterprise Architects, Business Leads, Testing teams, UAT Teams.
All WSDLs developed for Vermont shall conform to the WSDL Development Standards
All SOA-related messages shall be formally defined with XSD (preferable) or DTDs. A SOA Architecture Repository is required.
SOA-related services hosted should be implemented in Java.
Implemented services shall rely on WS-Policy configurations for message reliability (WS-Reliable Messaging)
The following metadata attributes shall be tracked for all services in the services catalog: name, lifecycle status, class, description, owner, version, revision history, release frequency, versioning policy, deprecation policy, message exchange patterns, compensating transaction support, availability requirements, volume, max message size, security attributes, sla, logging requirements
SOA services shall be attributed with one of the following SOA Lifecycle Status values: Candidate, Justified, Defined, Designed, Implemented, Operational, or Retired. A SOA Architecture Repository shall be required and opened to Vermont EA Program.
The System shall be designed, built and deployed with enterprise architecture best practices including substantial reliance on highly configurable SOA components. The System shall undergo, at a minimum, 2 iterations integrated with HSEP development environment. Each iteration shall have a maximum period of 10 days. The Systems shall have an alpha deployment on HSEP staging Environment and shall have, at a minimum, three weeks of UAT Testing by Business SMEs on the HSEP Staging Environment
Systems shall provide reliable, once-only delivery of messages (guarantee of reliable and non-repetitive delivery).
Systems shall have the capability to integrate with the VT ESB technology to perform syntactic and semantic hub-based transformation of messages, including: ' Support of taxonomy ' Support of ontology ' Reusable transformation maps ' Built-in transformation functions ' Extending the transformation function with custom-coded logic ' Support B2B project translation including Electronic Data Interchange (EDI), RosettaNet, HL7, etc.
Systems shall provide the functionality that provides reliability for applications, services or message flows: ' Load balancing ' High availability ' Fault tolerance ' Failover ' In-order delivery ' Transaction support ' Execution prioritization ' Message prioritization. Tests for High Availability and Failover must be completed prior to the release to UAT.

Systems shall provide the technology that manages the metadata and provides the features needed to support the reliable operation of services. Examples include: ' Online catalog of services and associated artifacts such as WSDL files, XSDs, BPEL files ' A single point of controlled access for cataloging, promoting, publishing and searching for information about managed assets ' Metadata that enables an Enterprise Service Bus (ESB) to find, bind to and invoke the execution of a service implementation ' Support for extending existing asset types and defining and populating custom asset types
Systems shall provide support for integrating with applications with SOA and event-driven architectures in a manner that supports the following implementation strategies: ' Web Services: Web Services Interoperability (WS-I) Organization-compliant implementation of basic Web services standards, including SOAP, WSDL and Universal Description, Discovery and Integration (UDDI), as well as higher-level Web services standards, such as WS-Security. ' Representational State Transfer (REST): Support for XML-based messages, processing and HTTP, and XHTML.
Systems shall have the ability to track a message from its origin to its destination (inside a firewall), inquire on the status of that message and address exceptions (for example, resend the message if a target times out). Usually implemented via a warehouse for archiving messages together with the associated tracking and logging data.
The Systems shall have the ability to use standards-based communication protocols, such as TCP/IP, HTTP, HTTP/S and SMTP. ' Protocol bridging: The ability to convert between the protocol native to the messaging platform and other protocols, such as Remote Method Invocation (RMI), IIOP and .NET remoting.
The System shall seamlessly work with the technology and programs that act as glue, transforming among protocols, connecting to databases and linking pre-SOA Application Programming Interfaces (APIs) to the SOA backplane.
The System shall have the capability to work with a Service Registry that serves as an integration point for runtime tooling
The System shall have the capability to work with security policy manager for Web services that allows for centrally defined security policies that govern Web services operations (such as access policy, logging policy, and load balancing).
Regulatory and Security Requirements
The System shall provide a mechanism to comply with security requirements and safeguard requirements of the following Federal agencies / entities, to the extent the following are applicable to the services provided by Contractor under this Agreement:
- Health & Human Services (HHS) Center for Medicare & Medicaid Services (CMS)
- Administration for Children & Families (ACF)
- NIST 800-53
- Federal Information Security Management Act (FISMA) of 2002
- Health Insurance Portability and Accountability Act (HIPAA) of 1996
- Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009
- Privacy Act of 1974
- e-Government Act of 2002
- Patient Protection and Affordable Care Act of 2010, Section 1561 Recommendations
- Vermont Statute 9 V.S.A. § 2440. Social security number protection (http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=09&Chapter=062&Section=02440)
- Vermont Statute 9 V.S.A. § 2435. Notice of security breaches (http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=09&Chapter=062&Section=02435)
The System shall conform with the sub-parts of Section 508 of the Americans with Disabilities Act (ADA), and any other appropriate State or Federal disability legislation.

The System shall comply with all applicable State security policies and adhere to all applicable legal, statutory, and regulatory requirements, as determined by Vermont leadership.
The System shall implement security controls in accordance with all applicable Federal and State security policy and regulations.
The System shall comply with accessibility requirements described in 45 CFR 85 and with State of Vermont accessibility requirements located at http://cio.vermont.gov/policy_procedures.
The System shall comply with applicable Vermont branding standards as defined by the state.
The Contractor shall adhere to the principle of "Fail Safe" to ensure that a system in a failed state does not reveal any sensitive information or leave any access controls open for attacks
The System shall allow for controlled access to Member records. Users shall be able to view Member data within the System at the State-defined levels of access based on user security privileges.
The System shall maintain a level of security that is commensurate with the risk and magnitude of the harm that could result from the loss, misuse, disclosure, or modification of information.
The System shall provide the ability for concurrent users to simultaneously view the same record, documentation and/or template.
The System shall provide protection to maintain the integrity of data during concurrent access.
The System shall be configurable to prevent corruption or loss of data already accepted into the System in the event of a System failure (e.g. integrating with a UPS, etc.).
The System shall support protection of confidentiality of all Protected Health Information (PHI) delivered over the Internet or other known open networks via encryption using triple-DES (3DES) or the Advanced Encryption Standard (AES) and an open protocol such as Transport Layer Security (TLS), Secure Sockets Layer (SSL), Internet Protocol Security (IPsec), XML encryptions, or Secure/Multipurpose Internet Mail Extensions(S/MIME) or their successors. This System shall be subject to external Audit checks.
The System, when storing PHI on any device intended to be portable/removable (e.g. smart phones, portable computers, portable storage devices), shall support use of a standards based encrypted format using 3DES, AES or their successors.
The System, prior to access to any PHI, shall display a configurable warning or login banner (e.g. "The System should only be accessed by authorized users").
If a System does not support pre-login capabilities, the System shall display the banner immediately following authorization.
The Contractor must have written policies and procedures addressing the use of any protected health data and information that falls under the Health Insurance Portability and Accountability Act (HIPAA) requirements. The policies and procedures must meet all applicable federal and State requirements including HIPAA requirements. These policies and procedures must include restricted access to the protected health data and information by the Contractor's employees.
The System shall have obtained Medicaid Management Information System (MMIS) certification by CMS, including compliance with all MITA 3.0 standards where applicable.
The Contractor must notify the State of Vermont upon learning of any suspected or actual unauthorized use or disclosure of protected health data and information that falls under the HIPAA or 42 CFR, Part 2 requirements, in accordance with the then current Business Associate Agreement in place between the State of Vermont and Contractor. Contractor must work with the State of Vermont to mitigate any breach and provide assurances to the State of Vermont on corrective actions to prevent future unauthorized uses or disclosures.
The Contractor must notify the State of Vermont upon learning of any breach of system or data security, in accordance with the then current Business Associate Agreement in place between the State of Vermont and Contractor. Subject to the approval of the State of Vermont, the Contractor must undertake such additional safeguards or changes as recommended by a subsequent independent security audit at the Contractor's expense.

In the delivery and provision of information technology hardware, software, systems, and services through the Contract, the Contractor must prevent unauthorized access to the "Identity Information" of any individual. "Identity Information" includes, but is not limited to, an individual's first name or initial and last name, in combination with any of the following:
a. Social Security Number;
b. Driver's license number;
c. System access identification number and associated passwords;
d. Account information such as account number(s), credit/debit/Medicaid card number(s), and/or passwords or security codes.
Identity and Access Management
The System shall support a form of user authentication.
The System upon detection of inactivity of an interactive session shall prevent further viewing and access to the System by that session by terminating the session, or by initiating a session lock that remains in effect until the user reestablishes access using appropriate identification and authentication procedures. The inactivity timeout shall be configurable.
The System shall enforce a limit of (configurable) consecutive invalid access attempts by a user. The System shall protect against further, possibly malicious, user authentication attempts using an appropriate mechanism (e.g. locks the account/node until released by an administrator, locks the account/node for a configurable time period, or delays the next login prompt according to a configurable delay algorithm).
The System shall provide the capability to prevent database administrators from seeing the data in databases they maintain.
The System shall support grouping users by functional departments or other organization to simplify security maintenance.
The System shall provide the ability to maintain a directory of all personnel who currently use or access the system/IVR/SQL database.
The System shall provide the ability to create and maintain a directory of external providers to facilitate communication and information exchange.
The System shall provide the ability to identify certain information as confidential (e.g. PII, PHI, etc.) and only make that accessible by appropriately authorized users.
The System shall restrict access to summarized information according to organizational policy, scope of practice, and jurisdictional law.
The System must be able to associate permissions with a user using one or more of the following access controls:
1) user-based (access rights assigned to each user)
2) Role-Based Access Controls (RBAC; users are grouped by role and access rights assigned to these groups)
3) context-based (role-based with additional access rights assigned or restricted based on the context of the transaction such as time-of-day, workstation-location, emergency-mode, etc.)
The System shall provide the ability to prevent specified user(s) or groups from accessing confidential information such as a Member's SSN, medication information and other confidential data
The System shall provide the ability to limit access to certain confidential information such as a Member's SSN and other confidential data to providers directly involved in service of the patient, or providers involved in review of the service.
When access to a user's account is restricted, the System shall provide a means for appropriately authorized users to "break the glass" and obtain access for emergency situations, as defined by Vermont policy.
When access to Member's confidential data is restricted but still the "break the glass" has occurred, the System shall provide the ability to notify specified users and provide an audit trail for this access.
The System shall enforce the most restrictive set of rights/privileges or accesses needed by users/groups or processes acting on behalf of users, for the performance of specified tasks.

The System shall provide the ability for authorized administrators to assign restrictions or privileges to users/groups.
The System shall support removal of a user's privileges without deleting the user from the System to ensure history of user's identity and actions.
The System shall be able to support RBAC in compliance with the HL7 Permissions Catalog.
The System shall be capable of operating within an RBAC infrastructure conforming to ANSI INCITS 359-2004, American National Standard for Information Technology – Role Based Access Control.
The System shall provide more-advanced session management abilities such as prevention of duplicate logins, remote logout and location-specific session timeouts.
The System shall provide the ability to perform System administration functions such as reference table maintenance and adding / removing users from the system.
The System shall allow users access based on their roles irrespective of their geographical location.
The System shall provide the capability to integrate with existing authentication and authorization mechanisms.
User Interface Requirements
The System shall provide an unlimited free-form text note within the PBMS for various functions such as provider enrollment process, prior authorizations, and case management, accessible by authorized PBMS users that includes, for example:
• Provides the ability to display the narrative sorted by user and business unit.
• Provides the ability to display free form narrative in chronological or reverse chronological sequence.
• Provides basic word processing functionality such as sentence case, spell check, auto text, bold, underline, italics, color font, bulleted lists, tabs, indents, wrap-text, tables, printable.
System shall provide a graphical user interface for authorized PBMS users to define plans, benefits and pricing.
System shall provide the ability for authorized users and its designees to view, search, and query by Department defined fields as well as pull reports and documentation associated with these fields.
System shall provide the ability to view the results of filtered searches based on multiple or single criteria, the capability to search on multiple criteria at the same time, and the ability to perform secondary and tertiary searches within the primary search results.
System shall provide the ability to save and name multiple user-defined search and sort parameters so that users can repeat the same search/ sort queries at a later time.
System shall provide the ability to view the results of wild card searches (including both single character and string wildcard search) for all searchable fields, including searches with partial ID numbers.
Accept digital signatures from providers where applicable as defined in the functional requirements
Propose, develop, produce, publish and deliver all applicable PBMS User Guide/ Help updates.
Propose, develop, produce, and maintain frequently asked questions (FAQs) on PBMS screens and functionality.
The PBMS may provide the following:
1) Provide a forum for authorized PBMS users to post inquiries, and to respond to other posters and create topical "threads" on problems.
2) Allow Department staff and other designated users to access the forum and to participate and moderate the posts and threads, based upon user roles.
3)Provide a search capability to find posts and threads by date or relevance.
Ensure that all codes and abbreviations used in the PBMS have corresponding and easy-to-view narrative descriptions.
The System shall limit the amount of information displayed, while also enabling the user to immediately expand the scope of the information visible.

The System shall speak the users' language, with words, phrases and concepts familiar to the user, rather than system-oriented terms.
The users shall be able to easily navigate to a variety of functions available to them without having to move sequentially through excessive menus and screens.
The System shall follow standardized conventions. Users should not have to wonder whether different words, situations, or actions mean the same thing.
The System shall eliminate error-prone conditions or check for them and present users with a confirmation option before they commit to the action.
The System's User Interface shall be simple, consistent, and use familiar terminology.
The System's navigation shall be familiar and consistent, and all user actions shall be predictable and reversible.
Business Intelligence and Reporting Requirements
The Contractor shall provide a state approved reporting tool, all state specified pharmacy data elements, including but not limited to elements in the drug file, the claim file, recipient information, provider information, and the prior authorization file. The State shall work with State business lead and Contractor shall ensure reporting components confirm to Enterprise Platform
The Contractor shall maintain a training program for State staff and Contractors to ensure maximum use and understanding of the functionality of state approved reporting tool
The Contractor shall create reports based on the following, including but not limited to, a combination of pharmacy claim data elements; Member characteristics; provider characteristics; prior authorization characteristics; and drug reference file elements including drug pricing, drug rebate status elements, lock-in characteristics, pharmacy claim errors, and net cost. This is a small sampling to show the types of reports expected of the System. A comprehensive list of all reports shall be determined in collaboration with the State both during the contract negotiation phase as well as the System Implementation phase
The Contractor shall establish and maintain a methodology for the development and maintenance of the data analytic capabilities the PBMS provides and ensure that it is well documented.
The Contractor shall establish, maintain, implement and manage analytic capabilities to include but not be limited to data summarization, data comparison, data correlation, forecasting, trending, and statistical analysis
The Contractor shall establish and maintain a methodology for the development and maintenance of production and system reports. Contractor shall work with State agencies to determine what reports are needed such as system performance reports and user access reports by the applicable State department(s).
The Contractor shall establish and maintain a methodology for the development and maintenance of ad hoc reports
The Contractor shall establish, maintain, implement and manage a schedule for reporting that includes prioritization
The Contractor shall track and report the status of each data and reporting request
The Contractor shall produce, distribute and manage production reports in accordance with applicable Business area, State, and Federal specifications.
Produce, distribute and manage ad hoc reports in accordance with Business area, State, and Federal specifications.
The Contractor shall notify the report requester when report timeliness cannot be met. In addition, the Contractor shall provide a summary level report to the State, at a predetermined frequency, on quality and timeliness of all reports generated within that period.
The Contractor shall ensure that all existing Federal, State and Business area measures and reports continue to meet applicable State Business area, State and Federal standards.
The Contractor shall maintain report distribution lists to ensure accurate report distribution.
The Contractor shall maintain detailed procedures documenting how reports are prepared and detailing the procedures used to validate the accuracy of the report information.
The Contractor shall store historic reports in accordance with applicable State Business area, State, and Federal retention schedules.
The Contractor shall provide data and information for federal and state reporting in accordance with applicable State business area, state, and federal

specifications.
The Contractor shall provide data to the State in support of the PBM's function of analyzing and reporting pharmacy program status to the State.
The Contractor shall provide ad hoc reporting and data analysis as agreed to through negotiation with the State. Such reporting and analysis shall be in an agreed upon format and in accordance with a schedule agreed to by the Contractor and the State.
The Contractor shall provide the ability to regularly and accurately produce operational reports using PBMS data.
The Contractor shall ensure that the data in reports are current, accurate and accessible and that the report is produced in a timely fashion to meet the report's delivery deadline.
The Contractor shall ensure that any reporting functionality supports the ability to pull and use the narrative descriptions of codes and abbreviations in addition to the codes and abbreviations themselves.
The Contractor shall develop the HIPAA attachment transaction for claims and Prior Authorization Requests in the PBMS (e.g., HL7/ 275).
As changed by CR 02: The Contractor shall provide capacity to capture, store, update and report on system operational metrics from a decision-support system that offers digital dashboards, online reporting and print capacity with ability to download to common media.
The Contractor shall provide routine, ad hoc, and complex (consolidation, drill-down, slicing and dicing) analytical reporting.
The Contractor shall provide drilldown capabilities and tabbed daily, weekly, monthly, quarterly, yearly, prior year, etc.
As changed by CR 02: The Contractor shall provide a user-friendly interface and ability to customize dashboards by user and because of changing needs.
The Contractor shall provide achievable reports (unalterable) with ability to retain original report template for future use.
The Contractor shall provide graphical presentation with gauges and other representations to highlight important events and alerts.
Knowledge Transfer and Training Requirements
The Contractor shall develop (in cooperation with the State) and execute a Knowledge Transfer and Training Plan that describes roles and responsibilities of the State and Contractor and the approach for bringing managers, end users and technical personnel to an appropriate level of understanding with the System.
The Knowledge Transfer and Training Plan shall address and describe, at a minimum:
- Training goals/standards and the specific plan for training technical personnel and end users.
- Size of population and types of roles that need training
- Strategy for providing training early in the project to allow the training goals to be implemented throughout the project life Phase.
- Tasks, deliverables and resources necessary to complete the training effort and identify tools and documentation that shall be necessary to support proposed effort.
- Types of training, the specific courses and course materials, the training approach for both technical personnel and end users, and how training effectiveness shall be measured and addressed.
- Deliverables to support initial and ongoing training including user manuals, System manuals, and on-line help and training materials for technical/non-technical personnel.
- Knowledge Transfer to enable the State personnel to operate, maintain, configure and modify the System including operation of the testing tools, supporting infrastructure, and security as agreed between the State and Contractor.
- Metrics for tracking progress in achieving training and knowledge transfer objectives.
- Reporting progress of training and knowledge transfer activities.
- Additional training for technical staff on development, reporting and maintenance including processes and tools as needed

- The training must include all aspects of the use of the New System - both Technical and Operational
All Training Materials are due at the time of Staging and before the 3rd iteration of any application development
The Contractor shall provide end-user training documentation (including user manuals, online content, reference cards, etc.). Contractor is to supply full provisioning to all primary, secondary and third-level support personnel identified by the Business Lead. Provisioning for these users to be completed on the staging platform prior to SoV UAT.
The Contractor shall provide the State a training course outline for review and acceptance at least thirty (30) calendar days prior to the beginning of scheduled training.
The Contractor shall submit all training packages to the State for review and acceptance at least twenty-one (21) calendar days prior to the beginning of scheduled training.
The Contractor shall provide (customized as required) training manuals for all classroom as well as any online training they provide. Softcopies of all training manuals shall be provided by the Contractor for both modes of training (classroom or online). Additionally, Hard copies of training manuals shall be provided for class room training.
The Contractor shall provide all training materials developed for the system to the State. Those materials shall become the property of the State and may be modified and duplicated by the State.
The Contractor shall provide electronic copies of all training materials (end-user, technical, trainee and instructor) in a format that can be easily accessed, updated and printed by State staff using software for which the State owns licenses. This includes but not limited to CDs/DVDs, and online. All training materials must conform to the applications and components interfacing with the Enterprise Staging Platform prior to release into production
The Contractor shall provide updated training documentation as necessary to incorporate new processes or functionality due to system releases, upgrades, or changes throughout the contract term.
The Contractor shall schedule all training during regular work hours as approved by the State unless the Contractor receives advance approval from the State for specific training at other times.
The Contractor shall provide all training within the State of Vermont at locations convenient to the attendees of the training, unless the Contractor receives advance approval from the State for specific training at other locations.
The Contractor shall schedule staff training in a manner that is least disruptive to the normal business operations.
The Contractor shall provide instructions to the State on Contractor tools and procedures used to support the training.
The Contractor shall ensure that Contractor staff members are not assigned to train State staff and work on critical path development tasks concurrently.
The Contractor shall assist the State in developing end-user training on the System business functionality.
The Contractor shall provide end-user classroom training sessions and on-line training as agreed with the State for all end users.
The Contractor shall identify the number of staff necessary as well as the skill sets necessary for maintenance and operations of the System, with the State's agreement.
The Contractor shall develop and provide training for the technical support staff including State staff and contractors.
For the duration of the contract, the Contractor shall continue to provide training to the technical staff if system upgrades have been installed and there is a change in System components functionality.
The Contractor shall create a training approach and needs analysis early in each project Phase which shall determine the training requirements

Quality Management Requirements
The Contractor shall describe the quality management approach and methodology used for the System with input from the Business Units
The Contractor shall develop a Quality Management Plan to describe the approach Contractor shall use to ensure the quality of the service and the work it performs. The Plan shall include at least the following items:
• The State's management of the requirements. This includes the identification of inconsistencies between the requirements and the project's plans and work products.
• The State's Requirements Traceability Matrix (RTM) that shall be used for requirements management and shall map where in the software a given requirement is implemented. The RTM shall be maintained by the Contractor and updated with new, deleted or amended requirements.
• The practices and procedures that shall be followed for reporting, tracking, and resolving problems or issues identified in System Testing, System Migration and System Operations.
• The business process changes resulting from the System.
• The quality of work products developed and delivered by Contractor's sub-Contractors/partners, if applicable.
• A metrics process that describes how measurements shall be identified, collected and analyzed to ensure that quality goals, including management and the System goals, are being met. It should also describe the types of project metrics used.
• The Contractor's organizational structure, and the roles and responsibilities of Contractor staff as they relate to quality management.
• Description of the processes and management of the Defect and Issue Tracking System for System of items and, if applicable, how corrective action plans shall be developed to address more significant issues.
The Contractor must, subject to review by the Department as needed, implement and document quality assurance processes and procedures to ensure integrity of services and of the processing and storage of the Contractor's data including, but not limited to, the following:
a. Maintain separate testing environments, emulating the production environment, where users can test systems changes, edits and pricing without affecting the production systems
b. Allow online update and inquiry of all data repositories in the test environment(s) to simulate the production environment
c. Generate test results to evaluate the fiscal impact of changed edits or other test conditions
d. Validate and document internal systems by balancing input and output data, execute batch jobs appropriately and generate outputs appropriate for the executed cycle
e. Comply with the requirements of the Payment Error Rate Measurement (PERM) program and other quality assurance programs as specified by CMS, the State, and the Department
f. Maintain internal quality control procedures for functionality and data integrity
Operations Requirements
The Contractor shall have recovery plans in place for the non-production environments of the PBMS enterprise (Development, Testing, Staging, Model Office and Business-to-Business environments.)
The Contractor shall have a Disaster Recovery Plan in place for the production PBMS environment in the event of a catastrophic disaster at either the primary or secondary sites.

The Contractor shall be required to supply hot failover and fail-back capability for the production PBMS. This capability shall be invoked during system maintenance of the PBMS at the primary production site and during any production outage at the primary site and/or Secondary Network back up to primary Data Center, should primary circuits fail but Data Center is okay. At a minimum, this failover functionality shall be tested each quarter of the year for the duration of the contract. If no system maintenance or outages have occurred during a quarter to exercise this capability, then the Contractor shall schedule a test failover and fail back to occur within the month following the end of such quarter.
The Contractor shall be required to supply a PBMS Help Desk that is available during regular business hours (Monday – Friday, 7:30 a.m. – 6:30 p.m. Eastern Time and Saturdays from 8:00 am – 2:00 pm Eastern Time) to assist with usability questions, problem analysis and for reporting technical issues
The Contractor must have a defined escalation plan for technical problems that cannot be addressed by the PBMS Help Desk. The escalation plan must include a definition of severity levels and specific escalation procedures based upon the severity of the technical problem.
The System shall have the ability to generate administrative alerts and warnings when statistics indicate an impact or potential limits on system performance and availability. These alerts shall to be communicated through various mechanisms including SMS, Phone and Email.
The System shall provide SLA monitoring and reporting capabilities.
The System shall provide event management and monitoring functionality according to ITIL best practices.
The System shall provide Data archiving capabilities based on State-defined criteria.
The System shall provide version control capabilities to ensure the integrity of all software releases.
The System shall provide logging, reporting for accessing errors and exceptions.
The System shall monitor and provide reports on any unauthorized access.
The System shall track unusual or out of normal system operations usage or user access.
All system communications shall be protected by at least 128-bit encryption.
The System shall maintain the privacy and participant consent requirements of the participants.
The System shall protect the integrity of the data across all interfaces. Data shall be accurate and timely.
The System shall provide role-based user and identity management.
The System shall maintain a level of security that is commensurate with the risk and magnitude of the harm that could result from the loss, misuse, disclosure, or modification of information.
The System shall implement security controls in accordance with applicable Federal and State security policy and regulations.

SLR #	**Service Level and Performance Requirements**
System Availability and Response Times	
1.01	This Key SLR is described in detail in Appendix II
1.02	As changed by CR 09: The Contractor's PBMS response time for all interactive system transactions other than the reporting related system interactions will be 3 seconds or less for 95 percent of interactions. Maximum response time will not exceed 8 seconds except for agreed to exclusions. The Contractor shall investigate tickets from SoV that report response times exceeding the maximum response time and provide an analysis to SoV. The system response time is defined as the time it takes for the service to service a request.
1.03	This Key SLR is described in detail in Appendix II

1.05	This Key SLR is described in detail in Appendix II
1.06	This Key SLR is described in detail in Appendix II
1.07	This Key SLR is described in detail in Appendix II
1.08	As changed by CR 08: Unscheduled System down time per occurrence. Unscheduled system downtime, excluding occurrences requiring the Disaster Recovery process be implemented, shall not exceed 2 hours per occurrence.
System Disaster Recovery Performance Measures	
2.01	This Key SLR is described in detail in Appendix II
2.02	This Key SLR is described in detail in Appendix II
Call Center Performance Measures	
3.01	First Call Resolution Rate shall be 90% or greater. First contact completion applies when the first person the customer reaches either answers the question, resolves the problem or dispatches service where appropriate.
3.02	This Key SLR is described in detail in Appendix II
3.03	This Key SLR is described in detail in Appendix II
POS System: Service Level Responses	
4.02	This Key SLR is described in detail in Appendix II
4.03	This Key SLR is described in detail in Appendix II
4.04	This Key SLR is described in detail in Appendix II
4.05	This Key SLR is described in detail in Appendix II
Other SLRs	
5.01	The Contractor shall notify the State according to the current Business Associate Agreement in place between the State of Vermont and Contractor of any security or data breach including PHI or PII data breach and shall follow and be responsible for the incident response procedures and activation.
5.02	The Contractor shall be required to correct any Federal or State audit findings specific to the PBMS environment in the time frame specified in the audit report.
5.03	The Contractor shall provide a detailed approach to Operational Management in line with the State's strategy. Additionally, the Contractor shall provide detailed Operational information on automated and manual tools as well as details on processes that shall be performed by the Contractor to ensure effective system control, reliability, documentation, and recovery.
5.04	The Contractor shall provide the capability to track, monitor, and report on all activities as defined within SLRs.

5.05	The Contractor shall provide an automated real-time capability to track and monitor performance of all system components (End-to-End).
5.06	The Contractor shall meet all applicable HIPAA standards for the protection of PHI and PII data and shall be held responsible to remediate any system breach that results in identify theft. The Contractor shall be responsible for all regulatory fines and direct damages related to any breach of PHI or PII data security.
5.07	The Contractor shall meet all federal mandates and deadlines for compliancy as defined the Regulatory and Security tab. All Security efforts, to bring the PBMS under compliance, shall not be considered as separately payable under the PBMS Application Support arrangement but should be factored into the overall cost for providing the system to State.
5.08	The Contractor shall facilitate the continued improvement of performance and process efficiency by providing reporting that includes both current values and historical data with sampling frequencies and timeframes.
5.09	The Contractor shall provide an automated performance monitoring system to measure operational performance against defined Service Level Agreements and report results using a Scorecard.
5.10	The System shall have the ability to generate administrative alerts and warnings when statistics indicate an impact or potential limits on system performance and availability. This includes alerts from every System component including the Database.
5.11	The Contractor must notify staff designated by the Department of performance issues impacting PA processing within 30 minutes of the Contractor's knowledge of system problems.
5.12	100% of the monthly and quarterly standard management reports shall be available and delivered to the Department within 15 days after the end of each month, and 30 days after the end of each quarter.
Account Management	
6.01	85% of all calls are resolved within two business days of receipt.
6.02	All written inquiries shall be responded to within two business days.
6.03	Ongoing change requests including programming changes requested the Department, are completed within 20 business days or 30 calendar days of receipt of the request, unless other time parameters are agreed to by the State.
6.04	The Contractor guarantees a satisfaction rating of at least 100% for satisfied or very satisfied. The Contractor shall survey Department staff and report results back to the State.
Legal/ Contracting	
7.01	The Contractor guarantees the timing of response to the Department comments of the contract draft within 10 business days of the receipt of the contract requested changes.

APPENDIX II
KEY SERVICE LEVEL REQUIREMENTS

1. Key Service Level Requirements
   1.1. SLR Summary Table

	Title	Target	Service Level Discount	Del. 21 Ref #
1	PBMS System Availability – All systems	>99.95%	$1,000/month	1.01
2	Recovery time following disaster	<4 Hours	$1,000/hour	2.01
3	Call answering time <60 seconds	>93% of calls	$750/week	3.02
4	Call abandonment rate	<5% of calls	$750/week	3.03
5	Claims processed according to State Rules	>99.9% of claims	$5/claim up to $2,500	4.05
6	Response time for Static Standard	Static: <20 seconds	Applied per Cumulative Discount provisions (3.1)	1.05
7	Response time for Parameter-Based Report	<120 seconds	Applied per Cumulative Discount provisions (3.1)	1.06
8	Timely completion of required reports	Within specified timeframe	Applied per Cumulative Discount provisions (3.1)	8.01
9	DURB Meeting draft Minutes	5 calendar days following meeting	Applied per Cumulative Discount provisions (3.1)	8.02
10	DURB Meeting Materials	14 calendar days prior to meeting	Applied per Cumulative Discount provisions (3.1)	8.02
11	PBMS POS Transaction Response Time	<3 Seconds	Applied per Cumulative Discount provisions (3.1)	4.02
12	Time to Response for System Downtime	<15 minutes	Applied per Cumulative Discount provisions (3.1)	1.07
13	Age of data lost in event of disaster (Recovery Point Objective)	<1 hour	Applied per Cumulative Discount provisions (3.1)	2.02
14	Notification to State of problems impacting POS and PA systems	Immediate notification upon detection	Applied per Cumulative Discount provisions (3.1)	4.03
15		<4 hours or <15		4.04

	Updates to enrollment and eligibility data	minutes for urgent member eligibility updates	Applied per Cumulative Discount provisions (3.1)	
16	Limitation of key staff position vacancy	90 days	Applied per Cumulative Discount provisions (3.1)	8.03
17	Ticket closure for end user response time issues	30 days	Applied per Cumulative Discount provisions (3.1)	8.04

1.2. SLR Details

SLR # 1	**PBMS Availability – All systems**	**Del. 21 #1.01**
Description	The PBMS (i.e. all applications and interfaces provided by the under this Contract) shall be operational 24 hours a day, during every day of the year, including all holidays.	
Target	The Solution will be available 99.95% of total minutes in a given month.	
Exceptions	• This SLR shall not include downtime for system components which are under the direct control of the State or of parties other than the Contractor or its agents or subcontractors. • Scheduled maintenance will be allowed with the prior written approval of the State of Vermont and should occur outside normal business hours. • Occurrences requiring the Disaster Recovery process to be implemented.	
Reporting Expectations	The Contractor shall monitor and measure system availability and all periods in which the system is unavailable.	
Result of failure to meet target	Service Level Discount of $1,000 for each month in which availability target is not met.	
SLR # 2	**Recovery time objective following Disaster**	**Del. 21 #2.01**
Description	Contractor shall restore the entire PBMS service following an unforeseeable and unavoidable interruption in services (Disaster) that affects the PBMS operations.	
Target	Services restored within 4 hours (less than or equal to 240 minutes)	
Exception	Restoration time will be extended to the extent that such delay is the result of an ongoing Disaster or unforeseeable circumstances outside of the Contractor's control.	
Reporting Expectations	Monthly reporting includes report of any incident declared a Disaster, including measurement of time to recovery.	
Result of failure to meet target	Service Level Discount of $1,000 for each 60-minute interval beginning 4 hours following a Disaster in which services are not restored	
SLR # 3	**Call Answering Time**	**Del. 21 #3.02**
Description	All calls entering the hold queue shall be answered within 60 seconds by a live agent	
Target	>93% of calls answered within 60 seconds.	
Exception	Calls received outside of regular business hours as specified in this Contract are not subject to this metric.	
Reporting Expectations	Contractor reports in a weekly and monthly summary the % of total calls answered within 60 seconds for each day, and	

	% of total weekly calls answered within 60 seconds. Call Detail Report data is included in the monthly summary report.	
Result of failure to meet target	Service Level Discount of $750 per week.	
SLR # 4	**Call Abandonment Rate**	**Del. 21 #3.03**
Description	Contractor shall answer calls entering the daily hold queue before they are abandoned by the caller	
Target	Weekly call abandonment rate is ≤5% of calls	
Exception	Calls in hold queue less than 60 seconds before being abandoned will not contribute to abandonment rate for purposes of assessing discount.	
Reporting Expectations	Contractor reports monthly call center performance, including total calls per week and number of calls abandoned	
Result of failure to meet target	Service Level Discount of $750 per week.	
SLR # 5	**Claims Processed According to State Rules**	**Del. 21 #4.05**
Description	Contractor shall process claims according to DVHA's business rules	
Sample size	50	
Target	99.9% (zero CHC- caused errors out of sample)	
Reporting Expectations	Contractor reports on any errors found in analysis, identifies source of error, identifies historical claims containing same error.	
Result of failure to meet target	Service Level Discount of $5 per claim, up to $2,500	
SLR # 6	**Static standard report response time**	**Del. 21 #1.05**
Description	The System shall respond to all static standard reports within 20 seconds measured at the Contractor's data center.	
Target	<20 seconds for 95% of responses	
Reporting Expectations	The Contractor shall report response times for all static standard reports.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 7	**Parameter-Based report response time**	**Del. 21 #1.06**
Description	The System shall respond to all parameter-based reports within 120 seconds measured at the Contractor's data center.	
Target	≤120 seconds average response time for each report.	
Exception	The State may, in writing, exempt reports for which this measure cannot be reasonably attained due to its size or complexity.	
Reporting Expectations	The Contractor shall report response times for all parameter-based reports.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 8	**Timely completion of Required Reports**	**Del. 21 #8.01**
	Contractor shall complete to the State's satisfaction all required legislative, annual, and other routine reports within the	

Description	timeframe specified in the contract or according to a timeframe specified by the State at the State's discretion or if none is provided in the contract.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 9	**Drug Utilization Review Board Minutes**	**Del. 21 #8.02**
Description	Draft minutes of DURB meetings will be provided to the State for posting no more than 5 calendar days following date of meeting.	
Target	≤ 5 calendar days	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 10	**Drug Utilization Review Board Materials**	**Del. 21 #8.02**
Description	The Contractor shall produce materials as necessary to ensure successful completion of Drug Utilization Review Board meetings.	
Target	• Materials produced at least 14 days prior to meeting. • Draft minutes made available for posting by State no more than 5 calendar days following date of meeting.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 11	**PBMS Response Time for all POS System Transactions**	**Del. 21 #4.02**
Description	The system shall respond to all POS Claims Processing Platform interactive system transactions within 3 seconds, measured at the Contractor's Data Center.	
Target	3 seconds response ≥95% of transactions	
Exception	This SLR does not apply to reporting-related system interactions or agreed-upon exclusions.	
Reporting Expectations	The Contractor shall report response times for all POS Claims Processing Platform interactive system transactions.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 12	**Time to Response for Incidents of System Down Time, Anticipation of System Down Time, or issues impacting the POS adjudication and Prior Authorization systems**	**Del. 21 #1.07**
Description	Contractor shall begin taking actions to resolve incidents that have or may result in unscheduled downtime or issues impacting the POS adjudication and Prior Authorizations.	
Target	>15 minutes following incident	
Reporting Expectations	The Contractor will provide timeline evidence documenting the compliance with this requirement post-resolution of unscheduled downtime incidents.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 13	**Recovery Point Objective**	**Del. 21 #2.02**

Description	Contractor shall ensure that, in case of a disaster that affects PBMS operations, the amount of data entered prior to the disaster which is lost as a result of the disaster and must be re-entered shall be limited.	
Target	No data entered more than 1 hour prior to the disaster will need to be reentered.	
Reporting Expectations	Contractor includes measure in any report following a disaster.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 14	**Notification to State of System Down Time, Anticipation of System Down Time, or issues impacting system performance**	**Del. 21 #4.03**
Description	The Contractor will notify the State of incidents that have or may result in unscheduled downtime or performance issues impacting the POS adjudication and Prior Authorizations	
Target	Notification to the State by email within 15 minutes of contractor's knowledge of system problems.	
Reporting Expectations	The Contractor must measure and provide a written performance report that includes this SLA as part of a remediation plan to prevent future issues.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 15	**Updates to Eligibility and Enrollment Data**	**Del. 21 #4.04**
Description	Contractor shall update its systems upon receipt of provider enrollment and beneficiary eligibility data, including electronic transfers and manual updates.	
Target	• Updates will occur within 4 hours of receipt of ordinary eligibility or the set load time established in the enrollment data process (currently 6am) • Updates will occur within 15 minutes of receipt of urgent/real-time eligibility data ("gooses")	
Reporting Expectations	Contractor reports time of receipt and time of system update for all provider enrollment and beneficiary eligibility data received.	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 16	**Limitation of Key Staff Vacancies**	**Del. 21 #8.03**
Description	The Contractor will ensure that all key staff positions are filled.	
Target	All vacancies are filled within 90 days.	
Reporting Expectations	Contractor will notify the State of known or anticipated key staff vacancies and filling of vacancies	
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.	
SLR # 17	**End-User Response Time Support**	**Del. 21 #8.04**
Description	The Contractor shall open a "ticket" and investigate all instances in which it is reported that system response times for SLR # 6 exceed 5 seconds, system response times for SLR # 7 exceed 120 seconds and system response times for SLR # 11 exceed 3 seconds at the workstation of the system's end user. A ticket is closed when the root cause of the	

	response time has been identified and remediated, resulting in response times consistently at or below that required in the contract.
Exception	This SLR shall not apply if the root cause analysis determines that the reported response time is due to circumstances which are out of the Contractor's control. This SLR shall not apply with respect to any root cause which is being actively remediated by the Contractor according to a remediation plan accepted by the State.
Target	All tickets resolved in 30 calendar days.
Reporting Expectations	Contractor will report on the status of all tickets.
Result of failure to meet target	Cumulative Discount shall apply per Section 3.1 if this and three (3) other applicable SLRs are not met in a single month.

2. Service Level Reporting and Dashboard
   - The Contractor shall notify the State in writing as soon as it becomes aware of a failure to meet an SLR target in a current or previous month.
   - Contractor shall produce a summary of all Key SLR measures by the 10th calendar day of the month, including a pass/fail report for each SLR for the previous month, the total number of failures of SLRs eligible for Cumulative Discounts, and the total Service Level Discounts triggered for the month.
   - The Contractor shall maintain the auditable data, evidence, and/or measurements used to demonstrate compliance with each SLR for at least 12 months and shall produce such materials upon request within two business days.
   - Contractor shall maintain an on-demand "dashboard" containing, at minimum, the pass/fail status of each SLR for each of the most recent 12 calendar months.

3. Service Level Discounts (SLD)
   3.1. Triggering of SLDs
   The Contractor shall apply a service level discount:
      - In the amount provided within the SLR descriptions upon failure to meet the SLR;
      - Of $1,000 in any month in which the Contractor fails to meet four (4) or more SLRs whose descriptions provide for a Cumulative Discount; and
      - Of $1,000 if the contractor fails to meet any single SLR for three (3) or more months in a six (6)-month period.
      - Of $1000 for any month in which contractor fails to measure and/or report on any key SLR

   3.2. Invoice and notice:
      - The discount will be reported via a formal memo from the Contractor according to the notice terms provided in the Contract.
      - All discounts shall be applied to the first invoice submitted by the Contractor following the triggering of the SLD.

4. Service Level Requirement Verification
   - The State may verify the Contractor's performance on SLRs.
   - The State's right of verification extends to all SLRs reported over a 12-month look-back period.
   - The Contractor will cooperate in full with the State's verification efforts and will maintain and produce data or evidence supporting its

performance within timelines set by the State.

5. Failure Reporting
   - Any SLRs that have failed for any given month shall be reported by the Vendor to the State of Vermont.
   - Any report of SLR failure shall include:
     - A detailed reporting of the data or evidence indicating performance of the SLR, and,
     - As appropriate, a listing of remedial steps needed to prevent further failures.
6. Corrective Action Plan

   The State may, at its option, require a Corrective Action Plan if the following circumstances occur:
   - The Contractor measures and reports on fewer than every key SLRs for two (2) consecutive months;
   - The Contractor fails to meet any single SLR for three (3) or more months in a six (6)-month period; or
   - The Contractor fails to meet four (4) or more SLRs in a single month.