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# EXHIBIT 1 – SCOPE OF WORK

# Definitions

**CMS** means the Centers for Medicare and Medicaid Services, a federal agency within the Department of Health and Human Services.

**Change Request** means a request, submitted by the Contractor to FSSA, to perform services or provide goods other than those contemplated by the contract. The funding for a Change Request shall come from, and be strictly limited to, the Change Pool identified in Exhibit 2. The Contractor shall not access the Change Pool funds to pay for a Change Request without the approval of the State.

The definition of a Change Request does not apply to any changes Contractor already is obligated to provide under the Contract, including without limitation changes to correct deficiencies and changes to the System as part of the Maintenance and Operations Services to include keeping the system up to date and ensure latest versions offered by the Contractor.

Change Requests may be used, among other things, for:

* System changes; special projects, training or other services required by the State, and
* Additional algorithm development, provider relation services and required subject matter expertise that are not included in the Annual Business Plan.

**Contract** means this contract, between the State and Contractor.

**Contractor** means the vendor performing the duties in this Scope, and any and all subcontractors to that contractor, collectively.

**Data rule** means an equation, algorithm, or analysis established for detection of fraud, waste, and abuse trends, up to and including identification of specific instances and specific patterns of fraud, waste, and abuse.

**EDW** means Enterprise Data Warehouse, which is a centralized data repository for storage, reporting, and analysis of State data gathered from multiple sources, inclusive of infrastructure, tools, and services.

**FADS** means fraud and abuse detection system.

**FSSA** is defined as the Indiana Family and Social Services Administration, including its subdivisions, including but not limited to the Quality and Compliance Office and the Office of Medicaid Policy and Planning.

**HIPAA** means the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic Clinical Health Act (“HITECH”), and the associated privacy and security rules located in 45 CFR §160 and §164.

**Identified Overpayment** means the final overpayment amount identified after an initial review of a provider’s specific claims for a particular audit.

**IPLA** means the Indiana Professional Licensing Agency.

**Managed Care Regulations** mean the Code of Federal Regulations which set forth the state Medicaid program obligations as they relate to the Fraud and Abuse Detection System (FADS) and Program Integrity specifically for the portion of the State’s program covered by Managed Care. This includes, but is not limited to, 42 C.F.R. Part 438 and any applicable changes enacted through the final Medicaid Managed Care rule CMS-2390-P, 81 FR 27497.

**MCE** means Managed Care Entity, the entities contracted with the State to provide managed care to program participants.

**MFCU** means the Medicaid Fraud Control Unit of the Indiana Attorney General’s Office.

**Program Integrity Regulations** mean the sections of the Code of Federal Regulations which set forth the state Medicaid program obligations as they relate to FADS and Program Integrity generally, including but not limited to 42 C.F.R. Part 455, 42 C.F.R. Part 456 and 42 C.F.R. Part 438.600.

**State** refers to the State of Indiana and its agencies.

**State Users** are State of Indiana employees, contractors, or other agent or designee who will require access and authorization to perform various tasks and responsibilities within Contractor systems and technology.

# Description of the State’s Program Integrity Responsibilities

The State plays an integrated role in the delivery of FADS services.

# Review and Approve Audits

When potential fraud, waste or abuse is identified by the Contractor, the Contractor submits these cases to the State. The State receives the list of potential providers for audits and provides approval to the Contractor to conduct such audits, where applicable. These audits may include, but are not limited to, desk audits with no medical records needed, desk audits with medical record review, and provider self-audits when identified and initiated by the FADS vendor.

# Referrals to Authorities

The State serves as the conduit to refer cases of fraud, waste or abuse to the appropriate law enforcement or regulatory authority in accordance with State and federal requirements.

# State Point of Contact

The Program Integrity (PI) Director oversees the State’s program integrity responsibilities. The head of the Indiana Office of Medicaid Policy and Planning (OMPP) shall have the ability to appoint an interim PI Director or designate a temporary point of PI authority. The State reserves the right to designate additional individuals as authorities or required points of contact for Contractor communications. The Contractor shall direct any communications to such designees as required by the State.

# State Roles and Resources

In terms of the scale of the State’s involvement, the State expects to furnish the following full-time employees dedicated to the following roles:

1. **Program Integrity (PI) Director** Oversees the entire Program Integrity section, and ensures that the section is meeting their goals, and the goals of OMPP and FSSA. Serves as the primary contact with external business partners, federal agencies, and other partners. Provides assistance to OGC in obtaining necessary information for use in administrative hearings before the Administrative Law Judge (ALJ), and providing testimony at times, either verbally or written, to support State actions during administrative hearings. Works with OMPP leadership to ensure that PI’s actions are in line with the goals of OMPP. Ensures all work done by the section is done in accordance with State and Federal laws.
2. **Investigations** 
   1. **Investigations Manager:** Oversees the work done by the Program Integrity Analysts and Managed Care Coordinator and manages day-to-day activities. Is responsible for ensuring the Investigations team meets their goals. Works in tandem with the Audit Manager and PI Director to align actions of the two teams with the goals of the Section as well as OMPP and FSSA as a whole.
   2. **Program Integrity Analysts:** Responsibilities include analyzing information from the Medicaid Fraud Control Unit, Drug Enforcement Agency, Office of Inspector General, CMS, U.S. Department of Justice, Adult Protective Services, IN State Department of Health, FBI, or other Law Enforcement Agencies. The PI Analysts also conduct research and preliminary investigations of alleged fraud, waste, abuse and neglect by providers in the Medicaid program and assist in the elimination, reduction, or avoidance of inappropriately paid state and federal funds.
   3. **Data Analyst:** Responsibilities include gathering and processing data to a usable form for the Investigations Team. This includes finding trends in data which may alert to claims indicating potential fraud, waste, or abuse.
3. **Managed Care** 
   1. **Coordinator:** Responsibilities include providing oversight and coordination of fraud, waste & abuse referrals between FSSA and MCE Special Investigation Units (SIU’s).
4. **Audit**
   1. **Audit Manager**: The purpose of this position is to oversee and manage the coordination of program integrity activities across the Medicaid enterprise and for overseeing Program Integrity (PI) staff and contractors who are responsible for auditing fee-for-service and Managed Care Entity (MCE) Medicaid providers. Additionally, to coordinate all external audits of Medicaid and Program Integrity-related activities, including, but not limited to, reviews by the U.S. Department of Health and Human Services' Office of the Inspector General (OIG), Centers for Medicare & Medicaid Services (CMS), and the State Board of Accounts.
   2. **Audit Compliance Coordinator:** Responsibilities includeserving as a subject matter expert on Medicaid policies related to fraud, waste and abuse, acting as a liaison between Program Integrity and OMPP, Office of General Counsel, and performing audit findings compilation, reconsideration, and validation of provider self-disclosures. This position also reviews ongoing audits, algorithms, and other FADS activity for compliance with State and Federal laws, rules, and regulations.
   3. **Audit Coordinator:** Responsibilities include serving as the primary liaison between PI and Office of General Counsel (OGC), assisting in tracking PI audits through the administrative appeal process, aiding OGC in obtaining necessary audit information for use in administrative hearings before the Administrative Law Judge (ALJ), and providing testimony at times, either verbally or written, to support State audit findings during administrative hearings. Serves as SME for the FADS Audit process and liaises with FADS vendors for resolution of issues brought up during audits.
   4. **Audit Analyst:** Handles all provider self-disclosures received by the State. Works with other members of the audit team to review audit findings and reconsiderations.

# Contractor Systems and Technology

The Contractor shall furnish and may be directed to host a suite of technology tools and capabilities used by the Contractor, State and State designees. If the solution is not already hosted by the State, the State may elect at its discretion to host the Contractor’s solution. The Contractor must have at least one (1) year of experience with a minimum of two (2) other state or federal government clients where they currently lead the provision of a comparable solution. The State prefers commercial off the shelf (COTS) solutions with demonstrated success in other states without customization. The State is seeking a Solution that provides management and maintenance 24-hours a day, seven days a week. All data must reside in the United States at all times. Any cloud offering must adhere to the security standards, policies and requirements as outlined in RFP Attachment M - IOT Cloud Provider Questionnaire, Attachment B - Sample Contract, and Attachment B3 - SaaS Terms. The Contractor must adhere to standards, policies and requirements included in the State’s Risk and Authorization Management Program Policy (RAMP) for Cloud Offerings where relevant, including any StateRAMP updates issued by IOT.

The Contractor’s technology solutions must incorporate data mining and analytics techniques to automatically detect potential fraud, waste, and abuse. Aside from data analytics, the Contractor shall also provide technology solutions to conduct pre and post payment audits and overpayment recovery, as well as all associated accounting. Following detection, these solutions shall be primarily used to track and support multi-tiered investigations into suspected fraud, waste, and abuse. When referring cases of suspected fraud and abuse to the State for further disposition, the Contractor must provide referrals in a standardized format subject to approval by the State. The format must be built into the case management system and support transfer to non-case management subject matter experts.

Quarterly, the Contractor shall review trends within the State’s Medicaid data and state and national fraud, waste, and abuse trends to develop at least three (3) new data rules to be delivered to the State for approval and use. The Contractor must be capable of providing more than three (3) new data rules per quarter and do so at the State’s request. The quantity and topics of the data rules are subject to the direction of the State.

The Contractor must make the technology available to the State and its designees through applicable software licenses and permit the State and its designees to attend appropriate training and support forums as requested by, and subject to the approval of, the State. The Contractor must provide SQL access to all FADS data, including underlying and processed data. At the State’s request, the Contractor shall provide source documentation and methodology to explain all referrals.

A description of the mandatory components and capabilities of Contractor’s technology offering is below.

# Provider Peer Comparison Tool

The Contractor must provide a provider peer comparison tool for use by the Contractor, State, and State’s designees. The Contractor shall provide the State up to thirty (30) unique users, and the State reserves the right to request additional or reduced users at any time. This tool helps identify potential provider fraud, waste, and abuse through the analysis of up-to-date Medicaid data obtained from the EDW. The tool shall be user-friendly and capable of real-time data exchange. The tool shall be fast and easy to use for a non-expert user, and it must support real-time data exchange. The tool must be calibrated specifically to Indiana provider types and specialties. The State requests either the use of TransUnion’s TLOxp product as a provider peer comparison tool or an alternate tool subject to the State’s review and approval.

The tool shall also have the following functionalities and attributes:

1. The tool shall use terms and terminology which precisely match those used by the State in the Enterprise Data Warehouse (EDW). Terms and terminology in the tool are subject to the State’s review and approval.
2. The ability to sort provider types by utilization rate, reimbursement received, procedure code billed, etc. The Contractor is required to use Indiana-specific provider types and specialties for peer grouping.
3. The ability to reconcile provider credentialing data, including site-assessment data, with claims data
4. Random or statistical sampling features
5. Geographic analysis including Indiana-specific provider type and specialty. Risk profiles of providers, plans, and members shall be groupable for analysis by geographic regions, and geographic location shall be a searchable identifier for cases logged within the tool.
6. Member-based analysis, including analytical review of member expenses.
7. Benefit duplication review, for which the Contractor shall engage with the Administration for Children and Families to utilize the Public Assistance Information Reporting System (PARIS) to help identify instances of members receiving duplicate benefits in two or more states.
8. Absence-of analysis (*e.g.* the ability to identify ambulance services without associated medical services for the same member)
9. The ability for all users to “drill down” into the Medicaid program data to view information on a claim or encounter basis
10. The ability to automatically identify providers enrolled with the IHCP that have been disenrolled from other states’ Medicaid programs, in particular bordering states, and/or from Medicare
11. The ability to detect providers which are believed to be previously penalized or disenrolled providers who have re-enrolled under a new name and/or ownership structure. (*e.g.* a disenrolled provider who re-enrolled under a new name and under the ownership of a spouse or family member of the original provider’s owner.)
12. The ability to compare a provider against a fraud profile and/or known fraud scheme for the same type of provider
13. The ability to detect providers who have worked with providers known or suspected of fraud, and/or other capabilities to detect multiparty fraud schemes
14. The ability to detect possible over-prescribing
15. Artificial intelligence, machine learning and/or predictive analytics features which automatically identify fraud schemes, including new and emerging ones, with low false positives
16. Integration with the Contractor’s workflow and case management systems to support collaboration
17. Any other basis of analyzing or detecting provider-based fraud, abuse or waste such as ad-hoc reporting or queries

# Case Management System

The Contractor must provide a case management tool in which State, State designee, and Contractor users track and resolve investigations, overpayment recovery, and manage other associated FADS activity. The Contractor shall provide the State up to thirty (30) unique users for FSSA staff and an additional fifteen (15) users for State-designated external parties. The Contractor must provide full access to the case management tool to the Contractor team and to the State, including FSSA staff and designees outside of OMPP upon State request.

The tool shall also have the following functionalities and attributes:

1. Allow collaboration (*e.g.* allowing multiple users to open, edit or close the same case) among users
2. Role-based access including:
   1. Full Access: (the ability to open, edit, and closes cases)
   2. Partial Access (the ability to view cases)
3. An audit log or change history maintaining all case activity including the user who performed/entered the activity, the change(s) made, and a time/date stamp
4. Allow authorized State users the ability to create logins for other users and manage role-based security
5. Dashboard features providing visibility into case activities and their statuses
6. The ability to query or search open and closed cases by relevant attributes (*e.g.* provider type, type of fraud suspected, name of provider), generate ad-hoc reports, and run queries
7. The ability for authorized State users to manage all aspects of a case, including circulating among different State teams and employees, as well as reopening closed cases. This shall include a method to enable users to initiate the reassignment of FWA leads and cases to users, which is subject to approval by administrators within the tool.
8. The ability to import and export data to and from the case management solution. Users shall be able to import and export data from Word, Excel, Text, CSV, Access, etc. Users shall be able to import and export data at the individual level, case level, or in case batches. Users will be able to import and export financial data pertaining to recoveries.
9. Workflows and status options at the State’s approval.

# Reporting

The Contractor’s system shall include robust report generation capabilities. All reports should be in a format that is agreed upon by both the Contractor and the State. The Contractor shall provide periodic performance reports to FSSA regarding duties under the Contract, including but not limited to the following:

1. **Monthly Status Report.** The Contractor shall submit to FSSA an updated status report. This report contains the current status regarding the Contractor’s FADS operations and outstanding issues and action items. This report should highlight any notable trends for both the month and Contract lifetime.
2. **Annual Report.** These reports provide, for the areas described in Section 4, the annual workplan proposal for the coming year and performance reviews from the past year. The annual reports are submitted with the fourth quarter reports.
3. **Quarterly QA Report.** The Contractor shall submit to FSSA quarterly reports that describe internal quality assurance (QA) activities conducted for the reporting period. Alternatively, the Contractor may retain an independent firm to conduct QA activities at no additional cost to the State. FSSA reserves the right to audit, monitor, or demand improvements to those QA processes.
4. **MCE Provider Reports.** Each month, the Contractor shall submit to FSSA reports that include MCE providers who have been identified by encounter claims during analytics review of claims data as a potentially suspect provider. In conjunction with FSSA, the Contractor will share this report with all MCEs to support timely information sharing.
5. **FWA Activity Report.** Each month, the Contractor shall submit to FSSA reports related to suspected provider fraud waste and abuse, including information on the status of algorithms and audits.
6. **Overpayment Report.** Each month, the Contractor shall submit to FSSA a report on overpayment recovery efforts, including identified amount, a log or account of attempts to recoup, the actual recovered amount, and outstanding overpayment amount across all providers.
7. **Contract Compliance Report.** This monthly report relates to Contractor’s adherence to Contract service levels contemplated in Exhibit 3, which is attached hereto and incorporated herein, including the call center operations information. Such report will clearly number the proof of performance for each Performance Metric with the numbering and labeling found in Exhibit 3.
8. **IHCP Provider Compliance Report**. Each month, the Contractor shall submit to FSSA a report on overall provider compliance with IHCP guidelines (*i.e.* reports measuring the accuracy and compliance of provider billing).
9. **ROI Report**. The Contractor shall submit to FSSA a report monthly showing the State’s return on investment in the FADS system. This report shows the sum of the actual monies returned to the State from audits identified by the Contractor through the FADS system and those audits which were requested by the State to be performed by Contractor as the numerator and amount paid by the State to Contractor that month as the denominator. The underlying data to the equation shall also be included in the report.
10. **PI Quarterly Reporting.** Each quarter, the Contractor shall submit to FSSA a report detailing self-disclosures, cases, claims, and recoveries in a standardized format to match a standardized report submitted by MCEs to FSSA.
11. **Quarterly Security Compliance Report.** Each quarter, the Contractor shall submit to FSSA the results of security compliance testing, including evidence that any cloud offerings utilized by the Contractor in the performance of this Scope continue to meet minimum security designation levels.

In addition to the above required reports, the Contractor shall prepare, at no additional cost to the State, up to five (5) additional reports per calendar quarter for the State, known as the “Customizable Reports.” The Customizable Reports may be a one-time report or a new, ongoing report, as requested by the State. In the event that a Customizable Report is an ongoing report, it shall only count towards the five (5) per quarter total during the quarter of its preparation and thereafter will be considered a required report and shall be run at the specified periodicity at no additional charge to the State.

The Contractor shall also offer a self-service (*i.e.* State used) report building feature or tool for ad-hoc report generation, and this report builder shall be included in the price offered to the State in this solicitation. The tool shall enable State users to create customizable and ad hoc reports that can incorporate any data field within the tool.

# Maintenance and Operations of Systems

For all systems furnished by the Contractor, the Contractor shall be responsible for all maintenance upgrades, ensure the latest version, automatic updates and other support for all proposed software and infrastructure, at no additional cost to the State. The Contractor shall maintain system documentation. The system shall support real-time automatic updates of reports, including ad hoc reports, to reflect refreshed claims data. System claims data must be refreshed so that it is current to within the last ten (10) business days unless an alternative timeframe is agreed upon by the State; additionally, the Contractor must refresh the data on an ad-hoc basis upon request from the State. The Contractor shall be required to ensure that all its systems are available, on-line and operational in accordance with the service levels contemplated by this contract in Exhibit 3.

The Contractor shall notify FSSA, at minimum, within two (2) hours of discovery of a disaster, system outage, or other disruptions in its normal business operations. When notifying FSSA of a system outage, the Contractor must provide an estimated time of resolution for the outage. Upon receiving notification of an outage or other system disruption, the State may specify a frequency and time frame for which the Contractor shall be required to provide status updates. Upon resolution, the Contractor shall additionally document any system outages in a report to the State. System outage reports shall include the root cause of the incident, how the outage was fixed, and the total amount of system downtime due to the outage.

# System Training and Support

The Contractor shall be responsible for training of Contractor, State and State designee users for use of all proposed systems, including but not limited in-person training, on-demand web training, and user manuals. The State and Contractor shall agree on the method of training (*i.e.* in-person, remote instructor-led, or computer-based), its scheduling, and other logistics. The Contractor shall provide training to State users. This will include on-location training available for a minimum of two weeks during the transition activities contemplated by Section 8, as well as ongoing and as-needed training when a new user is provisioned.

The Contractor shall be responsible for creating training curriculum materials (including manuals, techniques, and training aids) and ensuring that all training curriculum materials are up to date. The Contractor shall provide regular monthly training “office hours” to support continuous education and troubleshooting; these “office hours” are not to substitute for other training requirements provided in this section.

The Contractor shall provide a data dictionary to define the data fields used within the system. The data dictionary shall be updated on regular and ad hoc bases to ensure data field definitions match the definitions used for those data fields in State-internal systems. The Contractor shall submit the data dictionary to the State for review and approval upon request. At minimum, the data dictionary must be reviewed and updated annually.

The Contractor shall also furnish ongoing support for users of their systems, which support shall include a toll-free support telephone line (open during business hours) and a support e-mail address. The Contractor will provide ongoing training via a New User Training Program as new users are onboarded and will support continuous training within the system. The Contractor shall submit onboarding training materials for State review and approval. Refresher training or additional training as the solution changes shall also be provided by the Contractor. As new features or functions are added, the Contractor shall provide ad hoc training to State staff and update any training manuals as necessary or as requested by the State.

# Infrastructure Overview

The State strongly prefers a cloud-based service offering. Cloud-based service offerings are required to be within a state-owned cloud tenant. However alternative solutions may be considered if they demonstrate significant value. This section provides details on infrastructure and support requirements, outlining the State’s minimum requirements.

Please note that any proposed cloud-based service offerings submitted in response to this RFP will need to comply at the time of solution implementation with the risk and assurance management program (RAMP) policy that has been developed in order to comply with a recent executive order that was handed down by Governor Mike Braun, EO 25-19. Specifically, Cloud providers must agree to the requirements of the State’s GovRAMP policy, Section 4.c. The policy is based on commonly accepted industry practices and standards like NIST 800-53 Revision 5 and contains tiered levels of security requirements which depend on the type of data involved, its sensitivity, and how the solution interfaces with State resources. Prospective vendors should keep all of the foregoing in mind as they prepare their proposals and be confident that any proposals they ultimately choose to submit are flexible enough to accommodate commonly-accepted industry practices and standards in the typical state government-required RAMP. Please visit the [RAMP Cybersecurity Frequently Asked Questions](https://faqs.in.gov/hc/en-us/sections/36987111307668-RAMP-Cybersecurity) page for additional information.

The vendor must propose one of the following hosting solutions:

1. **State-Owned Cloud Tenant (Preferred Cloud Solution)**

Definition: A vendor hosted solution deployed within a cloud environment owned and managed by the State. This environment is provisioned in either Microsoft Azure or Amazon Web Services (AWS) under the State’s enterprise agreements. The Indiana Office of Technology will set up a cloud tenant that the vendor will use to support all aspects of the solution with oversight and minimal support from the Indiana Office of Technology.

Minimum Requirements:

* 1. Tenant Ownership and Access:
     + The State retains full ownership and administrative control over the tenant.
     + The vendor shall be granted access only to the resources necessary for the deployment, configuration, and maintenance of the solution, as explicitly authorized by the State.
     + The State owns the financial consumption charges within the State-Owned cloud tenant.
  2. Data Residency and Compliance:
     + All data associated with the solution must reside within the State-owned tenant.
     + The vendor must ensure compliance with all applicable State and federal regulations, including but not limited to data security, privacy, and sovereignty requirements.
  3. Deployment and Management:
     + The vendor is expected to install, update, and manage the application and other unique aspects of the solution during the project to meet the requirements and as part of Day 2 support / Maintenance and Operations.
     + <https://www.in.gov/iot/iot-vendor-engagement>/ The vendor must utilize state approved tenant specific native tools and services for monitoring, backup, and disaster recovery, as specified by the State.
  4. Security and Access Controls:
     + The vendor shall implement robust security measures, including role-based access control, encryption, and multi-factor authentication, in alignment with Information Security Framework (<https://www.in.gov/iot/iot-vendor-engagement/>).
     + Security documentation and audit logs must be provided to the State regularly.
     + Security assessments, including vulnerability scans, must be conducted and reported to the State.
  5. Exit Strategy:
     + Upon contract expiration or termination, the vendor shall ensure a seamless transition of all resources, configurations, and data back to the State, without disruption to ongoing operations.
     + A detailed exit plan must be submitted within 120 days of contract expiration or termination, including but not limited to timelines and responsibilities, to facilitate this transition.

1. **Vendor Hosted Cloud Tenant (Exception Based Cloud Solution)**

Definition: A vendor managed cloud environment outside of the State’s enterprise agreements.

Justification and Minimum Requirements:

Exceptions to the requirement of utilizing a state-owned cloud tenant will only be considered if there are compelling reasons and justifications as to why hosting in a State-owned cloud tenant is not feasible. The State will evaluate these justifications but is not obligated to agree with any external cloud hosting options and the associated scoring will reflect that.

If proposing a hosted solution that does not use a State-owned cloud tenant, your company is required to, at a minimum:

* 1. Provide a clear justification for why hosting within a state-owned cloud tenant is not feasible.
  2. Demonstrate independently verified compliance with NIST 800-53, Revision 5 (or the most current version at the time of proposed solution go-live).
  3. Alternatively, provide a detailed plan that includes independent verification of your company's path toward achieving compliance with NIST 800-53, Revision 5 (or the current version at the time of proposed solution go-live).
  4. Adhere to the applicable security standards, policies and requirements as outlined by the IOT Cloud Provider Questionnaire, Software as a Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS) Terms outlined within this procurement.

1. **On-Premises Solutions - Vendor Provided Hardware (Preferred On-Premises Solution)**

Definition: A vendor provided hardware solution deployed within the States data center.

Minimum Requirements:

* 1. The vendor is responsible for procuring, deploying, and maintaining hardware hosted within the State of Indiana datacenters.
  2. Ensuring that all hardware aligns with the State’s standards and specifications, as outlined the State’s established policies and enterprise standards that collectively constitute the Information Security Framework (https://www.in.gov/iot/iot-vendor-engagement/).
  3. Meeting the service levels, security protocols, and cost expectations detailed in the "Hosting" section of the [IOT-Services-Catalog.pdf](https://www.in.gov/iot/files/IOT-Services-Catalog.pdf).
  4. Providing full documentation of hardware lifecycle management, including installation, updates, maintenance, and upgrades as needed.
  5. Ensuring compatibility with existing state systems and providing any necessary adjustments for seamless integration.
  6. Delivering comprehensive reporting on hardware usage, performance metrics, and any troubleshooting activities during the contract period.

1. **On-Premises Solutions – State Owned Hardware (Exception Based On-Premises Solution)**

Definition: A vendor managed solution operating on state owned infrastructure.

Minimum Requirements:

1. Collaborating with the State to ensure a seamless initial setup, including installation, configuration, and integration with the State’s systems.
2. Adhering to the service levels, security requirements, and cost structures outlined in the "Hosting" section of the IOT-Services-Catalog.pdf and as outlined within the Information Security Framework (https://www.in.gov/iot/iot-vendor-engagement/).
3. Provide ongoing monitoring, performance optimization, data backup, and disaster recovery services to ensure system reliability and availability.
4. Coordinating with the State on any necessary warranty claims or hardware replacements, including detailed reporting and documentation of hardware issues and resolutions.
5. Transferring knowledge, if applicable, to the State to facilitate collaboration and long-term operational continuity.

# Contractor Services

The Contractor shall perform several key roles and services in support of the State’s efforts to detect, investigate, measure and deter fraud, waste and abuse in the Medicaid program. Given the essential nature of the duties and responsibilities noted below, if any of these services are performed by a subcontractor to the Contractor, the State shall have direct access to that subcontractor and will not be required to go through or first consult the Contractor when communicating with the subcontractor.

# Fraud and Abuse Detection

The Contractor will utilize its technology platform (described in Section 3) to develop leads for investigation into the occurrence of fraud, waste or abuse in the State’s Medicaid program (both in the Fee-For-Service and Managed Care Programs). These leads shall be referred to the Program Integrity Investigations Team following data review which takes place during algorithm development, and they shall be further discussed with the State during the FADS Project discussion meetings. In the performance of this duty:

1. The Contractor shall possess subject matter expertise in Medicaid fraud, waste, and abuse, which will be leveraged to develop new algorithms to detect fraud, waste, and abuse in the FFS and MCE programs through an analysis of information obtained from the EDW and CoreMMIS.
2. The Contractor shall develop leads through quality-of-care reviews and patient harm issues identified, which shall then be referred to IPLA, the State Board of Health, or the MFCU for investigation. Quality of care reviews must involve Contractor’s clinical staff, as identified in Sections 5.1, 5.2, and 6.1 below.
3. The Contractor’s proposed FADS program will also identify fraud, waste, and abuse leads through:
   1. Undeclared business relationships between providers
   2. The operation of the Call Center contemplated by Section 4.7
   3. Any other relevant information and data points
4. The Contractor shall review leads prior to their delivery to the State to ensure the quality, accuracy and applicability of these leads. The Contractor shall determine the credibility of a lead by reviewing each lead’s risk factors, underlying data, and the key drivers of potential fraud, waste, and abuse as identified by the tool.
5. The Contractor shall review any leads determined to be inaccurate or overturned to understand how false positives were reached. Root cause analyses of the inaccuracies and plans for future mitigation shall be included within the monthly report.
6. The Contractor shall prepare, for State review and approval, a standardized form for the referral of suspected fraud, waste and abuse leads to the State. The format for all referrals is subject to the State’s approval.
7. Following referral, the Contractor will provide assistance and support to FSSA through field investigations as well as by working with MFCU, HHS OIG, and Assistant US Attorneys as necessary. The Contractor will also assist in defending the findings at an administrative hearing or in court.
8. In the performance of these duties, the Contractor shall ensure providers and MCEs are afforded the rights and due processes required by law and State policy as agreed upon in the Compliance Plan as referenced in Section 6.2.c.

# Audits and Investigations

The State may direct Contractor to perform audits or investigations pursuant to leads identified by algorithm data review and other means. Specifically, the Contractor shall conduct prepayment and post payment audits and field investigations (including risk assessments and medical review) of suspected incidences of fraud, waste, and abuse after State approval of the commencement of such activities.

During each month of Contract operation, the Contractor shall initiate at least 30 approved audits. The cumulative number of audits conducted in any given year of Contract operation shall meet an annual requirement of 400 audits initiated. Audits are considered initiated at the point of the Final Calculation of Overpayment or Final Audit Finding being sent out to the provider.

The Contractor shall also support and assist investigations led by the State. The Contractor shall provide a list of all open investigations with preliminary findings bimonthly or monthly basis as determined by the State.

The Contractor shall develop workflows for, and perform, the auditing of payments:

* 1. Made to providers in the FFS program
  2. Made to providers in the MCE program

In support of these workflows, the Contractor shall compile all relevant work papers and generate reports as desired by the State. The case management solution shall create an audit trail on each case or record and for all fields within the case or record. Authorized users shall be able to query and report on all actions taken within the case management solution.

Following any audit or field investigation, the Contractor shall execute the disposition of cases (*i.e.* the execution of the results of an audit or investigation, including but not limited to the collection and accounting of overpayment recovery).

When requested by the State, the Contractor shall share algorithms with MCEs. Algorithms shared in these instances should include methodology descriptions sufficient to support replication of the algorithms by an MCE.

# Overpayment Recovery

The Contractor shall conduct overpayment recovery, identifying providers as receiving overpayments. Overpayments are defined as the amount determined in the Final Calculation of Overpayments (FCO) document. In the performance of this duty:

1. Following identification, the Contractor will afford providers notice, a means to dispute overpayments, a forum to resolve disputes, and a platform to track disputes, dispute resolution, and overpayment receipt. Following initial notice of overpayment sent to a provider, the Contractor shall provide reminder notices on a monthly basis until the issuance of a formal Demand Letter. Provider notices may be provided in electronic form, such as email, and shall include instructions for repayment electronically, by check, or through other means reviewed and approved by the State. The Contractor shall pay for the postage of any communications sent via mail. Contractor shall work with the State to develop a streamlined approach to State approvals of these monthly reminders.
2. The Contractor shall issue a Demand Letter for any unresolved overpayments 300 days after the initial notice of an overpayment. The Demand Letter shall include details on the amount of the overpayment, how to resolve the overpayment, and contact information for any questions.
3. The Contractor’s overpayment recovery solution will interface with the State’s Accounts Receivable operations. The Contractor shall create entries for each overpayment recovery within one week of the issuance of the Demand Letter corresponding with that overpayment.
4. The Contractor shall coordinate with the State’s CoreMMIS vendor to determine a solution for retroactively correcting associated claims information.
5. The Contractor’s overpayment recovery solution will refer bankrupt, dissolved, or otherwise missing or nonresponsive providers to the appropriate party (*e.g.,* FSSA Financial Controller, Attorney General) for further resolution and recovery.
6. The Contractor’s overpayment recovery process will utilize a provider-customer service platform that includes information regarding the telephonic and internet availability of providers and is also capable of tracking provider communications.
7. The Contractor shall assist the State by developing (or assisting the State in its development, if directed accordingly) any reporting the State may be required to submit to CMS, as directed by the State.
8. The Contractor shall abide by all relevant State and federal policies that apply to overpayment recovery as agreed upon in the Compliance Plan as referenced in Section 6.2.c.

# Pre-payment Review

The Contractor shall perform pre-payment reviews of providers in accordance with the following:

1. When providers are identified for pre-payment review by CoreMMIS system edits and audits, the Contractor shall provide a list of those providers to the State’s Program Integrity Director.
2. The Program Integrity Director has the right to request that providers be removed or added to the list of those subject to pre-payment review in the following month.
3. The Contractor shall provide monthly reports to the Program Integrity Director on the providers currently on pre-payment review including the provider type, the length of time this provider has already been subject to pre-payment review, and the compliance rate for the provider’s pre-payment review for the prior month.
4. The Contractor shall utilize a commercially available Coding and Reimbursement software for its pre-payment review.
5. The pre-payment review shall inform Contractor’s Provider Education efforts (described in Section 4.5) through routine communication between the two staffs.

# Provider Education

The Contractor will educate providers regarding fraud, abuse, and waste. The Contractor will educate providers in accordance with the following:

1. The provider education program should include efforts tailored to providers with billing issues, and in particular to providers with historical overpayments.
2. The provider education program shall include education for pre-payment and post-payment review providers on their identified issues.
3. The provider education program shall track participation of providers.
4. The provider education program shall measure the impact of the program in terms of corrected/ameliorated provider conduct.
5. The Contractor shall provide a new educational module and review and update existing provider education modules as needed on a monthly basis. The Contractor shall ensure that modules are compliant with the Section 508 Amendment to the Rehabilitation Act of 1973.
6. The Contractor shall update the provider education program to address specific topics requested by the State.
7. On a quarterly basis, the Contractor shall host a “town hall” question and answer session for the provider community.
8. At the request of the State, the Contractor must be available to provide up to two in-person provider education training sessions to the provider community within the span of a year.

# MCE Plan Oversight

The Contractor shall develop and implement a monitoring tool to ensure the MCE plans are adhering to their program integrity obligations found in their contracts with the State and in the Managed Care Regulations and Program Integrity Regulations. The Contractor’s performance of these MCE Plan Oversight duties shall include:

1. Comprehensive review and feedback to the State of MCE program integrity plans
2. The development of a review/monitoring tool which is universal across all plans and informed by the contractual and legal requirements of the plans, which tool shall be reviewed and approved by the State prior to its use
3. The quarterly review of MCE plan compliance for all contracted plans utilizing the review/monitoring tool approved by the State, including a report-out to the State on MCE plan compliance findings
4. The development of a means by which the Contractor and State has improved and ongoing visibility into the Program Integrity operations of the MCE plans (including any ongoing fraud referrals, payment suspensions, overpayments and provider adverse actions)

# Call Center

The Contractor shall provide a call center for the reporting of suspected fraud, waste, and abuse. With the exception of the holidays listed below, the staff must be available to provide sufficient “live voice” access to callers during (at a minimum) forty (40) hours a week, Monday through Friday 8:00 AM to 5:00 PM (including a 1-hour lunch break per day), Eastern Time zone. Callers should not go to voicemail during these times. The call center shall offer language translation services for callers whose primary language is not English and shall offer automated telephone menu options in English, Spanish, and other languages where the language is used by at least five (5) percent of the Member population in the service region, as determined by FSSA.

The call center may be closed on the following holidays:

* New Year’s Day;
* Martin Luther King, Jr. Day;
* Memorial Day;
* Independence Day (July 4th, or in the event July 4th falls on a weekend, the date of its observance);
* Labor Day;
* Thanksgiving; and
* Christmas.

Voice mail or an answering service must be available on weekdays outside of the hours defined above (weekends, holidays, etc.). All after-hours calls must be returned the next business day. The voice mail only triggers a return call attempt if the message leaves a complete and discernable phone number, and the message leaver indicates that they wish to have a return call. The “voicemail box” or equivalent for message leaving purposes shall never be full or otherwise unable to accept additional messages.

The person/people answering live calls shall be trained and capable to take all relevant information necessary to develop leads for further review by the Contractor. This information and documentation shall include who made a referral, date of an alleged incident, a description of the incident, witnesses, type of provider information, target of investigation, referral number, and date. Any supporting documentation, such as timesheets, letters from potential members, and medical records, shall be provided via electronic means.

Contractor must make pertinent information available to members and providers through an internet website in an FSSA-approved format in accordance with the terms of the Contract. The website must be capable of receiving electronic inquiries and written reporting of suspected fraud, waste, and abuse.

The State reserves the right to adjust call center requirements and operations.

# Calculating Return on Investment

As required by CMS, the Contractor must calculate Return on Investment (ROI) for the State’s Contract with the Contractor. The ROI calculation uses the sum of the actual monies returned to the State from audits identified by the Contractor through the FADS system and those audits which were requested by the state to be performed by Contractor as the numerator and amount paid by the State to Contractor that measurement period as the denominator. This calculation will be performed in accordance with the State’s instructions, subject to the State’s review and approval, and at a time and periodicity required by the State.

# Contractor Staff

All Contractor staff, regardless of position, should work from within the United States unless approved otherwise by the State.

# Vital Personnel

The Contractor shall maintain several staff positions vital to the success of this Contract. Vital personnel shall be dedicated full-time to the contract. These positions shall include:

1. **Indiana Director** **–** The Contractor must employ an Indiana Director based in Marion County who is dedicated full-time to the contract and who has at least two (2) years of experience managing similar projects of comparable size and complexity. The Indiana Director shall be available for in-person meetings on a weekly basis. This individual shall be responsible for overseeing all aspects of transition, implementation, operations, and maintenance of the FADS. This individual will manage the implementation of the solution and stay on throughout the contract period to manage activities during post-implementation. The Indiana Director shall be the primary liaison with the State (or its designees) to facilitate communications between FSSA, the State’s contractors and the Contractor’s executive leadership and staff. This individual must maintain a current knowledge of Federal and State legislation, legislative initiatives, and regulations that may impact the FADS program. The Indiana Director, in close coordination with other vital personnel, shall ensure all Contractor functions are in compliance with the terms of the contract. The State shall retain authority to approve or decline the hiring of the Indiana Director and their removal. The Indiana Director is considered a “key person” under Clause 29 of Att. B – Sample Contract. The State reserves the right to require additional staff serve as key persons.
2. **Team Leads –** The Contractor must employ one (1) Team Lead for each of the following: Audit Case Disposition, Prepayment Review, Investigations, and Algorithm Development.
3. **Clinical Staff** – The Contractor must employ Indiana licensed clinical staff (at least RN level degree equivalent or higher) of various expertise available to provide medical necessity reviews and other expertise as needed. A minimum of three (3) total clinical staff, including at least one (1) clinical staff for audits and investigations and one (1) clinical staff for pre-payment review. The Contractor’s clinical staff must be available to provide expertise on specialties, such as dental care.

The State reserves the right to approve or disapprove the Indiana Director prior to their assignment. The State shall have the right to require that the Contractor remove any individual (whether or not vital personnel) from assignment to the program. The Contractor shall provide written notification to State’s Program Integrity Director of anticipated vacancies of any vital position within five (5) business days of the Contractor’s receiving that person intends to resign or Contractor’s decision to terminate that person, or five (5) business days before the vacancy occurs, whichever occurs first.

At that time, the Contractor must present the Program Integrity Director with an interim plan to cover the responsibilities created by the vital position vacancy. Likewise, the Contractor must notify the State’s Program Integrity Director within five (5) business days after a candidate’s acceptance to fill any vital position or five (5) business days prior to the candidate’s start date, whichever occurs first. The State has the authority to approve or decline the candidate for any vital position prior to their start. The State reserves the right to interview any prospective candidate and/or approve or deny the individuals filling the vital positions set forth above. The State also reserves the right to require a change in staff working on Indiana business.

Vital personnel must attend meetings and other conferences in-person, at the State’s offices, at the State’s request. Staff filling vital staff positions must be accessible to FSSA and its other program subcontractors via phone and electronic mail systems. The Indiana Director position must be available in-person on a weekly basis.

The Contractor must maintain a written backup personnel plan, including a discussion of the staffing contingency plan for:

* 1. The process for replacement of personnel in the event of a loss of vital personnel or others before or after signing a Contract;
  2. Allocation of additional resources to the Contract in the event of an inability to meet a performance standard;
  3. Replacement of staff with vital qualifications and experience and new staff with similar qualifications and experience;
  4. The time frame necessary for obtaining replacements; and
  5. The method of bringing replacement or additions up to date regarding the Contract.

Vital positions shall not remain vacant for longer than one (1) month. In the event a vital position is vacant more than one (1) month, the amount the State owes the Contractor shall be reduced by the cost of that vital position (as evidenced on the cost schedule of contract) for the period during which that position remains unfilled. Contractor’s invoice(s) for the subject month(s) shall delimitate this reduction.

# Additional Staff

The Contractor must provide sufficient staffing to provide a determination on a lead for fraud, waste, and abuse within two (2) business days.

1. **Additional Clinical Roles –** Physicians, Dentists or other Practitioners shall be available for utilization by Indiana if and when such expertise is necessary.
2. **Medical Coders** – The Contractor must employ certified medical coders to extract patient data, code patient information, and enter data into software to update patient medical history.
3. **Fraud Examiners** – The Contractor must employ at least one certified fraud examiner to analyze and detect potential fraudulent transactions and complete investigation reports, among other responsibilities.
4. **Registered Health Information Administrators (RHIA)/Registered Health Information Technicians (RHIT) –** The Contractor must employ a Registered Health Information Administrators (RHIA) or Registered Health Information Technicians (RHIT) to manage patient health information and medical records, administer **computer** information systems, and collect and analyze patient data, among other responsibilities.

# Contractor Administrative Duties

# Offices

The Contractor shall have a dedicated office within the greater Indianapolis area. At minimum, the Contractor is expected to supply its own computers and software for its employees, including any employees located in State offices.

The Contractor’s office location must include workspace, parking spaces, standard amenities, and a conference room for use by Contractor staff and any State or State designee staff that may need to be present at the Contractor’s location.

# Project Management and Documentation

1. **Project Management Plan**

The Contractor shall develop a detailed project management plan for State approval fifteen (15) days after the execution of the Contract. This plan shall address how the Contractor shall provide timely and quality services, quality and reliable technology, qualified staffing, project management tools, and ongoing collaboration between the Contractor, any subcontractors, State, State designees, and any other identified stakeholders. The Contractor shall maintain the finalized management plan and make it available to Contractor staff, State staff and State designees. The State may require changes to the project management plan.

1. **User Manuals and Standard Operating Procedures**

The Contractor must publish and update on a regular cycle (no less than semiannually) the User and Operating Procedures Manuals online and provide paper copies at no additional cost to FSSA when requested. These manuals shall be developed in collaboration with FSSA staff to ensure the most up to date material is included. FSSA reserves the right to review and approve any amendments or changes to the User and Operating Procedures Manuals before implementation. Initial materials must be submitted to FSSA for review and approval no later than 45 days prior to the commencement of services under this Contract.

Any FADS User and Operating Procedures Manuals and products produced under this contract are the sole property of the State and shall be transferred to the State electronically. Contractor use of any FSSA logo, Agency or Division name must adhere to the agency’s FSSA Branding and Writing Style Guides.

1. **Compliance Plan**

The Contractor shall develop and maintain a plan to ensure compliance with all State and federal laws, policies, procedures, and regulations, including those explicitly mentioned in this Scope of Work as well as others not explicitly mentioned. This plan is due to the State sixty (60) days prior to the commencement of services under this contract and is subject to State review and approval.

* 1. The compliance plan must accommodate FSSA’s right to review and approve the Contractor’s compliance plan prior to the commencement of any services and as often as it may require throughout the duration of the Contract.
  2. The compliance plan must accommodate FSSA’s right to review the compliance plan for a reasonable period after the termination of the Contract.
  3. The compliance plan must include Contractor’s responsibility to monitor for, and adjust to, changes in applicable State and federal laws, policies, procedures, and regulations, including those explicitly mentioned in this Contract as well as others not explicitly mentioned.

1. **Change Control Plan**

Sixty (60) days prior to the commencement of any services under the Contract, the Contractor shall develop a detailed change control plan that details the process by which Change Requests are identified, prepared, validated, monitored, approved and reviewed, subject to FSSA approval. The change control plan shall detail the various steps, roles, responsibilities, and decision points of a change request process, including the relevant staff contacts.

The Contractor, in conjunction with the State, shall determine a standard process for accessing the Change Pool. The Contractor shall also maintain a history of all change requests, including the estimated and actual cost and duration for every change request as well as cumulative cost and schedule impacts for all changes for all periods FSSA specifies. Following the implementation of a change, the Contractor shall continue to monitor the initial issue and report on the solution quality and effectiveness.

1. **Training Plan**

Contractor shall develop a training plan for State approval forty-five (45) days prior to the commencement of any services under this Contract. This plan shall cover both initial and ongoing training in accordance with Section 3.5. Please see section 8.1.e. for further details.

1. **Issue Resolution Plan**

Contractor shall develop an issue resolution plan for State approval fifteen (15) days after the execution of the Contract. This plan will provide a standard process that will be used to identify, track, and resolve issues which may arise between Contractor and State in the performance of duties under the Contract. The plan will also include a section on risk management covering how risks will be mitigated to avoid issues from occurring. Such plan shall include:

1. Any trouble-shooting tools and techniques that will diagnose issues with networks, services, equipment, software, and data.
2. The approach and metrics to measure the success of its issue resolution efforts.
3. FSSA’s right to approve all issue resolution plans and procedures prior to implementation.

# Meeting Requirements

Vital personnel (as defined in Section 5.1) are required to actively participate in several regularly scheduled meetings each month, which are listed in this section of the Scope of Work. Vital personnel are required to be available for meetings on a weekly basis. These meetings are necessary to coordinate with FSSA staff and any relevant stakeholders to ensure the smooth operation of the program. In addition, participation in ad hoc meetings with other FSSA contractors (*e.g.*, MCEs), State offices (*e.g.*, Office of the Attorney General), or other entities as determined by FSSA may also be required. Ad hoc meetings may require presentations from the Contractor and may be in person or remote; unless indicated otherwise by the State, all vital personnel are required to attend in-person or remotely. Most meetings are held at the Indiana Government Center, South Building (IGCS).

Meeting agenda and materials shall be sent to FSSA at a minimum of seven (7) calendar days prior to the date of the meeting.

1. **Status Meetings**

The Contractor is expected to meet with State staff and designees a minimum of every two weeks, or as requested, to present status updates, discuss change requests, resolve challenges, and discuss progress on work plans and project plans. The Contractor shall develop the agenda, and provide the agenda and status report to the Program Integrity Director seven (7) calendar days prior to the meeting. The Contractor shall record and prepare meeting minutes, and provide minutes to the State within two weeks after the meeting. The agenda and minutes are subject to State review and approval.

# End of Contract Duties

The services to be performed under the Contract resulting from this RFP are vital to the State and must be continued without interruption. Procedures must be in place to ensure a seamless transition and uninterrupted service throughout the transition to a project successor at Contract end. The State seeks to ensure that program stakeholders experience no adverse impact from the transfer of scope to either the State or to the successor contractor(s) should the Contract not be extended or terminated early.

The Contractor shall be responsible for planning and performing end of contract turnover and disengagement activities. Disengagement includes transition planning to ensure a seamless operational transition to the State or its designee in the event of required contract transition. The Contractor shall work with the State to ensure that all end of contract turnover tasks are completed and that all responsibilities are transitioned in a timely and effective manner.

At the end of the contract period, the Contractor shall work cooperatively with the State and any of its contracting organizations to develop and successfully implement a plan to turn over all data, methodologies, documentation, and ongoing projects to the succeeding contractor organization, vendor, or firm.

At the end of this Contract, Contractor must provide all reasonable support required to transition to a new vendor who will provide similar services to the State as appropriate. This will include:

1. Access to State data
2. Attendance at transition meetings
3. Developing an End of Contract Turnover Plan, subject to State approval, including a detailed schedule and resources (quantity, type, and role) who will be available for all months of the End of Contract Turnover period. The turnover plan must be developed and delivered to the State at least ninety (90) days prior to the scheduled termination date of the contract. In the event of contract termination prior to the scheduled date, the Contractor shall develop and share the turnover plan at the request of the State. The End of Contract Turnover Plan shall outline the following:
   * 1. A workplan mapping the timeline of contract transition, including key milestones
     2. Contractor roles and responsibilities
     3. State roles and responsibilities
     4. A schedule with key milestones and deliverables
     5. Method to transfer information to the State and/or a successor contractor(s)
     6. An inventory of detailed documentation about operations, applications, architecture, and infrastructure, as well as any supporting information related to the technical architecture and infrastructure
     7. An inventory of all work-in-progress that needs to be completed by the State and/or a successor contractor(s)
     8. Plans for coordination and transition of specific responsibilities from the incumbent to the future contractor
     9. An inventory of project documentation, work-in-progress, technology, systems, and assets necessary for a successive contractor to perform the duties of the Scope of Work
4. The timely and accurate transmission of all information related to historical and open audits, investigations and other activities contemplated by this Contract
5. Transfer of data to an incoming vendor within forty-five calendar (45) days of notification from the State. This shall include all contract-related records and data in a format specified by the State. The Contractor must be available to support interpretation, onboarding, and adjustments to data format that may be requested by the State or the new vendor.
6. Reporting proprietary information to the State
7. Compliance with any other reasonable State request

# Security and Risk Mitigation

1. **Risk Management and Mitigation Plan**

Fifteen (15) days after the execution of the Contract, the Contractor must provide a Risk Management and Mitigation plan which includes a process for documenting and reporting risks and risk status to the State. More specifically, the Contractor’s plan must incorporate potential risk identification, recommendations for risk mitigation, management and tracking of mitigation steps, and any proposed tool(s) to track, manage, report risks, and identify points when risks could worsen if not mitigated. The Contractor should additionally include any tool(s) that would be used to facilitate its Risk Management Plan. The benefits of the recommended risk management and mitigation process to FSSA should be stated. FSSA reserves the right to retain access to all the Contractor’s risk management tools and reports. The Contractor will grant FSSA the right to approve the Contractor’s Risk Management Plan, process, and tools. The Risk Management and Mitigation Plan is subject to review from CMS on a biannual basis (every two years).

1. **Ensuring Data Security**

The Contractor is required to maintain an information systems and data security policy and conform to the State’s information systems security policy. This policy must also meet the State’s Information Security Framework. The Contractor must submit a plan for ensuring the security and protection of the State’s data, which is not limited to member Protected Health Information (as that term is defined in HIPAA.) Contractor shall submit a copy of this policy to the State forty-five (45) days prior to the commencement of services under this Contract.

The plan must provide the steps taken by the Contractor to ensure that PHI is not used, disclosed, or maintained in a manner not in accordance with the law or best practices. The Contractor will be required to maintain a policy (mentioned in the plan) for the secure destruction of information. In the plan, the Contractor will state the security and privacy features of the proposed technology. The Contractor shall also provide the types and frequency of security audits that the State can expect Contractor to perform during the contact. Those results shall be shared with the State. The Contractor’s solution shall describe the State’s Active Directory repository to authenticate users, where applicable. The Contractor must also expound the architecture utilized to authorize users within the system in the plan.

The State has robust and comprehensive security standards that permeate all levels of the organization. The Indiana Office of Technology (IOT) has been tasked with establishing and maintaining these security standards. The security standards include assessing security risks, developing and implementing effective security procedures, and monitoring the effectiveness of those procedures.

The following link introduces the IOT Information Security Framework: https://www.in.gov/iot/iot-vendor-engagement/. Everyone intending to access ISF policies will need to create an Access Indiana account first. Respondents will be required to sign a Non-Disclosure Agreement (NDA) to access the IOT Information Security Framework.

The Contractor shall ensure the security and confidentiality of all information. The Contractor must adhere to the State’s standards and establish, maintain, implement and manage the data ownership standards, data security standards, and arbitration protocol. In addition, the Contractor shall implement and maintain standards for confirming that only lawfully authorized users are granted access to any systems maintained by the Contractor on behalf of the State and prevent unauthorized access, use, abuse, disclosure, disruption, modification, or destruction of data.

In addition to the State standards outlined above, the State requires that the Contractor support all current and future HIPAA Security rules, as well as any applicable federal automated data processing requirements.

The Contractor shall ensure security safeguards are in place to assure the integrity of system hardware, software, records, and files. To maintain privacy and security standards, the Contractor shall perform the roles and responsibilities listed below, including but not limited to:

* 1. Establishing, maintaining, implementing and managing privacy standards in accordance with State and Federal standards;
  2. Adhering to FSSA’s Privacy and Security Compliance Policies https://www.in.gov/fssa/security-policies/;
  3. Mitigating, to the extent practicable, any harmful effect that is known to the Contractor of PHI obtained under this contract in a manner not provided for by this contract or by applicable law of which the Contractor becomes aware;
  4. Training all staff on the privacy and security requirements;
  5. Testing security compliance quarterly;
  6. Applying required changes to security methods that security compliance testing identifies;
  7. Adhering to role-based access requirements as provided by the State;
  8. Complying with all confidentiality, security, infrastructure, application, and service solution standards established by the State in this SOW
  9. Orienting new employees to security policies and procedures;
  10. Conducting periodic review sessions on security procedures;
  11. Developing lists of personnel to be contacted in the event of a potential or suspected security breach;
  12. Maintaining entry logs for limited access areas;
  13. Maintaining an inventory of Agency assets, not including any financial assets;
  14. Limiting physical access to systems hardware, software, and libraries; and
  15. Maintaining confidential and critical materials in limited access, secured areas.

1. **ITBCP**

Forty-five (45) days prior to the commencement of services under this Contract, the Contractor shall submit a comprehensive, fully tested IT business continuity/disaster recovery plan (ITBCP). The ITBCP will, at a minimum, meet the requirements of NIST SP800-34.

In the ITBCP, the State and Contractor will mutually agree on reasonable Recovery Point Objectives and Recovery Time Objectives reflective of the State’s business requirements and the critical nature of the Contractor’s systems and services in support of the associated State business operations.

In the event of a natural disaster, Contractor must be operational within two (2) business days after the event. Contractor will submit most recent disaster recovery test results to the State within 12 months of the execution of the Contract. Thereafter, Contractor will conduct disaster recovery tests regularly (at least annually) and provide results of these tests to the State. The Contractor shall maintain a list to contacts at the State and keep those lists updated at any time.

# Independent Security Audit

The Contractor will provide the State with Security Assessments of the Program Integrity (PI) solution utilized by the State of Indiana Office of Medicaid Policy & Planning. This service will be performed by an Independent Validation & Verification (IV&V) vendor consistent with the requirements in the Centers for Medicare & Medicaid Services (CMS) Certification requirements. The State’s PI solution is often referred to as the Indiana FADS. The Contractor shall complete the audit and provide its outcomes to the State within a commercially reasonable timeframe as specified by the State. The IV&V vendor will perform and provide a draft and final report based on the requirements provided in the Streamlined Modular Certification for Medicaid Enterprise Systems Certification Guidance, Version 1.0, dated April 2022, and Streamlining Modular Certification for Medicaid Enterprise Systems Guidance, Version 1.0, dated March 2021, including:

*Independent, third-party security and privacy controls assessment report that covers compliance with the following:*

* + - *NIST SP 800-171 and/or NIST SP 800-53 standards and all relevant controls in HIPAA;*
    - *Aligning Health Care Industry Security Approaches pursuant to Cybersecurity Act of 2015, Section 405(d); and*
    - *The Open Web Application Security Project Top 10.*

*Risks should be identified using NIST SP 800-30 Revision 1.*

*The third-party audit should include, but need not be limited to, a penetration test, a review of all HIPAA compliance areas: user authentication; information disclosure; audit trail; data transfers; and information on correct data use (role-based testing of use). The audit should also cover encryption of data at rest, in audit logs, and in transit between workstations and mobile devices (where applicable), to external locations and to offline storage.*

# Transition from Current Solution

The transition from the old to the Contractor’s system (including the transition from the historical incumbent vendor to the Contractor) shall be governed by this section.

# System Transition Services

# 

1. **System DDI**

The Contractor shall be responsible for any design, development, configuration, implementation or integration with the other State systems (including the State’s CoreMMIS and EDW) which may be required. This includes, but is not limited to, any requirements gathering, coding or configuration, testing (validation, user acceptance, *etc.*) and any other work required. Such activities shall be completed in advance of the commencement of services under this contract.

1. **Project Plan and System Design**

Within fifteen (15) days after the execution of this Contract, the Contractor shall submit a proposed work plan that explains the design, testing, and implementation of its solution and the transition from the current solution. The workplan shall include a:

1. Description of all tasks, deliverables, schedules, task dependencies and identification of resource requirements necessary to commence the services and technology required by this contract;
2. Proposed start and completion dates for each task and deliverable;
3. Detailed description of all tasks requiring State resources, summary of the proposed use of State resources, and statement of assumptions regarding anticipated involvement of these resources. Further, the Contractor will be obligated to identify its task dependencies on State resources or tasks, and the Contractor will retain the final responsibility for performance of its obligations including the quality of the deliverables. To the extent that State review or approval is required of a document, plan or deliverable, the State shall have 10 business days to review first drafts and 5 business days to review any revised drafts;
4. An architectural explanation of how each component works together to provide the proposed solution; and
5. Detailed description of how the Contractor’s existing system will receive existing and future State data.
6. Language permitting the State and State designee access to the Contractor’s system for as many users as the State deems necessary, including license access if applicable.
7. **Requirements Gathering and Validation**

Within fifteen (15) days after the execution of this Contract, the Contractor shall submit a plan for the gathering and validation of requirements from the State to be used in the design, development, and implementation of the Contractor’s proposed solution (the “Requirements Plan”), as applicable given the Contractor’s solution. The purpose of the Requirements Plan is to identify requirements and validate requirements with stakeholders. The Requirements Plan must include an approach to reaching an agreed upon system design and Acceptance Criteria with FSSA that will address all FSSA’s requirements and ensure thoughtful and informed decisions by the State. Establishing the approach for addressing any new requirements identified between the release of the Requirements Plan and implementation date of the Contractor’s systems is the responsibility of the Contractor. The Contractor shall include all deliverables and major milestones to be achieved during DDI in the Requirements Plan.

1. **Testing Plan**

Within forty-five (45) days after the execution of this Contract, the Contractor shall submit a plan for the testing of all developed and proposed solutions, including but not limited to their functionalities, data feeds, integration with State systems, ability to query third party systems, and any other relevant feature. The Contractor’s approach to development and testing, including any quality assurance processes and the ability to trace the origin of all requirements should be detailed as well. The method of test plan development shall comprise of:

1. Test cases and test data. The Contractor shall include proposed tools and procedures for tracking, managing, reporting, and resolving system bugs discovered during testing.
2. Roles and Responsibilities for test processes and procedures.
3. The Contractor’s approach for updating documentation based on test results and documenting and delivering testing deliverables to FSSA.
4. Procedures for notifying FSSA of any failures to meet requirements and other problems discovered in testing, testing progress, and adherence to the test schedule.
5. An approach for re-testing failed test cases after system modification and a description of regression test procedures.
6. **Training Plan**

Within forty-five (45) days after the execution of this Contract, the Contractor must provide a detailed training plan and training calendar that explains how the Contractor will deliver hands-on and in-person training at least thirty (30) days prior to the commencement of services under the Contract. The Contractor shall provide an overview of the curriculum and audience for the respective curriculum, including training delivered to Contractor team members and State users of the Contractor systems. All users must be trained prior to gaining access to the systems contemplated by Section 3. Training shall be hands-on and State staff and designees shall be cross trained to ensure that all staff are able to use the system.

The Contractor shall be responsible for ensuring that all training curriculum materials (including manuals, techniques, and training aids) are up to date. The Contractor must provide initial and ongoing end-user training (as contemplated by Section 3.5).

# Readiness Review

At least 30 days before the Contractor system becomes operational, the Contractor must pass a Readiness Review. Any exceptions to the Readiness Review timeline and due dates stated within this Section or within the Scope of Work must be approved by the State, in writing, at least 60 days prior to the commencement of Contractor program operations. The Contractor must establish that their systems are operational and ready for full-time service.

1. **System Readiness**

During this test, the Contractor will ensure the following, through representation to or demonstration for FSSA as requested:

1. All Contractor technology tools and systems are fully operational
2. The telephone systems are fully operational
3. The computer system is fully operational
4. The staffing is in compliance with the Contract
5. All templates and models for ongoing work are complete and approved where required
6. A disaster recovery plan is in place
7. A business continuity plan is in place
8. Any other system, function, or other requirement deemed necessary by FSSA and/or the Contract is complete and approved
9. **Process Readiness**

During this test, the Contractor will demonstrate readiness with validation and approval for the following:

1. Call center functionality
2. Staff training materials
3. Quality assurance protocols
4. Reporting procedures
5. Caller privacy procedures
6. Any other items, functions or performance requirements deemed necessary by FSSA and/or the Contract
7. **Deficiencies and Corrections**

Should FSSA deem any function or item reviewed in the Readiness Review unsatisfactory, the Contractor will be required to correct or cure the deficiency at no cost and submit proof to FSSA that such corrections were made on a schedule specified by FSSA.

The Contractor will not be allowed to begin service until the operational readiness testing is complete and the Contractor is fully ready to provide service as determined by FSSA.

If the Contractor is not ready at the Contract start date as determined by FSSA, the Contractor will pay any additional cost FSSA may incur if FSSA must use services other than those of the Contractor to perform the duties in the Contract.

Payment will be withheld until the Contractor passes the operational readiness tests.

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# EXHIBIT 2 – COST SCHEDULE

The information below reflects the forecasted State Fiscal Year (SFY) breakdown of this Contract. These forecasted amounts are subject to adjustment between State Fiscal Years (SFYs), and funding sources only if executed via a Change Request done in compliance with the terms and conditions of this Contract, if the overall term and/or Contract Total Consideration is not exceeded, and if FSSA Finance approves. These Change Request criteria must be supported so that an Amendment will not be required; however, a corresponding Purchase Order (PO) adjustment will be executed by FSSA Finance to adjust the funding, in the event that FSSA Finance approves.

[Cost tables to be populated based on final contract details]

# EXHIBIT 3 – SERVICE LEVELS AND PERFORMANCE WITHHOLDS

# Service Levels and Performance Incentives

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# Liquidated Damages

1. **Contractor Expectations**

In the event that the Contractor fails to meet performance requirements or reporting standards set forth in the Contract, or other standards set forth by the State, it is agreed that damages shall be sustained by the State, and the Contractor shall pay to the State liquidated damages pursuant to this Contract and/or its actual damages. It is agreed that in the event of a failure to meet specified performance or reporting requirements subject to liquidated damages, it is and will be impractical and extremely difficult to ascertain and determine the actual damages which the State will sustain in the event of, and by reason of, such failure; it is therefore agreed that the Contractor will pay the State for such failure according to the following subsections. No punitive intention is inherent in the following liquidated damages provisions.

FSSA may impose remedies resulting from failure of the Contractor to provide the requested services depending on the nature, severity, and duration of the deficiency. In most cases, liquidated damages will be assessed based on this Exhibit. Should FSSA choose not to assess damages for an initial infraction or deficiency, it reserves the right to require corrective action or assess damages at any point in the future.

The State shall notify Contractor of liquidated damages due, and Contractor shall pay the State the full amount of liquidated damages due within ten (10) business days of receipt of the State’s notice.

1. **Liquidated Damage Metrics**

**Liquidated Damage 1 – Unplanned System Outages** – All systems contemplated by Section 4 of this contract shall not be offline or otherwise unavailable for more than a cumulative six (6) hours in a calendar month, not including any planned service or maintenance approved by the State in writing prior to said outage. For each hour beyond the cumulative six (6) hours in a month in which the Contractor’s systems are offline or otherwise unavailable, the Contractor shall pay liquidated damages in the amount of four thousand dollars ($4,000.00).

**Liquidated Damage 2 – Notification of System Outages** – Contractor shall notify FSSA, at minimum, within two (2) hours of discovery of a disaster or other disruptions in its normal business operations. For each business hour greater than two (2) during which FSSA is not notified of an outage, disaster, or other disruption to normal business operations, the Contractor shall pay liquidated damages in the amount of one hundred dollars ($100.00).

**Liquidated Damage 3 – Vital Personnel Position Vacancy** – No vacancy of any vital positions (as defined by Section 5.1 of Exhibit 1) shall remain unfilled for a period of greater than one (1) month. For each business day beyond the one (1) month per vital position vacancy, the Contractor shall pay liquidated damages in the amount of five hundred dollars ($500.00). After a vital position vacancy has remained unfilled for a period of greater than two (2) months, for each additional business day per vital position vacancy, the Contractor shall pay liquidated damages in the amount of two thousand four hundred dollars ($2,400.00).

**Liquidated Damage 4 – Reports** – All reports contemplated by Section 3.3 of Exhibit 1 in the subject month shall be supplied timely, with accurate data, and otherwise in accordance with the requirements of this Contract. If the Contractor fails to submit any report required in the Contract or in a timely, complete, and accurate manner, Contractor shall pay liquidated damages of five hundred dollars ($500.00) per day per report.

**Liquidated Damage 5 – Call Center – Answer Efficiency** – During business hours during the subject month, 85% or more of calls to the Call Center contemplated by Section 4.7 of Exhibit 1 shall be answered by a live person within thirty (30) seconds of being routed through the call center menu. For each instance in which FSSA finds the Contractor has failed to meet this metric for a given month, the Contractor shall pay liquidated damages in the amount of five hundred dollars ($500.00) per month of non-compliance.

**Liquidated Damage 6 – Call Center – Abandonment Rate** – During business hours during the subject month, the abandonment rate (i.e. caller self-disconnects from being in a hold queue) shall be less than 5% of calls made to the Call Center contemplated by Section 4.7 of Exhibit 1. For each instance in which FSSA finds the Contractor has failed to meet this metric for a given month, the Contractor shall pay liquidated damages in the amount of five hundred dollars ($500.00) per month of non-compliance.

**Liquidated Damage 7 – Call Center – Returned Calls** – During the subject month, 100% of voicemails left for the Call Center (per Section 4.7 of Exhibit 1) shall yield a return call attempt within one (1) business day of the voicemail being left. For each instance in which FSSA finds the Contractor has failed to meet this metric for a given month, the Contractor shall pay liquidated damages in the amount of five hundred dollars ($500.00) per month of non-compliance.

**Liquidated Damage 8 – Website Metrics** – Contractor must make pertinent information available to members and providers through an internet website in an FSSA-approved format in accordance with the terms of the Contract. The provider and member website must be available for access by members no less than twenty-three and one-half (23.5) hours per day on average per month. For each instance in which FSSA finds the Contractor has failed to meet this metric for a given month, the Contractor shall pay liquidated damages in the amount of five hundred dollars ($500.00) per month of non-compliance.

**Liquidated Damage 9 – Technical Support** – During the subject month, 100% of State and State designee requests for technical support as contemplated by Section 3.5 of Exhibit 1 shall receive a response from the Contractor within four (4) business hours. For each business hour greater than four (4) during which a request for technical support remains unanswered, the Contractor shall pay liquidated damages in the amount of one hundred dollars ($100.00).

**Liquidated Damage 10 – Inquiry Response** – During the subject month, 100% of all electronic inquiries (email and member website) must be returned or attempted to be returned within one (1) business day. After one (1) business day, for each additional business day for each unreturned electronic inquiry, the Contractor shall pay liquidated damages in the amount of one hundred dollars ($100.00).

**Liquidated Damage 11 – Educational Modules** – Monthly, the Contractor shall create and deliver monthly educational modules. The topic of these modules will be based upon common errors and issues identified through the contractor’s audit, algorithm development, and pre-payment review work. This metric is measured on a monthly basis of one (1) additional module per month. In the event that this Metric is missed, for each month the Contractor fails to deliver an additional educational module, the Contractor shall pay liquidated damages in the amount of one thousand dollars ($1,000.00) per month per module. Payment of liquidated damages does not alleviate the Contractor of responsibility to provide delayed educational modules.

# Invoice Withhold

Each month, the Contractor shall invoice for 90% of the Contractor’s monthly charge (100% of the monthly charge minus the 10% withhold amount) pending verification of the Contractor’s performance against the Performance Metrics described below in Section 1.2.a. below.

1. **Performance Withhold Metrics**

**Performance Withhold Metric 1 – Data Rule Development** – Quarterly, the Contractor shall review trends within the State’s Medicaid data and state and national fraud, waste, and abuse trends to develop at least three (3) new data rules to be delivered to the State for approval and use. This metric is measured and payable quarterly after the months of September, December, March and June. In the event that this Metric is missed, Contractor’s remediation for this metric requires Contractor to create and deliver the data rules which were not provided and led to this Metric being missed. Any late-delivered data rules shall only count towards the missed metric measurement and shall not also count towards the next measured quarter (i.e. late-delivered data rules will not count twice). This metric will apply throughout the life of the Contract.

**Performance Withhold Metric 2 – Audit Initiation**– During the subject month, the Contractor shall initiate at least 30 audits. Audits are considered initiated at the point of the Final Calculation of Overpayment or Final Audit Finding being sent out to the provider. During the final month of the contract year (June), this metric will also measure whether the cumulative number of audits conducted in the past year meets or exceeds the annual requirement of 400. This metric will apply beginning in month four (4) of the Contract through the end of the Contract.Please see section 1.2.e. for remediation.

**Performance Withhold Metric 3 – Prepayment Review** – During the subject month, the Contractor shall maintain an average adjudication time of all prepayment review claims of fourteen (14) days. The time for adjudication starts when a claim has suspended to the Prepayment Review location and ends when the claim has been pushed out from the Prepayment Review location by Contractor staff. The State may determine additional providers who shall be placed on prepayment review. This metric will apply beginning in month four (4) of the Contract through the end of the Contract.Please see section 1.2.e. for remediation.

**Performance Withhold Metric 4 – Return on Investment** – Semiannually, the Contractor shall demonstrate the return on investment generated for the State in the preceding six (6) months. This metric will apply beginning in month 7 of the Contract through the end of the Contract. This metric will be applied on a tiered basis in accordance with the table below:

**Table 1: ROI Withhold Calculation**

|  |  |
| --- | --- |
| **ROI Achievement** | **Performance Withhold Amount Eligible for Invoice** |
| Less than 100% ROI | 0% of the applicable withheld amount (0% of the period’s invoicing amount) |
| 100% ROI achieved | 20% of the applicable withheld amount (2% of the period’s invoicing amount) |
| 125% ROI achieved | 30% of the applicable withheld amount (3% of the period’s invoicing amount) |
| 150% ROI achieved | 40% of the applicable withheld amount (4% of the period’s invoicing amount) |
| 175% ROI achieved | 50% of the applicable withheld amount (5% of the period’s invoicing amount) |
| 200% ROI achieved | 60% of the applicable withheld amount (6% of the period’s invoicing amount) |
| 225% ROI achieved | 70% of the applicable withheld amount (7% of the period’s invoicing amount) |

**Performance Withhold Metric 5 – Overpayment Appeal Overturn Rate** – During a six (6) month ROI measurement period, the overturn rate for appealed final audit findings shall not be greater than 10%. This metric will apply beginning in month 7 of the Contract through the end of the Contract.

**Performance Withhold Metric 6 – Overpayment Recovery Efforts –**During a six (6) month ROI measurement period:

* 100% of Demand Letters shall be sent 300 days after the initial notice of an overpayment is delivered to the overpaid entity; and
* 100% of Accounts Receivable Entries shall be created one week after the issuance of a Demand Letter.

This metric will apply beginning in month 7 of the Contract through the end of the Contract.

1. **Performance Withhold Metric Timing**

The Performance Withhold Metrics detailed in Section 1.2.a. above apply to different months of the Contract term as detailed in Table 2 below. Amounts withheld under Metric 1 may be invoiced on a quarterly basis. Amounts withheld under Metrics 2 and 3 may be invoiced on a monthly basis. Amounts withheld under Metric 4 may be invoiced on a semiannual basis, pending successful performance of Metrics 5 and 6.

**Table 2: Performance Withhold Metric Calculation Timeline**

|  |  |  |
| --- | --- | --- |
| **Contract Term Timeframe** | **Applicable Withholds** | **Withheld Amount** |
| Contract months 1-3 | Performance Withhold Metric 1 – Data Rule Development | 100% of withheld amount (10% of monthly invoicing amount) |
| Contract months 4-6 | Performance Withhold Metric 1 – Data Rule Development | 33% (one-third) of withheld amount (3.33% of monthly invoicing amount) |
| Performance Withhold Metric 2 – Audit Initiation | 33% (one-third) of withheld amount (3.33% of monthly invoicing amount) |
| Performance Withhold Metric 3 – Prepayment Review | 33% (one-third) of withheld amount (3.33% of monthly invoicing amount) |
| Contract months 7-72 | Performance Withhold Metric 1 – Data Rule Development | 10% of withheld amount (1% of monthly invoicing amount) |
| Performance Withhold Metric 2 – Audit Initiation | 10% of withheld amount (1% of monthly invoicing amount) |
| Performance Withhold Metric 3 – Prepayment Review | 10% of withheld amount (1% of monthly invoicing amount) |
| Performance Withhold Metric 4 – Return on Investment | Up to 70% of withheld amount (7% of monthly invoicing amount; see Table 1) |
| Performance Withhold Metric 5 – Overpayment Appeal Overturn Rate | Must be achieved for amounts withheld under Metric 4 to be invoiced |
| Performance Withhold Metric 6 – Overpayment Recovery Efforts | Must be achieved for amounts withheld under Metric 4 to be invoiced |

1. **Validation of Performance to Invoice for Amounts Withheld**

Each applicable period, the Contractor shall submit the requisite reporting to support verification of performance (See Section 3.3 of Exhibit 1) no later than the 15th calendar day of the following month to the Program Integrity Director.

Following the State’s verification that the Contractor successfully met the requirements for all Performance Withhold Metrics measured in a given measurement period, the Contractor may invoice the State for the withheld funds described in Section 1.2 above with the subsequent month’s invoice.

1. **Corrective Action Plans**

If the Contractor fails to meet the requirements of any Performance Withhold Metrics and/or Liquidated Damages Metrics (“missed Metric(s)”) in a given measurement period, the Contractor must submit a Corrective Action Plan (CAP) to the State within fifteen (15) calendar days following the documentation of failure to meet the missed Metric(s). The State shall review and make reasonable efforts to approve the CAP within ten (10) calendar days of the CAP being received. The Contractor must provide FSSA with monthly reports on the relevant Performance Withhold Metrics and/or Liquidated Damages Metrics until such time as the deficiency is corrected for a period determined by the State.

1. **Failure to Meet the Service Levels for Performance Withhold Metrics 2 and 3 – Remediation Plan**

The State will continue to withhold funds for the month in which the Contractor failed to meet the missed Metric(s) 2 or 3, and all subsequent months until the Contractor successfully meets the missed Metric(s) for two consecutive months (“remediation”). To earn back the withheld funds, the Contractor must meet the missed metrics for two consecutive months in the four-month period immediately following the month in which the Contractor failed to meet the missed Metric(s). This time span is referred to as the Correction Period. For example, if the Contractor fails to meet Metrics 2 and 3 in April 2027, the Contractor shall have until August 2027 to demonstrate successful achievement of those missed Metrics for two consecutive months.

See Performance Withhold Metric 1 above for remediation of data rule development.

If the Contractor fails to demonstrate it has met Metrics 5 and 6, the State shall permanently retain the applicable withheld funds for all months during the semiannual period during which the Contractor failed to meet the missed Metrics. Any portion of the amount withheld under Metric 4 not earned back through ROI performance shall be permanently retained by the State. Withheld amounts permanently retained by the State under this provision are not penalties or damages, but rather the payment of lower amounts for lower quality performance.

1. **Successfully Meeting the Missed Metric(s) During the Four Month Period and Invoicing for the Withheld Amount**

Following verification that the missed Metric(s) 2 or 3 have been met for two consecutive months as described in Section 1.2.b. above, the Contractor may invoice the State for release of all applicable withheld funds on its next invoice. These withheld funds will include any funds withheld from the month when the missed Metrics were first missed, and any funds held pending the corrections contemplated by Section 1.2.b.

1. **Failure to Meet Missed Metric(s) During the Four Month Correction Period**

If the Contractor fails to demonstrate it has met the missed Metric(s) 2 or 3 for two consecutive months during the four-month correction period as described in Section 1.2.d., the State shall permanently retain the applicable withheld funds for all months during the correction period during which the Contractor failed to meet the missed Metrics.

Withheld amounts permanently retained by the State under this provision are not penalties or damages, but rather the payment of lower amounts for lower quality performance.

1. **Simultaneous CAPS on Performance Withhold Metrics 2 and 3**

It may occur that, during the pendency of a CAP and four-month correction period for a missed Performance Withhold Metric 2 or 3, the Contractor may miss a different Performance Withhold Metric. By way of example, during the four-month correction period for missing Performance Metric 3, the Contractor may miss Performance Metric 2. This new, missed Metric does not impact the Contractor’s performance pursuant to the pending CAP and four-month correction period.

This new missed Metric triggers a new, second CAP as contemplated by Section 1.2.d. Any amounts withheld during the pendency of multiple correction periods and CAPS will not be released and available to the Contractor until all missed Performance Withhold Metrics reviewed for that given month are met in accordance with Section 1.2.c. For a month's withheld amount to be paid back, all CAP items for that month must be resolved.

In no event shall greater than 10% be withheld from a Contractor’s invoice, regardless of the number of missed Metrics or CAPs in place.

Below are three tables illustrating this concept in three examples:

**Table 3: Multiple Metrics Missed – Funds Recouped**

|  |  |  |  |
| --- | --- | --- | --- |
| Month | Metric Activity | Contractual Outcome | Impact on Withheld Funds |
| April 2027 | Contractor missed Performance Metric 2 | CAP triggered, Contractor Must meet Metric 2 Two Consecutive Times to Invoice for Withheld Amount | 10% Withheld retained pending remediation for Performance Metric 2 |
| May 2027 | Contractor meets all Performance Metrics |  | 10% withheld retained pending remediation for Performance Metric 2 |
| June 2027 | Contractor missed Performance Metric 3, meets performance Metric 2 | Remediation for Performance Metric 2, new CAP triggered for Performance Metric 3 | Withholds for April and May can be invoiced given remediation for Performance Metric 2, June withheld retained pending CAP for Performance Metric 3 |
| July 2027 | Contractor meets all Performance Metrics |  | 10% withheld retained pending remediation for Performance Metric 3 |
| August 2027 | Contractor meets all Performance Metrics |  | Withholds for June, July and August may be invoiced given remediation for Performance Metric 3 |

**Table 4: Multiple Metrics Missed – Funds Forfeited**

|  |  |  |  |
| --- | --- | --- | --- |
| Month | Metric Activity | Contractual Outcome | Impact on Withheld Funds |
| April 2027 | Contractor missed Performance Metric 3 | CAP triggered, Contractor Must meet Metric 2 Two Consecutive Times to Invoice for Withheld Amount | 10% Withheld retained pending remediation for Performance Metric 2 |
| May 2027 | Contractor meets all Performance Metrics |  | 10% withheld retained pending remediation for Performance Metric 2 |
| June 2027 | Contractor missed Performance Metric 3, meets performance Metric 2 | Remediation for Performance Metric 2, new CAP triggered for Performance Metric 3 | Withholds for April and May can be invoiced given remediation for Performance Metric 2, June withheld retained pending remediation for Performance Metric 3 |
| July 2027 | Contractor misses Performance Metric 3 |  | 10% withheld retained pending remediation for Performance Metric 3 |
| August 2027 | Contractor meets all Performance Metrics |  | 10% withheld retained pending remediation for Performance Metric 3 |
| September 2027 | Contractor misses Performance Metric 3 |  | 10% withheld retained pending remediation for Performance Metric 3 |
| October 2027 | Contractor misses Performance Metric 3 |  | Amounts withheld for June, July, August, September and October retained by State pursuant to Section 1.2 |

**Table 5: Multiple Metrics Missed – Partial Recoupment of Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| Month | Metric Activity | Contractual Outcome | Impact on Withheld Funds |
| April 2027 | Contractor missed Performance Metric 2 | CAP triggered, Contractor Must meet Metric 2 Two Consecutive Times to Invoice for Withheld Amount | 10% of April invoice withheld retained pending remediation for Performance Metric 2 |
| May 2027 | Contractor meets Performance Metric 2, missed performance Metric 3 | Additional CAP triggered, Contractor Must meet Metric 3 Two Consecutive Times to Invoice for Withheld Amount | 10% of May invoice withheld retained pending remediation for Performance Metric 2 and remediation for Performance Metric 3 |
| June 2027 | Contractor meets performance Metric 2, missed Performance Metric 3, | Remediation for Performance Metric 2 | Withholds for April can be invoiced given remediation for Performance Metric 2, May and June withheld retained pending CAP for Performance Metric 3 |

1. **Waiver for Missed Performance Metrics**

In the event that Contractor believes it has not met any Performance Metric due to mitigating circumstances, Contractor may request a waiver from the State. In the event that the State grants Contractor the request for waiver, the Performance Metric will be deemed to have been met for the purpose of Performance Withholds for the period that the waiver is granted.

The Contractor will submit a Performance Metric waiver request in writing within 15 calendar days of the month following the period for which the waiver is being requested. Such request will contain, at a minimum, a description of the mitigating circumstances which Contactor believes warrants a waiver of the Performance Metric(s) which were missed and include the metric numbering and labeling found in Section 1.2.a. The request will be submitted to the Program Integrity Director. The Program Integrity Director will make a reasonable effort to respond in writing within ten (10) calendar days of receipt. The Program Integrity Director shall have sole authority and discretion on behalf of the State in granting the waivers contemplated by this section, their decision regarding the waivers is final.

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