

June 20, 2018

Meggan Harley, MSW, CPPO
AHCCCS Chief Procurement Officer
701 E. Jefferson Street
Phoenix, AZ 85034

Re: Request for Best and Final Offer for RFP #Y18-0017 SMI Eligibility Determination

Dear Ms. Harley,

Ascend Management Innovations LLC, a wholly owned subsidiary of MAXIMUS Health Services, Inc., (MAXIMUS) is grateful for the opportunity to provide clarification to its submission for RFP #Y18-0017 SMI Eligibility Determination.

Pursuant to the request received in our June 18, 2018 negotiations meeting, below we provide a clarification to the following statement, which appeared in the assumptions portion of our Cost Bid Submission Workbook: *"This line item includes budgets for all Indirect and Administration costs per corporate and accounting policies. The rates in this proposal have been fixed for the duration of the Contract. Should MAXIMUS be selected for the award, we will respectfully request the opportunity to establish fixed indirect rates. This does not denote that our proposal is conditional in any way, but rather requests a discussion in order to finalize any resulting Contract."*

Clarification: MAXIMUS has estimated the direct costs, including labor and other direct costs, required to complete the scope of work required by the RFP utilizing our vast subject matter expertise and long history of successfully completing similar scopes of work for many other clients. We have also included an application of indirect costs per our internal corporate accounting policies and we have complied with the RFP requirement that pricing shall not include greater than a 5% profit.

We understand that the State reserves the right to modify the awarded Contracted price per SMI Eligibility Determination/Clinical Decertification amount by adjusting the denominator for fluctuations in the number of Determinations and Clinical Decertifications that would represent a significant change from the number of Determinations and Clinical Decertifications provided in the RFP Cost Bid Submission file. Also, we understand that this agreement limits the Contractor's profits to 5% of total revenue per Contract Year.

Our proposed rate per SMI Determination/Clinical Decertification includes an assumption that our indirect rates are fixed. Indirect rates will fluctuate very frequently based on distribution of indirect costs corporate wide. For the sake of ongoing administrative simplicity, we hope to negotiate an agreed set of fixed indirect rates that will be applied for the duration of the contract and when reconciling profit and profit adjustments at your request.

Through our experiences with similar contracts, we have found this to be the most efficient and least burdensome way to administer such checks and balances for both our clients and ourselves. We do not intend for this to be an annual or recurring negotiation, nor do we intend for this to be an opener for changing our proposed rate per SMI Determination/Clinical Decertification. We expect to hold our rate

per SMI Determination/Clinical Decertification constant and this is to document that indirect rates are fixed for future reconciliations and any actual cost true up uses those same fixed indirect rates.

BAFO: Please consider our immediate previous offer as our best and final offer. We have not changed any portion of our original submission.

Thank you again for the opportunity. For any clarification, please contact Christa Ballew at 312.285.9617 or MAXIMUSHealthProposals@maximus.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Adam Polatnick', is positioned above the typed name.

Adam Polatnick
Vice President
Ascend Management Innovations, LLC