



Notice of Request for Proposal

SOLICITATION # YH20-0001

HEAplus Maintenance and Operations RFP

Procurement Officer:

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Issue Date: January 17, 2020

LOCATION: ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)
Procurement Office
701 E. Jefferson St., MD 5700
Phoenix, AZ 85034

DESCRIPTION:

Health-e-Arizona Plus (HEAplus) Maintenance and Operations RFP

PROPOSAL DUE DATE:

Tuesday, March 24, 2020

AT 3:00 P.M.
ARIZONA TIME

PRE-PROPOSAL CONFERENCE:

A Pre-Proposal Conference will be held on **February 6, 2020 at 9:00 A.M. Arizona Time** at the AHCCCS Office, Gold Room, address listed above. Free parking is available in front of the building.

QUESTIONS CONCERNING THIS SOLICITATION SHALL BE SUBMITTED TO THE PROCUREMENT OFFICER NAMED ABOVE, IN WRITING, VIA E-MAIL BY **February 7, 2020 5:00 PM** ARIZONA TIME ON THE QUESTIONS AND ANSWERS FORM PROVIDED WITH THIS RFP. ANSWERS TO ALL QUESTIONS WILL BE POSTED IN THE AHCCCS WEBSITE IN THE FORM OF A SOLICITATION AMENDMENT FOR THE BENEFIT OF ALL POTENTIAL OFFERORS.

Offerors will be required to submit their proposals through the AHCCCS SFTP Server. The deadline to request access to the AHCCCS SFTP server is: **Thursday March 12, 2020.**

In accordance with A.R.S. § 36-2906, which is incorporated herein by reference, competitive sealed proposals will be received at the above specified location, until the time and date cited.

Proposals must be submitted in accordance with this solicitation proposal instructions prior to the time and date indicated above.

Late proposals shall not be considered.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the procurement officer named above. Requests should be made as early as possible to allow time to arrange the accommodation.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.

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EXHIBITS BELOW ARE INCOPORATED INTO THIS SOLICITATION BY REFERENCE AND LOCATED HERE:
<https://www.azahcccs.gov/Resources/OversightOfHealthPlans/SolicitationsAndContracts/open.html>

- Exhibit A - Technical Proposal
- Exhibit B - Cost Proposal
- Exhibit C - Invoice Template
- Exhibit D – Proposal Submission Instructions
- Exhibit E – Boycott of Israel Attestation

Other Reference Materials and Templates are located in the Bidders Library and can be found here:
<https://www.azahcccs.gov/Resources/OversightOfHealthPlans/SolicitationsAndContracts/bidderslibrary.html>

OFFER AND ACCEPTANCE

OFFER

The undersigned Offeror hereby agrees to provide all services in accordance with the terms and requirements stated herein, including all exhibits, amendments, and final proposal revisions (if any). Signature also certifies Small Business Status.

Arizona Transaction (Sales) Privilege Tax License No.:

For clarification of this offer, contact:

Name:

Federal Employer Identification No.:

Title:

E-Mail Address:

Phone:

Company Name

Signature of Person Authorized to Sign Offer

Address

Printed Name

City

State

Zip

Title

CERTIFICATION

By signature in the Offer section above, the Offeror certifies:

1. The submission of the offer did not involve collusion or other anti-competitive practices.
2. The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 2009-09 or A.R.S. §§ 41-1461 through 1465.
3. The Offeror has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
4. The Offeror _____ is / _____ is **not** a small business with less than 100 employees or has gross revenues of \$4 million or less.
5. The Offeror is in compliance with A.R.S. § 41-3532 when offering electronics or information technology products, services, or maintenance; and
6. The Offeror certifies that it is not debarred from, or otherwise prohibited from participating in any contract awarded by federal, state, or local government.

ACCEPTANCE OF OFFER (to be completed by AHCCCS)

Your offer, including all exhibits, amendments and final proposal revisions (if any), contained herein, is accepted. The Contractor is now bound to provide all services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by AHCCCS.

The Contractor is cautioned not to commence any billable work or to provide any material or service under this contract until Contractor receives purchase order, contract release document or written notice to proceed.

This contract shall henceforth be referred to as

Contract No. **YH20-0001**

CONTRACT SERVICE START DATE: October 1, 2020*

*Unless otherwise indicated in writing by AHCCCS

AWARD DATE: _____

MEGGAN LaPORTE, CPPO, MSW, AHCCCS Chief Procurement Officer

SCOPE OF WORK

1. AHCCCS OVERVIEW

AHCCCS is the single state Medicaid agency for the State of Arizona. In that capacity it is responsible for operating the Title XIX and Title XXI programs through the State's 1115 Research and Demonstration Waiver, which was granted by the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services. As of June 1, 2019, AHCCCS provides coverage to approximately 1.87 million members in Arizona.

Over 88% of the AHCCCS program's expenditures in SFY 2018 were through managed care programs. AHCCCS contracts with Managed Care Organizations (MCOs) that are responsible for providing Acute, Long Term Care, and Behavioral Health Services. A list of contracted plans can be found here:

<https://azweb.statemedicaid.us/HealthPlanLinksNet/HPLinks.aspx>

The program has a total fund budget for SFY 2019 of approximately \$14.3 Billion. AHCCCS has over 70,000 active providers in Arizona, such as individual medical and behavioral health practitioners, therapy disciplines, institutions, durable medical equipment companies and transportation entities. Additional information may be found on the AHCCCS website reporting page: <https://www.azahcccs.gov/Resources/Reports/federal.html>

2. LEGAL AUTHORITY

This solicitation and any resultant contract is being entered into pursuant to A.R.S. § 36-2906, and any rules adopted thereunder.

3. PARTIES TO THIS CONTRACT

The awarded Contract will be between two (2) parties, the Arizona Health Care Cost Containment System ("AHCCCS") and the awarded Contractor. While AHCCCS serves as the authorized entity and lead agency, the Arizona Department of Economic Security ("ADES") is involved the HEAplus project and has interest in the collaboration between the parties. For the purposes of this Contract, the "State" will refer to AHCCCS and ADES.

4. PROJECT OR SERVICE OVERVIEW/BACKGROUND

4.1. HEAplus Background

AHCCCS is currently contracted with Alluma (formerly known as The Center to Promote Healthcare Access dba Social Interest Solutions "SIS"), to maintain and operate the eligibility determination system, Health-e-Arizona Plus (HEAplus), to support both AHCCCS and the Arizona Department of Economic Security (ADES). HEAplus is a web-based system that meets the Affordable Care Act (ACA) requirements for eligibility and enrollment. HEAplus provides portals for Consumers, eligibility workers, and community assistors and supports eligibility determinations and ongoing case management for State programs, including:

- Medicaid
- Children's Health Insurance Program (CHIP) (known as KidsCare in Arizona)
- Medicare Savings Program (MSP)
- Arizona Long-Term Care System (ALTCS)
- Supplemental Nutrition Assistance Programs (SNAP)
- Temporary Assistance for Needy Families (TANF)
- Arizona's MyFamilyBenefits (Electronic Benefits Transfer [EBT] Portal)

SCOPE OF WORK

A list of business process flows associated with HEAplus are available within HEAplus_Architecture.docx in the SFTP Server. .

If appropriate, HEAplus may transfer Consumers to the Federally-Facilitated Marketplace (FFM) for support with Advanced Premium Tax Credit (APTC), Cost Sharing Reduction (CSR), private insurance, and the Small Business Health Options Program (SHOP). HEAplus integrates with the Arizona Technical Eligibility Computer System (AZTECS), AHCCCS supporting systems, and Federal and State hubs (which includes integration with many State systems to support online verification). If a Consumer is transferred to the FFM, HEAplus generates a notification to the Consumer that they have been referred to the appropriate Federal agencies.

Additional HEAplus functionality via the AHCCCS Works Portal is planned to go live no earlier than summer of 2020. The AHCCCS Works Portal will serve as a portal for Consumers to record community engagement activities and exemptions from community engagement activities in order to maintain their public benefits eligibility. The portal will be used by Consumers who are eligible for benefits as a result of ACA Medicaid expansion and accounts for approximately 1/3 of all Medicaid eligible individuals within the State of Arizona.

A list of HEAplus interfaces is available within HEAplus_Infrastructure_Inventory.docx in the SFTP Server.

The first phase of development for the HEAplus web-based system was implemented on October 19, 2013. Development of HEAplus for Medicaid, KidsCare, and MSP was completed in 2015. ALTCS was implemented in November 2017.

Originally, SNAP and TANF final eligibility determinations were to be implemented into the HEAplus platform after HEAplus Medicaid development completed in 2015; however, a determination was made to halt plans to incorporate SNAP and TANF final eligibility determination functionality. HEAplus does not currently fully support final eligibility determinations for SNAP and TANF. As a result, ADES, the agency responsible for SNAP and TANF, continues to use a 30-year old mainframe system, AZTECS, to provide the final eligibility determination and issue EBT cards.

For the purposes of SNAP and TANF, HEAplus records all the applicant's information, verifies the information with the Federal data hubs, and records the results of the applicant's interview, at which point the case is sent to AZTECS using a batch interface to conduct the final eligibility determination and issue the EBT card.

The goals of the HEAplus system are to:

- Offer a consumer friendly, integrated, one-stop approach to enrollment in private and public coverage.
- Provide seamless integration between coverage options and health and human service benefit programs.
- Support eligibility, enrollment, recertification, and other updates using a sophisticated rules engine.
- Provide maximum automation and "real-time" eligibility and enrollment wherever possible.
- Provide vertical integration of programs and solutions.

SCOPE OF WORK

4.2. HEAplus Stakeholders

The primary stakeholders of HEAplus are described in the following section:

- **Community Assistors:** Persons who assist the Consumers in applying for benefits using HEAplus. Some Community Assistors are also Navigators. Community Assistors aid consumers in uploading necessary documents, tracking the status of their pending application(s), and escalating applications with urgent medical needs.
- **Consumers:** Individuals, families, and small business employees who choose to use HEAplus for public benefits and private insurance.
- **External Verification:** Persons or entities who may provide verifications for a consumer (i.e. landlords, banks).
- **Help Desk:** Persons/entities who provide technical support and assistance with technical and application processing issues. Includes State operated and Conduent operated Help Desks. For more information regarding Help Desk participating parties and responsibilities, see Section 4.6.1. Application Maintenance.
- **Navigators:** Persons with CMS training and the authorization to assist Consumers in choosing plans from the Federal Marketplace.
- **State Workers:** Includes Arizona State Workers from agencies including AHCCCS, ADES, and other users who work within the public benefits area.
- **Third-Parties:** Includes authorized persons, groups, and systems outside of the Community Assistor and Navigator community, as described in the following:
 - **AHCCCS Works Portal:** The portal where AHCCCS Works Consumers will report community engagement activities, request exclusions, or claim good cause once the program has been launched.
 - **Asset Verification:** For processing initial and renewal financial account information for ALTCS applications. HEAplus interfaces with a third-party to transmit data to verify assets. An HEAplus Worker then manually enters the results from the third-party's portal into HEAplus.
 - **AZTECS (DES):** The system of record for all SNAP and TANF eligibility determinations and benefits issuance.
 - **Arizona Department of Education (DOE):** AHCCCS shares the information of individuals under the age of 21 that are eligible for Medicaid, SNAP, or TANF with the DOE for free and reduced lunches.
 - **Arizona Department of Transportation (DOT):** AHCCCS performs a State of Arizona residency verification against the DOT system.
 - **Federal Data Services Hub (FDSH):** HEAplus interfaces with the FDSH to verify citizenship, Social Security Numbers (SSN), assets, income, disability status, Medicaid enrollment, and vital records.
 - **Prepaid Medical Management Information System (PMMIS):** The system that receives transactions from HEAplus and maintains the Eligibility and Enrollment of all AHCCCS Consumers, regardless of eligibility source.

SCOPE OF WORK

4.3. HEAplus Governance Structure

The State of Arizona has organized a series of collaborative teams spanning both AHCCCS and ADES to maintain and operate HEAplus. Each team plays a strategic role in the governance and decision-making process and interacts with the Contractor in different ways.

Team Name	Role	Interaction with Contractor	Escalation Point
Build Testing Collaboration Team	<ul style="list-style-type: none"> • Ensures that the testing for each sprint is completed timely with emphasis on the expected outcome of each build item, including all defect fixes and System Requests (SRs). 	Collaborates with the Contractor to review the Build Tracker Sheet and discuss testing and testing results.	Any potential issues that arise during testing but are outside the scope of the item being tested are escalated to the Change Process Support Team to determine if a new SR is required. Any issues with the build schedule are escalated directly to the SR Prioritization Team.
Change Process Support Team	<ul style="list-style-type: none"> • Ensures the system’s internal and external user experience is optimal and evaluates changes for impact on policy and operational efficiency. Assesses operational and policy impacts and informs the SR Prioritization Team. • Prioritizes incident ticket resolution. • Coordinates user support and communication. • Reviews tickets for appropriateness and alignment with Medicaid policy. • Reviews and validates ticket priorities. • Evaluates issues raised by the SWOT/SWAT teams to determine if they are covered by established requirements. • Provides analysis and recommendations for issues to the SR Prioritization Team. 	Meets with the Contractor to review the logical flow of the system to discuss potential changes to the system and collaborates with the Contractor to gather requirements within JAD sessions.	Issues are escalated to the SR Prioritization Team.

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Team Name	Role	Interaction with Contractor	Escalation Point
CIO Team	<ul style="list-style-type: none"> • Safeguards the availability, performance, and security of HEAplus by providing a forum for technical discussion and coordination of: <ul style="list-style-type: none"> • Technical changes to HEAplus and the systems and infrastructure supporting HEAplus. • AHCCCS and ADES IT changes with the potential to impact HEAplus or vice versa. 	N/A	As needed, the CIO Meeting Facilitator requests an agenda item within the regularly scheduled Executive Steering Committee meeting and provides the current decision artifacts and a high-level summary prior to the meeting.
Executive Steering Committee	<ul style="list-style-type: none"> • To make decisions on items/issues unable to be resolved at lower levels. • To ensure decisions on elevated items/issues are made in alignment with strategic expectations and decisions are made and communicated in a timely manner. • Communicate strategic expectations. 	N/A	Final decision-making power.
Project Status Meeting	<ul style="list-style-type: none"> • To provide updates and/or resolution of escalated items not able to be resolved at other levels. • To provide a high-level update of HEAplus operations. • For teams to receive and provide status updates, communicate successes, and project risks. 	Contractor engagement.	The Executive Steering Committee.
SWOT/SWAT Teams	<ul style="list-style-type: none"> • Ensures that the SWOT/SWAT meetings operate at an optimal level and the agenda includes issues related to Production, Pre-Production, and Training Environments. 	Meets with the Contractor to discuss issues related to testing or transitioning an item into production.	Issues that require modification to an existing SR or a new SR are escalated to the Change Process Support Team.

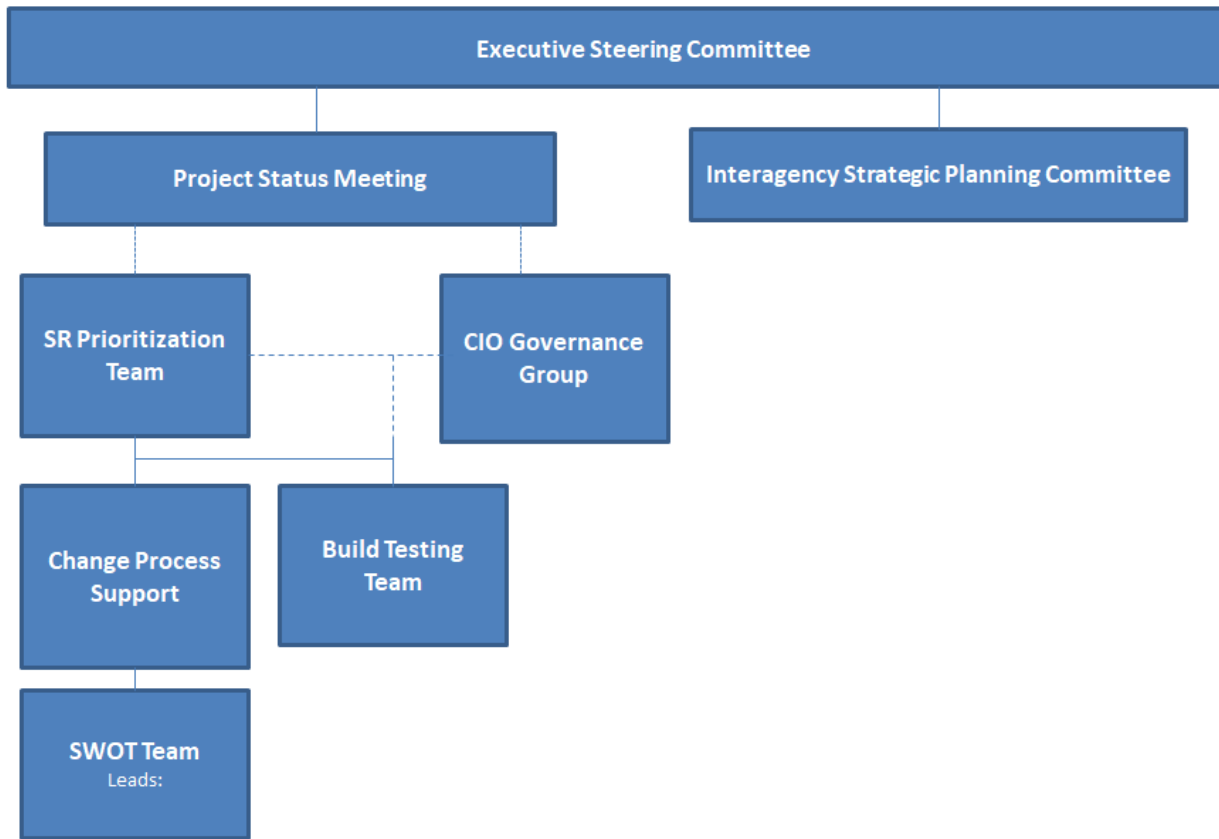
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Team Name	Role	Interaction with Contractor	Escalation Point
SR Prioritization Team	<ul style="list-style-type: none"> • Reviews requests for an SR. • Determines priority for each SR. • Authorizes pre-JAD sessions to develop the project charter before meeting with the Contractor and other SMEs as needed. • Determines readiness of the project charter. • Authorizes and schedules JAD sessions and final SR walkthrough sessions. • Manages scope for the development of each SR. • Requests Not-to-Exceed (NTE) estimates from the Contractor for each SR. • Authorizes the SR for development. • Resolves build cycle schedule issues based on testing resource conflicts or changed business priorities. • Resolves scope issues through the project life cycle (i.e. requirements, development, testing, and implementation). 	Engages the Contractor as necessary to meet business needs.	As needed, issues are referred to the Executive Steering Committee.

It should be noted that the SWAT Team focuses primarily on ALTCS and the SWOT Team focuses on all other aspects of HEAplus.

SCOPE OF WORK

The hierarchy of the HEAplus Governance Structure can be expressed using the following diagram:



4.4. HEAplus Volumes

Dispositions by program (SNAP and TANF dispositions are completed in AZTECS):

Program	2016	2017	2018
ALTCS	73,544	98,267	149,962
TANF	365,226	152,468	144,903
MAGI Medicaid (Inclusive of: KidsCare, Adults, and Pregnant Women)	4,480,619	4,378,299	4,509,698
Medicare Savings Plan	316,821	331,530	395,395
SNAP	2,765,771	1,560,578	1,491,576

SCOPE OF WORK

Notice generation by type:

Category	2016	2017	2018
Total Number of Texts	908,497	899,035	1,069,929
Total Number of Emails	1,892,399	1,823,277	1,956,415
Total Number of Notices	3,597,482	3,600,075	4,316,073
Total Number of Notice Pages	65,977,368	65,706,456	78,768,332

4.5. Technology

The HEAplus system was built on C# and uses multiple pieces of software and toolsets for the system and its operations. A list of software can be found in HEAplus_Infrastructure_Inventory.docx in the SFTP Server.

HEAplus also employs the following performance architecture for its software:

- F5 Load Balancer to ensure that performance is continuously at a high-level on the Application and Web Servers.
- Microsoft Clustering to ensure that the Database Server will sustain high performance.

The following table outlines some basic information regarding the size of HEAplus:

HEAplus Information	Details
Lines of Code	972,410
Number of Classes	2,638
Number of Objects	5,912
Number of Pages and Pop Ups	1,214
Number of Stored Procedures	3,452
Number of Tables	2,330
Consumption of Storage for all Environments (including Disaster Recovery)	138 TB
Number of Database Servers	5
Size of Application	Primary Site - 75 TB Database Site - 63 TB

HEAplus stores critical information about the consumers and other users of the system. This includes, at a minimum:

- User account information for Consumers, Community Assistors, State Workers, System Administrators, and other users of the system.
- Identity information where applicable, including any information that the system will need from the Consumers for identity verification as well as assisting users with multi-factor authentication.
- Person and household demographics information for the Consumers.
- Household relationship information for the Consumers
- Income and expense information for the Consumers
- Household and personal assets information for the Consumers
- Disability information for the Consumers.

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- Other information required to determine eligibility.
- Eligibility and enrollment information.
- Third-party authorized representative information.
- Application-based case management and Consumer contact information.
- Electronic, voice, and other signature information.
- Information on the electronic verifications for the Consumers from the FDSH and the Arizona State Hub.
- Information on point-in-time verification for the Consumers.
- Quality assurance information.
- Reporting information.
- Appeals information.
- Information on notices and notice generation.
- System documentation and e-learning information.
- Consumer survey information.
- Workload management information for the Community Assistors, State Workers, and other users.
- Online help and other Consumer assistance information.
- Interface information for the interfaces that will be supported by the system.
- Alerts, ticklers, reminders, and broadcast messages.

4.6. HEAplus Maintenance and Operations

The maintenance and operations of HEAplus can be divided into the following categories:

- **Application Maintenance:**
 - Performing defect fixes and issue resolution of all tickets submitted by the Contractor, State, clients and other parties.
 - Assisting the State in development of requirements and requirements traceability for SRs.
 - Performing development of enhancements of the system as requested by the State via SRs.
 - Continual performance improvement via software optimization.
 - Tracking the progress of tickets and SRs.
 - Overseeing day to day operation of the system and all environments.
 - Applying appropriate third-party software updates, patches, license renewals, and repairs as needed.
 - Providing Help Desk support to Community Assistors.
- **Business Continuity and Disaster Recovery:**
 - Maintaining and testing the Disaster Recovery Plan.
- **Documentation:**
 - Creating system documentation.
 - Updating system documentation as appropriate and as changes occur.
- **Privacy/Security:**
 - Maintaining all system-level accounts as defined by the State.
 - Maintaining adherence to currently enforced MARS-E standards.
 - Resolving all Plan of Actions & Milestones (POA&Ms) as they arise.
 - Monitoring overall security of HEAplus and resolving security deficiencies as they are identified.
 - Coordinating third-party vulnerability and penetration tests of HEAplus.
 - Continuous improvement of system privacy/security features.

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- **Project Management:**
 - Planning releases and promotion to the Production Environment.
 - Executing the build cycle for tickets and SRs.
 - Estimating level of effort and costs for each SR approved.
 - Resolving risks and issues as appropriate.
- **Quality Assurance:**
 - Planning and executing system tests in collaboration with the State.
 - Documenting system test results.
 - Resolving system issues as a result of system testing.
 - Supporting State testing by providing demos and test data that correlates with specific scenarios.
- **Reporting:**
 - Executing ad-hoc reports at the State's request.
 - Overseeing automated system reporting.
 - Tracking and reporting on all SRs and tickets.
 - Coordinating with the State to generate new queries and reports.
 - Monitoring daily jobs and reporting daily.
- **Training:**
 - Refreshing and maintaining the Training Environment.
 - Supporting the State in maintaining training scenarios in advance of a specific class.

A list of all maintenance and operations categories can be found in Exhibit A - Technical Proposal.

4.6.1. Application Maintenance

4.6.1.1. Ticketing:

User requests are documented and tracked using the following ticketing process:

1. The Help Desk is contacted to report an issue with the system or request assistance.
2. The Help Desk Agent creates a ticket in the Contractor managed ticket management system.
3. The individual who contacted the Help Desk is sent a ticket number.
4. The tickets are reviewed after they are submitted:
 - a. For tickets related to ALTCS, the State and the Contractor meet during weekly SWAT meetings to review tickets, provide additional detail, and triage appropriately (occasionally tickets are closed during this step if the tickets are determined to have been created as a mistake).
 - b. For all other tickets, the State meets internally during weekly SWOT meetings to review tickets, provide additional detail, and triage appropriately, or to return the ticket to the individual who contacted the Help Desk for more information (occasionally tickets are closed during this step if the tickets are determined to have been created as a mistake).
5. Tickets are sent to the Contractor to review and prioritize.
6. Tickets that are promoted to Production are tested by the Contractor and the State as appropriate.
7. When a ticket is resolved, the ticket is closed, and the Help Desk Agent who created the ticket is notified.
8. The Help Desk Agent notifies the individual who contacted the Help Desk that the ticket has been resolved.

SCOPE OF WORK

Questions and issues related to an opened ticket are discussed and resolved in the respective SWAT and SWOT meetings, as described in further detail in Section 4.6.5. Project Management.

Defect tickets are prioritized into one (1) of four (4) different categories, described below:

- **P1 Critical:** Critical issues that involve work stoppage, including:
 - A significant number of users are unable to access HEAplus. All users at a single location or multiple users across multiple locations.
 - The system is down, or data has been lost due to a suspected failure of the system.
 - There is evidence of software malfunction that could lead to the possibility of large amounts of data being corrupted or lost.
- **P2 High:** Critical functionality is not working and is blocking other functionality.
- **P3 Medium:** Functionality is not working.
- **P4 Low:** Nice to have features or are not working, but do not have an immediate impact.

The following table details the number of tickets opened by priority level each month throughout the first six (6) months of 2019:

Date	P1	P2	P3	P4	Total
1/7/2019	0	502	74	2	578
2/12/2019	0	511	83	3	597
3/4/2019	0	414	80	5	499
4/1/2019	0	416	86	3	505
5/6/2019	0	389	75	5	469
6/3/2019	0	405	89	4	498
7/1/2019	0	346	58	5	409

The following table demonstrates the number of tickets open at the beginning of each month, opened during each month, and closed during each month.

Production Tickets	1/2019	2/2019	3/2019	4/2019	5/2019	6/2019	7/2019
Open Tickets at the Beginning of the Next Month	537	515	468	506	425	498	388
New Tickets Opened during the Month	194	149	208	184	224	136	117
Closed Tickets during the Month	738	664	422	645	757	528	401

4.6.1.2. System Requests:

SRs document a request from the State of Arizona for software changes to the HEAplus system. SRs are generally new functionality needed to comply with state or federal law changes or changes to the system that implement business process improvements but may include other non-maintenance requests related to HEAplus.

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Potential SRs are reviewed by the State's SR Prioritization Team, which approves SRs for requirements gathering sessions via Joint Application Development (JAD) sessions. Typically, requirements are gathered over the course of several JAD sessions. The first of which are conducted internally by the State, whereas the latter sessions are collaborative between the State and the Contractor to develop and finalize requirements for the SR.

Currently, each SR requires approximately eight (8) JAD sessions to gather all requirements. Each JAD session lasts approximately one to two (1 - 2) hours and the State conducts three to four (3 - 4) JAD sessions per week.

Once an SR's requirements have been drafted, there are two (2) levels of approval required prior to the execution of an SR:

1. Approval for the Contractor to develop a NTE estimate of the level of effort and costs required to complete each SR.
2. Approval for the Contractor to complete the SR.

Only the SR Prioritization Team is able to submit SRs to the Contractor and approve the Contractor to complete the above steps in the SR process.

For reference, the following table details the number of SRs promoted to Production over the last two (2) years.

Year	Number of SRs	Hours Required to Complete (including time and materials)	Hours Required to Complete (excluding time and materials)
2017	41	32,356	29,812
2018	46	33,485	28,953

4.6.1.3. Build Cycle

Once an SR has been approved for development, the Contractor is responsible for placing the SR on the Build Tracker Sheet and defining targeted dates for promotion to each HEAplus region. As development and testing occurs, the Contractor is responsible for maintaining and documenting progress and notes in the Build Tracker Sheet, with the exception of testing conducted by the State, which is documented by the State. For more information on the Build Tracker Sheet, see Section 4.6.5. Project Management.

After receiving sign off on the SR from the State, each SR undergoes security and performance testing prior to its specified release date.

Historically, the State has conducted approximately 25 scheduled releases per year, and seven (7) emergency releases. Emergency builds are coordinated into a regularly scheduled release where possible, but when not, emergency builds are released whenever ready. For more information on the State's build cycle, see Section 4.6.5. Project Management.

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4.6.1.4. Environments

The current HEAplus environments are described in the following table:

Environment	Description	State Accessibility
Development	<p>The Development environment is where code is developed, and unit tested. The Development environment is accessible only to the internal development team.</p> <p>The Development environment is a complete virtual environment.</p>	None
Quality Assurance (QA)	<p>Once the code is unit tested, the code gets promoted for validation and verification within the Contractor's QA department.</p> <p>The QA environment is a complete virtual environment.</p>	None
Staging	The Staging environment is utilized for State testing purposes.	Via User Interface
Training	<p>The Training environment is utilized for the training of the State's eligibility workers.</p> <p>The Training environment is a complete virtual environment.</p>	Via User Interface
Pre-Production	<p>The Pre-Production environment is a replica of the production environment. Code is promoted to the Pre-Production environment before moving into the production environment for final performance and security testing. The Pre-Production environment serves as emergency backup in case of production failures. The Pre-Production environment is accessible only to the internal development and QA teams.</p> <p>Includes an Expedited environment which is used for expedited builds that don't go through the normal approval process. These are builds that need to be done quickly and for fixes needed to address critical items/issues in production.</p>	Via User Interface and back-end
Production	The Production environment hosts the production systems and databases. The Production environment is accessible to all authorized end users.	Via User Interface and back-end
Expedite	These are builds that need to be done quickly in order to address critical items/issues in production.	NA

The HEAplus environments each contain a number of web service interfaces, batch interface files, and batch jobs; a list is included in the SFTP Server. ("HEAplus Infrastructure Inventory.docx")

SCOPE OF WORK

4.6.1.5. Help Desk

The State of Arizona uses the following Help Desk levels:

- **Level 1:** Performs the most basic of Help Desk functions which can be resolved quickly and easily.
- **Level 2:** Performs Help Desk functions which may be uncommon or require research to resolve.
- **Level 3:** Performs advanced Help Desk support and may require review of more technical portions of the system to resolve.

HEAplus Help Desk support is spread across four (4) entities. Each providing a unique level of Help Desk support:

- **Conduent:** The State of Arizona is contracted with Conduent to provide Level 1 Help Desk support services to the general public. Consumers are first routed to an IVR system. As needed, Consumers are then routed to the Conduent Help Desk to provide assistance with basic questions and issues. Issues which cannot be resolved by the Conduent Help Desk are escalated to the ADES Help Desk. The Conduent Help Desk does not provide services for issues related to ALTCS.
- **ADES:** ADES provides Level 2 Help Desk Support services to the general public. Issues which cannot be resolved by the ADES Help Desk follow the ticket resolution process described in Section 4.6.1.1. Ticketing. The ADES Help Desk does not provide services for issues related to ALTCS.
- **ALTCS:** AHCCCS provides Level 1 Help Desk Support services to the general public only for issues related to ALTCS. Issues which cannot be resolved by the ALTCS Help Desk follow the ticket resolution process described in Section 4.6.1.1. Ticketing.
- **Contractor:** The Contractor provides Levels 1, 2, and 3 Help Desk support for the Community Assistors and Navigators. Issues which cannot be resolved by the Contractor Help Desk follow the ticket resolution process described in Section 4.6.1.1. Ticketing.

The Contractor Help Desk is required to support the Community Assistors and Navigators via phone, voicemail, and email (HEAAHCCCS@azahcccs.gov) during normal State or Arizona business hours (8:00 a.m. - 5:00 p.m. Mountain Standard Time [MST]), Monday - Friday, except on State of Arizona holidays.

The following table represents the average number of phone calls and emails supported per day by the Contractor:

Format	Number per Day
Phone Calls	200 - 250
Emails	25 - 30

4.6.2. Business Continuity and Disaster Recovery

4.6.2.1. System Backups

The HEAplus environments are backed up incrementally to near term storage nightly and full backups once a week, which are shipped to a secure location on tapes. Backups include all environments and all system components (i.e. code, data, files, documents, emails). Hourly transaction log backups are also conducted throughout the day. The hourly transaction log backups allow for faster data recovery in the event of data corruption or other issues. The tapes are shipped to an offsite location and are date stamped.

SCOPE OF WORK

4.6.3. Documentation

4.6.3.1. System and User Documentation

System documentation should be updated as changes occur but at least on a timeframe specified by the State, as defined in Section 5.3. Key Deliverables.

In addition to the Key Deliverables, the Contractor will be responsible for a number of non-key deliverables throughout the life cycle of the project, which are defined as deliverables that may be produced multiple times, rather than one (1) time and updated thereafter, including items such as:

- **Use Cases:** A list of actions that defines the interactions between a human and a system or a system and a system to meet the needs of a requirement.
- **User Stories:** A description of a software feature from a user perspective (i.e. as a user, the ability to print the names of the last ten (10) clients approved for Medicaid and SNAP). It is the responsibility of the Development Team to develop the code that meets the requirements stated in the User Story.
- **Data Flow Diagram:** A diagram that shows how data flows through the system.
- **High-Level Design Document:** Describes how items will be implemented at a high-level. Typically, block diagrams show the implementation up to the interface-level.
- **Detailed Design Document:** Describes how items will be implemented at a detailed level. Defines the functionality in each block of the High-Level Design block diagrams. Typically, State diagrams, UML diagrams, or pseudo-code to show the functionality of each block in a block diagram.

While non-key deliverables are not required to be reviewed and approved by the State, the State does reserve the right to review and approve as necessary.

4.6.3.2. Documentation Storage

All system and user documentation is stored and maintained by the Contractor on the State's designated internal document storage system (currently SharePoint).

4.6.4. Privacy/Security

4.6.4.1. MARS-E Compliance

HEAplus is currently compliant with MARS-E Version 2.0. The Contractor is responsible for maintaining MARS-E 2.0 compliance and compliance with future MARS-E releases.

4.6.4.2. HIPAA Training

The Contractor is responsible for providing HIPAA training to the Contractor's employees and any associated subcontractors. HIPAA training must take place for each employee assigned to the project on an annual basis to comply with associated Federal and State security and privacy standards.

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4.6.4.3. System-Level Accounts

The Contractor is responsible for maintaining the HEAplus System-Level Accounts. System-Level Accounts are defined specifically as accounts with back-end access to HEAplus, Super-System Administrator, and excludes normal State Worker accounts.

4.6.5. Project Management

4.6.5.1. Maintenance and Operations Planning

The Contractor is responsible for managing the State's build cycle in accordance with targeted dates, Federal or State regulatory deadlines, and State of Arizona holidays. The State currently utilizes a bi-weekly build cycle.

4.6.5.2. Deliverable Review and Approval Process

For each Key Deliverable, the Contractor must develop a Deliverable Expectation Document (DED) and submit to the State for review and approval prior to starting development of any Key Deliverable. Each DED should include, at a minimum:

1. Description of each section to be included in the deliverable.
2. Description of appendices, attachments, and exhibits.
3. Deliverable acceptance criteria with an annotated table of contents.

Once a Key Deliverable has been submitted to the State, the State will review and provide comments within an agreed upon timeframe. After receiving State feedback, the Contractor will have five (5) business days to review, accept, reply, or contest State feedback, unless otherwise agreed upon by the State.

4.6.5.3. Risk, Issue, and Change Management

The Contractor is responsible for assisting the State in managing and resolving risks and issues and for developing and maintaining a Risk Management Plan. In addition, the Contractor is required to adhere to the State's change management policies and procedures.

4.6.5.4. Meetings

The Contractor will be required to attend ad hoc and regularly scheduled meetings. For all meetings which require on-site attendance by the Contractor, the State will provide ten (10) business days' notice, unless extreme circumstances do not allow for adequate lead time.

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The following table identifies anticipated, regularly occurring meetings in which the Contractor will be expected to participate:

Meeting Name	Frequency	Purpose
HEAplus Project Status Meeting	Monthly	<ul style="list-style-type: none"> To provide a high-level update of HEAplus operations to the Executive Steering Committee To receive and provide status updates and communicate successes and project risks For Contractor engagement For the Executive Steering Committee to provide updates and/or resolution of escalated items not able to be resolved at other levels
JAD Sessions	Three to Four (3 - 4) per Week	<ul style="list-style-type: none"> To conduct requirements gathering To develop testing scenarios
Annual Planning Meetings	Annually	<ul style="list-style-type: none"> To discuss annual system goals
SWOT Meetings	Weekly	<ul style="list-style-type: none"> To review and resolve testing issues To review and resolve issues with moving functionality into production
SWAT Meeting	Weekly	<ul style="list-style-type: none"> To review and resolve testing issues specifically related to ALTCS To review and resolve issues with moving functionality into production specifically related to ALTCS
PMMIS Meeting	Every other Week	<ul style="list-style-type: none"> To discuss the interaction between HEAplus and the PMMIS mainframe system
Auto-Job Meeting	Weekly	<ul style="list-style-type: none"> To review and discuss auto-jobs and to resolve any issues associated with the auto-jobs The Contractor attends this meeting every other week
Backend Reporting Meeting	Every other Week	<ul style="list-style-type: none"> To review system reports
Agency Coop Meeting	Quarterly	<ul style="list-style-type: none"> To discuss and resolve security risks and issues and disaster recovery scenarios

4.6.6. Quality Assurance

4.6.6.1. System Testing

The Contractor must share the result of all system tests with the State and resolve issues and discrepancies discovered as a result of testing, including User Acceptance Testing (UAT) and Regression Testing.

For all test cycles to be executed by the State, the Contractor must assist the State by providing applicable test cases and associated test data.

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4.6.7. Reporting

4.6.7.1. System Reporting

The Contractor is responsible for overseeing the automated reporting system, executing ad hoc reports at the State's request, and coordinating with the State to generate new queries and reports.

The State currently generates reports from HEAplus using two (2) different methods:

- **Automated:** There is a full series of front-end reports that are automated and can be obtained on demand that are part of HEAplus.
- **Manually:** Utilizes a user-built query which produces a defined report.

Approximately 95% of reports are run automatically. Both State agencies are able to write and create reports off the HEAplus Production environment. However, these reports cannot run during the core business hours due to the potential for negative impacts to the Production environment performance.

A list of some of the reports generated from HEAplus are documented in the following table:

Report Name	Generation Time	Frequency
TEFRA Liens	90 seconds	Monthly
Discontinuance	4 seconds	16 times per day
Transitional	4 seconds	16 times per day
COB	5 minutes	2 times per week
PCG Monthly	2 minutes	Monthly
Perm Audit	3 minutes	Yearly
Auto Renewal	4 minutes	Weekly
SOC	2 seconds	Monthly
TRUST List	1 minute	Monthly
PCG Initial	60 seconds	Daily
PCG NRR	60 seconds	Daily

4.6.7.2. Ticket and SR Tracking

The Contractor is responsible for tracking ticket and SR progress through resolution. Ticket and SR progress is documented and maintained within the Build Tracker Sheet, with the exception of documenting testing conducted by the State, which is the responsibility of the State.

The Build Tracker Sheet tracks the following information:

- Fix/Development Description
- Business Analyst, Lead, and Developer
- Targeted Dates for Pre-Production and Production
- Testing Notes
- Submitter
- Updates

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For more detailed information regarding what is included within the Build Tracker Sheet, refer to Build_Tracker_Sheet_Screenshots.pdf in the SFTP Server.

4.6.7.3. Job Exception Tracking

The Contractor is responsible for reviewing all daily jobs and informing the State of any jobs which do not complete as scheduled, including but not limited to:

- Batch processes
- Interfaces
- System Updates
- Patches
- Licenses
- Repairs to Components of HEAplus Environments

4.6.8. Training

4.6.8.1. Training Environment

The State currently conducts two (2) types of training: daily new hire training and periodic refresher training for existing employees.

The Contractor is responsible for ensuring the HEAplus Training Environment has been adequately updated in advance of State-hosted training sessions, including software updates and adequate emulation of various components of the system to provide high-quality training. The Contractor must also support the State in maintaining training scenarios. For more information regarding the emulation of various components within the Training Environment, refer to Exhibit A - Technical Proposal.

In addition, the Contractor must maintain the training user security profiles in alignment with MARS-E standards to support training.

SCOPE OF WORK

5. PURPOSE OF THE RFP

The purpose of this Request for Proposal (RFP) is to solicit proposals from Offerors experienced in maintaining, operating, and enhancing highly-integrated (multiple eligibility programs) Affordable Care Act (ACA)/Medicaid Eligibility and Enrollment systems. The Contractor must have a minimum of five (5) years of recent experience in maintaining, operating, and enhancing highly-integrated ACA/Medicaid Eligibility and Enrollment (E&E) systems. The Contractor shall have adequate understanding and background in maintaining and operating FFM E&E systems at the State-level and as such will not require any training and minimal time to familiarize themselves with applicable Federal policies and procedures related to E&E systems. The Contractor will be responsible for maintenance and operations of the HEAplus E&E system with some development as needed if new initiatives arise from a State or Federal level. A description of the maintenance and operations activities as they are currently conducted are described in Section 4.6. HEAplus Maintenance and Operations.

5.1. Future State

Currently the HEAplus system is hosted on premise and managed by the incumbent contractor on State-owned servers. The intent of the State is to have the HEAplus system fully migrated to a cloud hosted solution in advance of the start date of this contract.

The Offeror shall propose its solution with the assumption that the system will be fully migrated to the State's cloud vendor, Azure, and shall be hosted and maintained in this environment for the term of this contract.

If for some reason the system is not fully migrated to the cloud in advance of the start date of this Contract, the State will work with the stakeholders including the awarded Contractor and the incumbent contractor, to develop a plan of action to complete the full migration. The plan of action will include issuing a contract amendment for activities relating to the finalization of the migration.

5.1.1. Separate Reporting Region

The State of Arizona is seeking to create a separate Reporting Region to facilitate ad hoc reporting without impacting Production operations, in alignment with the requirements presented in Exhibit A - Technical Proposal.

The Reporting Region must have the ability to generate reports during normal business hours without causing unnecessary system latency or downtime in the Production Environment. In order for the reporting region to meet the needs of the State, the following must be included:

- Two (2) fiscal years of data must be included within the reporting region at all times, including at a minimum, the current year and the prior year's data.
- The Reporting Region must have the ability to contain functions, stored procedures, and approximately 200 tables, to be provided by the State as appropriate.
- The Reporting Region must have the ability to create temporary functions, stored procedures, and tables.

The Contractor will be responsible for implementing the reporting region, which must meet MARS-E and CMS standards.

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To determine if the Reporting Region is operating at an adequate speed, the new Reporting Region must have the ability to generate the reports defined in the table in Section 4.6.7. Reporting, within the timeframes defined within the table.

5.1.2. Automated Testing Tool

The State of Arizona is seeking to improve the current regression testing process to improve quality and reduce the number of defects encountered when introducing defect fixes and new functionality to HEAplus production, in alignment with the requirements presented in Exhibit A - Technical Proposal.

While the tool should be owned and operated by the Contractor, the State expects that the Contractor will demonstrate use of the tool by sharing the automated test scripts and execution results with the State. The test scripts must be submitted to the State for approval prior to migration of the changes to the UAT environment.

The State expects the number of regression testing scenarios to increase as new functions are added and be refined as the Contractor gains experience with the HEAplus system.

5.2. Transition Methodology

The State of Arizona has identified three (3) phases associated with the scope of this engagement:

- **Start-Up Transition Period:** During the Start-Up Transition period, the incumbent contractor and the awarded Contractor will work collaboratively, with the State, to transition maintenance and operation of the HEAplus system from the incumbent contractor to the awarded Contractor (if applicable). Includes items such as transition testing, Start-Up Plan, transition testing results. To facilitate the Start-Up Transition Period, the awarded Contractor will be required to develop a comprehensive Start-Up Plan, as described further in Exhibit A - Technical Proposal. The Start-Up Transition period is to be defined by the Contractor in the State approved Start-Up Plan.

The Start-Up Transition Period must be completed by June 30, 2021 to ensure a successful transition of the HEAplus system to the Contractor. The State of Arizona anticipates that the Contractor will conduct a significant period of testing during transition activities prior to the start of operations. Phase Specific/Transition requirements are listed in Exhibit A - Technical Proposal.

- **Maintenance and Operations Period:** During the Maintenance and Operations period, the Contractor will be responsible for all activities associated with maintaining and operating the HEAplus system as described in this RFP and associated requirements.
- **Disengagement Transition Period:** During the Disengagement Transition period, which is estimated to start between six (6) and twelve (12) months before the final end date of the contract, as directed by the State, the Contractor will coordinate with the State and a potential future contractor to transition maintenance of the HEAplus system. To facilitate the Disengagement Transition Period, the Contractor will be required to develop a comprehensive Transition Plan as described further in Exhibit A - Technical Proposal.

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5.3. Key Deliverables

The Contractor must submit all Key Deliverables included in this RFP within the State-defined timeframe. Where possible, the Contractor may leverage existing State documentation as a baseline and update in accordance with the RFP requirements. Key Deliverables are listed below.

The deliverables listed below are due by 5:00 PM Arizona Time on the due date indicated.

Deliverable	Requirement Number	Due Date	Update Frequency
Start-Up Plan	106500	15 business days after the start of the contract.	One Time
Operational Readiness Test Plan	106900	60 business days prior to the start of the operational test.	One Time
Start-Up Phase Readiness Assessment	107100	20 business days prior to the planned completion of all startup activities.	One Time
Operational Procedures Manual	104300	30 business days prior to the planned completion of all startup activities.	Annual
Maintenance & Operations Plan and Schedule	100800	30 business days after completion of startup period.	Annual
Infrastructure and Application Support Plan	104500	140 business days after completion of startup period.	Annual
Quality Assurance Plan	113200	160 business days after completion of startup period.	Annual
MARS-E Compliant Security Documentation	109800	70 business days after contract start.	Annual
Transition Plan	106575	Within 30 business days of notice of contract termination.	One Time
Project Status Report	117900	3 business days after the last day of each month.	Monthly
Defect Remediation Report	101620	4 business days after the last day of each month.	Monthly
Job Exceptions Report	118300	5 business days after the last day of each month.	Monthly

For more information on what should be included within the contents of each Key Deliverable, review the requirements located in Exhibit A - Technical Proposal.

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5.4. Key Staff

The following roles have been identified as Key Staff roles which must be filled by the Contractor:

5.4.1. **Project Manager:** The Project Manager manages the HEAplus M&O project. Project management responsibilities include the coordination and completion of project maintenance, operations, and development activities on time, within budget, and within scope. The Project Manager sets deadlines, assigns staff responsibilities, and monitors and reports project status to the State executives. A successful candidate will work directly with clients to ensure deliverables fall within the applicable scope and budget. The Project Manager will coordinate with other departments to ensure all aspects of each project are compatible and will hire new talent as needed to fulfill project needs.

Responsibilities include:

- Coordinate internal resources and third-parties/vendors for the flawless execution of the project.
- Ensure that all project deliverables are delivered on-time, in the correct format, and containing all the State defined and approved content.
- Assist in the definition of the scope of work and objectives.
- Involve all relevant stakeholders and ensure technical feasibility.
- Ensure resource availability with appropriate skillsets.
- Develop and manage a detailed project plan to monitor and track progress.
- Manage changes to the project scope, project schedule, and project costs.
- Measure project performance and improve quality.
- Report and escalate problems and issues to State executive management as needed.
- Perform risk management to minimize project risks.
- Manage all elements of the contract, including but not limited to meeting all requirements and SLA performance standards.
- Establish and maintain relationships with third-parties/vendors.
- Ensure creation and maintenance of comprehensive project documentation.

Qualifications:

- Bachelor's degree.
- A minimum of five (5) years of combined experience managing State government application software development, maintenance, and operations.
- Knowledge of benefit eligibility systems is highly desired.

5.4.2. **MARS-E Security Officer:** The MARS-E Security Officer is responsible for ensure compliance with the CMS documented suite of guidance, requirements, and templates for the most recent version of MARS-E . Job duties include planning, developing, implementing, and maintaining the HEAplus software security strategy using industry standard software security testing methods and techniques.

Responsibilities include:

- Plan, develop, implement, and maintain the overall HEAplus software security strategy.
- Perform various software security testing techniques and methods.
- Review software and configuration settings in order to confirm and improve software security.
- Plan and conduct HEAplus vulnerability and penetration testing.

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- Research and identify potential security issues, attacks, breaches, and other attempts to access HEAplus data and software.
- Suggest timely and cost-effective solutions to prevent potential future security issues.
- Provide input on security controls for all levels of the architecture.
- Track and manage security documentation.
- Work with the State to ensure system performance and procedures comply with all aspects of MARS-E 2.0.

Qualifications:

- Bachelor's degree.
- Experience implementing MARS-E 2.0 security controls and procedures.

5.4.3. Quality Assurance (QA) and Testing Manager: The QA and Testing Manager is responsible for leading a team of QA analysts and application software testers who develop and execute manual and automated tests to ensure changes to HEAplus are implemented as designed and without unintentionally breaking existing functionality. QA includes monitoring existing testing and development processes to ensure conformance and to identify improvements.

Responsibilities include:

- Review requirements, specifications, and technical design documents to ensure completeness, accuracy, and conformance to State approved formats.
- Create detailed, comprehensive, and well-structured test and QA plans.
- Direct testing staff in the development of test cases, execution of tests, and documentation of test results.
- Estimate, prioritize, plan, and coordinate testing and QA activities.
- Investigate the causes of non-conforming software and suggest improvements.
- Lead the design, development, and execution of manual and automation test scripts.
- Ensure accurate and complete documentation of all issues encountered during testing.
- Plan and oversee targeted regression testing prior to giving approval to promote each release to Production.
- Communicate and coordinate testing activities with the technical teams and external entities.
- Ensure defect fixes and SR changes meet all requirements.

Qualifications:

- Bachelor's degree.
- A minimum of five (5) years' experience working in a leadership position on a software development or maintenance project.
- Training and/or certification in software QA methodologies, tools, and processes.

5.4.4. Software Development Manager: The Software Development Manager is responsible for managing SRs for new software development and enhancements to existing functionality as requested by the State. The Software Development Manager is responsible for estimating, technical design, and allocation of the numbers of staff with the necessary skillsets to perform the work in accordance with the requirements and schedule.

Responsibilities include:

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- Review requirements, specifications, and technical design documents to ensure completeness, accuracy, and conformance to State approved formats.
- Create detailed, comprehensive development plans and associated estimates for SRs.
- Coordinate with the Application Maintenance Manager in the definition of functionality that will be included in each scheduled software release.
- Specify the SRs that will comprise each software build/release.
- Lead the technical design, development, and implementation of SRs.
- Ensure accurate and complete updates to all impacted technical documentation.
- Work with the QA and Testing Manager to plan and define Regression Testing.
- Communicate and coordinate testing activities with the technical teams and external entities.
- Ensure SR changes meet all requirements.

Qualifications:

- Bachelor's degree.
- A minimum of five (5) years' experience working in a leadership position on a software development or maintenance project.
- Knowledge of government eligibility benefit systems.

5.4.5. Application Maintenance Manager: The Application Maintenance Manager is responsible for HEAplus ticket resolution and defect remediation. The Application Maintenance Manager monitors the backlog of tickets and ensures each is resolved in priority order as defined by the State. Responsibilities include assigning tickets to software developers responsible for researching and resolving tickets before the performance deadlines specified in the SLAs. The Application Maintenance Manager must allocate staff with the necessary skillsets to perform the work in accordance with the requirements and schedule.

Responsibilities include:

- Plan, estimate, and schedule the allocation of resources necessary to fix defects encountered in all HEAplus environments.
- Create detailed, comprehensive ticket remediation plans.
- Allocate resources necessary to resolve tickets that do not require software changes, such as data fixes, information requests, and hard breaks.
- Direct development staff in the coding and unit testing of software changes to fix defects.
- Specify the tickets that will comprise each software build/release.
- Coordinate with the Software Development Manager in the definition of functionality that will be included in each scheduled software release.
- Ensure accurate and complete updates to all impacted technical documentation.
- Work with the QA and Testing Manager to plan and define Regression Testing.
- Communicate and coordinate testing activities with the technical teams and external entities.

Qualifications:

- Bachelor's degree.
- A minimum of five (5) years' experience working in a leadership position on a software development or maintenance project.
- Knowledge of government eligibility benefit systems.

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5.4.6. Operations and Implementation Manager: The Operations and Implementation Manager is responsible for HEAplus operational support. The Operations and Implementation Manager monitors the production processing and system performance to ensure all application components are working correctly and all implementation processes are followed for all environments. The Operations and Implementation Manager must allocate staff with the necessary skillsets to perform the work in accordance with the operations requirements and schedule to keep the HEAplus application operating in an efficient manner.

Responsibilities include:

- Day-to-day support and optimization of the deployed system and environments.
- Operational planning.
- Disaster recovery planning and testing.
- Monitoring and execution of all batch and interface processing.
- System performance monitoring and capacity planning.
- Build and release management for all environments.
- Short and long-term strategic planning of mandatory and optional infrastructure and application upgrades.
- Develop, document, and implement standard operating procedures and best practices for operations.

Qualifications:

- Bachelor's degree.
- A minimum of five (5) years' experience working in a leadership position on an M&O project.
- Knowledge of government eligibility benefit systems.

5.4.7. Solution Architect: The Solution Architect is responsible for the design of the HEAplus application, architecture, and database. The Solution Architect is responsible for designing the system to accomplish all application requirements and ensure maximum potential performance. The Solution Architect monitors production processing and system performance and adjusts when necessary to ensure all application components are working effectively. The Solution Architect works closely with the other Key Staff to ensure that contemplated and approved changes conform to design, development, performance, and security standards and will not negatively impact the stability, performance, or integrity of the application and infrastructure architectures.

Responsibilities include:

- Analyze technical and business requirements and select technologies that will best achieve them.
- Maintain the application and architectural diagrams and documentation.
- Provide guidance and assistance to the Application Maintenance Manager and Operations and Implementation Manager in the development of solutions, cost estimates, and implementation schedules.
- Participate in disaster recovery planning and testing.
- Provide technical guidance and assistance to software developers.
- Assist the QA and Testing Manager by verifying that technical standards are followed.

Qualifications:

- Advanced degree in computer science or related.

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- A minimum of five (5) years' experience working as a technical architect or technical lead position on design, development, and implementation or M&O projects.
- Knowledge of government eligibility benefit systems.

5.5. Service Level Agreements

The Contractor will be required to report on adherence to Service Level Agreements (SLAs) which will be reviewed by the State for compliance and administration of penalties. The Contractor will not be penalized for any SLA until the Start-Up Transition period has been deemed completed by the State. For a listing and description of all SLAs, refer to Exhibit A - Technical Proposal.

5.6. State Responsibilities

For the purposes of this engagement, the State of Arizona will be responsible for the following:

- Providing network and internet access, as necessary.
- Providing copies of existing documentation relevant to the Contractor's scope of work.
- Actively participating in work sessions and meetings as determined necessary by the Contractor.

For all State responsibilities, refer to the State identified requirements listed in Exhibit A - Technical Proposal.

6. CONTRACTOR RESPONSIBILITIES

The Contractor shall be responsible for carrying out all activities identified within this RFP and completing all Contractor requirements specified in Exhibit A - Technical Proposal.

DEFINITIONS

As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

1. **AAC:** Arizona Administrative Code.
2. **ACA:** Affordable Care Act.
3. **ADES:** Arizona Department of Economic Security.
4. **AHCCCS:** The Arizona Health Care Cost Containment System – a managed health care program which pertains to health care services provided pursuant to A.R.S. 36-2903 et seq., and is also the name of the State agency.
5. **ALTCS:** Arizona Long Term Care System. ALTCS is a module of HEAplus.
6. **ALLUMA:** The Center to Promote Healthcare Access, Inc. DBA Alluma, formerly known as The Center to Promote Healthcare Access, Inc. DBA Social Interest Solutions (SIS). See <https://www.alluma.org/>
7. **APTC:** Advanced Premium Tax Credit.
8. **ATTACHMENT:** Any item the Solicitation requires an Offeror to submit as part of the Offer.
9. **AZTECS:** Arizona Technical Eligibility Computer System. HEAplus interfaces with AZTECS to make final SNAP and TANF eligibility determinations.
10. **BEST AND FINAL OFFER:** A revision to an Offer submitted after negotiations are completed that contains the Offeror's most favorable terms for price, service and products to be delivered. Sometimes referred to as a Final Proposal Revision.
11. **CHIP:** Children's Health Insurance Program.
12. **CMS:** Centers for Medicare and Medicaid Services, an organization within the U.S. Department of Health and Human Services, which administers the Medicare and Medicaid programs and the State Children's Health Insurance Program.
13. **CONTRACT:** The combination of the Solicitation, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Best and Final Offers; any Solicitation Amendments or Contract Amendments; and any terms applied by law.
14. **CONTRACT AMENDMENT:** A written document signed by the Procurement officer that is issued for the purpose of making changes in the contract.
15. **CONTRACTOR:** A person who has a contract with AHCCCS.
16. **CSR:** Cost Sharing Reduction.
17. **DAY:** A calendar day, unless otherwise specified. If a due date falls on a Saturday, Sunday or legal holiday, then the due date is considered the next business day. A business day means a Monday, Tuesday, Wednesday, Thursday, or Friday unless a legal holiday falls on Monday, Tuesday, Wednesday, Thursday, or Friday. Computation of time begins the day after the event that triggers the period and includes all calendar

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days and the final day of the period. If the final day of the period is a weekend or legal holiday, the period is extended until the end of the next business day.

18. **DBME:** Division of Benefits and Medical Eligibility.
19. **DED:** Deliverable Expectation Document.
20. **DMS:** Division of Member Services.
21. **DOE:** Arizona Department of Education.
22. **DOT:** Arizona Department of Transportation.
23. **E&E:** Eligibility and Enrollment system.
24. **EBT:** Electronic Benefits Transfer.
25. **EXHIBIT:** Any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
26. **FDSH:** Federal Data Services Hub. HEAplus interfaces with the FDSH to make several types of identity verifications.
27. **FFM:** Federally-Facilitated Marketplace.
28. **FFP (FEDERAL FINANCIAL PARTICIPATION):** The Federal share of reimbursement for services provided in accordance with Federal requirements for school-based Medicaid services.
29. **FMAP (FEDERAL MEDICAL ASSISTANCE PERCENTAGE):** Defined in CFR 42 §433.10 Rates of FFP for Program Services, is the Federal matching assistance percentage used to calculate payment to the states for part of their expenditures for services under an approved State Plan.
30. **GRATUITY:** A payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
31. **GRIEVANCE SYSTEM:** A system that includes a process for enrollee grievances, enrollee appeals, provider claim disputes, and access to the state fair hearing system.
32. **HEALTH PLAN:** An organization which contracts with the AHCCCS Administration to administer the provision of a comprehensive package of AHCCCS covered acute and behavioral health care services to AHCCCS members enrolled with the health plan.
33. **HIPAA:** Health Insurance Portability and Accountability Act of 1996.
34. **IVR:** Interactive Voice Response system.
35. **JAD:** Joint Application Development.
36. **KIDSCARE:** The State of Arizona's CHIP program.

DEFINITIONS

37. **MAGI:** Modified Adjusted Gross Income. MAGI is the basis for determining Medicaid income eligibility for most children, pregnant women, parents, and adults. The MAGI-based methodology considers taxable income and tax filing relationships to determine financial eligibility for Medicaid.
38. **MAINTENANCE AND OPERATIONS:** M&O. All day to day activities required to continue operation of HEAplus for its intended function. Includes all activities defined throughout Section 4.6 HEAplus Maintenance and Operations and other activities such as updating Key Deliverables. Does not include implementation or maintenance and operations of the Online Knowledge Management system, Reporting Region, or Automated Testing Tool nor does it include any Transition costs such as developing initial Key Deliverables, knowledge transfer, or future disengagement.
39. **MARS-E:** Minimum Acceptable Risk Standards for Exchanges. Security and privacy standards established by CMS.
40. **MATERIALS:** All property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
41. **MAY:** Indicates something that is not mandatory but permissible.
42. **MSP:** Medicare Savings Program.
43. **NATIONAL PROVIDER NUMBER:** This single, unique ID is used for billing purposes by the provider to all third party payers, including billing for reimbursement under the DSC Program. All typical health care providers must have a 10-digit National Provider Identifier (NPI).
44. **NTE:** Not-to-Exceed Estimate. An estimate that the HEAplus M&O Contractor is required to develop estimating the level of effort and cost required to complete an SR approved for execution by the State.
45. **OFFER:** A response to a solicitation.
46. **OFFEROR:** A vendor or person who responds to this Solicitation.
47. **PERSON:** Any corporation, business, individual, union, committee, club or other organization or group of individuals.
48. **PMMIS:** Prepaid Medicaid Management Information System, the management information system used by AHCCCS.
49. **POA&M:** Plan of Actions and Milestones.
50. **PROCUREMENT OFFICER:** The person, or his or her designee, duly authorized by the State and AHCCCS to enter into and administer Contracts and made written determinations with respect to the Contract.
51. **QA:** Quality Assurance.

DEFINITIONS

52. **QUALIFYING PROVIDER:** A person who provides qualifying covered services and who meets all the applicable licensure/certification requirements, is registered with AHCCCS and has obtained an AHCCCS provider ID number and is employed by or working under contract with an LEA or one of its individual schools.
53. **RELATED PARTY:** A party that has, or may have, the ability to control or significantly influence a Contractor, or a party that is, or may be, controlled or significantly influenced by a Contractor. "Related parties" include, but are not limited to, agents, managing employees, persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.
54. **RFP:** Request For Proposal; document prepared by AHCCCS which describes the services required and which instructs a prospective Offeror how to prepare a response (proposal).
55. **SCOPE OF WORK:** Those provisions of this solicitation which specify the work and/or results to be achieved by the Contractor.
56. **SHALL, MUST:** Indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
57. **SHOULD:** Indicates something that is recommended but not mandatory. If the Offeror fails to provide recommended information, the State may, at its sole option, ask the Offeror to provide the information or evaluate the proposal without the information
58. **SNAP:** Supplemental Nutritional Assistance Program.
59. **SOLICITATION:** An Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
60. **SOLICITATION AMENDMENT:** A written document that is authorized by the Procurement officer and issued for the purpose of making changes to the Solicitation.
61. **SSN:** Social Security Number.
62. **STATE:** The State of Arizona and Department or Agency of the State that executes the Contract.
63. **STATE FISCAL YEAR:** The period beginning with July 1 and ending June 30.
64. **SUBCONTRACT:** Any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
65. **SYSTEM DEFECT:** An issue identified within HEAplus and which follows the System Defect process.
66. **SYSTEM-LEVEL ACCOUNT:** An account with back-end access to HEAplus, such as a Super-System Administrator, and excludes normal State Worker accounts.

DEFINITIONS

67. **SYSTEM REQUEST:** (SR) A request provided by the State to the Contractor to perform a service on behalf of the State. SR requests include HEAplus system enhancements and developments or additional consulting services related to HEAplus.
68. **TANF:** Temporary Assistance for Needy Families.
69. **TICKET:** An issue reported by a system user that is researched and resolved by following the Ticket Resolution Process.
70. **TITLE XIX:** Title XIX of the Social Security Act means Medicaid as defined in 42 U.S.C. 7.19.
71. **UAT:** User Acceptance Testing.

UNIFORM INSTRUCTIONS TO OFFERORS

1 Definitions – all definitions listed in the definition of terms.

2 Inquiries:

- 2.1 Duty to Examine: It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing (inquiries), and examine its Offer for accuracy before submitting an Offer. Lack of care in preparing an Offer shall not be grounds for modifying or withdrawing the Offer after the Offer due date and time.
- 2.1 Solicitation Contact Person: Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation shall be directed solely to the Procurement Officer listed on the front page of this solicitation.
- 2.2 Submission of Inquiries: All inquiries related to the Solicitation are required to be submitted via email to the Procurement Officer listed on the front page of this solicitation and on the AHCCCS Q and A form. All responses to inquiries will be answered in the form of a solicitation amendment. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Offerors are prohibited from contacting any State employee other than the Procurement Officer concerning the procurement while the solicitation and evaluation are in process.
- 2.3 Timeliness: Any inquiry or exception to the Solicitation shall be submitted as soon as possible and should be submitted no later than the date and time indicated on the Notice of Request for Proposal (RFP front page) for review and determination by AHCCCS. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
- 2.4 No Right to Rely on Verbal Responses: Any inquiry that results in changes to the Solicitation shall be answered solely through a written Solicitation Amendment. An Offeror may not rely on verbal responses to its inquiries.
- 2.5 Solicitation Amendments: The Solicitation shall only be modified by a Solicitation Amendment.
- 2.6 Pre-Offer Conference: If a Pre-Offer Conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet. Offerors should raise any questions they may have about the Solicitation at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
- 2.7 Persons with Disabilities: Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation Contact Person. Requests shall be made as early as possible to allow time to arrange the accommodation.

3 Offer Preparation:

- 3.1 Electronic Documents: The Solicitation is provided in an electronic format. Offerors are responsible for clearly identifying any and all changes or modifications to any Solicitation documents upon submission. Any unidentified alteration or modification to any Solicitation, attachments, exhibits,

UNIFORM INSTRUCTIONS TO OFFERORS

forms, charts or illustrations contained herein shall be null and void. Offeror's electronic files shall be submitted in a format acceptable to the State. Acceptable formats include .doc and .docx (Microsoft Word), .xls and .xlsx (Microsoft Excel), .ppt and .pptx (Microsoft PowerPoint) and .pdf (Adobe Acrobat). Offerors wishing to submit files in any other format shall submit an inquiry to the Procurement Officer.

- 3.2 Evidence of Intent to be Bound: The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, may result in rejection of the Offer.
- 3.3 Exceptions to Terms and Conditions: All exceptions included with the Offer shall be submitted in a clearly identified separate section of the Offer in which the Offeror clearly identifies the specific paragraphs of the Solicitation where the exceptions occur. Any exceptions not included in such a section shall be without force and effect in any resulting Contract unless such exception is specifically accepted by the Procurement Officer in a written statement. The Offeror's preprinted or standard terms will not be considered by the State as a part of any resulting Contract.
- 3.3.1 All exceptions that are contained in the Offer **may negatively impact an Offeror's susceptibility** for award. **An Offer that takes exception to any material requirement of the solicitation may and most likely will be rejected.**
- 3.4 Subcontracts: Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
- 3.5 Cost of Offer Preparation: AHCCCS will not reimburse any Offeror the cost of responding to a Solicitation.
- 3.6 Federal Excise Tax: The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be provided by the State.
- 3.7 Provision of Tax Identification Numbers: Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number, if applicable, in the space provided on the Offer and Acceptance Form.
- 3.7.1 Employee Identification: Offeror agrees to provide an employee identification number or social security number to the State for the purposes of reporting to appropriate taxing authorities, monies paid by the Department under this contract. If the federal identifier of the Offeror is a social security number, this number is being requested solely for tax reporting purposes and will be shared with only appropriate state and federal officials. This submission is mandatory under 26 U.S.C. § 6041A.
- 3.8 Identification of Taxes in Offer. The State of Arizona is subject to all applicable state and local transaction privilege taxes. All applicable taxes shall be identified as a separate item offered in the solicitation. When applicable, the tax rate and amount shall be identified on the price sheet.

UNIFORM INSTRUCTIONS TO OFFERORS

- 3.9 Disclosure: If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
- 3.10 Delivery: Unless otherwise stated in the Contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.
- 3.11 Federal Immigration and Nationality Act: By signing of the Offer, the Offeror warrants that both it and all proposed subcontractors are in compliance with federal immigration laws and regulations (FINA) relating to the immigration status of their employees. The State may, at its sole discretion, require evidence of compliance during the evaluation process. Should the State request evidence of compliance, the Offeror shall have 5 days from receipt of the request to supply the adequate information. Failure to comply with this instruction or failure to supply requested information within the timeframe specified shall result in the offer not being considered for contract award.
- 3.12 Offshore Performance of Work Prohibited: Any service that are described in the specifications or scope of work that directly serve the State of Arizona or its clients involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or “overhead” services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the Offer.

4 Submission of Offer:

- 4.1 Offer and Acceptance: Offers shall include a signed Offer and Acceptance form. The Offer and Acceptance form shall be signed with a signature by the person authorized to sign the Offer, and shall be submitted no later than the Solicitation due date and time. Failure to return an Offer and Acceptance form may result in rejection of the Offer.
- 4.2 Solicitation Amendments: Each Solicitation Amendment shall be signed by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a material Solicitation Amendment may result in rejection of the Offer.
- 4.3 Offer Amendment or Withdrawal: An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.

UNIFORM INSTRUCTIONS TO OFFERORS

- 4.4 Public Record: All Offers submitted and opened are public records and must be retained by the State for six (6) years. Offers shall be open and available to public inspection after Contract award, except for such Offers deemed to be confidential by the State.
- 4.5 Non-collusion, Employment, and Services: By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:
- 4.5.1 The Offeror did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and
 - 4.5.2 The Offeror does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state and local laws and executive orders regarding employment.

5 Evaluation:

- 5.1 Unit Price Prevails: Where applicable, in the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
- 5.2 Taxes: If the products and/or services specified require transaction privilege or use taxes, they shall be described and itemized separately on the offer. Arizona transaction privilege and use taxes shall not be considered for evaluation.
- 5.3 Late Offers: An Offer submitted after the exact Offer due date and time shall be rejected.
- 5.4 Disqualifications: An Offeror (including each of its principals) who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall have its offer rejected. If an Offeror had another contract that was terminated FOR CAUSE by AHCCCS, or any other State agency, and that Offeror submits a proposal, AHCCCS may reject the proposal.
- 5.5 Offer Acceptance Period: An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be one hundred and twenty (120). If a Best and Final Offer is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for one hundred and twenty (120) days from the Best and Final Offer due date.
- 5.6 Waiver and Rejection Rights: Notwithstanding any other provision of the Solicitation, AHCCCS reserves the right to:
- 5.6.1 Waive any minor informality;
 - 5.6.2 Reject any and all Offers or portions thereof; or
 - 5.6.3 Cancel the Solicitation.

UNIFORM INSTRUCTIONS TO OFFERORS

6 **Award:**

AHCCCS shall award a Contract to the responsible and responsive Offeror whose proposal is determined most advantageous to the State under A.R.S. §36-2906 (R9-22 Article 6).

- 6.1 **Number or Types of Awards:** AHCCCS reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, or regional awards, whichever is deemed most advantageous to AHCCCS and to the State.
- 6.2 **Contract Inception:** An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Procurement officer's signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.
- 6.3 **Effective Date:** The effective date of this Contract shall be the date that the Procurement officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.
- 6.4 A response to this Request for Proposal is an offer to contract with AHCCCS based upon the terms, conditions, scope of work and specifications of the RFP. All of the terms and conditions of the Contract are contained in this Solicitation, Solicitation amendments and subsequent Contract amendments, if any, signed by the AHCCCS Chief Procurement Officer. Proposals do not become Contracts unless and until they are accepted by the AHCCCS Chief Procurement Officer. The Proposal submitted by the Offeror will become part of the Contract with AHCCCS. A Contract is formed when the AHCCCS Chief Procurement Officer signs the award page and provides written notice of the award(s) to the Successful Offeror(s), and the Offeror accepts any special provisions to the Contract and the final rates awarded. All Offerors will be promptly notified of Contract award.
- 6.5 The Offeror should note that, if awarded a Contract, the Offeror must meet all AHCCCS requirements, irrespective of what is requested and evaluated through this Solicitation. The Proposal submitted by the Offeror will become part of the Contract with AHCCCS and the Offeror shall comply with all commitments and statements included in its RFP submission.

7 **Protests:**

Any protest shall comply with and be resolved according to A.R.S. § 36-2906 and rules adopted thereunder. Protests shall be in writing and be filed with the AHCCCS Procurement officer. Any protest of a solicitation shall be filed at least fourteen (14) days before the due date of receipt of proposals. Any protest of an award shall be filed no later than ten (10) days after the procurement officer makes the procurement file available for public inspection.

A protest shall include:

- 7.1 The name, email address and telephone number of the interested party;
- 7.2 The signature of the interested party or its representative;
- 7.3 Identification of the purchasing agency and the Solicitation or Contract number;
- 7.4 A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
- 7.5 The form of relief requested.

SPECIAL INSTRUCTIONS TO OFFERORS

1. **Anticipated Procurement Schedule:**

Activity	Date
RFP Release	January 17, 2020
Pre-Proposal Conference	February 6, 2020
Offeror Questions Due	February 7, 2020
Deadline to request access to SFTP server	March 12, 2020
Offeror's Proposals Due	March 24, 2020
Contingent RFP Award (Subject to change)	June 23, 2020
Final RFP Award (Subject to change)	August 28, 2020
Services Start Date	October 1, 2020*

*Unless otherwise changed in writing by AHCCCS

2. **Questions:** All questions concerning this solicitation shall be submitted **via email using the AHCCCS Q&A form found on the AHCCCS website** to the Procurement Officer identified on the first page of this solicitation document. Offerors may not contact other AHCCCS or State employees concerning this solicitation.

3. **Evaluation Criteria:** In accordance with the A.R.S. 36-2903 et seq., an award shall be made to the responsible Offeror(s) whose proposal is determined in writing to be the most advantageous to the State based upon the evaluation criteria listed below.

Exceptions to the Terms and Conditions, as stated in the Uniform Instructions, may impact an Offeror's susceptibility for award.

Proposals will be evaluated based upon the proven ability of the Offeror to satisfy the requirements of the RFP in a cost-effective manner. The evaluation factors are listed in their relative order of importance. Any proposals not meeting the Mandatory Requirements will be disqualified.

- Adherence to Mandatory Requirements - Pass/Fail
- Experience/Expertise
- Methodology
- Cost

4. **Bidders' Library:**

The Bidders' Library may contain critical reference material and performance requirements to assist the Offeror to prepare a response to this Solicitation. References are made throughout this Solicitation to materials in the Bidders' Library, and Offerors are responsible for reviewing the contents of the Bidders' Library materials as if the materials were printed in full herein. Because AHCCCS may continue to update the Bidders' Library after this Solicitation is released, the Offeror is responsible for monitoring updates to the Bidders' Library. The Bidders' Library is located on the AHCCCS website at:

<https://www.azahcccs.gov/Resources/OversightOfHealthPlans/SolicitationsAndContracts/bidderslibrary.html>

SPECIAL INSTRUCTIONS TO OFFERORS

5. **Submission of Proposal:**

The Offeror shall submit its proposal to the AHCCCS SFTP server in accordance with Exhibit D “PROPOSAL SUBMISSION INSTRUCTIONS”. Failure to follow the prescribed format for submission may result in AHCCCS determining that the submission is non-responsive. The deadline to request access to the AHCCCS SFTP server is: **Thursday, March 12, 2020. SEE Exhibit D Proposal Submission Instructions.**

6. **Contents of Proposal :**

The Offeror’s Proposal shall contain the following and be organized as follows (see Exhibit D Proposal Submission Instructions):

PART A

- A1 Transmittal Letter with list of portions to be kept confidential (if any)
- A2 Signed Offer and Acceptance Page
- A3 Signed Solicitation Amendment(s)

PART B

- B1 Narrative Proposal Experience and Expertise (page limited to15)
- B2 Narrative Proposal Methodology (page limited to25)
- B3 Technical Proposal
- B4 Cost Proposal

PART C

- C1 Intent to provide insurance
- C2 Separate, signed, legal Analysis for Confidential /Proprietary Determination (if any)
- C3 Attestation of Boycott of Israel
- C4 Exceptions to any part of solicitation

6.1. Transmittal Letter:

The Transmittal Letter must briefly summarize the Offeror’s ability to supply the requested services that meet the requirements defined in Exhibit A - Technical Proposal. The letter must also contain a statement indicating the Offeror’s willingness to provide the services subject to the terms and conditions set forth in the RFP.

A person authorized to commit the Offeror to its representations and who can certify that the information offered in the proposal meets all general conditions must sign the Transmittal Letter. In the Transmittal Letter, please indicate the principal contact for the proposal along with an address, telephone number, fax number, and an e-mail address if that contact is different than the individual authorized for signature.

In addition to the required detailed legal analysis, the Offeror shall summarize in their Submittal Letter the list of distinct portions, including exact page numbers, of their document is requested to be kept confidential. See paragraph 12 of this section (below).

SPECIAL INSTRUCTIONS TO OFFERORS

6.2. Narrative Proposal:

Narrative Proposals must be structured and numbered according to the RFP section numbers and headers as presented in the table below. Responses in each section must be addressed in the order given. Since the evaluators have already read the Scope of Work for the services described, it is not necessary for the Offeror to repeat the exact language, nor to present a paraphrased version, as an original idea for a technical approach. The language of the narrative should be straightforward and limited to facts, solutions to problems, and plans of proposed action. The usage of technical language should be minimized and used only to describe a technical process.

Narrative Proposals will be evaluated based on the Offeror’s distinctive plan for providing these specialized services. The Offeror shall utilize a written narrative or any other printed technique to demonstrate the ability to satisfy the Scope of Work. When appropriate, the Narrative Proposal should describe a logical progression of tasks and efforts starting with the initial steps or tasks to be accomplished and continuing until all proposed tasks are fully described.

The Narrative Proposal should be broken into two (2) files: Experience/Expertise and Methodology.

The following table defines how the Experience/Expertise Narrative Proposal should be prepared, addressing the following Proposal Response Requirements. The entirety of the Experience/Expertise Narrative Proposal must be limited to 15 pages.

Experience/Expertise Narrative Proposal		
Narrative Proposal Section Number	Narrative Proposal Section Header	Proposal Response Requirements
1.0	Company History/ Background and Experience	<p>Provide the legal form of the Offeror’s business organization, the state in which formed, the types of business ventures in which the Offeror is involved, and a chart of the Offeror’s organization.</p> <p>Offeror shall submit information documenting successful and reliable experience in past performances as related to the services in this RFP. The Offeror’s experience and past performance will be evaluated on the extent of its success in managing and integrating work relevant to that defined in the Scope of Work.</p> <p>Additionally:</p> <ul style="list-style-type: none"> • Do you currently maintain any MARS-E compliant systems? If yes, how many POA&Ms do you currently have? What is the age of your oldest POA&M? What is your process for self-auditing your control families? • How has MARS-E compliance been achieved on MA/ACA E&E systems that your organization has created and/or managed? • Provide a matrix identifying in which States and for how long in each state has your organization provided O&M services for a Medicaid E&E system in which other programs, such as SNAP and TANF were

SPECIAL INSTRUCTIONS TO OFFERORS

Experience/Expertise Narrative Proposal		
Narrative Proposal Section Number	Narrative Proposal Section Header	Proposal Response Requirements
		<p>integrated. Include your role, the current status of the contract, the current status of the system, etc.</p> <ul style="list-style-type: none"> • Describe any contract that was terminated including the reason for termination, and the current status of the system. (fully operational, achieved, and/or being replaced) • What is the largest Medicaid system (in which SNAP and TANF were integrated) that your organization has maintained in the past? When considering size, include items such as number of modules, number of rules as they pertain to Medicaid/SNAP/TANF eligibility, size of development team, number of concurrent users, lines of code, database size, number of end-users the system supports, connection to external interfaces, number and complexity of automated processes, the number of auto-generated reports, number of notices, etc. • Describe your experience with leveraging your existing ACA capable Medicaid Eligibility and Enrollment system capabilities to provide relevant eligibility data and automation for use in other states or federal program eligibility systems for other programs such as SNAP, TANF, WIC, etc. • Describe your experience working with state and federal agencies and regulations, particularly as it relates to Eligibility and Enrollment systems. • Describe the experience your organization has with successfully transitioning maintenance and operations services from an incumbent contractor.
1.1	Key Staff	<p>The qualifications of the Key Staff proposed by the Offeror to perform the requirements of this solicitation will be considered in the evaluation.</p> <p>The Offeror must propose resources to serve in each of the defined Key Staff roles, defined in Section 5.4 Key Staff. The resources must meet the minimum qualifications for each of the defined Key Staff roles.</p> <p>The Offeror shall provide an organizational chart which clearly shows the reporting and lines of authority; to include all proposed Key Staff and any proposed subcontractors. The organizational chart should identify the Point of Contact between the Offeror and the AHCCCS Project Manager.</p>

SPECIAL INSTRUCTIONS TO OFFERORS

The following table defines how the Methodology Narrative Proposal should be prepared, addressing the following Proposal Response Requirements. The entirety of the Methodology Narrative Proposal must be limited to 25 pages.

Methodology Narrative Proposal		
Narrative Proposal Section Number	Narrative Proposal Section Header	Proposal Response Requirements
2.0	M and O Methodology	This section should be used to describe each of the following sections.
2.1	Application Maintenance	The Offeror must describe their proposed methodology and tools used to meet the Application Maintenance Scope of Work described in Section 4.6.1. Application Maintenance and the Application Maintenance Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response: <ul style="list-style-type: none"> • System Defects • System Requests • Build Cycle Management • HEAplus Environment Management • Help Desk Support
2.2	Business Continuity and Disaster Recovery	The Offeror must describe their proposed methodology for meeting the Business Continuity and Disaster Recovery Scope of Work described in Section 4.6.2. Business Continuity and Disaster Recovery and the Business Continuity and Disaster Recovery Requirements described in Exhibit A - Technical Proposal.
2.3	Documentation	The Offeror must describe their proposed methodology for meeting the Documentation Scope of Work described in Section 4.6.3. Documentation and the Documentation Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response: <ul style="list-style-type: none"> • Maintaining System Documentation
2.4	Privacy/Security	The Offeror must describe their proposed methodology for meeting the Privacy/Security Scope of Work described in Section 4.6.4. Privacy/Security and the Privacy/Security Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response: <ul style="list-style-type: none"> • Ensuring MARS-E Compliance • Providing Contractor Staff HIPAA Training
2.5	Project Management	The Offeror must describe their proposed methodology for meeting the Project Management Scope of Work described in Section 4.6.5 Project Management and the Project Management Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response: <ul style="list-style-type: none"> • Maintenance and Operations Planning • Deliverable Review and Approval Process • Risk, Issue, and Change Management • Meeting Management

SPECIAL INSTRUCTIONS TO OFFERORS

Methodology Narrative Proposal		
Narrative Proposal Section Number	Narrative Proposal Section Header	Proposal Response Requirements
2.6	Quality Assurance	<p>The Offeror must describe their proposed methodology for meeting the Quality Assurance Scope of Work described in Section 4.6.6. Quality Assurance and the Quality Assurance Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response:</p> <ul style="list-style-type: none"> • Quality Assurance Process and Tools • System Testing
2.7	Reporting	<p>The Offeror must describe their proposed methodology for meeting the Reporting Scope of Work described in Section 4.6.7. Reporting and the Reporting Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response:</p> <ul style="list-style-type: none"> • System Reporting • Ticket and SR Tracking • Job Exception Tracking
2.8	Training	<p>The Offeror must describe their proposed methodology for meeting the Training Scope of Work described in Section 4.6.8. Training and the Training Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response:</p> <ul style="list-style-type: none"> • Training Environment
3.0	Additional Scope of Work	This section shall be used to describe each of the following sections.
3.1	Transition Methodology	<p>The Offeror must describe their proposed methodology for meeting the Transition Methodology Scope of Work described in Section 5.2. Transition Methodology and the Phase Specific/Transition Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response:</p> <ul style="list-style-type: none"> • Start-Up Methodology • Knowledge Transfer • Development of Key Deliverables • Transition Readiness Assessment/Testing • Disengagement Methodology
3.2	Separate Reporting Region	<p>The Offeror must describe their proposed methodology for meeting the Separate Reporting Region Scope of Work described in Section 5.1.1. Separate Reporting Region and the Reporting Region Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror's response:</p> <ul style="list-style-type: none"> • Development/Implementation Methodology for the Reporting Region • MARS-E Compliance of the Reporting Region • Methodology for Testing Reporting Region Speed • Maintenance and Operations Methodology for the Reporting Region

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Methodology Narrative Proposal		
Narrative Proposal Section Number	Narrative Proposal Section Header	Proposal Response Requirements
3.3	Automated Testing Tool	<p>The Offeror must describe their proposed methodology for meeting the Automated Testing Tool Scope of Work described in Section 5.1.2. Automated Testing Tool and the Automated Testing Tool Requirements described in Exhibit A - Technical Proposal. The following should be considered within the Offeror’s response:</p> <ul style="list-style-type: none"> • Development/Implementation Methodology of the Automated Testing Tool • Regression Testing Methodology Utilizing the Automated Testing Tool • Maintenance and Operations Methodology for the Automated Testing Tool
3.4	Assumptions	<p>The Offeror must identify any assumptions used when developing their proposals as it relates to scope, costs, schedule, resources, etc. If the Offeror’s assumption takes exception to any part of the solicitation (including but not limited to requirements, scope of work or terms and conditions), these shall be explained as well in the Offeror’s exceptions to terms submission. See Uniform Instructions to Offerors Section 3.3.</p>

6.3. Technical Proposal:

The Offeror must acknowledge acceptance or denial of all requirements in Exhibit A - Technical Proposal by responding in the column with a heading of “Agree?” (Column E). “Yes” means the Offeror agrees to comply with the requirements and “No” means the Contractor will not comply with the requirement.

6.4. Cost Proposal:

The evaluation of the category of Cost shall be based on the prices, as indicated on the Exhibit B - Cost Proposal submitted with Offeror’s proposal. The Cost Proposal is separated into three (3) separate tabs: Instructions, Summary, and Fixed Prices.

The Offeror is responsible for providing cost estimates within the Fixed tab, while the Summary tab simply rolls up the information provided in the Fixed Prices tab. For all cells which are yellow in color, the Offeror is responsible for providing a response. For all cells which are blue in color, the Offeror should not provide a response, as these cells are either not applicable or serve as sub-totals and totals.

Maintenance and Operations costs should be fixed across the first three (3) years. Option years four (4) and five (5) may increase. Monthly maintenance and operations payments shall not begin until after the Start-Up Transition period is complete.

All Start-Up Transition activities and costs should occur during the first year of the contract. For the purposes of this exercise, Disengagement Transition activities and costs occur during year three (3);

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it should be noted that Disengagement Transition activities and costs will actually occur at the end of the full term of this contract, which is anticipated to take place during the final six (6) to twelve (12) months as directed by the State. **Disengagement cost estimates will not be scored during evaluation, as the State understands these may change during the course of the contract.**

The Online Knowledge Management System and Separate Reporting Region cost estimates will not be scored during evaluation. The State may or may not choose to move forward with award of the implementation of the Online Knowledge Management System and Reporting Region at the State's discretion.

The Online Knowledge Management System, Reporting Region, and Automated Testing Tool are anticipated to be implemented within the first year of the contract and maintenance and operations for each is expected to accrue each year thereafter.

The proposed price shall be inclusive of all costs associated with the delivery of the service and includes staff time, mileage, insurance, and administrative cost. No additional fees will be paid by AHCCCS.

Taxes:

If the products and/or services specified require transaction privilege or use taxes, they shall be described and itemized separately on the offer. Arizona transaction privilege and use taxes shall not be considered for evaluation.

After award, the Contractor shall assist the State when developing invoicing schedules and budgetary requirements to be sent to CMS, FNS the State of Arizona, or other funding partners.

6.5. Intent to Provide Certificate of Insurance:

The Offeror shall provide a brief statement that, if notified of contract award, the Offeror will submit to AHCCCS for review and acceptance, the applicable certificate/s of insurance as required within this RFP document, within five (5) business days of such notification.

6.6. Additional Information (OPTIONAL):

The Offeror may submit any other pertinent information which would substantiate the Offeror has the experience, expertise and capability to provide the required services.

7. **Presentations and Demonstrations:** AHCCCS may request Offerors who are determined to be reasonably susceptible for award to give a presentation or show a demonstration of the product or service to the evaluation committee.
8. **Financial Stability** The Offeror must be financially stable and if requested shall be able to substantiate the financial stability of its company. Upon written request from AHCCCS, the Offeror shall submit an annual financial statement for itself, and parent company (if applicable) within five (5) business days of request. The State reserves the right to request additional documentation from the Offeror and to request reports on financial stability from independent financial rating services. The State reserves the right to reject any Offeror who does not demonstrate financial stability sufficient for the scope of this contract award.

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9. **Clarification of Offers:** AHCCCS may request clarification of an offer any time after receipt. Clarifications may be requested orally or in writing. If clarifications are requested orally, the Offeror shall confirm the request in writing. A request for clarifications shall not be considered a determination that the Offeror is susceptible for award.
10. **Negotiations:** Negotiations may be conducted orally or in writing at the discretion of AHCCCS. Negotiations may be conducted in order to improve offers in such areas of cost, price, specifications performance, or terms, to achieve best value for the State. Negotiations may include demonstrations (oral presentations). Award(s) may be made without negotiations; therefore, offers should be submitted on most favorable terms.
11. **Final Proposal Revisions / Best and Final Offers:** Written Final Proposal Revisions, or Best and Final Offers, will be requested from any Offeror with whom negotiations have been conducted, unless the Offeror has been determined not within the competitive range, not susceptible for award or non-responsible.
12. **Request for Confidential/Proprietary Determination:**
 - 12.1 If an Offeror believes that a specific portion of its bid, proposal, offer, specification, or protest contains information that should be withheld from public inspection due to confidentiality, the Offeror shall submit to the Procurement officer a detailed legal analysis, prepared by legal counsel, which sets forth the bases for the requested non-disclosure and the specific harm or prejudice which may arise if disclosed. The analysis shall be presented to the Procurement Officer at the same time as the bid, proposal, offer, specification or protest.
 - 12.2 An entire bid, proposal, offer, specification, or protest shall not be identified as confidential; only those very limited and distinct portions which are considered by the Offeror as confidential may be identified as such. If an Offeror submits an entire proposal marked as confidential, AHCCCS may, and most likely will, determine the proposal non-responsive and the proposal will not be scored. **DO NOT SUBMIT A REQUEST TO KEEP YOUR COST PROPOSAL CONFIDENTIAL. Pricing shall not be considered confidential.**
 - 12.3 In the event that AHCCCS receives a request for disclosure of the information, AHCCCS shall disclose the information in accordance with law. Prior to disclosure, AHCCCS will inform the Offeror of such request and provide the Offeror a period of time to take action it deems appropriate to support non-disclosure. The Offeror shall be responsible for any and all costs associated with the nondisclosure of the information.
 - 12.4 In addition to the required detailed legal analysis, the Offeror shall summarize in their Submittal Letter the distinct portions, including exact page numbers, of their document is requested to be kept confidential.
 - 12.5 If any pieces of your proposal are being requested to be kept confidential, and withheld from public viewing, please submit an additional redacted copy of the proposal to the SFTP server labeled in accordance with the prescribed naming convention with the word REDACTED on the end. This will ensure that our office is crystal clear on which version of your proposal is acceptable for public viewing.

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13. **Responsibility, Responsiveness and susceptibility**

AHCCCS will consider, at a minimum the following criteria when determining and Offeror's responsibility, as well as the proposal's responsiveness and susceptibility for contract award.

- 13.1 Whether the Offeror has had a contract within the last five (5) years that was terminated for cause due to breach or similar failure to comply with the terms of the contract;
- 13.2 Whether the Offeror's record of performance includes factual evidence of failure to satisfy the terms of the Offeror's agreements with any party to a contract. Factual evidence may consist of documented vendor performance reports, customer complaints, and/or negative references;
- 13.3 Whether the Offeror is legally qualified to contract with the State and the Offeror's financial, business, personnel, or other resources, including sub-contractors;
 - 13.3.1 Legally qualified includes if the vendor or if key personnel have been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to being disapproved as a subcontractor of any public procurement unit or other governmental body.
- 13.4 Whether the Offeror promptly supplied all requested information concerning its responsibility;
- 13.5 Whether the Offer was sufficient to permit evaluation by the State, in accordance with the evaluation criteria identified in this Solicitation or other necessary offer components. Necessary offer components include: attachments, documents or forms to be submitted with the offer, an indication of the intent to be bound, reasonable or acceptable approach to perform the Scope of Work, acknowledged Solicitation Amendments, references to include experience verification, adequacy of financial/business/personal or other resources to include a performance bond and stability including subcontractors and any other data specifically requested in the Solicitation;
- 13.6 Whether the Offer was in conformance with the requirements contained in the Scope of Work, Terms and Conditions, and Instructions for the Solicitation including its Amendments and all documents incorporated by reference;
- 13.7 Whether the Offer limits the rights of the State;
- 13.8 Whether the Offer includes or is subject to unreasonable conditions, to include conditions upon the State necessary for successful Contract performance. The State shall be the sole determiner as to the reasonableness of a condition;
- 13.9 Whether the Offer materially changes the contents set forth in the Solicitation, which includes the Scope of Work, Terms and Conditions, or Instructions; and,
- 13.10 Whether the Offeror provides misleading or inaccurate information.

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1. **DEFINITIONS** - All definitions listed in the definition of terms.

2. **Contract Interpretation**

- 2.1 Arizona Law. The Arizona law applies to this Contract including, A.R.S. § 36-2906 and its implementing rules.
- 2.2 Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
- 2.3 Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
- 2.4 Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
- 2.5 No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
- 2.6 No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. **Contract Administration and Operation**

- 3.1 Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.
- 3.2 Non-Discrimination. The Contractor shall comply with State Executive Order No. 2009-09 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.
- 3.3 Audit. Pursuant to ARS § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.
- 3.4 Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract.

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The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines noncompliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

- 3.5 Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
- 3.6 Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- 3.7 Federal Immigration and Nationality Act. The Contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the Contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension and/or debarment of the Contractor.
- 3.8 E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with A.R.S. § 23-214, Subsection A.
- 3.9 Offshore Performance of Work Prohibited. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or 'overhead' services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

4. Costs and Payments

- 4.1 Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.
- 4.2 Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destination.

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4.3 Applicable Taxes.

4.3.1 Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.

4.3.2 State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.

4.3.3 Tax Indemnification. Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

4.3.4 IRS W9 Form. In order to receive payment the Contractor shall have a current I.R.S. W9 Form on file with the State of Arizona, unless not required by law.

4.4 Availability of Funds for the Next State fiscal year. Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract.

4.5 Availability of Funds for the current State fiscal year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:

4.5.1 Accept a decrease in price offered by the Contractor;

4.5.2 Cancel the Contract; or

4.5.3 Cancel the contract and re-solicit the requirements.

5. **Contract Changes**

5.1 Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.

5.2 Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.

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- 5.3 Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6. Risk and Liability

- 6.1 Risk of Loss. The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.

- 6.2 Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the Contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this section shall not apply.

- 6.3 Force Majeure.

- 6.3.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "*force majeure*" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

- 6.3.2 Force Majeure shall not include the following occurrences:

- 6.3.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;
- 6.3.2.2 Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or
- 6.3.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

- 6.3.3 If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a

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period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.3.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

6.4 Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

7. Warranties

7.1 Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.

7.2 Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one year after acceptance by the State of the materials, they shall be:

7.2.1 Of a quality to pass without objection in the trade under the Contract description;

7.2.2 Fit for the intended purposes for which the materials are used;

7.2.3 Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;

7.2.4 Adequately contained, packaged and marked as the Contract may require; and

7.2.5 Conform to the written promises or affirmations of fact made by the Contractor.

7.3 Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.

7.4 Inspection/Testing. The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.

7.5 Compliance With Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.

7.6 Survival of Rights and Obligations after Contract Expiration or Termination.

7.6.1 Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.

7.6.2 Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in

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writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8. State's Contractual Remedies

- 8.1 Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.
- 8.2 Stop Work Order.
- 8.2.1 The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
- 8.2.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
- 8.3 Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.
- 8.4 Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.
- 8.5 Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

9. Contract Termination

- 9.1 Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of

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the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.

- 9.2 Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.
- 9.3 Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the Contractor is not currently suspended or debarred. If the Contractor becomes suspended or debarred, the Contractor shall immediately notify the State.
- 9.4 Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.
- 9.5 Termination for Default.
- 9.5.1 In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.
- 9.5.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.
- 9.5.3 The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

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9.6 Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

10. Arbitration

The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes.

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1. **Assignment of Contract and Bankruptcy:** This contract is voidable and subject to immediate cancellation by the Procurement officer upon Contractor becoming insolvent or filing proceedings in bankruptcy or assigning rights or obligations under this contract without the prior written consent of the Procurement officer.
2. **Choice of Forum:** The parties agree that jurisdiction over any action arising out of or relating to this contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.
3. **Conflict of Interest:** The Contractor shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCS or the State without prior written approval by AHCCCS. The Contractor shall fully and completely disclose any situation that may present a conflict of interest. If the Contractor is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Contractor or an entity owning or controlling same, the Contractor shall disclose this relationship prior to accepting any assignment involving such party.
4. **Contract Cancellation (Immediate):** This contract is critical to AHCCCS and the agency reserves the right to immediately cancel the whole or any part of this contract due to failure of the Contractor to carry out any material obligation, term or condition of the contract. The Procurement officer shall issue a written notice of default effective at once and not deferred by any interval of time. Default shall be for acting or failing to act in any of the following:
 - 4.1 The Contractor provides material that does not meet the specifications of the contract;
 - 4.2 The Contractor fails to adequately perform the services set forth in the specifications of the contract;
 - 4.3 The Contractor fails to complete the work required or furnish the materials required within the time stipulated in the contract;
 - 4.4 The Contractor fails to make progress in the performance of the contract and/or gives the Procurement officer reason to believe that the Contractor will not or cannot perform to the requirements of the contract.
 - 4.5 The Procurement officer may resort to any single or combination of the following remedies:
 - 4.5.1 Cancel any contract;
 - 4.5.2 Reserve all rights or claims to damage for breach of any covenants of the contract;
 - 4.5.3 Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor.
 - 4.5.4 In case of default, the Procurement officer reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code. The Procurement officer may recover reasonable excess costs from the Contractor by:
 - 4.5.4.1 Deduction from an unpaid balance;
 - 4.5.4.2 Collection against the bid and/or performance bond; or
 - 4.5.4.3 Any combinations of the above or any other remedies as provided by law.
5. **Contract Cancellation (Minimum 10 Day):** The Procurement officer reserves the right to cancel the whole or any part of this contract due to failure by the Contractor to carry out any material obligation, term or condition of the contract. The Procurement officer shall issue written notice to the Contractor for acting or failing to act as in any of the following
 - 5.1 The Contractor provides material that does not meet the specifications of the contract;
 - 5.2 The Contractor fails to adequately perform the services set forth in the specifications of the contract;

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- 5.3 The Contractor fails to complete the work required or furnish the materials required within the time stipulated by the contract;
 - 5.4 The Contractor fails to make progress in the performance of the contract and/or gives the Procurement officer reason to believe that the Contractor will not or cannot perform to the requirements of the contract;
 - 5.5 Upon receipt of the written notice of concern, the Contractor shall have a minimum of ten (10) days (Procurement officer may determine a longer period) to provide a satisfactory response to the Procurement officer. Failure on the part of the Contractor to adequately address all issues of concern may result in the Procurement officer resorting to any single or combinations of the following remedies.
 - 5.5.1 Cancel any contract;
 - 5.5.2 Reserve all rights or claims to damage for breach of any covenant of the contract;
 - 5.5.3 Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor;
 - 5.5.4 In case of default, the Procurement officer reserves the right to purchase materials, or to complete the required work in accordance with the Arizona Procurement Code. The Procurement officer may recover reasonable excess costs from the Contractor by:
 - 5.5.4.1 Deduction from an unpaid balance;
 - 5.5.4.2 Collection against the bid and/or performance bond; or
 - 5.5.4.3 Any combination of the above or any other remedies as provided by law.
6. **Contract Disputes:** Contract claims and disputes shall be adjudicated in accordance with State Law, AHCCCS Rules and this contract. Except as provided by 9 A.A.C. Chapter 22, Article 6, the exclusive manner for the Contractor to assert any dispute against AHCCCS shall be in accordance with the process outlined in 9 A.A.C. Chapter 34 and A.R.S. §36-2932.
- 6.1 All disputes except as provided under 9 A.A.C. Chapter 22, Article 6 shall be filed in writing and be received by AHCCCS no later than 60 days from the date of the disputed notice. All disputes shall state the factual and legal basis for the dispute.
 - 6.2 Pending the final resolution of any disputes involving this contract, the Contractor shall proceed with performance of this contract in accordance with AHCCCS' instructions, unless AHCCCS specifically, in writing, requests termination or a temporary suspension of performance.
7. **Cooperation with other Contractors:** AHCCCS may award other contracts for additional or related work and the Contractor shall fully cooperate with such other contractors and AHCCCS employees or designated agents, and carefully fit its own work to such other contractors' work. Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by AHCCCS employees. AHCCCS shall equitably enforce this section to all contractors to prevent the imposition of unreasonable burdens on any contractor.
8. **Confidentiality of Records and Disclosure of Confidential Information:**
- 8.1 The Contractor shall not, without prior written approval from AHCCCS, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCS personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the

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work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Contractor by AHCCCS.

- 8.2 The Contractor shall establish and maintain written policies procedures and controls, approved by AHCCCS, governing access to, duplication of, and dissemination of all such information for the purpose of assuring that no information contained in its records or obtained from AHCCCS or others carrying out its functions under the contract, is used or disclosed by it, its agents, officers or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to AHCCCS. The Contractor's data safeguard program shall further conform to the data confidentiality and security requirements of AHCCCS policy and procedures, and all-relevant state and federal requirements, including HIPAA standards.
- 8.3 The disclosure of information in summary, statistical, or other form that does not identify particular individuals is permitted only with prior AHCCCS approval. The use or disclosure of information concerning Members will be limited to purposes directly connected with the scope of this contract.
- 8.4 The Contractor shall advise its employees, agents and subcontractors, if any, that they are subject to these confidentiality requirements. A signed confidentiality statement containing language approved by AHCCCS will be obtained from all employees, agents and subcontractors, if any, and maintained in the individual's personnel file with a copy sent to AHCCCS upon request.

9. Staff Background Checks

For the purposes of this requirement, "Staff" is defined as any individual who is an employee, independent contractor, consultant or subcontractor of the Contractor and who during their course of work on this Contract creates, maintains, uses, transmits, or has access to sensitive information as determined by AHCCCS including but not limited to Personally Identifying Information as defined in the National Institute of Standards and Technology Special Publication 800-12 and Protected Health Information as defined in 45 C.F.R. 160.103.

- 9.1 The Contractor shall, at its own expense, complete a background check on all Staff.
- 9.2 The background check shall be completed via a recognized law enforcement agency or qualified third party within thirty (30) days of assignment of Staff, and annually thereafter or as agreed to in writing by AHCCCS.
- 9.3 At minimum, the background check shall include criminal record information, employment history and information, and financial information. Staff may not be permitted to perform work under this contract if the individual has been convicted of or subject to civil penalties for theft, extortion, fraud, forgery, identity theft, perjury, misuse of personally identifiable information, or any similar or related offense.
- 9.4 The Contractor shall not allow any Staff to have access to the system or data after thirty (30) days of assignment without clearance of their background check, unless otherwise agreed to in writing by AHCCCS.
- 9.5 The Contractor shall submit written confirmation to the AHCCCS on an annual basis of all Staff who have been background checked and approved to work on the Contract.

10. **Covenant against Contingent Fees**: The Contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage,

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brokerage or contingent fee. For violation of this warranty, the Procurement officer shall have the right to annul this contract without liability.

11. Contract Order of Precedence:

- 11.1 HIPAA Business Associates Agreement or Addendum
- 11.2 Special Terms and Conditions of this solicitation;
- 11.3 Uniform Terms and Conditions of this solicitation;
- 11.4 Statement or Scope of Work of this solicitation including any policies incorporated by reference, as may be amended;
- 11.5 Exhibits and Attachments of this solicitation;
- 11.6 Documents referenced or included in the Solicitation.
- 11.7 Offeror's Submitted Proposal including any Best and Final Offers.

If any of these provisions conflict with one another, they shall prevail in the order above.

12. Contract:

- 12.1 The contract between AHCCCS and the Contractor shall consist of (1) the Request for Proposal (RFP) including AHCCCS policies and procedures incorporated by reference as part of the RFP and (2) the proposal submitted by the Contractor in response to the RFP including any Best and Final Offers. In the event of a conflict in language between the proposal (including any Best and Final Offers) and the RFP (including AHCCCS policies and procedures incorporated by reference), the provisions and requirements set forth and/or referenced in the RFP (including AHCCCS policies and procedures incorporated by reference) shall govern.
- 12.2 The contract shall be construed according to the laws of the State of Arizona. The State of Arizona is not obligated for the expenditures under the contract until funds have been encumbered.

13. Fraud and Abuse:

- 13.1 It shall be the responsibility of the Contractor to report all cases of suspected fraud and abuse by subcontractors, members or employees. The Contractor shall provide written notification of all such incidents to the Procurement officer.
- 13.2 As stated in A.R.S. § 13-2310, incorporated herein by reference, any person who knowingly obtains any benefit by means of false or fraudulent pretenses, representations, promises or material omissions is guilty of a class 2 felony.
- 13.3 Contractors are required to research potential overpayments identified by a fraud and abuse investigation or audit conducted by AHCCCS. After conducting a cost benefit analysis to determine if such action is warranted, the Contractor should attempt to recover any overpayments identified due to erroneous, false or fraudulent billings.

- 14. Independent Contractor and Employees of Contractor:** The Contractor represents himself/herself to be an independent contractor offering such services to the general public and shall not represent himself/herself or his/her employees to be an employee of the State of Arizona and/or AHCCCS. Therefore, the Contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, etc. All employees of the Contractor employed or in performance of work under this Contract shall be employees of the Contractor at all times and not of AHCCCS. The Contractor shall comply with

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the Social Security Act, Workers' Compensation laws and unemployment laws of the State of Arizona as well as federal, state and local legislation relevant to the Contractor's business.

15. **Licenses:** Contractor shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by the Contractor.
16. **Lobbying:** No funds paid to the Contractor by AHCCCS, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any federal or State agency, a member of the United States Congress or State Legislature, an officer or employee of a member of the United States Congress or State Legislature in connection with awarding of any federal or State contract, the making of any federal or State grant, the making of any federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal or State contract, grant, loan, or cooperative agreement. The Contractor shall disclose if any funds other than those paid to the Contractor by AHCCCS have been used or will be used to influence the persons and entities indicated above and will assist AHCCCS in making such disclosures to CMS.
17. **No Guaranteed Quantities:** AHCCCS does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.
18. **Non-exclusive Contract:** Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of AHCCCS. The state reserves the right to obtain like goods or services from another source when necessary.
19. **Records:**
 - 19.1 In addition to the requirements set forth in this contract under the Uniform Terms and Conditions, all books and records shall be maintained to the extent and in such detail as required by AHCCCS Rules and Policies. The AHCCCS records management guidelines are located at: <http://www.azahcccs.gov>. Records shall include, but not be limited to, financial statements, case files (both hard copy and stored data), and other records specified by AHCCCS.
 - 19.2 The Contractor shall make available at its office at all reasonable times during the term of this contract and the period set forth in in this section, any of its records for inspection, audit or reproduction by any authorized representative of AHCCCS, State or Federal government.
 - 19.3 The Contractor shall preserve and make available all records for a period of five (5) years from the date of final payment under this contract except as provided below:
 - 19.3.1 If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination.
 - 19.3.2 Records that relate to grievances, disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by AHCCCS, shall be retained by the Contractor for a period of five years after the date of final disposition or resolution thereof.

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19.3.3 Completed case files shall be scheduled for archive shipment to AHCCCS, as defined by AHCCCS Policy and Procedures.

20. Responsibility for Payments Indemnification: The Contractor shall be responsible for issuing payment for services performed by the Contractor's employees and will indemnify and save AHCCCS harmless for all claims whatsoever growing out of the lawful demands of employees, subcontractors, suppliers or any other third party incurred in the furtherance of the performance of the contract. The Contractor shall, at AHCCCS' request, furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.

21. Term of Contract and Option to Renew:

21.1 **The initial term of this contract shall be for three (3) initial years with two (2) one-year options to extend, not to exceed a total contracting period of five (5) years.** The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. All contract extensions shall be through contract amendment, and shall be at the sole option of AHCCCS.

21.2 Contract amendments, including renewals, are subject to approval by the Centers for Medicare and Medicaid Services (CMS) and Food and Nutrition Services (FNS).

22. Ownership of Information, Data or Other Related Materials

22.1 Materials, reports and other deliverables, including software, documentation and manuals, created or otherwise developed under this Contract are the sole property of AHCCCS. The Contractor is not entitled to any rights to those materials and does not have the authority to transfer any such rights to anyone else. Except as necessary to carry out the requirements of this Contract or as is expressly required by law, the Contractor shall not use or release data, information or materials, reports, or deliverables derived from that data or information without the prior written consent of AHCCCS. This includes data, information and reports collected or prepared by the Contractor in the course of performing its duties and obligations under this Contract, which shall also not be used by the Contractor for any independent project of the Contractor or publicized by the Contractor without the prior written permission of AHCCCS. Subject to applicable State and Federal laws and regulations, AHCCCS shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership or licensing provisions of this section.

22.2 Data, information and reports collected or prepared by Contractor in the course of performing its duties and obligations under this Contract shall be deemed to be owned by AHCCCS. This ownership provision is agreed to by the Contractor in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. As stated above, these items shall not be used by Contractor for any independent project of Contractor or publicized by Contractor without the prior written permission of the Procurement officer.

22.3 Except as otherwise provided in this section, if any copyrightable or patentable material is developed by Contractor in the course of performance of this contract, the federal government, AHCCCS and the State of Arizona shall have a royalty free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for state or federal government purposes. Contractor shall additionally be subject to the applicable provisions of 45 CFR Parts 74 and 75, and 45 CFR Parts 6 and 8.

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- 22.4 At the termination of the Contract, Contractor shall make available all such data to the Procurement officer within thirty (30) days following termination of the Contract or such longer period as approved by the Procurement officer. For purposes of this subsection, the term "data" shall not include member medical records.

23. Ownership of Intellectual Property

- 23.1 To the extent it is not covered in one or more of the foregoing [insert paragraph numbers from section the above paragraphs go into] paragraphs, any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, or trade secrets created or conceived solely pursuant to or as a result of this Contract and any related subcontract (collectively, the "Intellectual Property"), shall be work made for hire and the State shall be the owner of such Intellectual Property. The agency, department, division board or commission of the State of Arizona requesting the issuance of this Contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property through the world. Software and other Materials developed or otherwise obtained by or for Contractor or its affiliates independently of this Contract ("Independent Materials") do not constitute Intellectual Property. If Contractor creates derivative works of Independent Materials, then the elements of such derivative works created pursuant to this Contract shall constitute Intellectual Property owned by the State. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor(s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State, The Intellectual Property shall not be disclosed by Contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this Contract.
- 23.2 Notwithstanding the foregoing, if the State elects, in its sole and absolute discretion, to relinquish its ownership interest in any or all of the Intellectual Property, the State shall have the rights to use, modify, reproduce, release, perform, display, sublicense or disclose such Intellectual Property within State government and operations without restriction for any activity in which the State is a party (collectively, "Government Purpose Rights").

24. INTELLECTUAL PROPERTY INDEMNIFICATION

With respect solely to Materials provided or proposed by Contractor or Contractor's agents, employees, or subcontractors (each a "Contractor Party") for the performance of this Contract, Contractor shall indemnify, defend and hold harmless the State its departments, agencies, boards, commissions, universities, officers, agents and employees (collectively, the "Indemnitee"), against any third-party claims for liability including but not limited to, reasonable costs and expenses, including attorneys' fees, for infringement or violation of any patent, trademark, copyright or trade security, by such Materials or the State's use thereof.

In addition, with respect to claims arising from computer hardware or software manufactured or developed solely by a third party, Contractor shall pass through to the State such indemnity rights as it receives from such third party (the "Third Party Obligation") and will cooperate in enforcing then; provided, however, that (i) if the third party manufacturer fails to honor the Third Party Obligation, or (ii) the Third Party Obligation is insufficient to fully indemnify the State, Contractor shall indemnify, defend and hold harmless the State against such claims in their entirety or for the balance of any liability not fully covered by the Third Party Obligation.

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The State shall reasonably notify Contractor of any claim for which the Contractor may be liable under this section. If the Contractor is insured pursuant to ARS 41-621 and 35-154, this section shall not apply. Contractor shall have control, subject to the reasonable approval of the State, of the defense of any action on such claim and all negotiation for its settlement or compromise, provided, however, that when substantial principles of government or public law are involved or when involvement of the State is otherwise mandated by law, the State may elect, in its sole and absolute discretion, to participate in such action at its own expense with respect to attorneys' fees and costs, but not liability, and the State shall have the right to approve or disapprove any settlement, which approval shall not be unreasonably withheld or delayed. The State shall reasonably cooperate in the defense and any related settlement negotiations.

If Contractor believes at any time that any Materials provided or in the use pursuant to this Contract infringe a third party's intellectual property rights, Contractor shall, at Contractor's sole cost and expense, and upon receipt of the state's prior written consent, which shall not be unreasonably withheld, (i) replace in infringing Material with a non-infringing Material; (ii) obtain for the State the right to continue to use the infringing Material; or (iii) modify the infringing Material to be non-infringing, provided that following any replacement or modification made pursuant to the foregoing, the Material continues to function in accordance with the Contract. Contractor's failure or inability to accomplish any of the foregoing shall be deemed a material breach of this Contract.

Notwithstanding the foregoing, Contractor shall not be liable for infringement based solely on any Indemnitee's:

- (i) Modification of Materials provided by Contractor other than as contemplated by the Contract or the specifications of such Materials or as otherwise authorized or proposed in any way by Contractor or a Contractor Party;
- (ii) Use of the Materials in a manner other than as contemplated by this Contract or the specifications of such Materials, or as otherwise authorized or proposed in any way by Contractor or a Contractor Party; or
- (iii) Use of the Materials in combination, operation, or use with other products in a manner not contemplated by the Contract, or, the specifications of such Materials, or as otherwise authorized or proposed in any way by Contractor or a Contractor Party.

Contractor certifies, represents and warrants to the State that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of the Contractor for the acquisition, operation or maintenance of Materials in violation of intellectual property laws.

25. Food and Nutrition Services (FNS) Required Federal Provisions

The Contractor must comply with the following provisions:

- 25.1 Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented by the Department of Labor Regulations (41 CFR Part 60): The Executive Order prohibits federal contractors and federally-assisted construction contractors and subcontractors who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. The Executive Order also requires Government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.
- 25.2 The Clean Air Act, Section 306:
 - 25.2.1 No Federal agency may enter into any contract with any person who is convicted of any offense under section 113(c) for the procurement of goods, materials, and services to

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perform such contract at any facility at which the violation which gave rise to such conviction occurred if such facility is owned, leased, or supervised by such person. The prohibition in the preceding sentence shall continue until the Administrator certifies that the condition giving rise to such a conviction has been corrected. For convictions arising under section 113(c)(2), the condition giving rise to the conviction also shall be considered to include any substantive violation of this Act associated with the violation of 113(c)(2). The Administrator may extend this prohibition to other facilities owned or operated by the convicted person.

- 25.2.2 The Administrator shall establish procedures to provide all Federal agencies with the notification necessary for the purposes of subsection (a).
 - 25.2.3 In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's air, the President shall, not more than 180 days after enactment of the Clean Air Amendments of 1970 cause to be issued an order (1) requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and (2) setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.
 - 25.2.4 The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of the United States and he shall notify the Congress of such exemption.
 - 25.2.5 The President shall annually report to the Congress on measures taken toward implementing the purpose and intent of this section, including but not limited to the progress and problems associated with implementation of this section. [42 U.S.C. 7606]
- 25.3 The Clean Water Act:
- 25.3.1 (a) No Federal agency may enter into any contract with any person who has been convicted of any offense under Section 309(c) of this Act for the procurement of goods, materials, and services if such contract is to be performed at any facility at which the violation which gave rise to such conviction occurred, and if such facility is owned, leased, or supervised by such person. The prohibition in preceding sentence shall continue until the Administrator certifies that the condition giving rise to such conviction has been corrected.
 - 25.3.2 The Administrator shall establish procedures to provide all Federal agencies with the notification necessary for the purposes of subsection (a) of this section.
 - 25.3.3 In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's water, the President shall, not more than 180 days after the enactment of this Act, cause to be issued an order:
 - 1) requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and
 - 2) setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.
 - 25.3.4 The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of the United States and he shall notify the Congress of such exemption.

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- 25.3.5 The President shall annually report to the Congress on measures taken in compliance with the purpose and intent of this section, including, but not limited to, the progress and problems associated with such compliance.
 - 25.3.6 (1) No certification by a contractor, and no contract clause, may be required in the case of a contract for the acquisition of commercial items in order to implement a prohibition or requirement of this section or a prohibition or requirement issued in the implementation of this section.
 - 25.3.7 (2) In paragraph (1), the term “commercial item” has the meaning given such term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).
- 25.4 The Anti-Lobbying Act: This Act prohibits the recipients of federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the federal government in connection with a specific contract, grant, or loan. As required by Section 1352, Title 31 of the U.S. Code and implemented at 34 CFR Part 82 for persons entering into a grant or cooperative agreement over \$100,000, as defined at 34 CFR Part 82, Section 82.105 and 82.110, the applicant certifies that:
- 25.4.1 No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the making of any federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal grant or cooperative agreement;
 - 25.4.2 If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form – LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions;
 - 25.4.3 The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, contracts under grants and cooperative agreements, and subcontracts) and that all sub-recipients shall certify and disclose accordingly.
- 25.5 Americans with Disabilities Act: This Act (28 CFR Part 35, Title II, Subtitle A) prohibits discrimination on the basis of disability in all services, programs, and activities provided to the public by State and local governments, except public transportation services.
- 25.6 Drug Free Workplace Statement: The Federal government implemented the Drug Free Workplace Act of 1988 in an attempt to address the problems of drug abuse on the job. It is a fact that employees who use drugs have less productivity, a lower quality of work, and a higher absenteeism, and are more likely to misappropriate funds or services. From this perspective, the drug abuser may endanger other employees, the public at large, or themselves. Damage to property, whether owned by this entity or not, could result from drug abuse on the job. All these actions might undermine public confidence in the services this entity provides. Therefore, in order to remain a responsible source for government contracts, the following guidelines have been adopted:
- 25.6.1 The unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the work place.

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- 25.6.2 Violators may be terminated or requested to seek counseling from an approved rehabilitation service.
 - 25.6.3 Employees must notify their employer of any conviction of a criminal drug statute no later than five days after such conviction
 - 25.6.4 Contractors of federal agencies are required to certify that they will provide drug-free workplaces for their employees.
- 25.7 Debarment, suspension, and other responsibility matters: As required by Executive Order 12549, Debarment and Suspension, and implemented at 34 CFR Part 85, for prospective participants in primary covered transactions, as defined at 34 CFR Part 85, Sections 85.105 and 85.110.
- 25.7.1 The applicant certifies that it and its principals:
 - 1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - 2) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - 3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - 4) Have not within a three-year period preceding this application had one or more public transactions (federal, state, or local) terminated for cause or default.
 - 25.7.2 Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

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INSURANCE REQUIREMENTS

INDEMNIFICATION

Contractor shall indemnify, defend with counsel reasonably approved by the State, and hold harmless, the State, its departments, agencies, boards, commissions, universities, officers, agents and employees (collectively, the "Indemnitee") from and against any and all claims, actions, damages, costs (including attorneys' fees), and losses arising under this Contract, including, but not limited to, bodily injury or personal injury (including death) or loss or damage to tangible or intangible property, but excluding damages arising solely from the gross negligence or willful misconduct of the Indemnitee. This indemnification obligation includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of the Contractor to comply with any federal, state or local law, statute, ordinance, rule, regulation or court decree. Contractor shall have control, subject to the reasonable approval of the State, of the defense of any action on such claim and all negotiations for its settlement or compromise, provided, however, that when substantial principles of government of public law are involved, or when involvement of the State is otherwise mandated by law, the State may elect, in its sole and absolute discretion, to participate in such action at its own expense with respect to attorneys' fees and costs, but not liability and the State shall have the right to approve or disapprove any settlement which approval shall not be unreasonably withheld or delayed. The State shall reasonably cooperate in its defense and any related settlement negotiations

1. Insurance Requirements

- 1.1 Contractor and subcontractors shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract, insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.
- 1.2 The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract by the Contractor, its agents, representatives, employees or subcontractors, and the Contractor is free to purchase additional insurance.

2. Minimum Scope and Limits of Insurance

Contractor shall provide coverage with limits of liability not less than those stated below.

2.1 Commercial General Liability (CGL) – Occurrence Form

Policy shall include bodily injury, property damage, and broad form contractual liability coverage.

General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Damage to Rented Premises	\$50,000
Each Occurrence	\$1,000,000

- A. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.
- B. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers,

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officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

2.2 Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned automobiles used in the performance of this Contract.

Combined Single Limit (CSL)	\$1,000,000
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- A. Policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Contractor involving automobiles owned, hired and/or non-owned by the Contractor.
- B. Policy shall contain a waiver of subrogation endorsement as required by this written agreement in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

2.3 Workers' Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$1,000,000
Disease – Each Employee	\$1,000,000
Disease – Policy Limit	\$1,000,000

- A. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
- B. This requirement shall not apply to each Contractor or subcontractor that is exempt under A.R.S. § 23-901, and when such Contractor or subcontractor executes the appropriate waiver form (Sole Proprietor or Independent Contractor).

2.4 Network Security (Cyber) and Privacy Liability

Each Claim	\$2,000,000
Annual Aggregate	\$2,000,000

- A. Such insurance shall include, but not be limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

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- B. In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.
- C. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to vicarious liability of the insured arising out of the activities performed by or on behalf of the Contractor.
- D. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

3. Additional Insurance Requirements

The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

- 3.1 The Contractor's policies, as applicable, shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 (E).
- 3.2 Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

4. Notice of Cancellation

Applicable to all insurance policies required within the Insurance Requirements of this Contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to AHCCCS. Within two (2) business days of receipt, Contractor must provide notice to AHCCCS if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the AHCCCS procurement office by mailed or email.

5. Acceptability of Insurers

Contractor's insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

6. Verification of Coverage

Contractor shall furnish AHCCCS with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) evidencing that Contractor has the insurance as required by this Contract. An authorized representative of the insurer shall sign the certificates.

- 6.1 All such certificates of insurance and policy endorsements must be received by AHCCCS before work commences. The receipt of any certificates of insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.

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6.2 Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

6.3 All certificates required by this Contract shall be sent directly to AHCCCS. The AHCCCS contract number and project description shall be noted on the certificate of insurance. The State of Arizona, including but not limited to AHCCCS, reserves the right to require complete copies of all insurance policies required by this Contract at any time.

7. Subcontractors

Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The State of Arizona, including but not limited to AHCCCS, reserves the right to require, at any time throughout the life of this contract, proof from the Contractor that its subcontractors have the required coverage.

8. Approval and Modifications

AHCCCS reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this contract, as deemed necessary. Such action will not require a formal Contract amendment but may be made by administrative action.

HIPAA BUSINESS ASSOCIATES ADDENDUM

Amended 2016

This Addendum is made part of this Contract between the Arizona Health Care Cost Containment System ("AHCCCS") and the Contractor, referred to as "Business Associate" in this Addendum.

AHCCCS and Business Associate agree that the underlying Contract shall comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (the "CFR"), as amended. In the event of conflicting terms or conditions, this Addendum shall supersede the underlying Contract.

1. DEFINITIONS

The following terms used in this Addendum shall have the same meaning as those terms in the HIPAA rules set forth in Title 45, Parts 160 and 164 of the CFR: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

Business Associate agrees to:

- 2.1. Not use or disclose protected health information ("PHI") other than as permitted or required by this Addendum or as required by law;
- 2.2. Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of protected health information other than as provided for by this Addendum;
- 2.3. Report to AHCCCS any use or disclosure of PHI not provided for by this Addendum of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR §164.410, and any security incident of which it becomes aware in the following manner;
 - 2.3.1. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI that is not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make an initial report to the AHCCCS Privacy Official not more than twenty-four (24) hours after Business Associate learns of such unauthorized use or disclosure. The initial report shall include all of the following information to the extent known to the Business Associate at the time of the initial report:
 - A. A description of the nature of the unauthorized use or disclosure, including the number of individuals affected by the unauthorized use or disclosure;
 - B. A description of the PHI used or disclosed;
 - C. The date(s) on which the unauthorized use or disclosure occurred;
 - D. The date(s) on which the unauthorized use or disclosure was discovered;
 - E. Identify the person(s) who used or disclosed the PHI in an unauthorized manner;
 - F. Identify the person(s) who received PHI disclosed in an unauthorized manner;
 - G. A description of actions, efforts, or plans undertaken by the Business associate to mitigate the harm of the unauthorized disclosure;

HIPAA BUSINESS ASSOCIATES ADDENDUM

- H. A description of corrective actions undertaken or planned to prevent future similar unauthorized use or disclosure;
- I. An assessment of whether a breach, as defined in 45 CFR 164.402, including, if necessary, an assessment of the probability of harm, and
- J. Such other information, as may be reasonably requested by the AHCCCS Privacy Official.

Business Associate shall provide AHCCCS with supplemental reports promptly as new information becomes available, as assessments and action plans are developed, and as action plans are implemented. In any event, Business Associate shall provide a comprehensive written report including all of the information listed above no later than twenty (20) days after discovery of the unauthorized use or disclosure.

- 2.3.2. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
- 2.3.3. Sanctions. Business Associate shall have and apply appropriate sanctions against any employee, subcontractor or agent who uses or discloses AHCCCS PHI in violation of this Addendum or applicable law.
- 2.4. In accordance with 45 CFR §164.502(e)(1)(ii) and §164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions and requirements that apply to the Business Associate with respect to such information;
- 2.5. Make available PHI in a designated record set to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.524;
- 2.6. Make any amendment(s) to PHI in a designated record set as directed or agreed to by AHCCCS pursuant to 45 CFR §164.526, or take other measures as necessary to satisfy AHCCCS' obligations under 45 CFR §164.526;
- 2.7. Maintain and make available the information required to provide an Accounting of Disclosures to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.528;
- 2.8. To the extent Business Associate is to carry out one or more of AHCCCS' obligations under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to AHCCCS in the performance of such obligation(s); and
- 2.9. Make its internal practices, books and records available to AHCCCS and the Secretary for purposes of determining compliance with the HIPAA rules.

3. PERMITTED USES AND DISLOSURES BY BUSINESS ASSOCIATE

- 3.1. Business Associate may only use or disclosure PHI as necessary to perform the services and obligations set forth in the underlying Contract;
- 3.2. Business Associate may use or disclose protected health information as required by law;

HIPAA BUSINESS ASSOCIATES ADDENDUM

- 3.3. Business Associate agrees to make uses and disclosures and requests for protected health information consistent with AHCCCS' Minimum Necessary Policy, located at www.azahcccs.gov ;
- 3.4. Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 CFR Part 164 if done by AHCCCS, except for the specific uses and disclosures set forth below in (3.5 and 3.6);
- 3.5. Business Associate may use protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate; and
- 3.6. Business Associate may provide data aggregation services relating to the health care operations of AHCCCS.

4. PROVISIONS FOR AHCCCS TO INFORM BUSINESS ASSOCIATE OF PRIVACY PRACTICES AND RESTRICTIONS

- 4.1. AHCCCS shall notify Business Associate of any limitation(s) in the AHCCCS Notice of Privacy Practices (found at www.azahcccs.gov) under 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI;
- 4.2. AHCCCS shall notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI; and
- 4.3. AHCCCS shall notify Business Associate of any restriction on the use or disclosure of PHI that AHCCCS has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

5. TERM AND TERMINATION

- 5.1. Term: This Addendum is effective upon the effective date of the underlying Contract and shall terminate on the date AHCCCS terminates the contract for cause as authorized in paragraph (b) of this Section, or for any other reason permitted under the contract, whichever is sooner.
- 5.2. Termination for Cause: Business Associate authorizes termination of the Contract by AHCCCS if AHCCCS determines that Business Associate has breached a material term of this Addendum and Business Associate has not cured the breach or ended the violation within the time specified by AHCCCS.
- 5.3. Obligations of Business Associate Upon Termination: Upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate, with respect to PHI received from AHCCCS, or created, maintained, or received by Business Associate on behalf of AHCCCS, shall:
 - 5.3.1. Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;
 - 5.3.2. Destroy or return to AHCCCS all remaining PHI that the Business Associate still maintains in any form;

HIPAA BUSINESS ASSOCIATES ADDENDUM

- 5.3.3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI;
- 5.3.4. Not use or disclose the PHI retained by Business Associate other than for the purposes for which such protected health information was retained and subject to the same conditions set out in this Addendum that applied prior to termination; and
- 5.3.5. Destroy or return to AHCCCS the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal and contractual responsibilities.

5.4. Survival: The obligations of Business Associate under this Section shall survive the termination of the Contract.

6. INDEMNIFICATION AND MISCELLANEOUS

- 6.1. Indemnification: Business Associate shall indemnify, hold harmless and defend AHCCCS from and against any and all claims, losses, liabilities, costs, civil and criminal penalties, and other expenses resulting from, or relating to, the acts or omissions of Business Associate, its employees, agents, and sub-contractors in connection with the representations, duties and obligations of Business Associate under this Addendum. The parties' respective rights and obligations under this Section shall survive termination of the Contract.
- 6.2. Regulatory References: A reference in this Addendum to a section in the HIPAA rules means the section as in effect or as amended.
- 6.3. Amendment: The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for compliance with the requirements of the HIPAA rules or any other applicable law.
- 6.4. Interpretation: Any ambiguity in this Addendum shall be interpreted to permit compliance with the HIPAA rules.

END OF SOLICITATION

Intentionally left blank.