



Notice of Request for Proposal

SOLICITATION #YH26-0003

AHCCCS HOUSING PROGRAM "AHP" ADMINISTRATION SERVICES

Issue Date:	August 26, 2025
AHCCCS Procurement Officer:	Cynthia Smolens, Senior Procurement specialist Email: procurement@azahcccs.gov
Pre-Proposal Conference:	NONE
Questions Due:	September 18, 2025 by 3:00 PM Arizona Time
INTENT TO BID DUE	September 10, 2025 by 3:00 PM Arizona Time
PROPOSAL DUE DATE: <i>Proposals shall be submitted in accordance with this solicitation proposal instructions prior to the time and date indicated here, or as may be amended through a solicitation amendment.</i>	October 9, 2025 by 3:00 PM ARIZONA TIME
Final RFP Award (subject to change)	December 11, 2025
Services Start Date (subject to change)	July 1, 2026

Proposals will only be accepted as described in Exhibit A - Solicitation Instructions to Offerors.

LATE PROPOSALS WILL NOT BE CONSIDERED. No extension or grace period will be given for delays or incomplete proposals caused by internet connectivity problems, file uploading difficulties, or misunderstanding of the submission requirements.

It is the responsibility of the Prospective Offeror to routinely check the AHCCCS website for Solicitation Amendments. Additional instructions for preparing an Offer are included in this solicitation. 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 for the accommodation.

Table of Contents

Solicitation Summary	3
Scope of Work	5
Definitions	24
Special Terms and Conditions	31
Addendum A to the Special Terms and Conditions (Insurance)	40
Addendum B to the Special Terms and Conditions (IT Security)	45
Uniform Terms and Conditions	49
HIPAA BAA	61

ATTACHMENTS and EXHIBITS BELOW ARE INCOPORATED INTO THIS SOLICITATION BY REFERENCE AND LOCATED WITH THE RFP HERE:

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

Attachment 1 – Intent to Bid

Attachment 2 – Offer and Acceptance Page

Attachment 3 – Price Sheet

Attachment 4 – Questionnaire

Exhibit A – Solicitation Instructions to Offerors

Exhibit B – Chart of Deliverables

Questions and Answers Form

SOLICITATION SUMMARY

[Solicitation Summary](#)

1. What is AHCCCS Soliciting?

- 1.1. The Arizona Health Care Cost Containment System (“AHCCCS”) is authorized under A.R.S. § 36-2906, and any rules adopted thereunder, to procure the following services:
- 1.2. A Statewide Housing Administrator (SHA) from a qualified organization to administer the operation and management services for the AHCCCS Housing Program (AHP), effective July 1, 2026. In soliciting for a SHA, it is the intent of AHCCCS to:
 - 1.2.1. Increase the quantity and quality of Member housing options.
 - 1.2.2. Ensure legal compliance and the availability of safe, decent, stable housing that supports members’ service plan goals.
 - 1.2.3. Standardize operation and delivery of AHP housing processes to improve transparency, increase access for eligible members and reduce administrative and programmatic barriers to housing placement and retention.
 - 1.2.4. Achieve cost efficiency and effectiveness to maximize AHCCCS resources.
 - 1.2.5. Develop innovative Permanent Supportive Housing (PSH) affordable housing options to meet the needs of AHCCCS members.
 - 1.2.6. Establish the SHA as the entity who administers rental subsidies and housing related payments for the Housing and Health Opportunities (H2O) Program using Medicaid Title XIX funds. The awarded contractor shall enter into a separate contract with the H2O Program Administrator (H2O-PA), for the provision of H2O Program Services within the contractors' scope and expertise.
- 1.3. To achieve these goals, AHCCCS seeks an entity that has intimate knowledge of, experience with, and the organizational capacity to administer a voucher/subsidy program. This includes experience and expertise in providing excellent customer service and high-level service delivery to special populations including but not limited to members with a Serious Mental Illness (SMI) designation, members experiencing homelessness, and/or persons with disabilities.
- 1.4. For the purposes of this RFP, the AHP and the function of the SHA includes the administration of rental assistance for approximately 2,100 members in the following services and programs funded by Non-Title XIX/XXI SMI Housing and Supported Housing funds:
 - 1.4.1. Scattered Site Program – AHP funds utilized to provide housing subsidy vouchers to allow members to identify and lease housing in the community. The program serves persons with an SMI designation as well as members with General Mental Health/Substance Use Disorder (GMH/SUD) needs.
 - 1.4.2. Site-Based Housing - PSH which provides rental assistance to AHCCCS members, with an SMI determination, at a location within a set inventory.
 - 1.4.3. Project-Based Vouchers – PSH for members who choose to lease in a unit where the rental assistance is dedicated to the units integrated into a larger community at a specific site.
 - 1.4.4. Community Living Program – PSH which provides rental assistance to AHCCCS members, and which has intensive on-site supports for AHCCCS members with an SMI designation. Clinical teams work in partnership with the member to determine if this level of service intervention is needed.
 - 1.4.5. Eviction Prevention and Housing Support Activities – AHP funding can provide limited support for other housing related expenses beyond permanent supportive housing

SOLICITATION SUMMARY

rental subsidies. Key activities may include emergency rent assistance or eviction prevention, housing move in kits (not to include furniture), reimbursement to landlords for member caused damages, landlord recruitment efforts, and move in and/or utility deposits.

- 1.4.6. Special Projects - Through partnerships, AHCCCS provides operational support and/or administrative funding to support Continuum of Care (CoC) or other housing subsidy programs that are dedicated to serving AHCCCS members.

- 1.5. The contractor shall not be responsible for or cover any licensed behavioral health residential or other long term care facilities, grant funded housing programs, or housing funds provided directly to the Tribal Regional Behavioral Health Authorities (TRBHA).
- 1.6. The State reserves the right to accept any item or combination of items specified in the Solicitation, unless the Offeror expressly restricts an item or combination of items in its Offer, and conditions its response on receiving all items for which it provided a proposal. In the event of such a restriction, the State will evaluate if an award on such a basis will result in the best value and is in the best interest for the State. The State may otherwise determine, at its sole discretion, that such restriction is non-responsive and deem the Offeror ineligible for further evaluation.

2. Historical Contract Information

This is a re-solicitation of Contract YH21-0002 which is approaching the end of the Term of Contract.

<https://www.azahcccs.gov/Resources/OversightOfHealthPlans/SolicitationsAndContracts/closed.html#YH210002>

3. Legal Authority

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

SCOPE OF WORK

1. Purpose and Background

- 1.1. The purpose of this Solicitation is to establish a contractor to administer the AHP. For purposes of this RFP, the awarded contractor may be referred to as either “the Contractor” or the “SHA”. AHCCCS recognizes that housing is critical in addressing prominent Health Related Social Needs (HRSN), especially for members with a SMI designation or with other acute behavioral health needs. To address this need, the State Legislature allocates Non-Title XIX/XXI General Fund money to AHCCCS annually to fund PSH rental subsidies through the AHP. For State Fiscal Year 2026 (SFY26), the State allocation is \$29 million. These funds will be used to provide housing for approximately 2,100 AHCCCS members throughout Arizona.
- 1.2. The AHP provides a rental subsidy to support eligible members as part of a PSH model. The majority of AHCCCS available housing funding is reserved for members with an SMI designation, although limited housing is provided for some individuals without an SMI designation, who have GMH/SUD needs. For persons with GMH/SUD needs, housing priority is focused on persons whose care is identified as High Cost/High Need (HCHN) by their assigned Managed Care Organization (MCO). The HCHN determination factors are unique to each MCO but in general are based upon behavioral health service utilization (including the use of crisis or emergency services) and the utilization of services addressing complex chronic physical, developmental, or behavioral conditions. For a limited number of units within the AHP, eligibility is further based upon receipt of specific behavioral health services such as an Assertive Community Treatment (ACT) Team. All AHP housing is community based PSH where a member shall have a renewable lease, right of entry and exit (not restricted by program), and services are voluntary based on the member’s election. Housing subsidies are provided for PSH in the Project Based Voucher (PBV), Scattered Site (SS), Community Living Program (CLP), and the dedicated Site-Based unit models. All rental units in the AHP must meet minimum standards of health and safety as demonstrated by passing scores using either Housing Quality Standards (HQS) or National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection prior to move-in and have a rent reasonableness based on market standards. Rental subsidies are paid to the landlord directly by the AHCCCS contracted SHA on behalf of the member/household. The member is expected to pay up to 30% of their income towards their rent with the balance subsidized by the program. The AHP does not include any Behavioral Health Residential Facilities (BHRF’s), group homes, or other licensed clinical residential settings. In addition to housing subsidies, AHP funding allows for some housing related support payments such as deposits, move-in assistance, eviction prevention, and damages related to member occupancy. Funds for these purposes are limited based on budget availability.
- 1.3. AHCCCS and the AHP follow the SAMHSA Evidence Based Practice (EBP) for PSH. Therefore, supportive services for members in the AHP are determined by the member and their provider, managed by the MCOs through their provider network, and reimbursable services are paid through the Medicaid system. The SHA will not act as a BH provider and shall ensure that all policies and procedures used in the AHP are aligned with the EBP.

SCOPE OF WORK

- 1.4. Funding and housing administration for each of three Geographic Service Areas (GSAs) is performed by the single AHCCCS SHA. [For a map of GSAs please visit here.](#) Although the majority of individuals with an SMI designation are enrolled with an ACC-RBHA for integrated physical and behavioral health services based on the GSA in which they reside, there are AHCCCS members enrolled in MCOs or FFS programs outside their area of residence. [For more information on covered behavioral health services see here.](#) The GSA a member resides in shall not be cause for rejection of services. For more information on the AHP Housing Programs, please visit: <https://www.azahcccs.gov/housing>.
- 1.5. AHCCCS also administers the Arizona SMI Housing Trust Fund (SMI HTF) of approximately \$2 million per year, which is primarily used to acquire, construct, and rehabilitate housing for persons with an SMI designation, but may also be utilized for rental subsidies (per Laws 2019, 1st Regular Session, Chapter 270). Awards from the SMI HTF are typically made in exchange for dedicated use of the funded units for AHCCCS members with an SMI designation. Covenants, Conditions & Restrictions (CC&R's) are then recorded on the property for a duration agreed upon prior to funding. The SMI HTF currently has 111 properties across the state with a total of 610 units under CC&R. AHCCCS may collaborate with the SHA prior to awards to ensure program cohesion, but the SMI HTF awards process shall continue to be administered by AHCCCS. Any property that has received an investment from the SMI HTF shall be part of the property oversight responsibilities of the awarded contractor. Each unit shall have a physical inspection performed annually along with a document review to ensure compliance with the CCR and that best practices are used for filling vacant units. Results of the monitoring will be reported to AHCCCS as per Exhibit B - Chart of Deliverables.
- 1.6. AHCCCS implemented the H2O Demonstration Waiver on October 1, 2024. The goal of the AHCCCS H2O demonstration is to enhance and expand housing services and interventions for AHCCCS members who are homeless or at risk of becoming homeless. The H2O Program is administered by the H2O-PA, which includes engagement and contracting with the SHA to ensure effective coordination of benefits for members participating in H2O.
- 1.7. The AHCCCS Housing Program also provides housing funds for American Indian or Alaskan Native (AI/AN) members enrolled with Tribal Regional Behavioral Health Authorities (TRBHAs). TRBHA housing funds will continue to be administered by AHCCCS and managed by the TRBHA and are therefore not included in this RFP. Eligible American Indian Health Plan (AIHP) members and other Fee-For-Service (FFS) AHCCCS members may continue to access housing subsidies through the same housing administration process as non-FFS members.
- 1.8. AHCCCS Housing Programs are governed by the [AHCCCS Medical Policy Manual \(AMPM\) Policy 1710](#), the [AHCCCS Housing Program Guidebook](#) ("AHCCCS Housing Guidebook") and the [AMPM 1720](#) policy. The contractor shall work with AHCCCS, MCOs, and the H2O-PA to implement and operationalize the expectations described in these policies and the AHCCCS Housing Guidebook.

2. **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.

SCOPE OF WORK

For more information regarding AHCCCS see About Us:

<https://www.azahcccs.gov/AHCCCS/AboutUs/index.html>

The awarded Contract will be between two (2) parties, the Arizona Health Care Cost Containment System ("AHCCCS") and the awarded Contractor.

3. **CONTRACTOR REQUIREMENTS** – The Contractor shall:

- 3.1. Be prepared to begin operations of the AHP on July 1, 2026. This shall include the ability to disburse payments for existing AHP subsidies and programmatic expenses on July 1, 2026.
- 3.2. Conduct the following general requirements according to AHP expectations:
 - 3.2.1. Administer the AHP in accordance with 1) the specific requirements of this contract, 2) in compliance with all current and future Federal, State, and local housing laws; and 3) in compliance with AHCCCS AMPM Policy 1710 and associated documents including the AHCCCS Housing Program Guidebook. All applicable legal, regulatory, and other requirements are not stated in their entirety in this Scope of Work. Rather, the Scope of Work identifies core functions the contractor shall administer in accordance with its approved Project Management Plan and the identified special programs listed above. The contractor's accomplishment of these objectives shall be measured by the Performance Standards stated in this RFP. For the purposes of this contract, the contractor shall provide administrative services for the following AHP PSH elements and sub-programs funded with State Non-Title XIX/XXI Housing General Funds and Supported Housing Funds:
 - 3.2.1.1. Scattered site rental subsidies
 - 3.2.1.2. Site-Based rental subsidies
 - 3.2.1.3. Project-Based Vouchers
 - 3.2.1.4. Community Living Program rental subsidies including facility-based projects purchased with AHCCCS SMI Housing Trust Fund assets.
 - 3.2.1.5. Eviction Prevention and housing support programs, including move in, deposit and utility assistance, damage reimbursement and short-term rent assistance/eviction prevention. The contractor shall establish a system, policies, and an annual budget recommendation to AHCCCS to support these program elements. Funding for these programs is discretionary and contingent on availability of funds.
 - 3.2.1.6. Administrative support and coordination for special partnerships and collaborative projects (e.g., move on strategies, HUD Continuum of Care SMI designated units).
- 3.3. Perform AHP administrative roles and functions as identified below. The following is a description of functional areas with a non-exhaustive list of key duties the Contractor shall conduct:
 - 3.3.1. **Program Participant and Occupancy Services** – Solicit and coordinate referrals from MCOs and providers, verify housing eligibility determination, manage waitlists including implementation of AHCCCS identified waitlist priorities, match waitlist members with available program vacancies, select and notify members from the waitlists, issue vouchers

SCOPE OF WORK

and approve housing search process, provide briefings, accurately calculate member Housing Assistance Payment (HAP) contracts and tenant contributions, execute leases, issue monthly HAP rental subsidy and other direct payments to landlords or owners, conduct annual re-certifications, issue legal notices, evaluate reasonable accommodation requests, process lease and subsidy terminations, and provide quality customer service to participants.

- 3.3.2. **Verification of Eligibility** – Work with the MCOs, H2O-PA, AHCCCS, and any other relevant partners or providers as needed to establish a system to verify referred members' program eligibility, including mental health status and housing needs, while maintaining HIPAA compliance. The contractor shall work with the MCOs and H2O-PA to establish a process and documentation for securing releases necessary to coordinate housing referrals, eligibility determination, waitlist and selection, housing search and placement as well as supportive services and other AHP related processes.
- 3.3.3. **Inspections** – Be responsible for scheduling and conducting timely Housing Quality Standard (HQS) inspections of housing units prior to leasing, at re-certification, at moveout, and as needed to ensure safe, quality homes for members in the AHP Program. Contractor will ensure adequate staffing levels with appropriate training on HQS, NSPIRE, or any successive relevant housing standards to perform these inspections.
- 3.3.4. **Payment Standards Determination** – Establish unit payment standards including reasonable rent determinations, annual review of utility allowances, deposits, tenant rent, and subsidy calculations:
 - 3.3.4.1. Reasonable Rent Determination: Establish a system for reasonable rent determination which may include but is not limited to the use of a third-party service or contract. The contractor shall provide AHCCCS documentation of how it determines reasonable rent and any software to be used, subject to AHCCCS review and approval. The contractor shall be responsible for any costs associated with the use and/or development of this software or any other alternative. Any study and system must fully comply with 24 CFR Part 982.507, Rent to Owner, 24 CFR Part 985.3, SEMAP Reasonable Rent Determination, PIH Notice 2003-12 (HA) and PIH Notice 2005-1 (HA) and related HUD requirements.
 - 3.3.4.2. Update, publish, and maintain up to date methodologies to establish appropriate local fair market rents, utility allowances and other payment standards. These may be based on published HUD or other industry recognized standards. The contractor shall inform and secure approval from AHCCCS on any substantive changes in fair market rents or other housing payment standards or allowances prior to implementing new standards.
 - 3.3.4.3. Landlord Coordination and Increased Housing Opportunities: Establish processes and materials to engage and retain landlord participation in the AHP including targeted outreach, relationship management, and administering damage reimbursements. Additionally, the contractor will make efforts to ensure adequate housing availability for timely housing placement, support member

SCOPE OF WORK

- choice and avoid intentional clustering of AHP scattered site participants. All materials shall be reviewed and approved by AHCCCS prior to distribution.
- 3.3.4.4. Establish a program that achieves a broader range of statewide housing opportunities for members assisted by the AHP, including housing opportunities that are integrated into all communities and neighborhoods.
 - 3.3.4.5. Maintain an inventory of all Community Living Programs, fixed sites, and units restricted to persons with an SMI designation and ensure that they are habitable and safe. This includes units funded through AHP Non-Title XIX/XXI General Fund, HUD Continuum of Care, SMI Housing Trust Fund, H2O or through other subsidies that are restricted to serving members with an SMI designation.
 - 3.3.4.6. Maintain and manage a database of statewide landlords and properties who have previously worked with the AHP. The database shall be designed to assist members in identifying which rental properties to apply their subsidy voucher. Ensure the database is accessible to providers who assist members with locating housing using their subsidy.
 - 3.3.4.7. Develop and modify as needed informational materials on the AHP. Formulate and implement an AHCCCS approved plan to disseminate relevant information to the community, including but not limited to municipal leaders, MCO's, property owners, program participants, and neighborhood groups. In alignment with ACOM Policy 404, AHCCCS shall require the utilization of the Flesch-Kincaid readability scale for all member materials to ensure that information is presented in a clear and easily understood manner.
 - 3.3.4.8. Implement a landlord/owner outreach and recruitment effort to recruit owners of rental properties to inform them about the advantages of participating in the program and provide education about what it means to participate in the AHP, including efforts around continuous improvement being implemented under the contract. With the intention of ensuring quality and increasing the number of landlords/owners participating in AHP. The contractor shall conduct landlord orientations, draft and send appropriate introductory letters for the program, distribute housing notices, and promote the program through a website or other media.
 - 3.3.4.9. Establish processes and collaborate with the MCOs and H2O-PA for resolution of landlord complaints to ensure adequate programmatic responses. Additionally, collaborate with the MCO/H2O-PA to ensure member housing issues and/or behavioral health crises are addressed promptly.
- 3.3.5. **Legal Compliance** – Implement policies and processes to ensure AHP complies with all applicable Federal and State legal standards including but not limited to HUD regulations for Public Housing Authorities (PHA), the Fair Housing Act, Equal Opportunity in Housing and Employment, Civil Rights Acts, Equal Access Act, Americans with Disabilities Act (ADA), Violence Against Women Act (VAWA), and the Arizona Residential Landlord Tenant Act.

SCOPE OF WORK

- 3.3.5.1. Non-Discrimination: In addition to compliance with other pertinent Federal laws and regulations, the contractor shall ensure compliance with Title VI of the Civil Rights Act of 1964, Section 1557 of the Affordable Care Act, and 45 CFR 92.8, which requires, in part, that the contractor notify its members of the following upon request and at no cost:
 - 3.3.5.1.1. That oral interpretation is available for any language.
 - 3.3.5.1.2. That written translation is available in each prevalent non-English language identified by AHCCCS.
 - 3.3.5.1.3. That auxiliary aids and services are available for members with disabilities.
 - 3.3.5.1.4. How members may access the services above.
 - 3.3.5.1.5. For all significant communications and publications for members, post the notice specified in 45 CFR 92.8(a) along with taglines in the top 15 languages spoken by individuals with Limited English Proficiency in the State as identified by AHCCCS. The notice shall also be placed in a prominent location on the contractor's website accessible from the home page of the contractor's website.
- 3.3.6. **Financial Management** – Maintain financial systems, processes, and controls necessary to make timely and accurate payment of AHP subsidy payments and other obligations. Maintain accurate monitoring and reporting, assist with preparation of annual audits, general budgets, and required AHCCCS financial submissions; and ensure AHP expenditures do not exceed allocated AHP funding. Key activities include, but are not limited to:
 - 3.3.6.1. Timely financial analysis.
 - 3.3.6.2. Check runs for landlord and vendor payments.
 - 3.3.6.3. Monitoring and reporting of AHP financials.
 - 3.3.6.4. Accurate and timely rental and utility payments.
 - 3.3.6.5. Assistance with preparation of voucher programs year-end audit.
 - 3.3.6.6. As it relates to programs, general ledger maintenance.
 - 3.3.6.7. Preparation of annual budgets, spending plans, funding requisitions and other financial information requested by AHCCCS on an ad hoc basis.
 - 3.3.6.8. Unclaimed Property: The contractor is responsible for managing unclaimed property for checks that have not been claimed, distributed, or cashed in accordance with the laws of the State of Arizona.
- 3.3.7. **Data Tracking and Reporting** – Establish, implement, and maintain processes for data gathering and timely reporting including the creation of dashboards and other standard reporting tools, data analysis, and ad hoc reports as requested. Adhere to and report out on the established performance benchmarks and standards to evaluate and improve programmatic, operational and financial performance of the AHP, including but not limited to program elements at the project and member levels.
 - 3.3.7.1. Homeless Management Information System: Utilize the Housing Management Information System (HMIS) to allow coordination with the three Arizona HUD CoC: 1) Maricopa, 2) Pima, and 3) Balance of State.

SCOPE OF WORK

- 3.3.7.1.1. Key HMIS functions in the AHP shall include coordination and verification of referrals and eligibility, identification of members with an SMI determination experiencing homelessness, location of members for housing vacancies, supporting CoC homeless record keeping and tracking housing outcomes for AHP members experiencing homelessness. The contractor shall provide a plan for the number of licenses needed to perform the necessary tasks and shall be responsible for any fees related to HMIS access and use. Contractor shall adhere to all HUD data standards when using HMIS.
- 3.3.7.2. Housing Program Software System: Utilize a software system that allows for maintenance of member housing records. This includes but is not limited to leases, amendments, HQS inspection results, verification of tenant income, household composition, all rental payments made on behalf of the member, as well as documents and maintains unit information across the state. The Contractor shall also provide an electronic software system to maintain the AHP waitlist, including adding prioritizations as indicated in AHCCCS policy. The software system shall incorporate National best practice for data collection techniques for public housing authorities. The contractor shall work with AHCCCS to identify innovative opportunities that improve care coordination and member experience and explore how the software system can support these efforts.
- 3.3.7.3. Integration with other data systems: Utilize Arizona's statewide closed-loop referral system to support system integration and improved tracking of member referrals. The contractor shall assess the capabilities of the Data Warehouse Enterprise for Linkage Arizona (DWEL-AZ) and provide a solution that allows for improved system integration with the AHP.
 - 3.3.7.3.1. If an Offeror has ideas for other or additional recommended applications that could or should be used in the performance of the required services, these applications should be identified and described in the Offeror's RFP proposal.
 - 3.3.7.3.2. Third-party vendors and contractors performing services on behalf of AHCCCS are prohibited from using AI in the performance of those tasks or services unless explicitly authorized by AHCCCS. The applicability of this policy to third parties is limited to the handling of AHCCCS data, systems, and/or services and does not extend to its independent operations, data, or AI usage outside the scope of contracted work. Additionally, the Contractor is prohibited from using State or AHCCCS data to train, fine-tune, or otherwise improve their AI models without written approval from the AHCCCS CIO and CISO, consistent with Statewide Policy P2000 § 5.1.8.3.
- 3.3.8. **Service Coordination** – Coordinate with AHCCCS, MCOs, H2O-PA, their provider networks and member treatment teams, including the TRBHA, American Indian Medical Home (AIMH),

SCOPE OF WORK

and/or other Indian Health Services (IHS)/Tribal 638 facilities to ensure effective processes and communication for AHP housing eligibility determinations, placement, and retention. Coordination efforts shall include, but are not limited to:

- 3.3.8.1. Providing onsite space for pre-tenancy and tenancy support staff to co-locate across the state to provide members with ease of access to support providers.
- 3.3.8.2. Securing releases of information for coordination of housing and Medicaid reimbursable wrap around supportive services for members in housing to ensure effective housing placement and housing retention.
- 3.3.8.3. Communicating information concerning program briefings.
- 3.3.8.4. Coordinating information to facilitate issuing and managing vouchers.
- 3.3.8.5. Coordinating with member and treatment teams to facilitate and assist with housing searches.
- 3.3.8.6. Coordinating and issuing member start up boxes.
- 3.3.8.7. Ensuring contractor staff availability to address emergency housing situations (fire/flood/traumatic events/etc.) as well as non-emergent situations with potential to disrupt member placement.
- 3.3.8.8. Ensuring ongoing communication and coordination with members care teams and supportive service providers to facilitate immediate intervention to ensure housing stabilization and eviction prevention.
- 3.3.8.9. Performing Health Home (HH) outreach when members are at risk of housing disruption.
- 3.3.8.10. Alerting AHCCCS to Incident, Accident, Death (IAD) situations and assessing for preventable causes.
- 3.3.8.11. Alerting AHCCCS to identified gaps in service when HH staff are unresponsive to outreach attempts putting member stability at risk.
- 3.3.9. **AHP Hearing, Grievances, and Appeals** - Establish and manage due process for housing related grievances and appeals related to AHP operational and programmatic decisions including hearings, notices, documentation and reasonable accommodations for persons with disabilities.
- 3.3.10. **Special Program/New Funding** – Provide reasonable support and documentation required to assist in the preparation, submission, and administration of applications for funding opportunities as described below. Support and documentation may include, but is not limited to, timely submission of requested data, cost estimates, projections, or other requested materials, participation in coordination and consultation meetings as needed, and compliance with any additional reporting and/or regulatory requirements imposed, in the case these funds and/or programs are incorporated into the AHP programs administered by the contractor.
 - 3.3.10.1. AHCCCS often receives Notices of Funding Availability, invitations to collaborate or allocation of funding opportunities by the State of Arizona or other State departments related to expanding Housing opportunities for AHP target or other special populations. In the event of new funding availability or special projects

SCOPE OF WORK

related to housing subsidies or the AHP program, AHCCCS may ask the contractor to prepare recommendations or provide input on behalf of the AHCCCS Housing Department to assist in the preparation of response to requests for proposals or in the development of new housing programs or opportunities.

- 3.3.11. **AHP Stakeholder Input and Feedback** – Work closely with AHCCCS and its stakeholders including but not limited to AHP participants/members, MCOs, H2O-PA, Providers, AHCCCS staff, and peer organizations, to maintain operationalization of policies and procedures while improving accountability, service quality, and continue improving efforts in maintaining the high-performing housing subsidy program.
- 3.3.12. **Cultural Competency** – Establish cultural competency as follows:
- 3.3.12.1. Ensure AHP applicants and participants are provided contracted housing services without regard to race, color, national origin, sex, sexual orientation, gender identity, age, or disability and shall not use any policy or practice that has the effect of discriminating on the above. [45 CFR Part 92].
 - 3.3.12.2. Demonstrate knowledge of the historical, cultural, social, economic, political, and other events that affect the behavioral health of the diverse populations served under this contract through consideration of how culture, faith, spiritual beliefs, gender identity, sexual orientation, and other cultural beliefs or history may impact AHP activities.
 - 3.3.12.3. Ensure AHP Housing programs and processes are conducted in a culturally competent manner for all participants, including those with Limited English Proficiency (LEP) and diverse cultural and ethnic backgrounds, disabilities, sexual orientation, or gender identity. The contractor shall implement a program in line with best practices including the Culturally and Linguistically Appropriate Services (CLAS) mandates, guidelines and recommendations.
 - 3.3.12.4. Provide or sub-contract to provide, Cultural Competency training for all staff during new employee orientation and no less than annually thereafter. The contractor shall ensure the training is sufficient to ensure all staff are effectively trained to provide services in a culturally competent manner.

3.4. READINESS ACTIVITIES

The contractor shall perform and adhere to the following requirements before the start of the Housing Administration Services contract:

- 3.4.1. **Readiness Timing** – The preparatory period shall begin with the execution of an award and contract.
- 3.4.2. **Post-Award Conference** – Within ten (10) working days of approval by AHCCCS, attend an orientation and planning session with the AHCCCS Housing Department at the time and place designated by the Procurement Officer.
- 3.4.3. **Project Manager Assignment** – Assign a Project Manager for the management of the project. The Project Manager shall, for the readiness/transition period, as well as the entire period of contract: term:

SCOPE OF WORK

- 3.4.3.1. Have a substantial physical presence in Arizona and meet with or hold a conference call with the designated AHCCCS representative at a frequency agreed upon to discuss the steps to be taken to perform the work. The contractor may engage and supervise additional staff under the Project Manager to perform the duties required under the contract.
- 3.4.3.2. Ensure that all products and results meet the acceptance criteria described in the contract.
- 3.4.3.3. Ensure that reports with performance metrics are submitted weekly and comprehensive performance reports are submitted monthly, outlining progress, status, problems and issues encountered, and resolutions to problems and issues in the performance of this contract and the program. AHCCCS reserves the right to request that additional information be included in the reports if it deems such reports are necessary and/or change the frequency of the reports.
- 3.4.4. **Transition Plan** – Within thirty (30) days of award, provide the AHCCCS Housing Department with a detailed Transition Plan to assume all operations of the AHP. The AHCCCS Housing Department shall review and approve the plan and milestones. The Transition Plan shall include strategies, defined time frames and milestones for key activities including:
 - 3.4.4.1. Establish timeframes and frequency of meetings and reporting related to transition.
 - 3.4.4.2. Establish a housing data system to track persons housed, HAP information and other key housing data.
 - 3.4.4.3. Review current SHA, MCO, and H2O-PA housing records and information which will be provided and reviewed with the awarded contractor after a contract is executed. The contractor shall review current tenant and vendor files and interview appropriate SHA, MCO, and H2O-PA Housing Department employees to transition to new procedures regarding recordkeeping and operations to allow for a smooth transition while maintaining program operations for currently assisted members, and an expected date for assuming complete control of the operations.
 - 3.4.4.4. Develop financial and payment systems, and budgetary controls.
 - 3.4.4.5. Establish program and operational standards and processes including referral process, housing eligibility determination, waitlist protocols and prioritization, briefings and housing search functions, inspections, rent determinations, lease up procedures, and termination processes.
 - 3.4.4.6. Establish contacts with all MCOs and programs to establish communication, processes and procedures for coordination of Housing Administrator services and supportive services.
 - 3.4.4.7. Develop a communication plan for the public as well as notices to AHP participating community members including MCO, providers and current referral providers, landlords, housed members, and waitlist participants regarding change in Administrator and requirements related to transition activities and timelines for programmatic continuity. The communication plan shall describe activities,

SCOPE OF WORK

purpose, intended audience, frequency, and communication media (e.g., webinars, meetings, newsletters, outreach and educational activities, etc.).

- 3.4.5. **Project Management Plan** – Establish and maintain a complete Project Management Plan (PMP). The PMP shall be submitted within sixty (60) days of the award. AHCCCS will review and approve in writing or make comments and recommend changes to the PMP within thirty (30) days of its receipt. If the PMP requires additional time for review and approval, AHCCCS will notify the contractor within the initial review period and provide a new date not to exceed thirty (30) days from the date of AHCCCS' notification. The contractor shall then have five (5) days to make changes unless otherwise agreed to by the Parties. The PMP requires final written approval from AHCCCS prior to implementation. AHCCCS may require a public review period on specific items upon request. The Project Management Plan shall:
- 3.4.5.1. Be used to manage, track, and evaluate the contractor's performance, it will incorporate weekly project status updates, and will be self-contained by including any information required to accurately interpret the document.
 - 3.4.5.2. Consist of the timelines, control policies, and procedures in accordance with industry standard practices for project administration, execution, and tracking. This shall include a Risks Assumptions, Issues, and Dependencies Log (RAID Log) with strategies for assessing, tracking, and mitigating project risks.
 - 3.4.5.3. Include the contractor's plan and budget for providing SHA Services. The plan shall include the projected number of additional offices, telepresence, or other strategy for providing the services described here across all current GSAs.
 - 3.4.5.3.1. At minimum, the Contractor shall be required to establish at least one physical office in each of the defined AHCCCS GSAs (North, South, and Central) within 60 days after the PMP approval and must be able to demonstrate that staffing and presence can cover the full GSA.
 - 3.4.5.3.2. In addition to physical office and presence in all GSAs, the Contractor may utilize other technologies or staffing strategies to supplement or enhance geographic coverage, accessibility and support for full statewide coverage including but not limited to websites, telepresence, phone hotlines/call centers, or mobile or virtual staffing.
 - 3.4.5.4. Whenever any changes are made to the PMP, the Contractor shall provide a complete copy to the designated AHCCCS representative within two (2) business days. If any major risks or potential delays are identified, the contractor must also notify the designated AHCCCS representative within two (2) business days.
 - 3.4.5.5. Include the following requirements:
 - 3.4.5.5.1. **Project Overview and Scope** – Identify and describe the project objectives, purpose, and desired goal and outcome.
 - 3.4.5.5.2. **Project Schedule** – Identify and describe all tasks, deliverables, and appropriate milestones for the duration of the contract, as well as

SCOPE OF WORK

timeline dependencies for subsequent activities. The project schedule shall be expressed in calendar dates.

- 3.4.5.5.3. Budget and Work Plan – Identify and describe financial budget, cost management, and other resources allocated to each task, deliverable or milestone and the rationale for project organization and other resources allocated to each task or activity.
- 3.4.5.5.4. Staffing Plan – Prepare a Staffing Plan documenting all personnel and required qualifications (or job descriptions) to be used throughout the course of the contract. The Staffing Plan shall identify each individual staff member title, the major tasks to be performed by each staff member, and the percentage of time each staff member shall devote to the contract. The Staffing Plan shall include the rationale for staff utilization allocated to each task or activity. The Staffing Plan shall also include the contractors' required onboarding, supervision requirements for continuous improvement, workforce development and training plans including topics and frequency. The Staffing Plan shall also include references to any background checks, fingerprinting or other necessary security procedures the contractor utilizes to screen staff. Staff training shall be an expense of the contractor.
- 3.4.5.5.5. Quality Control Proposal – Develop a brief framework dedicated to the completion of the Quality Control Plan demonstrating how the full plan will be submitted on time and complete.
- 3.4.5.5.6. Administrative Plan – Develop an Administrative Plan detailing the contractor's specific standard operational policies, processes, procedures, forms and other key information on how the Housing Administration duties shall be implemented and performed. The Administrative Plan shall be consistent with AHCCCS AMPM Policy 1710 and related AHCCCS Housing Program Guidebook and reflect and incorporate evidence-based practices, governmental (e.g., HUD PHA standards) and/or housing industry standards as appropriate.

- 3.4.6. **Quality Control Plan** – Submit a Quality Control Plan within ninety (90) days of the contract award that documents how the Contractor shall monitor the quality of those housing processes and products executed by the Contractor to ensure timely, accurate and effective housing administration and placement services. The Quality Control Plan shall be developed in accordance with commercial standards and requirements including applicable Section 8 Management Assessment Plan, AHP benchmarks and shall detail the processes, procedures, and metrics to be employed for assuring quality. The methods to be used to conduct and report periodic and continuous internal audits of the contractor's own processes shall be included. The Quality Control Plan shall:

- 3.4.6.1. Document quality standards that must be met and establish benchmarks for performance. Identify key performance indicators (KPIs) that are measurable

SCOPE OF WORK

metrics to track quality assurance, ensure they align with the established AHP benchmarks.

- 3.4.6.2. Document monitoring process' to ensure employee performance in adhering to Federal laws, HUD regulations, applicable guidance, and compliance with the AHCCCS AMPM Policy 1710.
- 3.4.6.3. Include staff designated with responsibility for quality control and assurance. The staff shall be responsible for auditing income and rent, inspections, and lead-paint compliance, reasonable rent determination, referral, and waitlist processes, and HAPs. Customer service provided by staff shall also be quality controlled by supervisors.
- 3.4.6.4. Provide mechanisms to solicit and utilize feedback from key AHP community members to improve services. Key community members include but are not limited to members participating in AHP program, MCO Housing Administrators or other key staff, MCO contracted providers or referring entities, provider treatment team staff, and members' peer supports or other housing advocates.
- 3.4.6.5. Identify a standardized assessment tool (e.g. VI-SPDAT, LOCUS, or other standardized tool) that shall be used to assess and document housing needs for purposes of housing prioritization. The assessment shall be used for all persons referred to the AHP. The Housing Administrator shall develop a plan for incorporating assessment results in waitlist prioritization and housing eligibility process. AHCCCS shall review and approve the proposed assessment tool as part of Quality Control Plan approval.
- 3.4.6.6. Document processes for tracking data and information acquired through the hearing and due process procedures for grievances and appeals related to the AHP and the Housing Administrator's management of the program for program improvement.

3.5. **PERFORMANCE STANDARDS and REPORTING** – The Contractor shall:

- 3.5.1. Utilize established reporting criteria and develop written reports, dashboards and/or web site-based reporting and monitoring protocols for these criteria. All performance standards shall be tracked at the AHP aggregate level, by geographic service area (GSA), and by individual program or project for all elements of the AHP program. Performance standards shall be reported for operations, programs/housing outcome, and finance as follows:
 - 3.5.1.1. Operational and Quality Control Performance Standards – Track performance of housing administration functions and operations including incorporation of performance standards, utilizing AHCCCS specified measurements (e.g., 98% utilization of units or budgeted AHP vouchers), proper selection of applicants from the housing choice voucher waiting list using the AHP Benchmarks and Exhibit B - Chart of Deliverables. In addition to the AHP Benchmarks, the Contractor shall:
 - 3.5.1.1.1. Maintain quarterly inventory of project based/CLP housing units and CC&R use requirements for SMI Members.

SCOPE OF WORK

- 3.5.1.1.2. Demonstrate that members with an SMI designation and other AHP scattered site program participants are not clustered or concentrated in specific properties or buildings.
- 3.5.1.1.3. Quarterly Report - Provide quarterly progress reports that consist of a narrative report detailing the work performed by the contractor during the previous months in relation to the scope of work. The Quarterly Report shall include:
 - 3.5.1.1.3.1. Executive Summary: Provide monthly dashboard or summary overview report of key indicators and metrics including leasing, referrals, utilization, wait list numbers, inspections, and finance. AHCCCS will work with the Contractor to finalize content and format including electronic dashboard content and availability.
 - 3.5.1.1.3.2. Contact Information: Contractor name, contract number, expiration date, Program Manager name, title and telephone number, Name of contract officer's representative.
 - 3.5.1.1.3.3. Status of Work in Progress: Report on the status of implementation of each of the major components - Performance Standards Design and Monitoring, Quality Control Plan.
 - 3.5.1.1.3.4. Monitoring, secondary quality control reviews, and other surveys or reviews.
 - 3.5.1.1.3.5. Problems or constraints encountered during the reporting period (e.g., schedule, cost, miscellaneous, etc.).
 - 3.5.1.1.3.6. Suggested solutions to problems or constraints during the reporting period.
 - 3.5.1.1.3.7. Previously identified problems or constraints and their solutions (status).
 - 3.5.1.1.3.8. Changes to the organization, methodology, or schedule.
 - 3.5.1.1.3.9. Significant communications with other contractors of AHCCCS.
 - 3.5.1.1.3.10. Proposed communication brochures and pamphlets for AHCCCS approval.
 - 3.5.1.1.3.11. Planned activities for the next reporting period.
 - 3.5.1.1.3.12. SMI Density/Clustering Map representing the current geographic distribution of units in the AHP.
- 3.5.2. **Program Outcomes** Establish criteria and performance standards for the programmatic outcomes to demonstrate success in assisting members to attain and maintain housing. Reporting shall be completed on a quarterly basis and is due within fifteen (15) days of the

SCOPE OF WORK

end of the period being reported upon. Key data points and metrics to be tracked and (based on future guidance) reported shall include but not be limited to:

- 3.5.2.1. Program population demographics including race/ethnicity (including possible demographic disparities), age, mental health status (SMI v. GMH/SUD), family status or household members, gender, referral source, and/or other fields that may be added later.
- 3.5.2.2. Number of new members placed in housing.
- 3.5.2.3. Number of persons leaving and remaining in the program during the reporting period.
- 3.5.2.4. Housing retention rates (percent of members remaining in their unit during the reporting period).
- 3.5.2.5. Reasons for members leaving housing.
- 3.5.2.6. AHP Length of Stay reports by member and average for all members.
- 3.5.2.7. Grievances and appeals data.
- 3.5.2.8. Waitlist information that includes:
 - 3.5.2.8.1. Total number of referrals/applications and source.
 - 3.5.2.8.2. Number of unduplicated persons on waitlist (new and continuing; by SMI and GMH/SUD members).
 - 3.5.2.8.3. Average length of time on waitlist
 - 3.5.2.8.4. Number of people removed from the waitlist and reason.
 - 3.5.2.8.5. Length of time from placement on waitlist to /briefing issuance of voucher.
 - 3.5.2.8.6. Length of time from issuance of voucher to inspection.
 - 3.5.2.8.7. Length of time from inspection to move in.
 - 3.5.2.8.8. Total time from acceptance to move-in.
- 3.5.2.9. Number and percentage of AHP housed members/households contributing to rent with income from:
 - 3.5.2.9.1. Employment
 - 3.5.2.9.2. Benefits or other mainstream entitlement programs
 - 3.5.2.9.3. Income sources not previously listed
- 3.5.2.10. Number and percentage of persons with identified service provider and release of information.
- 3.5.2.11. Eviction Prevention/Housing Support Activities that include:
 - 3.5.2.11.1. Average tenant payment
 - 3.5.2.11.2. Number of households served/provided eviction prevention support/funds.
 - 3.5.2.11.3. Cost per eviction prevention payment.
 - 3.5.2.11.4. Move in support provided – persons served/cost.
 - 3.5.2.11.5. Type of support provided (e.g., back rent, deposit, etc.).
 - 3.5.2.11.6. Damages payments to landlord by subsidy type; and
- 3.5.2.12. Client satisfaction surveys

SCOPE OF WORK

- 3.5.3. Track and submit H2O related reporting as specified in the SHA H2O-PA contract. In addition, the contractor shall prepare and submit Ad Hoc reports as requested by AHCCCS or the H2O-PA.
- 3.5.4. **Financial Management** - Have adequate financial management and controls in place, including an annual audit process, as well as regular reporting and monitoring to assess the following:
 - 3.5.4.1. The Contractor's staff has thorough knowledge of AHP and subsidized housing financial management including payment standards.
 - 3.5.4.2. Develop and maintain internal controls and systems to separately account for AHCCCS related revenue and expenses and non-AHCCCS related revenue and expenses by type and program. The Contractor shall manage, record, and report funds in accordance with the practices, procedures, and standards in the [State of Arizona Accounting Manual](#). Key accounting policies or requirements include:
 - 3.5.4.2.1. Maintain accuracy of general ledger by reconciling activity and adjusting as needed. Contractor's responsibility is limited to its own entries.
 - 3.5.4.2.2. Maintain source documentation and files that support the financial transactions recorded in the general ledger, providing an audit trail.
 - 3.5.4.2.3. Monitor available budget authority as allocated from AHCCCS, for current and planned utilization and manage available funding to continuously provide housing to AHP participants throughout the funding period.
 - 3.5.4.2.4. Prepare and update leasing projections and costs throughout the year using HUD two-year forecasting tool or other equivalent methodology.
 - 3.5.4.2.5. Report AHP program participant rent contributions received and disbursed including source of income if known.
 - 3.5.4.3. Prepare and issue weekly and monthly HAP and Utility Adjustment Payments to landlords and tenants and establish appropriate segregated banking accounts for AHP payment purposes.
 - 3.5.4.4. Be responsible for making monthly direct housing payments on a timely basis on the first of the month.
 - 3.5.4.5. Prepare and distribute annual 1099 statements to vendors.
 - 3.5.4.6. Respond to any IRS penalties in relation to 1099 records.
 - 3.5.4.7. Required Financial Reporting:
 - 3.5.4.7.1. Contractor Expenditure Reports (CER) – Monthly reimbursement of direct expenses as well as any contractor expenses and fees require submission of a CER form with appropriate documentation of expenditure including at minimum amounts paid and payee, housing/occupancy logs and, if requested, copies of proof of payment. AHCCCS will work with the contractor to finalize the CER format and

SCOPE OF WORK

necessary documentation. CER shall be submitted 10 (ten) days following the end of the period upon which billing is submitted. CER shall include the following supporting documentation:

- 3.5.4.7.1.1. Leasing Report: This report summarizes units under lease and expenses as of the 1st of the month for AHP and its component programs/activities (scattered site subsidies, CLP, housing supportive services, and other projects), and shall include breakout by GSA.
- 3.5.4.7.1.2. HAP Expense Reconciliation: A reconciliation of all total rents owed, tenant contributions and HAP payments for AHP.
- 3.5.4.7.2. Submit annual audited financial statements, audited by an independent Certified Public Accountant and prepared in accordance with Generally Accepted Auditing Standards (GAAS), separately identifying AHP revenue and expenditure within six (6) months after the end of the fiscal year.
- 3.5.4.7.3. Notify and reimburse AHCCCS within thirty (30) days when the contractor identifies an overpayment by AHCCCS.
- 3.5.4.7.4. Prepare and distribute annual 1099 statements to vendors and respond to any penalties related to 1099 records.
- 3.5.4.7.5. Annual Housing Spending Plan – At least three (3) months prior to the end of the State Fiscal Year, the contractor shall provide a report that includes:
 - 3.5.4.7.5.1. Description of any proposed project changes, reductions or enhancements to capacity or services.
 - 3.5.4.7.5.2. A proposed budget for the upcoming year with funding allocations and unit/service projections for each program type (e.g., CLP, scattered site, etc.) and GSA.
 - 3.5.4.7.5.3. Description of environmental issues or local needs.
 - 3.5.4.7.5.4. Description of all leveraged funds or collaborations.
 - 3.5.4.7.5.5. Summary presentation of any success or performance metrics.
 - 3.5.4.7.5.6. The Housing Administrator's request or justification for amendment of fee structure. The Annual Housing Spending Plan shall be reviewed and approved by AHCCCS.
- 3.5.4.7.6. Ad Hoc Reports – Produce Ad Hoc reports for additional AHP evaluation, to respond to legislative or internal or external stakeholder inquiries or for other reasonable purposes, upon request

SCOPE OF WORK

by AHCCCS. AHCCCS will work with the contractor to develop meaningful and appropriate reports in a timely manner.

- 3.5.4.7.7. The Contractor shall provide any financial or other contract related information to AHCCCS upon request.
- 3.5.4.7.8. AHCCCS will not pay for any purchases, expenditures, or subcontracts made by the contractor without prior written approval.
- 3.5.4.7.9. Contractor shall accept payment by wire or National Automated Clearing House Association (NACHA) transfer.
- 3.5.4.7.10. AHCCCS is not liable for any error or delay in transfer, or direct or indirect consequential damage arising from the use of the electronic funds transfer process where payments are made by electronic funds transfer.
- 3.5.4.7.11. Payment adjustments may be made when an error is discovered through either a corresponding decrease in a contractor's payment or by processing an additional payment to the contractor.
- 3.5.4.7.12. In accordance with ARS 35-190, all Non-Title XIX/XXI General Fund money appropriated by the Legislature is required to be expended (based on dates of service) by June 30 of each year by both the Contractor and any sub-contracted providers. The Contractor shall ensure all funds allocated to the AHP from the General Fund are spent by this date annually and in accordance with the approved housing plan.

4. **DELIVERABLES** – See Exhibit B – Chart of Deliverables

5. **EXHIBITS**

Exhibits included in this solicitation are listed as follows:

5.1. Exhibit A – Solicitation Instructions to Offerors

5.2. Exhibit B – Chart of Deliverables

6. **PRICING AND PAYMENT**

6.1. Payment for this contract consists of two components:

- 6.1.1. Cost Reimbursement - The Contractor will be reimbursed for all eligible fees paid by the Contractor on behalf of AHP members, including to third party landlords and housing providers. Costs include rents, deposits, fees, damages, and other housing expenses as approved by AHCCCS.
- 6.1.2. Administrative Services Fee – The Contractor shall calculate this fee as cost per occupied AHP per unit per month (PUPM). This PUPM fee shall include the total of all the Contractor's

SCOPE OF WORK

operational costs associated with the delivery of the service including start up (year one only), staffing, mileage, insurance, other administrative costs, and profit/overhead.

7. **CONTRACTOR EXPENDITURE REPORTS (CERs) AND ADVANCE PAYMENTS**

The Contractor shall:

- 7.1. On a monthly basis, submit a CER and support documentation to AHCCCS for reimbursement. The monthly CER shall include: 1) monthly Direct Housing Payments incurred; and 2) contractor's monthly Administrative Service Fees.
- 7.2. Provide the following information in each CER as applicable:
 - 7.2.1. AHCCCS' assigned contract number.
 - 7.2.2. Adequate supporting documentation attached including housing occupancy logs and financial information demonstrating fees paid and units occupied.
 - 7.2.3. Name of AHCCCS AHP contact person for this contract.
 - 7.2.4. Date(s) services were performed.
 - 7.2.5. Signature and title of the authorized representative.
 - 7.2.6. Forms and/or supporting documentation required by AHCCCS. AHCCCS may develop additional documentation forms during the contract term.
- 7.3. Submit all CERs to: bhsinvoices@azahcccs.gov with a cc sent to the AHCCCS Director of Housing Programs.
- 7.4. Be responsible for all direct and administrative costs in excess of the annual budget.
- 7.5. Be responsible for the payment of the July 2026 rent up front and AHCCCS will reimburse the following month.

AHCCCS will:

- 7.6. Issue a single monthly payment to the contractor that includes both the Cost Reimbursement and the Administrative Service Fees.
- 7.7. Issue payments to the Contractor that do not exceed the total contracted AHP budget for the year. AHCCCS will also work with the Contractor on an annual basis to establish the budget based upon available funding.
- 7.8. At least once per State Fiscal Year, reconcile year-to-date contractor reimbursement and administrative service fees paid against CER documentation against actual program expenditures and the program budget.
- 7.9. Reimburse the Contractor for the July 2026 rent that the Contractor shall pay up front.
- 7.10. Starting in August 2026 and continuing through the end of the contract, AHCCCS will pay the Contractor the rental amounts one month in advance.

DEFINITIONS

Definition of Terms

As used in the Request for Proposal, the terms listed below are defined as follows:

1. **AAC: Arizona Administrative Code:** The Office of the Arizona Secretary of State provides the official A.A.C. online at: <http://www.azsos.gov/rules/arizona-administrative-code>
2. **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.
3. **AHCCCS AMERICAN INDIAN HEALTH PROGRAM (AIHP):** A Fee-For-Service (FFS) program administered by AHCCCS for Title XIX/XXI eligible American Indians which reimburses for physical and behavioral health services provided by and through the Indian Health Service (IHS), tribal health programs operated under 638 or any other AHCCCS registered provider.
4. **AHCCCS COVERED SERVICES:** Those services set forth in A.R.S. § § 36-2907 and 36-2939, A.A.C. Title 9 Chapter 22, Articles 2 and 12 and, Chapter 28, Articles 2 and 11.
5. **AHCCCS HOUSING PROGRAM (AHP):** A permanent supportive housing program where eligible members receive a housing subsidy funded through State general funds paired with Medicaid covered supportive services to support eligible persons with achieving housing stability in the community.
6. **AHCCCS HOUSING PROGRAM (AHP) PARTICIPANT:** Members who have selected for AHP services or currently receiving subsidies.
7. **AHCCCS MANAGED CARE ORGANIZATION (MCO):** An organization or entity that has a prepaid capitated Contract with AHCCCS pursuant to ARS 36-2904, 36-2940, or 36-2944 to provide goods and services to members either directly or through subcontracts with providers, in conformance with contractual requirements, AHCCCS Statutes and Rules, and Federal law and regulations.
8. **AHP BENCHMARKS:** The AHP Benchmarks are a set of standards found in the bidders library.
9. **AI/Artificial Intelligence:** The science and engineering of making machines capable of performing tasks that are typically associated with human intelligence, such as learning and problem-solving, and includes without limitation: AI systems, classic AI, external AI, generative AI, and large language model (LLM) AI.
10. **AMERICAN INDIAN MEDICAL HOME (AIMH):** A program for American Indian/Alaska Native (AI/AN) members enrolled in the American Indian Health Program (AIHP). The AIMH Program supports Primary Care Case Management (PCCM), diabetes education, and care coordination for its AIHP enrolled members.
11. **A.R.S.: ARIZONA REVISED STATUTES:** The Arizona State Legislature provides the official A.R.S. online at: <http://www.azleg.gov/ArizonaRevisedStatutes.asp>
12. **ARIZONA LONG TERM CARE SYSTEM (ALTCS):** An AHCCCS program which delivers long-term, acute, behavioral health and Case Management services as authorized by ARS 36-2931 et seq., to eligible members who are either Elderly and/or have Physical Disabilities (E/PD), and to members with Developmental Disabilities (DD), through contractual agreements and other arrangements.
13. **ARIZONA RESIDENTIAL LANDLORD TENANT ACT (ARLTA):** Governed by ARS 33, Chapter 10 for residential leases and landlord and tenant duties and rights.
14. **ASFS:** AHCCCS Secure File Share.

DEFINITIONS

15. **ATTACHMENT:** Any item the Solicitation requires an Offeror to submit as part of the Offer.
16. **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.
17. **CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS):** 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.
18. **CONTINUUM OF CARE (CoC):** Both a planning process and an application required for funding from U.S. Department of Housing and Urban Development (HUD). The CoC brings together service providers in a geographic area to plan for providing housing and services for people who are homeless. The CoC controls funding for programs that target people who are homeless, specifically, Shelter Plus Care (S+C), Supportive Housing Program (SHP), and Section 8 Single Room Occupancy governed by the McKinney-Vento Homeless Assistance Act as amended by the Homeless Emergency Assistance, Rapid Transition to Housing Act (HEARTH Act) as specified in 24 CFR 91, 576, 582, and 583 and administered through the U.S. Department of Housing and Urban Development (HUD) Agency. A regional or local planning body that coordinates housing and services funding for individuals and families experiencing homelessness as required by the U.S. Housing and Urban Development (HUD) Agency.
19. **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.
20. **CONTRACT AMENDMENT:** A written document signed by the Procurement officer that is issued for the purpose of making changes in the contract.
21. **CONTRACTOR:** A person or organization who has a contract with AHCCCS.
22. **COVENANTS, CONDITIONS & RESTRICTIONS (CC&Rs):** Limits and rules attached to the land that apply to any owner of a property. These can be placed on an individual lot, a group of homes, or a condominium complex by a builder, developer, neighborhood association, or homeowners' association.
23. **CULTURAL COMPETENCY:** A set of congruent behaviors, attitudes and policies that come together in a system, agency, or among professionals, which enables that system, agency, or those professionals to work effectively in cross-culture situations. Culture refers to integrated patterns of human behavior that include language, thoughts, communications, actions, customs, beliefs, values, and institutions of racial, ethnic, religious, or social groups. Competence implies having the capacity to function effectively as an individual and an organization within the context of the cultural beliefs, behaviors, and needs presented by consumers and their communities. This includes consideration of health status, national origin, sex, gender, gender identity, sexual orientation, and age.
24. **DAYS:** Calendar days 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 days and the final day of the period. If the final

DEFINITIONS

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

25. **DELIVERABLES:** All items that the Contractor is required to deliver under this Contract
26. **DOCUMENTATION:** Means all documents, including documents that are Deliverables described in the Statement of Work that are to be delivered by Contractor under this Contract. Documentation includes documents in hard copy or electronic form.
27. **Eligibility DETERMINATION:** A determination as to whether or not an individual meets eligibility for programs or services based on established diagnostic and functional criteria.
28. **ENHANCED SHELTER:** A congregate setting with no more than 100 beds at the physical location or a non-congregate setting with individual rooms and no limit to the number of rooms at one physical location (e.g., hotel). Services are available 24/7 and include food, storage, access to hygiene and supportive services to support independent living and transition to a permanent housing destination.
29. **EXHIBIT:** Any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
30. **FEE-FOR-SERVICE (FFS):** A method of payment to an AHCCCS registered provider on an amount-per-service basis for services reimbursed directly by AHCCCS for members not enrolled with a managed care Contractor.
31. **FRAUD:** An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to themselves or some other person. It includes any act that constitutes fraud under applicable Federal or State law, as defined in 42 CFR 455.2.
32. **GENERAL MENTAL HEALTH (GMH):** A behavioral health category assignment for members who are over the age of 18, are not designated as Serious Mental Illness (SMI), and do not have only a qualifying Substance Use Disorder (SUD).
33. **GEOGRAPHIC SERVICE AREA (GSA):** An area designated by AHCCCS within which a Contractor of record provides, directly or through subcontract, covered health care services to an enrolled member as specified in 9 AAC 22, Article 1 and 9 AAC 28, Article 1.
34. **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.
35. **HEALTH HOME (HH):** A provider that either provides or coordinates and monitors the provision of all primary, physical health, behavioral health and services and supports to treat the whole person. A Health Home can be an Outpatient Behavioral Health Clinic, a Federally Qualified Health Center (FQHC) or an Integrated Care Provider. Members may or may not be formally assigned to a health home.
36. **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.
37. **HEALTH-RELATED SOCIAL NEEDS (HRSN):** Non-medical factors that impact health outcomes including but not limited to increasing access to safe and affordable housing, nutritious food, utility assistance, education, employment, transportation, connection to others in the community, as well as physical, environmental, and interpersonal safety. Also known as Social Determinants of Health (SDOH) or Social Risk Factors Of Health (SRFOH).

DEFINITIONS

38. **HOMELESS:** An individual is considered homeless only when they reside in one of the places described below: 1. A place not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street). 2. In an emergency shelter. 3. In transitional or supportive housing for homeless individuals who originally came from the streets or emergency shelters. 4. In any of the above places, but is spending a short time (up to 30 consecutive days) in a hospital or other institution. 5. Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and lacks resources and support networks needed to obtain housing. 6. Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the individual has been a resident for more than 30 consecutive days, and no subsequent residence has been identified, and the individual lacks the resources and support networks needed to obtain housing for example: a. An individual being discharged from prison after more than 30 days is eligible ONLY IF no subsequent residence has been identified and the individual does not have money, family, or friends to provide housing, b. Is fleeing a domestic violence housing situation and no subsequent residence has been identified and lacks the resources and support networks needed to obtain housing.
39. **HOUSING AND HEALTH OPPORTUNITIES PROGRAM ADMINISTRATOR (H2O-PA):** The entity contracted with AHCCCS to provide administration of the Housing and Health Opportunities (H2O) program.
40. **HOUSING AND HEALTH OPPORTUNITIES (H2O) PROVIDER:** Entity skilled and trained in providing Targeted Outreach and/or Pre-Tenancy/Tenancy sustaining services that contracts directly with the H2O Program Administrator for the purpose of providing direct services to members.
41. **HOUSING AND URBAN DEVELOPMENT (HUD) HOUSING CHOICE VOUCHER PROGRAM:** The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Individuals are free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by Public Housing Agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.
42. **HOUSING FIRST:** A Housing approach that works to quickly and successfully connect individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry, such as sobriety, treatment, or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.
43. **HOUSING OPERATOR:** The party who performs traditional property management services, outlined in the scope of work included in the memorandum of understanding between the housing operator and the Statewide Housing Administrator. For “owner-operated” the owner or company designated by the owner is the housing operator; for “sponsor-based” this is the sponsor organization acting as the housing operator.
44. **HOUSING PROVIDER:** Housing providers are individuals or entities that provide housing. They may include developers, builders, service providers, and infrastructure bureaus providing materials and funding needed to build housing. Housing providers may also include landlords, owners, lessors, sublessors, assignees, or their agents, or any other person receiving or entitled

DEFINITIONS

- to receive rents or benefits for the use or occupancy of any rental unit within a housing accommodation.
45. **KEY PERSONNEL:** Contractor's Authorized Representative, the Project Manager, and all other Contractor personnel designated as Key Persons.
 46. **MANAGED CARE ORGANIZATION (MCO):** An organization or entity that has a prepaid capitated contract with AHCCCS pursuant to ARS 36-2904, 36-2940, or 36-2944 to provide goods and services to members either directly or through subcontracts with providers, in conformance with contractual requirements, AHCCCS Statutes and Rules, and Federal law and regulations.
 47. **MATERIAL OMISSION:** A fact, data or other information excluded from a report, contract, etc. the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.
 48. **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.
 49. **MAY:** Indicates something that is not mandatory but permissible.
 50. **MEDICAID:** A Federal/State program authorized by Title XIX of the Social Security Act, as amended, provides health coverage to eligible low-income adults, children, pregnant women, elderly adults and people with disabilities.
 51. **MEMBER:** For the purposes of this Request For Proposal (RFP), a member is any individual who may be eligible for AHCCCS Housing Program (AHP) housing services including persons determined Serious Mental Illness (SMI) or General Mental Health/Substance Use Disorder (GMH/SUD) with housing needs. Member includes persons referred and applying for AHP housing or services as well as persons receiving AHP services, but not required to be Title XIX or Title XXI eligible.
 52. **METHODOLOGY:** The planned documented process, steps, activities, or actions taken by a Contractor to achieve a goal or objective, or to progress towards a positive outcome.
 53. **MILESTONE:** The completion date for a specific group of tasks or deliverables identified as a milestone in the statement of work.
 54. **MONITORING:** The process of auditing, observing, evaluating, analyzing, conducting follow-up activities, and documenting results.
 55. **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).
 56. **NON-TITLE XIX/XXI:** State and other funding not related to Medicare (Title XIX of the Social Security Act) or the Children's Health Insurance Program (CHIP)(Title XXI of the Social Security Act). For AHP, Non-Title XIX/XXI funding is primarily State General SMI Housing and Supported Housing funds.
 57. **NOT SUSCEPTIBLE FOR AWARD.** The relevant offer has been determined by the Procurement Officer to fail one or more of the tests and comparisons set forth therein. NOTE: A determination of Not Susceptible for Award and a determination of Responsive are mutually exclusive.
 58. **OFFER:** A response to a solicitation.
 59. **OFFEROR:** A vendor or person who responds to a Solicitation.

DEFINITIONS

- 60. **PERSON:** Any corporation, business, individual, union, committee, club or other organization or group of individuals.
- 61. **PMMIS:** Prepaid Medicaid Management Information System, the management information system used by AHCCCS.
- 62. **PRICING DOCUMENT:** Part of the Solicitation Requirements.
- 63. **PROJECT MANAGER:** The person representing both Agencies who serves as the Contractor's primary point of contact for the term of the Contract.
- 64. **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.
- 65. **PUBLIC HOUSING AUTHORITY (PHA):** A government entity authorized to administer Housing and Urban Development (HUD) housing programs.
- 66. **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.
- 67. **REQUEST FOR PROPOSAL (RFP):** Document prepared by AHCCCS which describes the services required and which instructs a prospective Offeror how to prepare a response (proposal).
- 68. **SCOPE OF WORK:** The documents that describe the Services to be provided by Contractor, including the Tasks, Deliverables and Milestones, Documentation, Work Product, the attributes (including requirements and specifications) of each Deliverable, identification of the Deliverables and Services that are associated with each Task, and a completion date for each Milestone and Deliverable, the payment schedule for each Deliverable and Milestone, and any other items as agreed by the parties.
- 69. **SECTION 8:** A more common name for the Housing Choice Voucher Program which is sponsored by Housing and Urban Development (HUD). Qualified applicants receive vouchers which are used to subsidize the cost of housing. These vouchers are awarded to individuals who meet certain income requirements. The goal of these programs is to provide affordable low-cost housing to low-income occupants.
- 70. **SERIOUS MENTAL ILLNESS (SMI):** A designation as specified in ARS 36-550 and determined in an individual 18 years and older.
- 71. **SERVICE LEVEL AGREEMENT:** A type of subcontract with a corporate owner or any of its Divisions or Subsidiaries that requires specific levels of service for administrative functions or services for the Contractor specifically related to fulfilling the Contractor's obligations to AHCCCS under the terms of this Contract.
- 72. **SERVICES:** Means all effort to be expended by the Contractor under the Contract, including advice and expertise, and development and delivery of deliverables.
- 73. **SHALL, MUST:** Indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
- 74. **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.

DEFINITIONS

75. **SMALL BUSINESS:** A for-profit or not-for-profit organization, including its affiliates, with fewer than 100 full-time employees or gross annual receipts of less than \$4 million for the last complete fiscal year.
76. **SMI HOUSING TRUST FUND (HTF):** As specified in ARS 41-3955.01, a trust fund dedicated to provide capital funding for housing individuals determined SMI.
77. **SOCIAL DETERMINANTS OF HEALTH (SDOH):** The World Health Organization defines SDOH as the conditions of the community in which an individual is born, grows, works, lives, and ages, and the wider set of forces and systems shaping their conditions of daily life, including economic policies and systems, development agendas, social norms, social policies, and political systems. These are also known as Social Risk Factors of Health (SRFOH).
78. **SOLICITATION:** An Invitation for Bids (“IFB”), a Request for Proposals (“RFP”), or a Request for Quotations (“RFQ”).
79. **SOLICITATION AMENDMENT:** A written document that is authorized by the Procurement officer and issued for the purpose of making changes to the Solicitation.
80. **STATE:** The State of Arizona and AHCCCS.
81. **STATE FISCAL YEAR:** The period beginning with July 1 and ending June 30.
82. **STATEWIDE HOUSING ADMINISTRATOR (SHA):** The organization responsible for the administration, operation and management services for the AHP.
83. **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.
84. **SUBSTANCE USE DISORDER (SUD)** A range of conditions that vary in severity over time, from problematic, short-term use/abuse of substances to severe and chronic disorders requiring long-term and sustained treatment and recovery management.
85. **SUPPORTIVE HOUSING:** Housing, as specified in 24 CFR Part 583, in conjunction with supportive services are provided for tenants if the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located and the requirements of this part; and the housing is transitional housing; safe haven; permanent housing for homeless individuals with disabilities; or is a part of a particularly innovative project for, or alternative method of, meeting the immediate and long term needs of homeless individuals and families.
86. **TITLE XIX:** Title XIX of the Social Security Act means Medicaid as defined in 42 U.S.C. 1396a(a)(10)(A).

SPECIAL TERMS AND CONDITIONS

[Special Terms and Conditions](#)

1. **Term of Contract and Option to Renew:**

- 1.1. 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.
- 1.2. When the Procurement officer issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days after the date of mailing by the Procurement officer, even if the extension amendment has not been signed by the Contractor, unless within that time the Contractor notifies the Procurement officer in writing that it refuses to sign the extension amendment. If the Contractor provides such notification, the Procurement officer will initiate contract termination proceedings.
- 1.3. If the Contractor chooses not to renew this contract, the Contractor may be liable for certain costs associated with the transition of its members to a different Contractor. If the Contractor provides the Procurement officer written notice of its intent not to renew this contract at least 180 days before its expiration, this liability for transition costs may be waived by the Procurement officer.

2. **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.

3. **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.

4. **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.

5. **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:

- 5.1. The Contractor provides material that does not meet the specifications of the contract.

SPECIAL TERMS AND CONDITIONS

- 5.2. The Contractor fails to adequately perform the services set forth in the specifications of the contract.
- 5.3. The Contractor fails to complete the work required or furnish the materials required within the time stipulated in 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. The Procurement officer may resort to any single or combination of the following remedies:
 - 5.5.1. Cancel any contract.
 - 5.5.2. Reserve all rights or claims to damage for breach of any covenants 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 combinations of the above or any other remedies as provided by law.
6. **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
 - 6.1. The Contractor provides material that does not meet the specifications of the contract.
 - 6.2. The Contractor fails to adequately perform the services set forth in the specifications of the contract.
 - 6.3. The Contractor fails to complete the work required or furnish the materials required within the time stipulated by the contract.
 - 6.4. 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.
 - 6.5. 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.
 - 6.5.1. Cancel any contract.
 - 6.5.2. Reserve all rights or claims to damage for breach of any covenant of the contract.
 - 6.5.3. Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material no-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor.

SPECIAL TERMS AND CONDITIONS

6.5.4. 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.

6.5.4.1. Deduction from an unpaid balance.

6.5.4.2. Collection against the bid and/or performance bond; or

6.5.4.3. Any combination of the above or any other remedies as provided by law.

7. **Contract Disputes:** Contract disputes arising under A.R.S. § Title 36, Chapter 29 shall be adjudicated in accordance with AHCCCS Rules.
8. **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.
9. **Confidentiality of Records and Disclosure of Confidential Information:**
 - 9.1. 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 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.
 - 9.2. 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.
 - 9.3. 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.
 - 9.4. 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.

SPECIAL TERMS AND CONDITIONS

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, 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. The parties to this contract shall be bound by all terms and conditions contained herein. For interpreting such terms and conditions the following sources shall have precedence in descending order: The Constitution and laws of the United States and applicable Federal regulations; the terms of the CMS Section 1115 waiver for the State of Arizona; the Arizona State Plan; the Constitution and laws of Arizona, and applicable State Rules; the terms of this Contract which consists of the RFP, the Proposal of the Successful Offeror, and any Best and Final Offer including any attachments, executed amendments and modifications; and AHCCCS policies and procedures.

11.2. The Contract consists of the following, in order of Precedence:

11.2.1. HIPAA Business Associates Agreement or Addendum (if included)

11.2.2. Contract Amendments issued after award in descending order.

11.2.3. Special Terms and Conditions.

11.2.4. Uniform Terms and Conditions.

11.2.5. Statement or Scope of Work.

11.2.6. Specifications.

11.2.7. Attachments.

11.2.8. Exhibits.

11.2.9. Documents referenced or included in the Solicitation as may be amended.

11.2.10. AHCCCS policies and procedures incorporated by reference.

11.2.11. The proposal submitted by the Contractor in response to the RFP including any Best and Final Offers.

11.3. In the event of a conflict in language between the Offeror's 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.

11.4. 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.

12. Administrative Changes

The Procurement Officer, or authorized designee, reserves the right to correct any obvious clerical, typographical or grammatical errors, as well as errors in party contact information (collectively, "Administrative Changes"), prior to or after the final execution of a Contract or Contract Amendment. Administrative Changes subject to permissible corrections include misspellings, grammar errors, incorrect addresses, incorrect Contract Amendment numbers, pagination and citation errors, mistakes in the labeling of the rate as either extended or unit, and calendar date errors that are illogical due to

SPECIAL TERMS AND CONDITIONS

typographical error. The Procurement Office shall subsequently notice the Contractor of corrections to administrative errors in a written confirmation letter with a copy of the corrected Administrative Change attached.

13. **Financial Management**

AHCCCS may monitor or audit the contractor's data should it be determined that the metrics indicate inappropriate operational, quality control, program, or financial performance.

14. **Fraud and Abuse:**

14.1. 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 AHCCCS Office of Inspector General (AHCCCS OIG) immediately.

14.2. 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.

14.3. 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.

15. **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 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.

16. **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.

17. **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.

SPECIAL TERMS AND CONDITIONS

18. No Guaranteed Quantities:

AHCCCS does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.

19. 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.

20. Ownership of Information and Data:

20.1. Any data or information system, including all software, documentation and manuals, developed by Contractor pursuant to this contract, shall be deemed to be owned by AHCCCS. The federal government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for federal government purposes, such data or information system, software, documentation and manuals. 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.

20.2. 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. The ownership provision is in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. 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. 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. 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.

20.3. 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 Part 74 and 45 CFR Parts 6 and 8.

21. Records:

21.1. 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.

21.2. 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.

SPECIAL TERMS AND CONDITIONS

- 21.3. 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:
- 21.3.1. 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.
 - 21.3.2. 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.
 - 21.3.3. Completed case files shall be scheduled for archive shipment to AHCCCS, as defined by AHCCCS Policy and Procedures.
22. **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.
23. **AHCCCS OIG Program Integrity Statement**
- The Office of Inspector General (OIG) is responsible for the Program Integrity for the Arizona Health Care Cost Containment System (AHCCCS), Arizona's Medicaid program. The OIG is also responsible for handling reports of fraud, waste, and abuse of the AHCCCS program. All suspected fraud, waste, or abuse must be reported to the AHCCCS OIG. Additionally, only AHCCCS OIG is authorized to recover any overpayment identified due to fraud, waste, or abuse.
- 23.1. Fraud is defined as: An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable State or Federal law A.R.S. § 13-2310 and [42 CFR 455.2].
 - 23.2. Waste is defined as: Over-utilization or inappropriate utilization of services, misuse of resources, or practices that result in unnecessary costs to the Medicaid Program.
 - 23.3. Abuse of the AHCCCS program is defined as: Provider practices that are inconsistent with sound fiscal, business, or medical practices, and result in an unnecessary cost to the AHCCCS program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care, noncompliance with licensure standards, misuse of billing numbers, or misuse or abuse of billing privileges. It also includes beneficiary practices that result in unnecessary cost to the AHCCCS Program [42 CFR 455.2].
 - 23.4. Anyone can report Arizona Medicaid fraud, waste, or abuse. There are no restrictions. To report suspected fraud by an AHCCCS medical provider, please call in Maricopa County: 602-417-4045, outside of Maricopa County: 888-ITS-NOT-OK or 888-487-6686. To report suspected fraud by an AHCCCS member, please call in Maricopa County: 602-417-4193, outside of Maricopa County: 888-ITS-NOT-OK or 888-487-6686. Additionally, Provider and Member fraud can be reported

SPECIAL TERMS AND CONDITIONS

online at <https://www.azahcccs.gov/Fraud/ReportFraud/onlineform.aspx>. Questions can also be emailed to the AHCCCS OIG at AHCCCSFraud@azahcccs.gov.

24. **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.

- 24.1. The Contractor shall, at its own expense, complete a background check on all Staff.
- 24.2. 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.
- 24.3. 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.
- 24.4. 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.
- 24.5. 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.

25. **Subcontract**

- 25.1. **Initial list.** At the time of Contract execution, Contractor’s candidate Subcontractors shall be identified in the Offeror’s Proposal.
- 25.2. **Flow-down.** Contractor shall incorporate the provisions, terms, and conditions of the Contract into every Subcontract by inclusion or by reference, as appropriate. Entering into Subcontracts will not relieve Contractor of any of its obligations or duties under the Contract, including, among other things, the duty to supervise and coordinate the work of Subcontractors. Nothing contained in any Subcontract will create or is to be construed as creating any contractual relationship between State and the Subcontractor.

SPECIAL TERMS AND CONDITIONS

26. Transitions

During commencement, Contractor shall attend transition meetings with any outgoing suppliers to coordinate and ease the transition so that the impact on State's operations is kept to a minimum. State may elect to have outgoing suppliers complete some or all of their Work or Orders in progress, even if that Work could be covered under the incoming supplier's Contract. Conversely, the State may have a continued need for the same Materials and Services upon expiration or earlier termination of the Contract. Accordingly, Contractor shall work closely with any incoming supplier and State to ensure as smooth and complete a transition transfer as is practicable.

Addendum A to Special Terms and Conditions Insurance Requirements

Contractor Insurance Requirements

1. Indemnification Clause

- 1.1 To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State of Arizona.
- 1.2 This indemnity shall not apply if the Contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

2. Insurance Requirements

- 2.1 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.
- 2.2 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.
- 2.3 **Minimum Scope and Limits of Insurance**
Contractor shall provide coverage with limits of liability not less than those stated below.

Addendum A to Special Terms and Conditions

Insurance Requirements

2.3.1 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 include coverage for Sexual Abuse and Molestation (SAM). This coverage may be sub-limited to no less than \$500,000. The limits may be included within the General Liability limit or provided by separate endorsement with its own limits. If you are unable to obtain SAM coverage under your General Liability because the insurance market will not support it, it should be included with the Professional Liability.
- b. Contractor must provide the following statement on their Certificate(s) of Insurance: “Sexual Abuse and Molestation coverage is included” or “Sexual Abuse and Molestation coverage is not excluded.”
- 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 liability 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.

2.3.2 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
- 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.

Addendum A to Special Terms and Conditions

Insurance Requirements

- 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.

2.3.3 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).

2.3.4 Professional Liability (Errors and Omissions Liability)

- Each Claim \$
2,000,000
- Annual Aggregate \$
2,000,000
- a. If SAM coverage is being provided under this policy then Contractor must provide the following statement on their Certificate(s) of Insurance: "Sexual Abuse and Molestation coverage is included" or "Sexual Abuse and Molestation coverage is not excluded." This coverage may be sub-limited to no less than \$500,000.
- b. In the event that the professional 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 that 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. Policy shall cover professional misconduct or wrongful acts for those

Addendum A to Special Terms and Conditions Insurance Requirements

positions defined in the Scope of Work of this contract.

2.4 Additional Insurance Requirements

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

- 2.4.1 The Contractor's policies, as applicable, 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).
- 2.4.2 Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

2.5 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 the State of Arizona. Within two (2) businessdays of receipt, Contractor must provide notice to the State of Arizona 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 Department and shall be mailed, emailed, hand delivered or sent by facsimile transmission to (State Representative's Name, Address & Fax Number).

2.6 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. If the Contractor utilizes the Social Service Contractors Indemnity Pool ("SSCIP") or other prior approved insurance pool for insurance coverage, SSCIP or the other prior approved insurance pool is exempt from the A.M. Best's rating requirements listed in this section. If the Contractor chooses to use SSCIP or another approved insurance pool as its insurance provider, the Contractor would be considered in full compliance with insurance requirements relating to the A.M. Best rating requirements.

2.7 Verification of Coverage

Contractor shall furnish the State of Arizona 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.

- 2.7.1 All such certificates of insurance and policy endorsements must be received by the State before work commences. The State's receipt of any certificates of

Addendum A to Special Terms and Conditions

Insurance Requirements

insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.

2.7.2 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.

2.7.3 All certificates required by this Contract shall be sent directly to the Department. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete copies of all insurance policies required by this Contract at any time.

2.8 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 Department reserves the right to require, at any time throughout the life of the Contract, proof from the Contractor that its subcontractors have the required coverage.

2.9 Approval and Modifications

AHCCCS, in consultation with State Risk, 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.

2.10 Exceptions

In the event the Contractor or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a certificate of self-insurance. If the Contractor or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

Addendum B to Special Terms and Conditions IT Security Requirements

[Addendum B to the Special Terms and Conditions \(IT Security\)](#)

Warranties and Requirements Related to Arizona Information Technology Statewide Policies, Standards, and Procedures

1. Security Standards
 - 1.1. Security of the State's systems and data are of **utmost** importance to the State. In order to assure security from a personnel and operations perspective, Contractor shall comply with all requirements, in their entirety, as described in the statewide enterprise architecture; statewide Information Technology security policies, standards, and procedures; and any applicable agency-specific Information Technology security policies, standards, and procedures.
 - 1.2. Contractor shall follow the correct, current version of these policies, standards, and procedures. The current website for some of these policies, standards, and procedures is: [Information Technology Policies, Standards and Procedures](#). Note that this link is provided for convenience only.
 - 1.3. For security reasons, some state facilities require non-state personnel to have escorts. If required by the state facility, Contractor personnel shall only be allowed inside of a State facility if accompanied by an escort designated by the State. This is applicable in Correctional facilities, Public Safety facilities, State Lottery, and other facilities as designated by the State.
2. Security Framework
 - 2.1. The State of Arizona information security policies and standards follow the National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF) and NIST SP 800-53 Rev. 5 Security and Privacy Guidelines may currently be located at: <https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r5.pdf>.
 - 2.2. The State has established a process to assess risk associated with storing, processing and/or transmitting State of Arizona data with external, non-State of Arizona, entities. The Arizona Risk and Authorization Management Program (AZRamp) was developed to ensure State and contractors meet these requirements. All contractors responding to State solicitations must successfully complete the AZRamp risk assessment based upon the data classification involved as determined by the data owner and Arizona Strategic Enterprise Technology (ASET) Department. Failure to successfully complete AZRamp assessment will be deemed as breach of contract.
 - 2.3. In the State's sole discretion, the State may also accept current FedRamp and StateRamp certifications as evidence that the Contractor has met the State's risk assessment requirements.
 - 2.4. Other forms of Cybersecurity Frameworks (CSF), Trust Documents, Self-Attestations, including, but not limited to, ISO/IEC, SOC 2 & 3, PCI, or HIPAA reports of compliance, may be reviewed as part of the State's risk assessment, but are not exclusive or conclusive evidence that the Contractor has met the State's risk assessment requirements.

Addendum B to Special Terms and Conditions

IT Security Requirements

3. Additional Security Requirements

- 3.1. Contractor shall comply with all security requirements requested by the State.
- 3.2. If an Arizona Risk and Authorization Management Program (AZRamp) is required, it will generally follow these steps, each of which shall be completed by the Contractor upon request by the State:
 - 3.2.1. Contractor shall submit a completed Arizona Baseline Infrastructure Security Controls assessment spreadsheet with its Offer. The Arizona Baseline Infrastructure Security Controls assessment spreadsheet as found at: <https://azdohs.gov/file/4357>, and mitigate gaps or install compensating controls for any issues of concern identified by State.
 - 3.2.2. Contractor shall provide Information Security documentation for the AZRamp assessment to include System Security Plan (SSP), Written Information Security Programs (WISP), or supporting written IT policies for review of the assessment.
 - 3.2.3. Note regarding the confidential treatment of Contractor information:
 - 3.2.3.1. The State of Arizona seeks a partnership with our supporting vendors, therefore, Non-Disclosure Agreements (NDA) for release to review submitted SSP's, WISP 's, or written IT policies will not be considered.
 - 3.2.3.2. Submitted SSP's, WISP's, or written IT policies are deleted and not retained after AZRamp Authorization is granted.
 - 3.2.3.3. Procedures for submission of documents considered confidential or proprietary are identified within this RFP.
 - 3.2.3.4. Special secure transfer of documents related to this AZRamp review process may be made by contacting: AsetAssurance@azdoa.gov to make special arrangements for the transfer of these documents.
 - 3.2.4. If applicable to this Solicitation, Contractor shall complete and submit with the Offer an unedited and signed State of Arizona Health Insurance Portability and Accountability Act (HIPAA) Business Associate Addendum (BAA).
 - 3.2.5. All contract awards are contingent on the successful completion of the AZRamp 125 Low Impact (public information) or the AZRamp 325 Moderate (Confidential, PII, or PHI) Impact Control spreadsheet titled "Arizona Infrastructure Security Controls 2017 (Excel)," to be determined by the Enterprise Security, Privacy & Risk Compliance team. Low (Column E) and Moderate (Column F) Impact controls spreadsheet can be located here: <https://azdohs.gov/file/4356>.
- 3.3. The State reserves the right to conduct risk assessments, vulnerability assessments, black-box penetration tests or hire a third party to conduct risk assessments, vulnerability assessments, and black-box penetration tests of the Contractor's environment. Contractor will be alerted in advance and arrangements made for an agreeable time. Contractor shall respond to all flaws deemed serious by the State when discovered by providing an acceptable timeframe to resolve the issue and/or implement a compensating control(s).

Addendum B to Special Terms and Conditions

IT Security Requirements

- 3.4. Upon request, Contractor shall submit copies of system logs from Contractor's environment to the State of AZ security team in the format requested to be added to the State SIEM (Security Information Event Monitor) or IDS (Intrusion Detection System).
- 3.5. Contractor shall comply with all applicable State and Federal laws and regulations, including, but not limited to, the following (please note that the links are provided for convenience only and may change):
- 3.5.1. State of Arizona statewide policies, standards and procedures:
<https://azdohs.gov/information-technology-it-policies-standards-and-procedures>;
 - 3.5.2. Federal Information Security Modernization Act of 2014 (FISMA):
<https://csrc.nist.gov/topics/laws-and-regulations/laws/fisma>;
 - 3.5.3. OMB Circular A-130:
<https://www.federalregister.gov/documents/2016/07/28/2016-17872/revision-of-omb-circular-no-a-130-managing-information-as-a-strategic-resource>;
 - 3.5.4. National Cyber Strategy of the United States of America:
<https://www.cisa.gov/executive-order-strengthening-cybersecurity-federal-networks-and-critical-infrastructure>;
 - 3.5.5. Health Insurance Portability and Accountability Act (HIPAA) including Business Associate Agreement/ Health Information Technology for Economic and Clinical Health Act (HITECH): <https://www.hhs.gov/hipaa/index.html>;
 - 3.5.6. Tax Information Security Guidelines For Federal, State and Local Agencies: Safeguards for Protecting Federal Tax Returns and Return Information (I.R.S. Publication 1075): <https://www.irs.gov/pub/irs-pdf/p1075.pdf>;
 - 3.5.7. Criminal Justice Information Services Security Policy (CJIS):
<https://www.fbi.gov/services/cjis/cjis-security-policy-resource-center>;
 - 3.5.8. Centers for Medicare & Medicaid Services (CMS), Minimum Acceptable Risk Standards for Exchanges (MARS-E):
<https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2-MARS-E-v2-0-Minimum-Acceptable-Risk-Standards-for-Exchanges-11102015.pdf>;
 - 3.5.9. A.R.S. Title 41, Chapter 41. Arizona Department of Homeland Security;
 - 3.5.10. A.R.S. §18-104 - Arizona Department of Administration, Arizona Strategic Enterprise Technology (ADOA-ASET), Powers and duties of the agency:
<https://www.azleg.gov/arsDetail/?title=18>;
 - 3.5.11. A.R.S. §18-105 - Statewide Information Security and Privacy Office (SISPO):
<https://www.azleg.gov/viewdocument/?docName=http%3A//www.azleg.gov/ars/18/00105.htm>;
 - 3.5.12. A.R.S. §18-551 - Definitions Information Security Including PII:
<https://www.azleg.gov/ars/18/00551.htm>;
 - 3.5.13. A.R.S. §18-552 - Notification of security system breaches; requirements; enforcement; civil penalty; preemption; exceptions:
<https://www.azleg.gov/ars/18/00552.htm>;

Addendum B to Special Terms and Conditions IT Security Requirements

- 3.5.14. Arizona Executive Order 2008-10 – Mitigating Cyber Security Threats:
<https://aset.az.gov/node/192>;
- 3.5.15. SIPC Memorandum of Understanding (MOU): <https://www.sipc.org/about-sipc/>;
- 3.5.16. State Environmental policies: <https://azdeq.gov/LawsAndRules>;
- 3.5.17. Family Education Rights Privacy Act (FERPA):
<https://www2.ed.gov/policy/gen/guid/fpco/ferpa/index.html?src=rn>;
- 3.5.18. Driver’s Privacy Protection Act (DPPA): <https://azdot.gov/motor-vehicles/driver-services/driver-license-information/motor-vehicle-records>;
- 3.5.19. Incident Response Reporting program and system:
https://aset.az.gov/sites/default/files/P8240%20Incident%20Response%20Planning_Sept2018_0.pdf;
- 3.5.20. Privacy Incident Reporting policy and standards:
<https://aset.az.gov/sites/default/files/STANDARD%208240%20INCIDENT%20RESPONSE%20PLANNING.pdf>;
- 3.5.21. State of Arizona Library, Archives and Public Records, Records Management Division, General Retention Schedules <https://azlibrary.gov/arm/policies>; and
- 3.5.22. Payment Card Industry (PCI) Security Standards including but not limited to Supplemental Documents, Information Supplements and Validation Requirements:
<https://www.pcisecuritystandards.org>

UNIFORM TERMS AND CONDITIONS

[Uniform Terms and Conditions](#)

Version 10.5

1. Definition of Terms. See Above
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 Parol 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 any and all Data and other "records" relating to the acquisition and performance of the Contract for a period of five (5) 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 Nos. 2023-09, 2023-01, 2009-09, and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act. Contractor shall include these provisions in contracts with Subcontractors when required by Federal or State law.
 - 3.3. Audit. Pursuant to A.R.S. § 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 as required under A.R.S. § 41-2547. 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 non-compliance of the Materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

UNIFORM TERMS AND CONDITIONS

- 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, stated in the Contract, or listed on the State's eProcurement system. 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. Continuous Improvement. Contractor shall recommend continuous improvements on an on-going basis in relation to any Materials and Services offered under the Contract, with a view to reducing State costs and improving the quality and efficiency of the provision of Materials or Services. State may require Contractor to engage in continuous improvements throughout the term of the Contract.
- 3.8. Other Contractors. State may undertake on its own or award other contracts to the same or other suppliers for additional or related work. In such cases, the Contractor shall cooperate fully with State employees and such other suppliers and carefully coordinate, fit, connect, accommodate, adjust, or sequence its work to the related work by others. Where the Contract requires handing-off Contractor's work to others, Contractor shall cooperate as State instructs regarding the necessary transfer of its work product, Materials, Services, or records to State or the other suppliers. Contractor shall not commit or permit any act that interferes with the State's or other suppliers' performance of their work, provided that, State shall enforce the foregoing section equitably among all its suppliers so as not impose an unreasonable burden on any one of them.
- 3.9. Ownership of Intellectual Property
- 3.9.1. Rights In Work Product. All intellectual property originated or prepared by Contractor pursuant to the Contract, including but not limited to, inventions, discoveries, intellectual copyrights, trademarks, trade names, trade secrets, technical communications, records reports, computer programs and other documentation or improvements thereto, including Contractor's administrative communications and records relating to the Contract, are considered work product and Contractor's property, provided that, State has Government Purpose Rights to that work product as and when it was delivered to State.
- 3.9.2. "Government Purpose Rights" are:
- 3.9.2.1. the unlimited, perpetual, irrevocable, royalty free, non-exclusive, worldwide right to use, modify, reproduce, release, perform, display, sublicense, disclose and create derivatives from that work product without restriction for any activity in which State is a party.
- 3.9.2.2. the right to release or disclose that work product to third parties for any State government purpose.
- 3.9.2.3. the right to authorize those to whom it rightfully releases or discloses that work product to use, modify, release, create derivative works from the work product

UNIFORM TERMS AND CONDITIONS

for any State government purpose; such recipients being understood to include the federal government, the governments of other states, and various local governments.

- 3.9.3. "Government Purpose Rights" do not include any right to use, modify, reproduce, perform, release, display, create derivative works from or disclose that work product for any commercial purpose, or to authorize others to do so.
- 3.9.4. Joint Developments. The Contractor and State may each use equally any ideas, concepts, know-how, or techniques developed jointly during the course of the Contract, and may do so at their respective discretion, without obligation of notice or accounting to the other party.
- 3.9.5. Pre-existing Material. All pre-existing software and other Materials developed or otherwise obtained by or for Contractor or its affiliates independently of the Contract or applicable Purchase Orders are not part of the work product to which rights are granted State under subparagraph 3.9.1 above, and will remain the exclusive property of Contractor, provided that:
 - 3.9.5.1. any derivative works of such pre-existing Materials or elements thereof that are created pursuant to the Contract are part of that work product.
 - 3.9.5.2. any elements of derivative work of such pre-existing Materials that was not created pursuant to the Contract are not part of that work product.
 - 3.9.5.3. except as expressly stated otherwise, nothing in the Contract is to be construed to interfere or diminish Contractor's or its affiliates' ownership of such pre-existing Materials.
- 3.9.6. Developments Outside Of Contract. Unless expressly stated otherwise in the Contract, this Section does not preclude Contractor from developing competing Materials outside the Contract, irrespective of any similarity to Materials delivered or to be delivered to State hereunder.
- 3.10. Property of the State. If there are any materials that are not covered by Section 3.9 above created under this Contract, including but not limited to, reports and other deliverables, these materials are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.
- 3.11. Federal Immigration and Nationality Act. 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, 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 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 or debarment of the contractor.
- 3.12. 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 Section A.R.S. § 23- 214, Subsection A.

UNIFORM TERMS AND CONDITIONS

- 3.13. Offshore Performance of Work involving Data is 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 Data shall be performed within the defined territories of the United States.
- 3.14. Protection of State Cybersecurity Interests. The Contractor shall comply with State Executive Order No. 2023-10, which includes, but is not limited to, a prohibition against (a) downloading and installing of TikTok on all State-owned and State-leased information technology; and (b) accessing TikTok through State information technology.
- 3.15. Artificial Intelligence (AI) Prohibitions. Consistent with State policy, if Contractor supplies AI Services or Materials (either directly or through Subcontractors or the sale of licenses), such as research, development, training, implementation, deployment, maintenance, provision, or sale of AI systems, then Contractor is prohibited from using State of Arizona Materials or Data in generative AI queries or for building or training proprietary generative AI programs unless explicitly approved in advance by the State in writing.
 - 3.15.1. Contractor shall also disclose the utilization of generative AI before producing works owned by the State and/or integrating generative AI into Materials or Services used by the State.
 - 3.15.2. Contractor shall perform due diligence to ensure proper licensure of model training data for all generative AI services throughout the life of the Contract.
- 3.16. Certifications Required by State Law.
 - 3.16.1. If Contractor is a Company, as defined in A.R.S. § 35-393, Contractor certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 *et seq.* and will refrain from any such boycott for the duration of this Contract.
 - 3.16.2. Contractor further certifies that it shall comply with A.R.S. § 35-394, regarding use of the forced labor of ethnic Uyghurs, as applicable.

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 Materials 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, per A.R.S. § 47-2319, all prices shall be F.O.B. ("free on board") Destination and shall include all freight delivery and unloading at the destination.
- 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

UNIFORM TERMS AND CONDITIONS

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 or Federal Fiscal Year. Funds may not presently be available for performance under this Contract beyond the current State or Federal Fiscal Year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current State or Federal Fiscal Year until funds are made available for performance of this Contract.

4.5. Availability of Funds for the Current State or Federal Fiscal Year. Should the State or Federal Legislature enter back into session and reduce the appropriations or for any reason and these Materials or Services are not funded, the AHCCCS 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.

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 Services or Materials, the revision of payment terms, or the substitution of Services 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.

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 Materials 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

6.2.1. Contractor/Vendor Indemnification (Not Public Agency). To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and

UNIFORM TERMS AND CONDITIONS

employees (hereinafter referred to as “Indemnitee”) from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys’ fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as “Claims”) for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or Subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers’ Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State of Arizona. This indemnity shall not apply if the Contractor or Subcontractor(s) is/are an agency, board, commission or university of the State of Arizona.

- 6.2.2. Public Agency Language Only. Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.
- 6.3. 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 paragraph shall not apply.
- 6.4. Force Majeure.
- 6.4.1. Except for payment of sums due, neither the Contractor nor State 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, failures or refusals to act by government authority,

UNIFORM TERMS AND CONDITIONS

and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2. Force Majeure shall not include the following occurrences:

- 6.4.2.1. Late delivery of equipment, Materials, or Services caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market.
- 6.4.2.2. 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
- 6.4.2.3. Inability of either the Contractor or any Subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

6.4.3. If either the Contractor or State 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 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.

6.4.4. 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.

6.5. 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 the Special Terms and Conditions, the Contractor warrants that, for one (1) 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. Conformity to Requirements.

- 7.3.1. Contractor warrants that, unless expressly provided otherwise elsewhere in the Contract, the Materials and Services will for one (1) year after acceptance and in each instance:

UNIFORM TERMS AND CONDITIONS

- 7.3.1.1. Conform to the requirements of the Contract, which by way of reminder include without limitation all descriptions, specifications, and drawings identified in the Scope of Work and any and all Contractor affirmations included as part of the Contract.
 - 7.3.1.2. Be free from defects of material and workmanship.
 - 7.3.1.3. Conform to or perform in a manner consistent with current industry standards.
 - 7.3.1.4. Be fit for the intended purpose or use described in the Contract.
- 7.3.2. Mere delivery or performance does not substitute for express acceptance by the State. Where inspection, testing, or other acceptance assessment of Materials or Services cannot be done until after installation or invoicing, the forgoing warranty will not begin until State's explicit acceptance of the Materials or Services.
- 7.4. Inspection/Testing. The warranties set forth in this Section 7 [Warranties] are not affected by inspection or testing of or payment for the Materials or Services by the State.
- 7.5. Contractor Personnel. Contractor warrants that its personnel will perform their duties under the Contract in a professional manner, applying the requisite skills and knowledge, consistent with industry standards, and in accordance with the requirements of the Contract. Contractor further warrants that its key personnel will maintain any and all certifications relevant to their work, and Contractor shall provide individual evidence of certification to State's authorized representatives upon request.
- 7.6. Compliance With Applicable Laws. The Materials and Services supplied under this Contract shall comply with all applicable federal, state, and local laws and policies (including, but not limited to, information technology policies, standards, and procedures available on the State's website and/or the website of any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation commission of the State of Arizona). Federal requirements may be incorporated into this Contract, if required, pursuant to A.R.S. § 41-2637. Contractor shall maintain any and all applicable license and permit requirements. This requirement includes, but is not limited to, any and all Arizona state statutes that impact state contracts, regardless of whether those statutory references have been removed during the course of contract negotiations; this is notice to Contractors that the State does not have the authority to modify Arizona state law by contract.
- 7.7. Intellectual Property. Contractor warrants that the Materials and Services do not and will not infringe or violate any patent, trademark, copyright, trade secret, or other intellectual property rights or laws, except only to the extent the Specifications do not permit use of any other product and Contractor is not and cannot reasonably be expected to be aware of the infringement or violation.
- 7.8. Licenses and Permits. Contractor warrants that it will maintain all licenses required to fully perform its duties under the Contract and all required permits valid and in force.
- 7.9. Operational Continuity. Contractor warrants that it will perform without relief notwithstanding being sold or acquired; no such event will operate to mitigate or alter any of Contractor's duties hereunder absent a consented delegation under paragraph 5.3 [Assignment and Delegation] that expressly recognizes the event.
- 7.10. Performance in Public Health Emergency. Contractor warrants that it will:

UNIFORM TERMS AND CONDITIONS

- 7.10.1. Have in effect, promptly after commencement, a plan for continuing performance in the event of a declared public health emergency that addresses, at a minimum:
 - 7.10.1.1. Identification of response personnel by name.
 - 7.10.1.2. Key succession and performance responses in the event of sudden and significant decrease in workforce.
 - 7.10.1.3. Alternative avenues to keep sufficient product on hand or in the supply chain.
- 7.10.2. Provide a copy of its current plan to State within three (3) business days after State's written request. If Contractor claims relief under paragraph 6.4 [Force Majeure] for an occurrence of force majeure that is a declared public health emergency, then that relief will be conditioned on Contractor having first implemented its plan and exhausted all reasonable opportunity for that plan implementation to overcome the effects of that occurrence, or mitigate those effects to the extent that overcoming entirely is not practicable.
- 7.10.3. A request from the State related to this paragraph 7.10 does not necessarily indicate that there has been an occurrence of force majeure, and the Contractor will not be entitled to any additional compensation or extension of time by virtue of having to implement a plan.
- 7.10.4. Failure to have or implement an appropriate plan will be a material breach of contract.
- 7.11. Lobbying
 - 7.11.1. Prohibition. Contractor warrants that it will not engage in lobbying activities, as defined in 40 Code of Federal Regulations (CFR) part 34 and A.R.S. § 41-1231, *et seq.*, using monies awarded under the Contract, provided that, the foregoing does not intend to constrain Contractor's use of its own monies or property, including without limitation any net proceeds duly realized under the Contract or any value thereafter derived from those proceeds; and upon award of the Contract, it will disclose all lobbying activities to State to the extent they are an actual or potential conflict of interest or where such activities could create an appearance of impropriety. Contractor shall implement and maintain adequate controls to assure compliance with above. Contractor shall obtain an equivalent warranty from all Subcontractors and shall include an equivalent no-lobbying provision in all Subcontracts.
 - 7.11.2. Exception. This paragraph 7.11 does not apply to the extent that the Services are defined in the Contract as being lobbying for State's benefit or on State's behalf.
- 7.12. Covered Telecommunications or Services. Contractor warrants that the Materials and Services rendered under this Agreement will not require Contractor to use for the State, or provide to the State to use, "covered telecommunications equipment or Services" as a substantial or essential component of any system, or as critical technology as part of any system, within the meaning of Federal Acquisition Regulation ("FAR") Section 52.204-25.
- 7.13. Debarment, Suspension, U.S. Government Restricted Party Lists. Contractor warrants that it is not, and its Subcontractors are not, on the U.S. government's Denied Parties List, the Unverified List, the Entities List, the Specially Designated Nationals and Blocked Parties List, and neither the Contractor nor any Subcontractors are presently debarred, suspended, proposed for debarment or otherwise declared ineligible for award of federal contracts or participation in federal assistance programs or activities.

UNIFORM TERMS AND CONDITIONS

7.14. False Statements. Contractor represents and warrants that all statements and information Contractor prepared and submitted in response to the Solicitation or as part of the Contract documents are current, complete, true, and accurate. If the Procurement Officer determines that Contractor submitted an Offer or Bid with a false statement, or makes material misrepresentations during the performance of the Contract, the Procurement Officer may determine that Contractor has materially breached the Contract and may void the submitted Offer or Bid and any resulting Contract.

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

7.15.1. Survival of Warranty. All representations and warranties made by Contractor under the Contract will survive the expiration or earlier termination of the Contract.

7.15.2. 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.

7.15.3. 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 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.

UNIFORM TERMS AND CONDITIONS

- 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 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 with 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 (3) 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

UNIFORM TERMS AND CONDITIONS

shall be entitled to receive just and equitable compensation for work in progress, work completed, and Materials or Services accepted before the effective date of the termination. The cost principles and procedures provided in A.R.S. § 41-2543 and A.A.C. Title 2, Chapter 7, Article 7, 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.

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 (A.R.S. Title 41).

HIPAA Business Associate Addendum

[HIPAA BAA](#)

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, 162 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:
 - 2.3.1.1. A description of the nature of the unauthorized use or disclosure, including the number of individuals affected by the unauthorized use or disclosure.
 - 2.3.1.2. A description of the PHI used or disclosed.
 - 2.3.1.3. The date(s) on which the unauthorized use or disclosure occurred.
 - 2.3.1.4. The date(s) on which the unauthorized use or disclosure was discovered.
 - 2.3.1.5. Identify the person(s) who used or disclosed the PHI in an unauthorized manner.
 - 2.3.1.6. Identify the person(s) who received PHI disclosed in an unauthorized manner.

HIPAA Business Associate Addendum

- 2.3.1.7. A description of actions, efforts, or plans undertaken by the Business associate to mitigate the harm of the unauthorized disclosure.
- 2.3.1.8. A description of corrective actions undertaken or planned to prevent future similar unauthorized use or disclosure.
- 2.3.1.9. An assessment of whether a breach, as defined in 45 CFR 164.402, including, if necessary, an assessment of the probability of harm.
- 2.3.1.10. Such other information, as may be reasonably requested by the AHCCCS Privacy Official.
- 2.3.2. 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.
- 2.3.3. 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.
- 2.3.4. 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 of 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).
- 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 DISCLOSURES 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.
- 3.3. Business Associate agrees to make uses and disclosures and requests for protected health information consistent with Minimum Necessary, as required at 45 § CFR 164.502(b) and 164.514(d).
- 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).

HIPAA Business Associate Addendum

- 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.
- 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.
- 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.
 - 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.
 - 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

HIPAA Business Associate Addendum

- 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.

HIPAA Business Associate Addendum

END OF SOLICITATION