

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

October 1, 2009

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B5200041
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Electronic Data Systems 930 West Holmes Road Lansing, MI 48910 Email: gary.laroy@eds.com	TELEPHONE (517) 272-5939 Gary Laroy
	VENDOR NUMBER/MAIL CODE (006)
	BUYER/CA (517) 241-7233 Joann Klasko
Contract Compliance Inspector: Sara Williams Medicaid Fiscal Review Services – DIT/DCH	
CONTRACT PERIOD: From: October 1, 2004 To: October 31, 2009	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby **EXTENDED** to October 31, 2009 and is increased by \$176,853.00, per attached documents. All other terms and conditions remain the same.

AUTHORITY/REASON:

Per agency and vendor concurrence.

INCREASE: \$176,853.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$8,623,233.00

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

November 11, 2007

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B5200041
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Electronic Data Systems 930 West Holmes Road Lansing, MI 48910 Email: gary.laroy@eds.com	TELEPHONE (517) 272-5939 Gary Laroy
	VENDOR NUMBER/MAIL CODE (006)
	BUYER/CA (517) 241-7233 Joann Klasko
Contract Compliance Inspector: Sara Williams Medicaid Fiscal Review Services – DIT/DCH	
CONTRACT PERIOD: From: October 1, 2004 To: September 30, 2008	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby **EXTENDED** to September 30, 2008 and is increased by \$1,647,036.00, per the attached EDS proposal.

AUTHORITY/REASON:

Per agency and vendor concurrence.

INCREASE: \$1,647,036.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$6,588,144.00

**Statement of Work
DCH Medicaid Cost Settlement – EDS Contract Extension FY08
August 27, 2007**

This document contains the proposed Statement of Work for the EDS Medicaid Cost Settlement contract extension to be executed during the State's 2008 fiscal year. The document consists of the following four sections:

- Statement of Work Specific to the Department of Community Health (DCH) Hospital and Health Plan Reimbursement Division (HHPRD)
- Statement of Work Specific to the DCH Long Term Care Reimbursement and Rate Setting Section (LTC)
- Statement of Work Specific to the DCH Office of Audit (OA)
- Statement of Work Common to HHPRD, LTC, and OA

All work completed during this contract is based upon the prioritization established by HHPRD, LTC, and OA management and upon the availability of the fixed number of twelve EDS staff provided within this extension agreement.

EDS is pleased to continue this successful partnership with DCH and the Department of Information Technology (DIT). It is our goal to provide high quality services and deliverables that enhance the State's ability to effectively administrate reimbursements and audits.

Statement of Work Specific to the Department of Community Health (DCH) Hospital and Health Plan Reimbursement Division (HHPRD)

CardFile (CF) System: The CF System enables HHPRD to store and track information for hospitals and clinics. This information is used to monitor and calculate Medicaid reimbursements for hospitals and clinics. The CF System consists of the following components:

- Facility Information
- Payment Logs
- Gross Adjustment Logs
- Medicaid Interim Payment (MIP) and Capital Interim Payment (CIP) System
- Rate Information
- Cost Report Information
- Medicare Cost Report Viewer
- Reporting
- MIP Case Mix

During the extension year EDS will enhance the CF system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the CF system to accommodate changes resulting from implementation of the CHAMPS system.

Hospital Cost Settlement (HCS) System: The HCS system enables HHPRD to provide accurate Medicaid financial settlements for hospitals. The HCS System consists of the following components:

- Cost Settlement Worksheets
- Provider Letters
- MARS Paid Claims Loader

DCH Medicaid Cost Settlement Statement of Work FY08

During the extension year EDS will enhance the HCS system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the HCS system to accommodate changes resulting from implementation of the CHAMPS system.

Michigan Medicaid Forms (MMF) System: The MMF system enables HHPRD to collect timely and accurate financial information from hospitals that is used to establish Medicaid reimbursement policies and administer Medicaid reimbursements. The MMF System consists of the following components:

- Cost Report Worksheets
- Cost Report File Loader
- Support File Generator

During the extension year EDS will enhance the MMF system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the MMF system to accommodate changes resulting from implementation of the CHAMPS system.

Filed Cost Report Information Database (FCID) System and Audited Cost Report Information Database (ACID) System: The FCID and ACID systems enable HHPRD to capture, load, and track filed and audited Medicare cost report data using standard CMS file. The FCID and ACID systems consist of the following components:

- Filed Cost Report Loader
- Audited Cost Report Loader
- KPMG CompuMax CMS 2552 and CMS 287 Software

During the extension year EDS will enhance the FCID and ACID systems to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the FCID and ACID systems to accommodate changes resulting from implementation of the CHAMPS system. EDS will maintain licensing with KPMG or another CMS-approved vendor for processing of CMS 2552 cost reports. EDS will apply upgrades to the CompuMax CMS 2552 software as necessary to ensure correct processing of CMS 2552 cost reports. In addition, EDS will provide through its license with KPMG or another CMS-approved vendor access for DCH staff to software used for the creation of CMS 2552 and CMS 287 cost reports for state-owned psychiatric hospitals.

Federally Qualified Health Center (FQHC) Systems: The FQHC system enables HHPRD to capture, load, track, reimburse, and perform financial settlements for federally qualified health centers, tribal health centers, rural health centers, and local health departments. The FQHC system consists of the following components:

- Settlement
- Encounter Reporting
- Accrual Reporting
- File Loading
- Qualified Health Plan (QHP) Processing
- Full Cost Clinic Reporting (FCCR)
- Letters
- Reporting

During the extension year EDS will enhance the FQHC system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the FQHC system to accommodate changes resulting from implementation of the CHAMPS system. In addition EDS will work with HHPRD to automate or improve the collection of FQHC and school-based clinic cost report information.

DCH Medicaid Cost Settlement Statement of Work FY08

Quarterly Financial Information Database (QFID) System: The QFID system enables HHPRD to capture, load and track quarterly financial information from hospitals enrolled in the MIP and CIP programs. The QFID system consists of the following components:

- QFID Loader
- QFID Viewer

During the extension year EDS will enhance the QFID system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the QFID system to accommodate changes resulting from implementation of the CHAMPS system.

State Psychiatric Hospital Settlement (SPHS) System: The SPHS system enables HHPRD to provide accurate Medicaid financial settlements for state-owned psychiatric hospitals. The HCS System consists of the following components:

- Cost Settlement Worksheets
- Quarterly Payment Calculations
- Provider Letters

During the extension year EDS will enhance the SPHS system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the SPHS system to accommodate changes resulting from implementation of the CHAMPS system.

Disproportionate Share Hospital (DSH) System: The DSH system enables HHPRD to collect and calculate indigent volume information and other information used to produce DSH payments to Medicaid hospitals. The DSH system consists of the following components:

- Indigent Volume Worksheets
- Inpatient Cost to Charge Ratio Worksheets
- Outpatient Cost to Charge Ratio Worksheets

During the extension year EDS will enhance the DSH system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the DSH system to accommodate changes resulting from implementation of the CHAMPS system.

Graduate Medical Education (GME) System: The GME system enables HHPRD to collect and calculate the information used to produce GME payments to Medicaid hospitals. The DSH system consists of the following components:

- GME Funds Pool
- GME Primary Care Pool

During the extension year EDS will enhance the GME system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the GME system to accommodate changes resulting from implementation of the CHAMPS system.

Medicaid Access to Care Initiative (MACI) System: The MACI system enables HHPRD to collect and calculate the information used to produce MACI payments to Medicaid hospitals. The MACI system consists of the following components:

- Pool Calculation
- Individual Hospital Summary
- Aggregate Pool

DCH Medicaid Cost Settlement Statement of Work FY08

During the extension year EDS will enhance the MACI system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the MACI system to accommodate changes resulting from implementation of the CHAMPS system.

Hospital Quality Assurance Assessment Program (QAAP) System: The QAAP system enables HHPRD to collect and calculate the information used to produce QAAP Assessments to Medicaid hospitals. The QAAP system consists of the following components:

- Assessment Calculation
- Individual Hospital Summary
- Aggregate Assessment

During the extension year EDS will enhance the QAAP system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the QAAP system to accommodate changes resulting from implementation of the CHAMPS system. EDS will continue to assist HHPRD as needed in preparing electronic copies of the QAAP invoices for distribution.

HHPRD Reports: The HHPRD Reports enable HHPRD to analyze and process data critical to the function of the division. The reports fall into the following general categories:

- Inventory Reports
- Gross Adjustment Reports
- Form Letters
- Capital Accrual
- Facility Reports
- Other Reports

During the extension year EDS will enhance the HHPRD Reports to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the HHPRD Reports to accommodate changes resulting from implementation of the CHAMPS system.

Rate Setting Support: Support for HHPRD Rate Setting includes calculations and reporting in the following categories:

- Capital Cost Per Discharge
- Cost to Charge Ratios
- DRG Rate Calculations

During the extension year EDS will enhance the Rate Setting Support calculations and reports to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the Rate Setting Support calculations and reports to accommodate changes resulting from implementation of the CHAMPS system.

HHPRD has proposed automating or enhancing the processing of certain rate setting processes. These rate setting processes include:

- Capital Rate Setting
- Inpatient Hospital Rate Setting
- Outpatient Rate Setting

EDS will work with HHPRD, as HHPRD prioritizes, to design and implement automation or enhancements to these rate setting processes.

Operational Support: EDS will continue to provide the following categories of operational support:

DCH Medicaid Cost Settlement Statement of Work FY08

- Hospital Cost Report Loading and Workflow Status Recording
- Freedom of Information Act (FOIA) Support (gathering and packaging of certain types of response data for FOIA requests)

Statement of Work Specific to the DCH Long Term Care Reimbursement and Rate Setting Section (LTC)

Long Term Care Application (LTCA) System: The LTCA system enables LTC to calculate, display, maintain, report, track, and load facility, provider, payment, rate, and cost report information. The LTCA system consists of the following components:

- Acceptance and Intake
- Workflow/Tracking Logs
- Audit Tools
- Facility
- CD/Diskette Reception
- File Manger
- Reports

During the extension year EDS will enhance the LTCA system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the LTCA system to accommodate changes resulting from implementation of the CHAMPS system. EDS will continue to update LTCA to provide full functionality for Home Office Cost Reports similar to the functionality that already exists for Nursing Facility Cost Reports. Based upon the future disposition of the provider cost report, EDS will work with LTC to prioritize the technology upgrade of the Acceptance/Intake and other LTCA system components.

Nursing Facility (NF) Cost Report System: The NF Cost Report system enables LTC to collect timely and accurate financial information from nursing facilities that is used to establish Medicaid reimbursement policies and administer Medicaid reimbursements. The NF Cost Report System consists of the following components:

- Filed Cost Report Worksheets
- Audited Cost Report Worksheets
- Calculation and Validation
- Maintenance and Reporting

During the extension year EDS will enhance the NF Cost Report system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the NF Cost Report system to accommodate changes resulting from implementation of the CHAMPS system. EDS will update the existing business rule documentation for the NF Cost Report system. EDS will work with LTC, as LTC prioritizes, to plan for upgrade of the NF Cost Report platform to match the Home Office Cost Report platform.

NF Audit Plan System: The NF Audit Plan system enables LTC to define, document, and report upon procedures to be followed during the audit of a nursing facility. The NF Audit Plan system consists of the following components:

- Audit Assessment
- Audit Scope
- Reporting

During the extension year EDS will enhance the NF Audit Plan system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the NF

DCH Medicaid Cost Settlement Statement of Work FY08

Audit Plan system to accommodate changes resulting from implementation of the CHAMPS system.

Home Office (HO) Cost Report System: The HO Cost Report system enables LTC to collect timely and accurate financial information from nursing facility chain home offices that is used in conjunction with the NF Cost Report system to establish Medicaid reimbursement policies and administer Medicaid reimbursements for nursing facilities. The HO Cost Report System consists of the following components:

- Filed Cost Report Worksheets
- Audited Cost Report Worksheets
- Calculation and Validation
- Maintenance and Reporting

During the extension year EDS will enhance the HO Cost Report system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the HO Cost Report system to accommodate changes resulting from implementation of the CHAMPS system. EDS will provide regularly scheduled releases of the HO Cost Report system to accommodate compensation limit changes. EDS will adjust HO Cost Report system validation and business rules as requested.

New HO Audit Plan System: LTC and the Office of Audit have proposed creating a new Audit Plan system for HO Cost Reports similar to the existing Audit Plan system for NF Cost Reports. EDS will work with LTC and the Office of Audit, as they prioritize, to design, develop, and implement this new system.

Rate Template System: The Rate Template system enables LTC to calculate, display, maintain, and report Medicaid rates for nursing facilities. The Rate Template consists of the following components:

- Rate Calculation Worksheets
- Provider Letters

During the extension year EDS will enhance the Rate Template system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the Rate Template system to accommodate changes resulting from implementation of the CHAMPS system. EDS will update the existing business rule documentation for the Rate Template system.

Risk Analysis System: The Risk Analysis system enables LTC to analyze nursing facility costs in relation to Medicaid cost limits. The system identifies cost areas that warrant additional audit work in order to produce the highest cost savings to the Medicaid program and calculates the potential cost savings. The Risk Analysis system consists of the following components:

- Risk Analysis Worksheets
- Cost Savings Calculations

During the extension year EDS will enhance the Risk Analysis system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the Risk Analysis system to accommodate changes resulting from implementation of the CHAMPS system.

Quality Assurance Supplement (QAS) System: The QAS system enables LTC to collect and calculate the information used to produce QAS payments to Medicaid nursing facilities. The QAS system consists of the following components:

DCH Medicaid Cost Settlement Statement of Work FY08

- Supplement Calculations
- Provider Letters

During the extension year EDS will enhance the QAS system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the QAS system to accommodate changes resulting from implementation of the CHAMPS system.

NF Quality Assurance Assessment Program (QAAP) System: The QAAP system enables LTC to collect and calculate the information used to produce QAAP Assessments to Medicaid nursing facilities. The QAAP system consists of the following components:

- Assessment Calculations
- Provider Letters

During the extension year EDS will enhance the QAAP system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the QAAP system to accommodate changes resulting from implementation of the CHAMPS system.

Variable Cost Limit/Support to Base Ratio (VCL/SBR) System: The VCL/SBR system enables LTC to calculate, display, maintain, and report VCL/SBR information for nursing facilities. The VCL/SBR system consists of the following components:

- Calculations and Reporting
- Database Load

During the extension year EDS will enhance the VCL/SBR system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the VCL/SBR system to accommodate changes resulting from implementation of the CHAMPS system.

LTC Reports: The LTC Reports enable LTC to analyze and process data critical to the function of the section. The reports fall into the following general categories:

- NF Variance Reports
- Settlement Reports
- Gross Adjustment Reports
- Accrual Reports
- Other Reports

During the extension year EDS will enhance the LTC Reports to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will enhance the LTC Reports to accommodate changes resulting from implementation of the CHAMPS system. LTC has proposed new reports be added to the system. EDS will work with LTC, as LTC prioritizes, to create the new reports. These include reports in the following categories:

- HO Variance Reports
- Statistical Reports

Access Reporting Database: The Access Reporting Database consists of user designed and maintained reports created using Microsoft Access. As requested by LTC, EDS will assist in creating, maintain, debugging, and enhancing these reports.

Statement of Work Specific to the DCH Office of Audit (OA)

DCH Medicaid Cost Settlement Statement of Work FY08

Shared Systems: OA shares several existing systems and new development projects with LTC. EDS will work with both OA and LTC to ensure that the critical needs of all parties are met in the enhancement and support of the shared systems. The shared systems are defined in the LTC section of this document and are listed below:

- LTCA System
- NF Cost Report System
- NF Audit Plan System
- HO Cost Report System
- New HO Audit Plan System
- Rate Template System
- Risk Analysis System

Audit Statistics System: The Audit Statistics system enables OA to calculate, display, maintain, track, and report effort and status information associated with long term care audits and special audits. This system consists of the following components:

- Audit Management System
- Audit Time Tracking System
- DCDS Interface
- HRMN Interface

During the extension year EDS will enhance the Audit Statistics system to accommodate policy updates, statute updates, DIT requirements, and executive orders. OA has proposed the following enhancements to the Audit Statistics system. EDS will work with OA, as OA prioritizes, to design, develop, and implement the following enhancements:

- Audit Program System
- Budget and Travel System
- Audit File Management System

Subrecipient Audit Monitoring and Review System (SARMS): The SARMS system enables OA to display, maintain, track, and report reviews of Financial Audit Reports for entities receiving MDCH and federal grant money. The SARMS system consists of the following components:

- System Forms
- System Reports
- Annual Data Load

During the extension year EDS will enhance the SARMS system to accommodate policy updates, statute updates, DIT requirements, and executive orders. EDS will continue to maintain and execute the annual data load process. OA has proposed the following new reports and process automation projects, which EDS will produce during the extension year:

- Tested Program Tracking Report
- Audit Report Due Notice Automation
- Delinquent Audit Report Notice Automation
- Questioned Cost Recoveries Report
- Checklist Document Management
- Electronic Audit Report Management

OA Reports: The OA Reports enable OA to analyze and communicate data critical to the function of the section. The reports fall into the following general categories:

DCH Medicaid Cost Settlement Statement of Work FY08

- Annual Reports
- Other Reports

During the extension year EDS will enhance the OA Reports to accommodate policy updates, statute updates, DIT requirements, and executive orders.

Corrective Action Tracking System (CATS): The CATS system is currently under development. The CATS system will enable OA to track follow-up activities for several types of special audits. EDS will work with OA, as OA prioritizes, to implement the initial version of this system. After implementation of the initial version of the CATS system, EDS will work with OA to evaluate the need for enhancements and upgrades.

Statement of Work Common to HHPRD, LTC, and OA

Server and Network Support: EDS will continue to provide the server and network support that enables HHPRD, LTC, and OA to access and use the applications supported under this contract. EDS will provide configuration and support of the database and web servers associated with this contract. The end users of the applications supported under this contract are located at the following sites:

- Capitol Commons Center, Lansing, MI
 - HHPRD
 - LTC
 - OA Central Office, Special Audits, Quality Assurance & Review
 - Policy Division
 - Actuarial Division
- Lewis Cass Building, Lansing, MI
 - Budget Division
 - Finance Division
 - Medicaid Support Section
- OA Regional Office, Grand Rapids, MI
- OA Regional Office, Grayling, MI
- OA Regional Office, Fenton, MI

The servers associated with this contract have recently been moved to a DIT hosting center. DIT is assuming responsibility for server file backups and for restoration of files from tape. During the transition period, EDS will work with DIT to ensure the backup and restoration processes continue to be executed effectively.

Developer Environment: EDS will provide the hardware equipment and software development tools needed to maintain and enhance the applications supported under this contract.

Database Support: EDS will maintain, support, and enhance the databases that are used by the HHPRD, LTC, and OA systems.

Departmental Intranet Support: EDS will maintain, support, and enhance the web structure that enables the HHPRD, LTC, and OA web systems.

Application Support: EDS will maintain, support, and enhance the infrastructure applications that support the HHPRD, LTC, and OA business processes. These applications include:

- Gross Adjustment Interface
- Common Infrastructure/Security
- Knowledge Base

DCH Medicaid Cost Settlement Statement of Work FY08

Business Continuity Plan (BCP): EDS will maintain a BCP document addressing continuity processes associated with the applications supported under this contract.

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

April 17, 2007

CHANGE NOTICE NO. 1
 TO
 CONTRACT NO. 071B5200041
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR Electronic Data Systems 930 West Holmes Road Lansing, MI 48910	TELEPHONE (517) 272-5924 Michele Lorenz
	VENDOR NUMBER/MAIL CODE (006)
	BUYER/CA (517) 241-7233 Joann Klasko
Contract Compliance Inspector: Sara Williams Medicaid Fiscal Review Services – DIT/DCH	
CONTRACT PERIOD: From: October 1, 2004 To: September 30, 2007	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, the buyer for this contract is changed to Joann Klasko.

AUTHORITY/REASON:

Per Purchasing Operations request.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$4,941,108.00

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

October 19, 2004

**NOTICE
 TO
 CONTRACT NO. 071B5200041
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Electronic Data Systems 930 West Holmes Road Lansing, MI 48910	TELEPHONE (517) 272-5924 Michele Lorenz
	VENDOR NUMBER/MAIL CODE (006)
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: Sara Williams Medicaid Fiscal Review Services – DIT/DCH	
CONTRACT PERIOD: From: October 1, 2004 To: September 30, 2007	
TERMS <p style="text-align: right;">N/A</p>	SHIPMENT <p style="text-align: right;">N/A</p>
F.O.B. <p style="text-align: right;">N/A</p>	SHIPPED FROM <p style="text-align: right;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

Estimated Contract Value: \$4,941,108.00

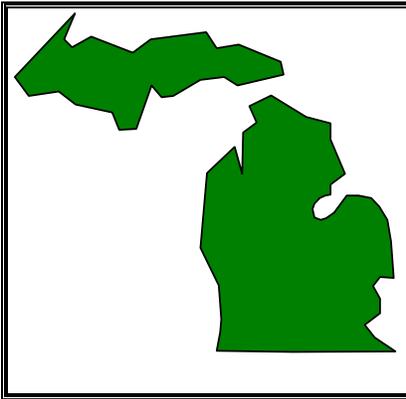
**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

**CONTRACT NO. 071B5200041
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Electronic Data Systems 930 West Holmes Road Lansing, MI 48910	TELEPHONE (517) 272-5924 Michele Lorenz VENDOR NUMBER/MAIL CODE (006) BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: Sara Williams <p style="text-align: center;">Medicaid Fiscal Review Services – DIT/DCH</p>	
CONTRACT PERIOD: From: October 1, 2004 To: September 30, 2007	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: Estimated Contract Value: \$4,941,108.00	

All terms and conditions of the invitation to bid are made a part hereof.

<p>FOR THE VENDOR:</p> <p style="text-align: center;">Electronic Data Systems _____ Firm Name</p> <p style="text-align: center;">_____ Authorized Agent Signature</p> <p style="text-align: center;">_____ Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____ Date</p>	<p>FOR THE STATE:</p> <p style="text-align: center;">_____ Signature Sean L. Carlson, Director _____ Name Acquisition Services _____ Title</p> <p style="text-align: center;">_____ Date</p>
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**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

IT SUPPORT FOR HHPRD, OFFICE OF AUDIT AND
LTC REIMB AND RATE SETTING

Buyer Name: [Melissa Castro, CPPB](#)
Telephone Number: [517-373-1080](#)
E-Mail Address: castrom@michigan.gov

DEFINITION OF TERMS

TERMS	DEFINITIONS
ACID	AUDITED COST INFORMATION DATA OF ALL COMPLETED AND APPROVED MEDICAID FINAL SETTLEMENTS
BCBSM	BLUE CROSS AND BLUE SHIELD OF MICHIGAN
BLANKET PURCHASE ORDER	ALTERNATE TERM FOR "CONTRACT" USED IN THE STATE'S COMPUTER SYSTEM (MICHIGAN AUTOMATED INFORMATION NETWORK [MAIN])
CIP	CAPITAL INTERIM PAYMENT
CMS	CENTERS FOR MEDICARE AND MEDICAID SERVICES (FORMERLY CALLED HCFA)
CANCELLATION	ENDING ALL RIGHTS AND OBLIGATIONS OF THE STATE AND CONTRACTOR, EXCEPT FOR ANY RIGHTS AND OBLIGATIONS THAT ARE DUE AND OWING.
CONTRACT	A BINDING AGREEMENT ENTERED INTO BY THE STATE OF MICHIGAN RESULTING FROM A BIDDER'S PROPOSAL; SEE ALSO "BLANKET PURCHASE ORDER."
CONTRACTOR	THE SUCCESSFUL BIDDER WHO IS AWARDED A CONTRACT.
DMB	MICHIGAN DEPARTMENT OF MANAGEMENT AND BUDGET
DRG	DIAGNOSIS RELATED GROUP
ECR	ELECTRONIC COST REPORT
EXPIRATION	EXCEPT WHERE SPECIFICALLY PROVIDED FOR IN THE CONTRACT, THE ENDING AND TERMINATION OF THE CONTRACTUAL DUTIES AND OBLIGATIONS OF THE PARTIES TO THE CONTRACT PURSUANT TO A MUTUALLY AGREED UPON DATE.
FCID	FILED COST INFORMATION DATA BASE THAT CONTAINS FILED COST REPORT INFORMATION NEEDED TO GENERATE THE MEDICAID AUDIT ADJUSTMENT REPORT AND NAPR
FQHC	FEDERALLY QUALIFIED HEALTH CENTERS
HCFA	HEALTH CARE FINANCING ADMINISTRATION (NAMED CHANGED TO CMS)

HCS SYSTEM	HOSPITAL COST SETTLEMENT SYSTEM
HHPRD	HOSPITAL HEALTH PLAN AND REIMBURSEMENT DIVISION
ITB	INVITATION TO BID - A GENERIC FORM USED BY ACQUISITION SERVICES TO SOLICIT QUOTATIONS FOR SERVICES OR COMMODITIES. THE ITB SERVES AS THE DOCUMENT FOR TRANSMITTING THE RFP TO INTERESTED POTENTIAL BIDDERS.
LPHD	LOCAL PUBLIC HEALTH DEPARTMENT
LTCA	LONG TERM CARE SYSTEM APPLICATION
LTCDB	LONG TERM CARE SYSTEM DATABASE
LTCS	LONG TERM CARE SYSTEM
MIP	MEDICAID INTERIM PAYMENT
MSA	MEDICAL SERVICES ADMINISTRATION
NAPR	NOTICE OF AMOUNT OF PROGRAM REIMBURSEMENT SENT TO PROVIDERS WHEN THE COST REPORT IS FINAL SETTLED.
OI	OTHER INSURANCE
QHP	QUALIFIED HEALTH PLANS
QR-1	QUARTERLY REPORT – A FORM USED TO REQUEST FINANCIAL DATA SUCH AS; INPATIENT ANCILLARY CHARGES, INPATIENT ROUTINE CHARGES, DISCHARGES AND DAYS, NEEDED TO ADJUST THE MIP AND CIP RATES.
RFP	REQUEST FOR PROPOSAL - A TERM USED BY THE STATE TO SOLICIT PROPOSALS FOR SERVICES SUCH AS CONSULTING. TYPICALLY USED WHEN THE REQUESTING AGENCY REQUIRES VENDOR ASSISTANCE IN IDENTIFYING AN ACCEPTABLE MANNER OF SOLVING A PROBLEM.
RHC	RURAL HEALTH CLINIC

SUCCESSFUL BIDDER	THE BIDDER(S) AWARDED A CONTRACT AS A RESULT OF A SOLICITATION.
STATE	THE STATE OF MICHIGAN FOR PURPOSES OF INDEMNIFICATION AS SET FORTH IN SECTION I-J, STATE MEANS THE STATE OF MICHIGAN, ITS DEPARTMENTS, DIVISIONS, AGENCIES, OFFICES, COMMISSIONS, OFFICERS, EMPLOYEES AND AGENTS.
THC	TRIBAL HEALTH CENTERS
TPL	THIRD PARTY LIABILITY
WORK PRODUCT	WORK PRODUCT MEANS ANY DATA COMPILATIONS, REPORTS, AND ANY OTHER MEDIA, MATERIALS, OR OTHER OBJECTS OR WORKS OF AUTHORSHIP CREATED OR PRODUCED BY THE CONTRACTOR AS A RESULT OF AND IN FURTHERANCE OF PERFORMING THE SERVICES REQUIRED BY THIS CONTRACT AND WHICH IS DELIVERED TO AND PAID FOR BY THE STATE.



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APPENDICES

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- B Contractor’s Proposal**
- C ITB Questions and Answers**



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The purpose of this Contract is to obtain information technology development and support for the Michigan Department of Community Health's Hospital and Health Plan Reimbursement Division, Long Term Care Reimbursement and Rate Setting Section and the Office of Audit.

This Contract addresses work needs within the Bureau of Medicaid Financial Management and the Bureau of Budget and Audit. The SOW will address the system development and support needed for the following separate divisions and sections:

- Hospital and Health Plan Reimbursement Division
 - a. Settlement and Payment Processing Section
 - 1. Settlement Section
 - 2. Payment Processing Section
 - b. Hospital Rate Setting Section
 - 1. Inpatient Hospital Rate Setting
 - 2. Capital Rate Setting
 - 3. State Psychiatric Hospital Cost Settlement
 - 4. Special Health Plan Cost Settlement
 - c. Special Programs Section
- Office of Audit
 - a. Long Term Care System (LTCS)
 - b. Subrecipient Audit Report Monitoring System
- Long Term Care Reimbursement and Rate Setting Section

1.02 BACKGROUND

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION

Settlement and Payment Processing Section

Settlement Section

The Settlement Section of the HHPRD has three major areas of responsibility:

- a. ECR (Electronic Cost Report) Filing - Hospital filed cost report data is reviewed and approved by the audit staff for 160 active hospitals annually then loaded by the contractor into the Filed Cost Information Data (FCID) base. No more than two (2) workdays should lapse between the contractor's producing a comparison output summary and the audit's receipt of that summary. The hospital's electronic cost report should be loaded into the FCID base within ninety (90) days from the date of the original filing. This database is used for hospital rate setting, final settlements, capital interim payment calculations, freedom of information requests, and other projects that may be requested.
- b. MIP (Medicaid Interim Payments)/CIP (Capital Interim Payment) Calculations - Data from the FCID is pulled by the contractor and used to calculate the MIP/CIP rate for each inpatient provider type within a hospital. MIP/CIP rates should be calculated no later than thirty (30) days prior to the hospital's fiscal year begin.
- c. Hospital Final Settlements - Data from the Medicare audited cost report, the FCID, and our internal paid data reports are used to calculate a final settlement for each Michigan hospital that participated in the Medicaid program. The final settlement should be completed no sooner than three (3) years from the end of the hospital's fiscal year. From these final settlements an Audited Cost Information Data (ACID) base will be built. Approximately 200-220 settlements per year are calculated and processed.



The responsibilities listed above are computerized. A contract is needed to continue the present computerization and also to enhance it so that the Settlement Section has access to the most contemporary software available in order to meet its objectives within the time constraints mentioned above.

Payment Processing Section

The Payment Processing Section currently is computerized. A contract is needed to maintain the present system and to periodically modify the system to meet our changing needs.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION

Hospital Rate Setting Section

Inpatient Hospital Rate Setting

The Hospital Rate Setting Section of the Hospital and Health Plan Reimbursement Division is responsible for the calculation of separate DRG prices and per diem rates for all hospitals, and the Medicaid statewide relative weights as well. The hospital rate setting function is outlined in the State Plan and issued in the Hospital Manual, Chapter VIII. Separate prices or per diem rates must be calculated for the following types of hospitals:

- a. Medical Surgical DRG Hospitals (150)
- b. Distinct Part Rehabilitation Units of Hospitals (49)
- c. Freestanding Rehabilitation Hospitals (5)
- d. Out-state Rates for each of the above types
- e. Outpatient Hospital Cost to Charge Ratios

The Section's rate setting coordinator presently completes the calculations for each of the above rates. Data is entered into a formula, which computes the price, per diem, and relative weights. The Rate Setting Section for accuracy and formula applications verifies all data used. The rates currently are not stored in a database system. All of the rates must be calculated and mailed out to the hospitals at least thirty (30) days prior to their implementation, which is April 1, of each year. These same rates must also be transferred to the Provider Enrollment table files.

Capital Rate Setting

The Hospital Rate Setting Section of the Hospital and Health Plan Reimbursement Division is responsible for the calculation of separate capital costs per discharge for DRG hospitals (150) and capital costs per diem for Rehab hospitals and units (54). The capital costs function is outlined in a letter dated May, 2003, from the MSA Director to the health plans and hospitals.

The calculations of capital rates are presently completed by the Section's rate setting coordinator. Data is entered into a formula, which computes the capital rates. The Rate Setting Section for accuracy and formula applications verifies all data used. The rates currently are not stored in a database system. These capital rates are to be updated on an annual basis.

State Psychiatric Hospital Settlement

The Hospital Rate Setting Section of the Hospital and Health Plan Reimbursement Division is responsible for the calculation of cost settlement for the State psychiatric hospitals (4). The cost settlement is dictated on the Hospital Manual Chapter VIII.



Computerization of the State Psychiatric Hospitals requires the creation of forms (Medicare 2552 forms) that are necessary to complete the Medicaid initial and final settlements. These settlements require spreadsheets to accumulate charges, days, discharges and payments. Other spreadsheets are needed to calculate the inpatient routine costs, inpatient ancillary costs, inpatient routine and ancillary capital and other pass through costs, cost limits, and the calculation of the Medicaid programs share of reimbursable direct graduate medical education cost. The system should also create a summary sheet to determine the amount due to or owed by each institution. The initial settlements should be completed after 18 months cut off after the hospital's fiscal year-end. The final settlement should be completed no later than twelve (12) months from the receipt of the Medicare audited cost report.

Hospital Final Settlement - Data from the Medicare audited cost report, the FCID, and our internal paid data reports are used to calculate a final settlement for each Michigan hospital that participated in the Medicaid program. To calculate a hospital final settlement we must be able to pull data from the electronic Medicare audited cost report file (this file contains the audited cost report and the audit adjustment report which the contractor must obtain from the appropriate Medicare Intermediary); the FCID base (this file contains the filed data needed to generate the Medicaid audit adjustment report and the Notice of Amount of Program Reimbursement); and our internal paid data reports that are electronically loaded into our this settlement system. The system must create the forms (hard copy and electronic) that are necessary to complete the Medicaid settlement. This would include, but not be limited to, certain Medicare 2552 forms, Medicaid settlement forms, and the Notice of Amount of Program Reimbursement (NAPR).

The Medicaid final settlements, once completed and approved, must be loaded into an Audited Cost Information Data (ACID) base. This ACID base must be easily accessible and retained on line as long as the Settlement Section deems necessary. At that time, data may be moved to some kind of off-line storage.

Special Health Plan Cost Settlement

The Hospital Rate Setting Section of the Hospital and Health Plan Reimbursement Division is responsible for the cost settlement of special health plans (2) under the Children's Special Health Care Services Programs based on the contract signed by the Department of Community Health and the special health plans. Computerization of Children's Special Health Care Services (CSHCS) Special Health Plans (SHP's) requires the creation of forms (electronic) that are necessary to complete the Medicaid, CSHCS and MI Child initial and final settlements. These settlements require an excel spreadsheet to accumulate payments, Medical and administrative expenses to determine the amount due to owed by the special health plans. An initial settlement should be completed 6 months after the end of plan's fiscal year. A final settlement should be completed 18 months after the end of a plan's fiscal year.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION

Special Program Section

The special programs section is responsible for the cost settlement of Full Cost Providers (FCP). There are currently over 270 FCP including Federally Qualified Health Centers (FQHC), Rural Health Clinics (RHC), Tribal Health Clinics (IHC), Local Health Departments (LHD), and County Health Plans (CHP).

Medicaid policy for FCP requires participating providers to file annual reports from which data is used to calculate facility settlements and various reports. The Special Programs Section monitors FCP annual reporting requirements, maintains cost reporting data, completes a review of the cost reports, and calculates an annual, initial, and final settlement based on the cost reports. The cost report information is used for various reporting purposes and determines settlements for FCP.

In conjunction with the settlement of FCP, the Special Programs Section must coordinate, process, and monitor payments to FCP. These clinics may receive quarterly payments, initial settlements, final settlements, and occasionally special payments. During a recent 12-month period the special programs section processed 614 interim payments, 125 initial settlements, 400 final settlements and 25 special payments (transfers and recoveries). The payment system has been automated and enhancements to the system must continue.



The cost settlement and payment process involves the following procedures:

- a. Send out letters, blank cost reports, and information 2-3 months after their fiscal year end (FYE) to notify FCPs to file a cost report due within five months after their FYE.
- b. Monitoring late cost reports not received by the due date and sending out follow-up letters.
- c. Recording and reviewing filed cost reports.
- d. Entering the cost report information into a settlement format (currently an excel spreadsheet).
- e. Requesting paid claims data (encounters, payments, charges and other information) from the state paid claims database.
- f. Reviewing the paid claims information
- g. Entering information into the spreadsheet to calculate a settlement. Initial Settlements are processed 9 months after the FYE. Final Settlements are processed 18 months after FYE.
- h. Notices of the final settlements are sent to the FCPs allowing a 30 day review before processing the adjustment.
- i. The auditor may follow-up by providing any supporting information (paid claims detail) to the FCPs.
- j. Process the settlement (payment or recovery of money) to the FCP.

The current computerized settlement system provides for the input, manipulation, automated calculation and reporting of information required to determine Medicaid reimbursement for FCP. The system consists of a main front-end application, a database, and several subsystems. The main application is the user-interface used for such things as accessing the database, working with the cost reports, settlements, and updating gross adjustment data. The database holds all of the data. There is a provider cost report, which is a spreadsheet application, used for data entry, calculation, and reporting. The paper cost report is currently mailed to the providers. Providers complete the cost report and mail the cost report back to the Special Programs Section. This becomes the filed cost report. The auditor enters the cost report information into a template that calculates a settlement and saves the information in a database. The following computer systems and applications are utilized in the settlement process:

Name: Cardfile system

Type: Client/Server

Description: This system provides access to information on every provider that HHPRD deals with. This system is the center of operations and the information is used in many ways: The Address/Contact information is used to send out form letters. The payment information is used in settlements. The cost report information is used to determine late cost reports and settlements. Information is entered into the cardfile from the gross adjustment system and manually. The cardfile system has many standard queries to retrieve information and create reports. Reports include payments, paid claims, physician numbers, clinic numbers, addresses, fiscal year ends, to name a few.

Name: FQHC Settlement system

Type: Spreadsheet

Description: The information in the settlement spreadsheet is input by audit staff or retrieved from the database. The spreadsheet calculates the settlement and stores the information in the database for use in a future settlements and reports.

Name: Encounter System

Type: Web Based Application

Description: This is a web-based application that counts and sorts claims. The input is from the MSA paid claims database. The application sorts and counts the claims, and generates a report that is sent to the clinic as supporting information for the settlement. A detailed claim information report is also available in excel format.



Name: HHPRD Database

Type: Database

Description: This database system is used to store all information from the FQHC settlements. The information is used in the settlement calculations and in various standard reports. Many standard and ad hoc reports are available from the database.

Name: Claims Manager

Type: Interface

Description: Information (provider number, gross adjustments, paid claims, dates of service, and other claims information) is sent electronically from the MMIS staff to the Special Programs Staff. This program counts, sorts and summarizes the claims and other payments based on policy and program definitions. The output is used in the settlements and summarized in a report.

Name: Gross adjustment system

Type: Interface

Description: This system is use to record payments and adjustments into the database system from the state payment system.

These systems (individually or together) are used to:

- a. create settlements
- b. maintain a database
- c. send notices to providers (mailings and correspondence)
- d. create reports (providers, cost reports, payments, and recoveries) and statistics on encounters, costs and efficiency
- e. process and record payments

The system creates many standard and ad hoc reports. Some of the most common are as follows:

- a. QHP Report – Summarizes the encounters and payments made by QHPs to FCP.
- b. Accrual Reporter – Provides liability and payment information for FCP.
- c. Encounters Report – Provides cost and encounters information on FCP.
- d. FQHC Reporter – Provides all settlement information for FCP.
- e. FQHC Letters – This is a word template that can be modified as needed for many of the standard letters used by the section.

The Special Programs Section also has other responsibilities such as: settlements for county health plans, payment for blood lead services and financial reporting of HMOs. These responsibilities utilize many of the same programs/applications noted above.

OFFICE OF AUDIT

The Office of Audit is responsible for performing the audit functions for MDCH, which includes audits of long-term care providers (nursing homes), community mental health service providers, Public Health Departments, other agencies that receive funding from MDCH, state-operated mental health hospitals and centers, and MDCH operations and programs. The Office of Audit also performs follow-up reviews to ensure that the department has taken the necessary corrective action in response to external (e.g. Office of the Auditor General) and internal audit findings. The Office of Audit also performs financial reviews of applicants under the State's Certificate of Need Program. The Office of Audit also monitors subrecipient audit reports.



The Office of Audit office, located in Lansing, oversees the operation of six sections, three of which are regionally located. The Special Audits Review and Compliance Section, which is located in Lansing, conducts internal and other special audits. The Quality Assurance and Review Section, which is located in Lansing, conducts quality assurance reviews on audit reports produced by the Office of Audit, and monitors subrecipient audit reports. The remaining four sections are responsible for auditing long-term care or other health care providers assigned to that geographic region. Regional offices are located in Fenton, Grayling, and Grand Rapids. The Central Section, also located in Lansing, administers a contract with an accounting firm that performs and conducts audits of providers located primarily in the Southeast portion of the state.

Under the Medicaid long-term care program, participating providers are required to file annual cost reports from which data is used to calculate facility specific prospective reimbursement rates. The LTC Reimbursement and Rate Setting Section has primary administrative responsibility for the reimbursement program. The Office of Audit performs the federally required monitoring of these cost reports through in-house or on-site expenditure audits of the cost reports. The cost report information is used to calculate per diem reimbursement rates and determine annual reimbursement settlements for long term care providers. Although the Medicaid Long Term Care System (LTCS) has largely been automated, enhancements to the system must continue. This project has made the administration of the program much more accurate and efficient. A new contract is needed not only to carry on with the automation that has already been implemented, but also to upgrade, enhance, and refine the present system to achieve maximum potential.

Field auditors housed outside of Lansing in regional offices have particular requirements that are fulfilled through the cooperation of DIT and the contractor personnel. DIT maintains the remote connections, hardware and software; the contractor personnel must maintain connectivity with the various applications and files of all Office of Audit applications. This requires remote updating of all system applications. In addition, the ability of the field auditors to remotely log in via telephone modem and report time and activities or access files must be maintained.

OFFICE OF AUDIT **Long Term Care System (LTCS)**

The current computerized Long Term Care System (LTCS) provides for the coordination of effort and reporting of information required to determine Medicaid reimbursement for long term care facilities. Reimbursement rates are facility specific and calculated prospectively based on the allowable costs reported on each facility's cost report. The cost reports are subject to audit to ensure that the costs used to calculate reimbursement rates comply with the established cost principles. The main application (LTCA) is the user-interface used for such things as accessing the database, working with the cost reports, writing audit plans, coordinating staff assignments and logging activities. The database (LTCDB) holds all of the data. There is a provider electronic cost report (ECR) in the form of a workbook, which is used for field audits, data entry and reporting.

- 1. LTCS Application (LTCA)** - The LTCS Application is a constantly evolving application developed to allow users to select and electronically perform the various long term care related business functions and system administration activities. On-going technical and operational support must be provided to maintain and enhance these applications in order to achieve maximum efficiencies from the system. Application users must be able to select and perform various LTC business related functions, such as file/directory creating, naming, deleting, retrieving, and storing for all standard documents and functions of the LTCS.
- 2. LTCS Database (LTCDB)** - Central to the LTCS is a database which includes the following information: filed and audited cost reports, general provider information, tracking logs, rate setting, settlement payment data, gross adjustment, and Medicaid Interim Payment (MIP). Tracking of various information and events relating to a particular provider, cost report, etc., will be maintained in the database. New information or events must be added to the database as necessary.



3. **Electronic Cost Report (ECR)** - The LTCS must continue to provide the long-term care providers with the ability to electronically file cost reports. The cost report application will handle all calculations and printing through its own functions. The underlying applications used to program the Cost report must be flexible and allow for timely revisions in order to address program policy changes and any changes in reporting requirements.
 - a. Access to the ECR and related provider data files must be available electronically through the LTCA to the Office of Audit Central and Regional Offices. A process must be maintained to track and record the movement of these files between the two Divisions as well as the status of any assignments. Acceptable ECRs are released to the Office of Audit for audit. After the audit has been completed, the audited version of the ECR is electronically returned to the LTC Reimbursement and Rate Setting Section to be processed.
 - b. The LTCA must provide an automated system for accepting and processing of audited ECRs. The audited ECR must be electronically checked for acceptance and uploaded into the central database. Technical support and maintenance of the electronic verification process must be performed. DCH staff will determine procedural changes to the acceptance process and the contractor will perform the changes to the automation process.
4. **Audit Plans** - For each cost report accepted by LTC Reimbursement and Rate Setting, an audit plan is generated, outlining the scope of the review to be performed. In determining the scope of the audit, several different analytic tools are used to assess risk and determine the areas and extent of the review. The audit plan summarizes the results of this analysis. The analytic tools used to determine and assess risk consist of variance reports, comparing various elements of a current year to the previous year's cost report, and a report comparing the current cost structure against the applicable reimbursement limits. In the process of completing this plan, various electronic signatures are required. As these steps are completed or signed, appropriated information is secured or locked.
 - a. These reports, as well as the audit plan, are generated electronically by selecting the appropriate application from the LTCA. The audit plan and the supporting reports are dynamic, changing as applicable rules and regulations and reporting requirements change.
 - b. In addition to being able to create and generate a variance report comparing elements from a current year to the previous year's cost report, the capabilities must be enhanced in order to generate and calculate statistical information by geographic region and provider type. These additional capabilities are needed to determine and establish industry standards for the various elements so that a cost report can be compared and evaluated against those standards.
5. **Auditing ECRs** - Once the audit plan has been completed and an ECR is assigned for audit, the auditors use the cost report workbook on notebook PCs. Elements of the cost report are initially stored as text files. When working on a cost report, the auditors must download those files into a spreadsheet template. This process occurs electronically via the LTCA discussed earlier. In this format, the auditors are able to view, perform analyses, edit, and save any changes made to the workbook based cost report data. The auditors generate work papers to review the reported cost and the audit adjustments are determined. The auditor then enters the audit adjustments into the cost report for automatic cost report updating/revision. A report worksheet in the form of a "Summary of Audit Adjustments" must be able to be printed. Individual adjustments may be added or deleted until the audit is finalized. The completed audited cost report is validated and transmitted to the Lansing Office electronically, uploaded and stored in the LTCDB and released to the LTC Reimbursement and Rate Setting Section where the results are implemented for rate setting and settlement.

Various forms and standard correspondence generated through the audit process must be maintained, developed, and made accessible through the LTCA. The LTCS must have the capability to store and retrieve this information. Audit workpapers, letters to providers generated in Microsoft Word, scanned provider documents and workpapers are just some examples of the type of information that needs to be retained.



- 6. Audit Management** – This web application is used by auditors and managers to manage the audit process involving over 1600 in-progress audits at any given time in an efficient and organized manner. Long-Term Care Audits are added to the database utilizing the LTC Audit Wizard. This Web Wizard steps the auditors through the process, automatically creating consistent and complete records. The appropriate manager individually creates other audits, including home office audits. Home office audits have sub-audits attached to them. While some systems are for long term care use only, this system covers all Office of Audit audits: Long term care, mental health boards, public health, internal audits, special audits and subrecipients. Every audit that is open or having time tracked to it has to exist in the Audit Management system.

Managers have the ability to automatically generate reports to track individual audits or a regional office's status, progress and resources with precision. The Audit Management system interacts with the Time Tracking application described below.

- 7. Time Tracking** - Auditors and managers in Lansing, in regional offices, at remote locations across the State of Michigan and on occasion in other states, must be able to access and input daily time keeping information. When at remote locations, access may require the use of a VPN connection. Using the web application, daily time is entered by specific provider, cost report year-end, index and PCA, task performed, date and time unit. Time can be automatically allocated between subaudits and home office audits as desired by management through selections in the Audit Management system. Resources and time allocated to different audits is tracked enabling optimum utilization, keeping audits on time and within budget.

Various reports are produced. The time sheets and Federal time summaries produced are compliant with the State's regulations and are used to feed the State's Budget systems. Other reports include Annual Audit Plan, Audit Time Summary and Monthly Activity reports.

- 8. Reporting** - The LTCS must provide the capability for various reporting activities as detailed in the following Tasks section. System reporting outputs that can be created are pre-defined reports and available to users via functions within the LTCA or ad-hoc reports, produced by the user with the functions of Microsoft Query. Contractor technical support must be available to users to assist in the creation and design of ad hoc reporting/querying.

- 9. File Management** – A system to track the location of paper files, mainly audit files and permanent files, is currently maintained individually by a regional office or two. This system is currently a combination of an access database and paper reports with manual notations. A new central electronic tracking system is desired, indicating when files were sent where, arrived, were stored, etc.

- 10. Home Office Cost Reports** – Currently, home office cost reports are filed in a non-electronic paper format. A new application to the current system needs to be developed to permit the electronic filing of home office costs. Many long-term care facilities are operated as a unit of a chain organization. Chain organizations consist of a group of two or more health care facilities or at least one health care facility and any other business or entity which are owned, leased, or through any other organization structure, controlled by one organization. Home offices of chain organizations are not certified providers; therefore, its costs are not directly reimbursed. Home offices usually furnish central management and administrative services to units of the chain. Since home offices are related to the provider, the actual allowable costs to provide those services are included as allowable costs of the provider. Home Office Cost Statements are currently submitted and filed in a paper format.

- a. Home office cost reports contain financial information that is allocated to individual long term care facilities. The method of allocation varies from gross receipts or costs to available beds. The allocated amounts are included in the long-term care cost reports and are subject to audit.
- b. An electronic application is desired to enable variance reports, data base records and efficient file sharing. The LTCS needs to be expanded and enhanced to provide for the electronic filing of home office cost and statistical information. A database needs to be developed to include, store, and provide access to this information. The same system capabilities that have been developed for the individual facility cost reports need to developed for home office cost reports.



- 11. Home Office Audit Plans and Variance Reports** – There is not currently a home office audit plan or variance report. A new audit plan for home office or chain operations needs to be developed to assess individual audits within a chain. It would eliminate repetitive thinking and reporting and create a unified plan for the home office cost audit.

The same system capabilities that have been developed for the individual facility cost reports need to be developed for home office cost reports. In conjunction with the plan, a variance report comparing various elements of a current year to the previous year's cost report would be appropriate.

- 12. Audit Programs** – At present the audit programs are generally all inclusive. A new electronic application keyed to the Audit Plan is desired. This application would pull together an audit program based on the selections in the audit scope section of the audit plan. This would eliminate excess paper and verbiage, allowing the auditor to focus on what is actually requested in the audit plan.

- 13. Budget and Travel** – A new Audit Management system enhancement to include a function for the preparation of travel vouchers is needed. The resulting report must comply with any specifications of Management and Budget and/or Accounting. The expenses reported thereon should be maintained in a related database, along with similar information regarding State care usage and mileage. This enhancement should also include a travel budget mechanism for each audit and the section offices wherein anticipated expenditures can be entered and reported on.

OFFICE OF AUDIT **Subrecipient Audit Report Monitoring System**

Office of Management and Budget (OMB) Circular A-133 requires the Michigan Department of Community Health (MDCH), as a pass-through entity of federal funding, to monitor the activities of subrecipients, to ensure subrecipients meet the audit requirements of OMB Circular A-133, and to issue a management decision on audit findings. The Quality Assurance and Review Section (QAR) is responsible for monitoring the subrecipients of both federal and state funding. The audit report submissions, reviews, and follow-up actions must be performed within specific time frames. MDCH provides Federal and State funds to approximately 500 subrecipients in a fiscal year. To effectively and efficiently monitor the multi-program state and federal contracts, grants, and agreements administered by MDCH, an electronic collection, tracking, and reporting system is needed.

During fiscal year 03/04, QAR continued to use a Microsoft Access 2000 Database for the collection, tracking and reporting of their subrecipient audit report monitoring. The Database contains weaknesses and inefficiencies, such as: a manual multi-step input process; the redundant annual re-entry of agency information; the inability to track follow-up actions; the inability to track QAR review employee activities; incomplete information on late reports; the inability to capture and store review checklist information; the inability to track missed due dates on follow-up actions; and the inability to report audits received but not reviewed in the required time frame.

In fiscal year 03/04, the Quality Assurance and Review Section implemented a project to create a new automated system to more effectively and efficiently monitor and track subrecipient audit reports and follow-up actions. The new automated system should make the administration of the program much more accurate and efficient. Reports needed are Grantee Population, Late Audit Reports/Exemption Notices with Actions, Audit Reports Awaiting Review (by employee), Missed Due Dates on Follow-Up Actions, Audit Reports Not Reviewed in Required Time, Summary Sheet (per Review), Revised MDCH Audit Review Status. A new contract is needed not only to carry on with the automation that has already been implemented, but also to upgrade, enhance, and refine the system to achieve maximum potential. On-going technical and operational support must be provided to maintain and enhance the Subrecipient Audit Report Monitoring System.

LTC REIMBURSEMENT AND RATE SETTING SECTION

The LTC Reimbursement and Rate Setting Section, Bureau of Medicaid Financial Management, Medical Services Administration is responsible for administering the long term care provider reimbursement program under Title XIX of the Social Security Act (Medicaid). These functions or responsibilities rest primarily with the LTC Reimbursement and Rate Setting Section.



Under the Medicaid long term care program, participating providers are required to file annual cost reports from which data is used to calculate facility specific prospective reimbursement rates. The LTC Reimbursement and Rate Setting Section monitors provider annual cost reporting requirements, maintain cost reporting data, complete a limited number of in-house expenditure audits of the cost reports, calculate the Medicaid reimbursement rates, and calculate annual reimbursement settlement on the cost reports. The cost report information is used to calculate per diem reimbursement rates and determine annual reimbursement settlements for long term care providers. The requirements include payment processing coordination, procedure rate table file revisions and provider payment processing and monitoring. Although the Medicaid Long Term Care System (LTCS) has been automated, enhancements to the system must continue. This project has made the administration of the program much more accurate and efficient. The current contract expires on September 30, 2004. A new contract is needed not only to carry on with the automation that has already been implemented, but also to upgrade, enhance, and refine the present system to achieve maximum potential. A new contract is also needed to address the additional responsibilities assigned to the Section as a result of the reorganization of the Department and a reduction in staffing due to retirements. The Section consists of the following staff and work area:

- LTC Reimbursement and Rate Setting Section – The Section office located in Lansing is responsible for the development, analysis, and implementation of reimbursement and rate setting policies/procedures for nursing homes, county medical care facilities, hospital swing beds, and DCH regional center for developmental disability (DD). Audit and clerical support staff are located in the Lansing office.

LONG TERM CARE REIMBURSEMENT AND RATE SETTING SECTION **Long Term Care System (LTCS)**

The current computerized Long Term Care System (LTCS) provides for the electronic collection, manipulation, automated calculation and reporting of information required to determine Medicaid reimbursement for long term care facilities. The LTCS consists of a main front-end application, a database, and several subsystems. The main application (LTCA) is the user-interface used for such things as accessing the database, working with the cost reports, completion of audit plans, setting reimbursement rates and settlements, coordinating staff assignments, logging staff work activity, and updating gross adjustment data. The database (LTCDB) holds all of the data. There is a provider electronic cost report (ECR), which is a number of spreadsheets linked together and used for data entry and reporting which is calculated and validated. The cost report drives the entire system. The cost report template is currently mailed to the providers on a CD. Providers complete data entry into the cost report template, save the cost report as a data "text" file, and mail the cost report text file back to the Section offices. This becomes the filed cost report. The cost report template versions will be available on the Bureau's Web Page for providers to access. It is also anticipated that providers will be able to complete, and file the ECR over the Internet. An electronic workbook is used for field audits, settlements and rate settings. Examples of LTCS functions are rate setting, file maintenance, and ad hoc reporting.

1. **LTCS Application (LTCA)** - Same application as used by Office of Audit. See Section II-C.A.1.
2. **LTCS Database (LTCDB)** – Same database as utilized by Office of Audit. See Section II-C.A.2.
3. **Electronic Cost Report (ECR)** - Same ECR utilized by Office of Audit. See also Section II-C.A.3. In addition, the practice of filing cost reports electronically must continue and improvements made to the built-in validation process, which identifies preparation errors. The LTCA must provide procedures for creating approximately 425 ECR CD annually, or for providing access through the Internet.

The LTCA must provide an automated system for accepting and processing of ECRs filed by the providers either by diskette or through the Internet. The ECR must be electronically checked for acceptance and uploaded into the central database. Technical support and maintenance of the electronic verification process must be performed. Procedural changes to the acceptance process will be determined by the Section staff and the automation process performed by the contractor. The acceptance process must include an evaluation of the cost reporting information to determine whether it satisfies initial settlement eligibility requirements, requires some type of special handling or treatment, or whether it should be rejected and returned to the provider for correction.



The LTC Reimbursement and Rate Setting Section conduct the initial evaluation and acceptance process for the ECRs. Acceptable ECRs are scoped to determine the amount and type of audit is necessary, and then released to Office of Audit. An audit of the ECR may be performed by the Office of Audits Regional Offices, or moved electronically back to LTC Reimbursement and Rate Setting Section for a limited in-house audit. After the audited ECR is loaded into the LTCDB, by the Office of Audit, the file is then forwarded to the LTC Reimbursement and Rate Setting Section for finalization of reimbursement rates, settlement completion and processing. The information flows between the two areas and to the Regional Field Offices through a client/server network. Regional Offices have access to the database server via leased lines, which the State provides and maintains. The LTCS Network must provide for the electronic sharing of information between the Lansing Office and the Regional Offices.

4. **Audit Plan Completion** – For each cost report released for audit, the LTC Reimbursement and Rate Setting Section generates an audit plan for completing the audit. This plan outlines the scope of the review to be performed. The audit plan, accessed through the LTCA, consists of series of checkboxes, comment boxes, and signature boxes, which must saved to and maintained in the LTCDB. In determining the scope of the audit, several different analytic tools are used to assess the audit risk, which is used to determine the areas and extent of the review. The audit plan summarizes the results of this analysis.

The analytic tools used to determine and assess risk consist of the risk analysis, which compares the current cost structure against the applicable reimbursement limits; the variance report, which compare various elements of a current year to the previous year's cost report or to the last audited cost report period; and a statistical cost analysis report, which compare various statistics from the current year to the previous year's cost report or to the last audited cost report period. These reports are generated electronically by selecting the appropriate application from the LTCA. The reports must be saved to the LTCA and available for the Office of Audit's Regional Office staff.

In addition to being able to create and generate a variance report comparing elements from a current year to the previous year's cost report, the capabilities must be enhanced in order to generate and calculate statistical information by geographic region and provider type. These additional capabilities are needed to determine and establish industry standards for the various elements so that a cost report can be compared and evaluated against those standards. The reports must be flexible and allow for timely revisions in order to address program policy changes and any changes in reporting requirements

5. **Auditing ECRs** – Once the audit plan has been completed and an ECR is assigned for audit to the LTC Reimbursement and Setting Section, the auditors use the spreadsheet cost report on desktop PCs. A cost savings report is run utilizing the audited cost report data to determine the cost impact on the Medicaid program. An acceptance review is completed by the LTC Application on the audited cost report text file, and then the text file is transmitted to the Office of Audit Director's Office electronically where the data is then uploaded and stored in the LTCDB and released to the LTC Reimbursement and Rate Setting Section where the results are implemented for rate setting and settlement
6. **Quality Assurance Assessment Program (QAAP)** – The LTCDB must contain information on the different provider assessment levels, the address data and bed history data to generate 450 quarterly bed confirmation letters. The LTCS will need to provide for 405 automated gross adjustment notification letters. Data necessary for completion of the letter is retrieved from the LTCDB. Provider information, rate components, and Medicaid day information are automatically populated in the letter.

An annual QAAP reconciliation report will be needed to generate the QAAP reconciliation gross adjustment. LTCS provides for collection and tracking of gross adjustment data in the LTCDB. Reporting of QAAP gross adjustment data is done through the reporting function of the LTCA.

7. **Freedom of Information** – The LTCA must be able to copy the cost report data text file(s) onto diskette(s) or CD(s). The data files must be accessible on an individual cost report file, or all cost report files loaded into the database on a quarterly basis. Rate information must also be accessible, either as individual rate(s), or an electronic file that summarizes all rates by county for specific time periods.



8. **Rate Setting** - The LTCS provides for an automated rate calculation process. The process is accessed through the LTCA through a series of drop down menus for the selection of an appropriate rate workbook to complete the rate calculation. The rate setting application is in the form of a series of linked spreadsheets.

The LTCS allows for automatic calculation and storage of selected rate setting data from the spreadsheets in the LTCDB upon completion of the data entry. Data necessary for completion of the rate setting spreadsheets are retrieved from the LTCDB. Provider information, cost report data, and various table files data are automatically populated in the rate setting spreadsheet. The provider rate notification letter is automatically generated upon completion of the rate setting spreadsheet.

9. **Gross Adjustment** - Weekly gross adjustment data, applicable to the LTC Reimbursement and Rate Setting Section is received electronically from the Department of Information Technology and loaded into the LTCDB by the contractor. Data necessary for completion of the gross adjustment record is retrieved from the LTCDB information resulting from settlement and miscellaneous gross adjustment calculation actions. LTCS provides for collection and tracking of gross adjustment data in the LTCDB. Reporting of gross adjustment data is done through the reporting function of the LTCA.

10. **Cost Report Settlement** - The LTCS needs to be enhanced (new development) to provide for an automated settlement process for calculating initial, final and revised final settlements. The process must be accessed through the LTCA through a series of drop down menus for the selection of an appropriate settlement workbook to complete the settlement. The settlement automation is in the form of a series of spreadsheet calculations.

The LTCS allows for automatic calculation and storage of settlement data in the worksheet and LTCDB upon completion of data entry. Data necessary for completion of the settlement workbook is retrieved from the LTCDB. Provider information, cost report data and program payment data retrieved from database are automatically populated in the settlement spreadsheets. The provider notice of program reimbursement letter is automatically generated upon completion of the settlement spreadsheet.

11. **Medicaid Interim Payments (MIP)** - The LTCS needs to be enhanced (new development) to provide for an automated MIP calculation process based upon a combination of manually entered data and LTCDB information. The MIP calculation process would be accessed through the LTCA. The MIP calculation application should be in the form of a spreadsheet. Provider MIP enrollments, MIP calculated amounts and MIP payments are stored in the LTCDB for use in the gross adjustment process and annual MIP reconciliation. The MIP amount provider notification letter should be automatically generated upon completion of the MIP calculation. An annual MIP reconciliation report will be needed to generate the MIP reconciliation gross adjustment.

12. **Reporting** - The LTCS must provide the capability for various reporting activities. The LTCDB contains sufficient data for extended data analysis of provider information. At this point there is capability to create reports that can be generated from the data in the LTCDB for use by LTC Reimbursement and Rate Setting Section staff. System reporting outputs that can be created fall into four categories: Miscellaneous, Summary, Status and Ad-hoc. The Miscellaneous, Summary and Status reports are pre-defined reports created and available to users via functions within the LTCA. Ad-hoc reports are produced by the user with the functions of database query. Contractor technical support must be available to users to assist in the creation and design of ad hoc reporting/querying. Freedom of Information Act (FOIA) reporting is necessary to produce printed or electronic medium documents for external distribution. The LTCS file library must provide appropriate naming and cataloging of files necessary for retrieval. FOIA reporting must be available on a need basis.

Miscellaneous reports are reports that may be required on a yearly, quarterly, monthly or weekly basis. Summary reports generate averages and/or totals for a variety of data elements. Status reports are more often daily or weekly reports detailing cost reports, rates settlements and audit activity.

13. **Web Page** - The Bureau has a Web page on the Department's Web site. The Department will be responsible for the Web site administration. The Bureau page allows access by long term care providers to commonly used forms, instructions, and other commonly requested information.



An Internet address will be provided to permit providers and other interested parties a method to send in their cost reports, ask questions, and receive responses. Bureau staff will determine commonly used forms and information to be included on the Web page. The contractor will be responsible for providing the updated versions of the cost report templates and other files as determined by Section staff to Section staff for updating the Bureau's Web page.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

Each of the work areas will discuss in detail their own objectives. These objectives need to be met in order to maintain, upgrade and enhance the current computerized system or develop new systems.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION

Settlement and Payment Processing Section

Settlement Section

This contract should provide the most contemporary software available for the operation of the Settlement Section's applications in the following areas:

- a. ECR (Electronic Cost Report) Filing - Computerization in this area allows for the Settlement Section to provide the hospitals with an avenue of filing the Medicare 2552 cost report as an ECR file. We also have the ability to allow for the electronic filing of a Medicaid forms with Medicaid specific data. Once these electronic files are received from the hospital, we have the ability to electronically generate a report that compares certain data on the Medicare ECR file and the Medicaid forms and denotes areas where there are differences. Once the data from the Medicare ECR file and the Medicaid forms have been accepted and approved by the audit staff in the Settlement Section, it has to be loaded into the Filed Cost Information Data (FCID) base. Data in the FCID is retained on line with easy access until the Settlement Section approves moving the data to some other form of storage.
- b. MIP (Medicaid Interim Payment)/CIP (Capital Interim Payment) Calculations - Computerization must allow the auditor staff in the Settlement Section to set MIP/CIP rates for each inpatient type within a hospital. The data needed to set MIP/CIP should be pulled from the FCID base. There also needs to be flexibility that allows the audit staff to make entries for changing or overriding data in the report. The electronic report must be stored for easy access (on line) until the Settlement Section approves some other disposition.
- c. Hospital Final Settlement - To calculate a hospital final settlement we must be able to pull data from the electronic Medicare audited cost/Medicare filed cost report file (this file contains the audited cost report and the audit adjustment report which the contractor must obtain from the appropriate Medicare Intermediary or the Medicare filed cost report from the FCID); the FCID base (this file contains the filed data needed to generate the Medicaid audit adjustment report and the Notice of Amount of Program Reimbursement); and our internal paid data reports that are electronically loaded into our Hospital Cost Settlement (HCS) system. The HCS must create the forms (hard copy and electronic) that are necessary to complete the Medicaid settlement. This would include, but not be limited to, certain Medicare 2552 forms, Medicaid settlement forms, and the Notice of Amount of Program Reimbursement (NAPR). The Medicaid final settlements, once completed and approved, must be loaded into an Audited Cost Information Data (ACID) base. This ACID base must be easily accessible and retained on line as long as the Settlement Section deems necessary. At that time, data may be moved to some kind of off-line storage.

Payment Processing Section

The objective is to continue with the current system in place. This would include, but not be limited to, the following areas:



- a. Medicaid Interim Payment (MIP) and Capital Interim Payment (CIP) Logs - These logs must be formatted using the Excel spreadsheet in the format that is now being used.
- b. Accrual of the Year-End-Liability - This spreadsheet must be formatted using the same format now in use. Support must be available, from the contractor, during this time to assist the Settlement staff in acquiring the data necessary to arrive at the year-end accrual liability. This data includes, but is not limited to, MIP system, price information, ECR files, etc.
- c. MIP Reconciliation - This is a spreadsheet, which compares the amount paid throughout the year in MIP to the amount approved by the MARS system throughout the year for each hospital. The difference is the amount due to or from the hospital. This amount is then transferred to a letter, which notifies the hospital of the amount owing. Both documents are sent to the hospital.
- d. MIP/CIP Calculations - The MIP/CIP calculations are formatted on a spreadsheet and compute the budgeted cost for the next fiscal year. This is done using numbers that are pulled from the filed cost report, Medical Services Administration (MSA) internal reports and other sources.
- e. Gross Adjustment Control Transaction Record - This record is used to enter gross adjustments into the claims processing system or used to enter payment information on the card file. After completion, the contractor loads the adjustments to the "cardfile", where it is used in the settlement process and other reports.
- f. QR-1 Quarterly Report - Electronic Filing - Hospital filed quarterly report is loaded by the contractor into the quarterly report information database. This database is used to adjust MIP and CIP rates on a quarterly bases.
- g. Case Mix - Derived from paid claims data and used to compute the MIP rates and the accrual year-end-liability.
- h. Outliers - Low day outliers, percentage of charge transfers, high day outliers and cost outliers are derived from paid claims and updated with the most current price and cost to charge ratio. It is used to compute the MIP rates and the accrual year-end-liability.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION

Hospital Rate Setting Section

Inpatient Hospital Rate Setting

The primary objective is to provide support for a complete rate setting system capable of calculating the DRG prices, per diem rates, and relative weights, and creating a database system.

The DRG and per diem rate calculations require data from the filed ECRs, Medicaid paid claims, and data from the state specific forms. The data used to calculate each hospital's rate must remain accessible for future retrieval, reference, changes, modification or simulation. Current policy dictates that the cost data is updated every three (3) years for DRG hospitals, and every two (2) years for per diem hospitals. Inflation, wage and IME (Indirect Medical Education) adjustors are updated every year.

Capital Rate Setting

The primary objective is to provide support for the capital cost rate setting system including data pulling and formula application. The capital rates require data from the filed ECRs, and data from the state specific forms. The data used to calculate each hospital's capital rate must remain accessible for future retrieval, reference, changes, modification or simulation. Current policy dictates that the capital rates are updated annually.

**State Psychiatric Hospital Settlement**

The objective is to maintain the current computerization that is in place, and add enhancement or update as necessary. The cost settlement system includes, but not is limited to, producing the following schedules. In addition to the following, the contractor is not constrained from supplementing this list with additional steps, sub tasks or elements deemed necessary.

- a. Data Accumulation Worksheets
- b. Audit Adjustment Reports
- c. All settlement schedules including the following HCFA 2552 forms:
 - i) Worksheet D - Parts I - II - III & IV
 - ii) Worksheet D - 4
 - iii) Worksheet D - 1; Parts I & II
 - iv) Worksheet E - 3
- d. Calculation of Medicaid's Share of Direct Graduate Medical Education Costs
- e. Notice of Amount of Program Reimbursement (NAPRs)
- f. Reimbursement Letters
- g. Payment & Inventory Logs
- h. Quarterly Payment Calculation Worksheets
- i. TEFRA Rate Calculation Worksheets
- j. The settlement data must be stored in a database, which allows for view, revisions, comparisons between years, and be available for internal and external purposes.
- k. There should be a written operating policy on the procedures used detailing the computerized system.
- l. The system should be linked to the card file system for changes in plan status such as name changes, mergers, closures, changes in provider numbers, etc.
- m. The cost settlement system must also be capable of accommodating new policy changes for future settlement purposes.
- n. The system must be capable of providing FOI (Freedom of Information) requests when requested.

Special Health Plan Cost Settlement

The objective is to design, develop and implement a complete cost settlement system for the special health plans. In addition to the settlement a database must be build to track all filed cost report information, payment schedules, reimbursement letters, etc. Ad hoc management reports can be produced from this system as well.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION
Special Programs Sections

It is the goal to develop and enhance the current system so that staff can operate and achieve the maximum potential from the system in terms of accuracy, timelines, efficiency, and in providing access to good reliable cost and statistical information to enhance decision-making capabilities.



OFFICE OF AUDIT
Long Term Care System (LTCS)

It is the goal of the Bureau to develop and enhance the systems so that Bureau staff operate and achieve the maximum potential from the systems in terms of accuracy, timelines, efficiency, and in providing access to good reliable cost and statistical information to enhance decision-making capabilities. Access to this type of information is invaluable for purposes of determining the type and scope of audits to be performed. State policy as prescribed in Administrative Manual Procedure IO.02.06, November 1, 1979, (Appendix D) must be followed.

1. The LTCS must continue to provide and improve upon the procedures used by the auditors to post audit adjustments to the filed cost reports.
2. The LTCS must continue to provide and improve the automated system used to accept and process the audited ECRs between the Office of Audit and the LTC Reimbursement and Rate Setting Section.
3. The LTCS must continue to provide electronic access to the ECR, related provider data files, the network, and LTCS Database (LTCDB) through the LTCA, to all Lansing based LTCS users and Office of Audit staff in the Central and Regional Offices.
4. The Time Management system must continue to provide electronic access to the time keeping process to all Office of Audit staff in the Central and Regional Offices, remotely as necessary, and to any other users designated by the Office of Audit.
5. The Audit Management system must continue to provide electronic access to the related data files to all Office of Audit staff in the Central and Regional Offices, remotely as necessary, and to any other users designated by the Office of Audit.
6. The LTCS must maintain and improve upon a tracking system to record the movement of the data files between the two Divisions as well as document the status of assignments.
7. The LTCS, Audit Management system and Time Tracking system must continue to maintain and enhance the existing data bases, providing access in a user friendly environment to filed and audited cost reports, general provider information, tracking logs, and/or other information maintained in the system.
8. The LTCS must continue to develop and improve the analytical tools used to assess and evaluate risk in determining the type and scope of audits to be performed.
9. The LTCS capabilities must be enhanced in order to generate and calculate statistical information by geographic region and provider type. This additional capability is needed to determine and establish industry standards for the various elements so that a cost report can be compared and evaluated against those standards.
10. The LTCS, Audit Management system and Time Tracking system must be enhanced to store, access, and generate various forms and standard correspondence generated through the audit and time keeping process.
11. The LTCS, Audit Management system and Time Tracking system must continue to perfect, utilize, and maintain system capabilities for various reporting activities.
12. The LTCS, Audit Management system and Time Tracking system must continue to perfect, utilize, maintain, and review the built-in security of the network operating system and the database server applications to insure that proper internal controls are in place and functioning.



13. The LTCS must be expanded to provide for the electronic filing of home office cost and statistical information. A database needs to be developed or the existing one expanded to include, store, and provide access to this information. The same system capabilities that have been developed for the individual facility cost reports need to be developed for home office cost reports. The development of the home office cost report must be completed within one year and be fully operational within 18 months.
14. The LTCS must be expanded to provide for the electronic tracking of paper records and permanent files, from office to office or storage.
15. The LTCS must be expanded to provide for an electronic audit program attached to the Audit Plan Scope, including only those sections selected in the scope.
16. The Audit Management system must be expanded to provide for an electronic travel voucher, state car usage reporting, audit and section travel expense budgeting and related database management.

OFFICE OF AUDIT

Subrecipient Audit Report Monitoring System

1. The Subrecipient Audit Report Monitoring System (SARMS) must include a central database containing subrecipient general and specific fiscal year information, workflow and activity tracking information.
2. The SARMS must provide appropriate access to general and specific agency information.
3. The SARMS must allow staff to input and update subrecipient general information.
4. The SARMS must store subrecipient general information that can be accessed and used in subsequent fiscal years.
5. The SARMS must allow staff to input budgeted funding types and levels, or allow for a download of MDCH contract information to populate the system for each fiscal year.
6. The SARMS must determine audit report or exemption notice requirements of subrecipient agencies.
7. The SARMS must report various agency information, annual dollar amounts awarded, departmental programs providing the funding, and audit requirements in various formats requested by management.
8. The SARMS must track audit report or exemption notice due dates, and create late reports to trigger QAR staff follow-up.
9. The SARMS must automatically generate a reminder notice two weeks prior to audit report due dates.
10. The SARMS must automatically generate a late notice two weeks after an audit report due date is missed.
11. The SARMS must track follow-up actions on late reports.
12. The SARMS must report follow-up dates and actions taken on late reports.
13. The SARMS must allow staff to record receipts of audit reports and exemption notices.
14. The SARMS must assign subrecipient audit reports to a QAR staff member based on the most prevalent type of funding.
15. The SARMS must track audit reports received and waiting for QAR staff review to set work priorities.
16. The SARMS must automatically generate the audit review checklist(s) that need to be completed.



17. The SARMS must allow QAR staff to complete and store audit review checklist(s) on the system.
18. The SARMS must allow QAR staff to input actual grant payment information, or allow for a download of MDCH grant payment information to populate the system for each fiscal year.
19. The SARMS must allow QAR staff to access MDCH FSRs and Contracts that are stored on-line.
20. The SARMS must track QAR work activity completed on the audit reports (QAR staff must be able to input if the audit was deemed acceptable or if follow-up actions are needed, input a summary of issues that need to be followed-up on, and input all follow-up actions taken and applicable due dates).
21. The SARMS must track due dates on follow-up activities, and create late reports to trigger QAR staff follow-up.
22. The SARMS must identify audit reports not reviewed within the statutory time frame.
23. The SARMS must create summaries for each subrecipient audit report reviewed that include general agency information, and QAR conclusions and follow-up actions.
24. The SARMS must allow supervisors to review completed checklist(s) and summaries on line, and approve them.
25. The SARMS must produce an Audit Review Status Report that includes agencies that have submitted audit reports that QAR has reviewed, and the status of each (acceptable as filed, follow-up action complete, or follow-up action in process with a list of actions taken).
26. The SARMS must track questioned cost recoveries (amounts pursued, and amounts recovered).
27. The SARMS must allow users to create standard and ad hoc reports/queries within the system.
28. The SARMS must allow for the storage and file management of audit reports received electronically.

LTC REIMBURSEMENT AND RATE SETTING SECTION
Long Term Care System (LTCS)

The objective were previously stated in Section II-C.B. The following additional elements are specific to the LTC Reimbursement and Rate Setting Section.

1. The LTCS must continue to provide the long-term care providers with the ability to electronically file cost reports in an acceptable spreadsheet version determined by the Department.
2. The LTCS must continue to provide an automated system for accepting and processing the ECRs which providers can file either or through the Internet.
3. The LTCS must continue to maintain and enhance the existing LTCDB, providing access in a user friendly environment to filed and audited cost reports, audit plans, general provider information, tracking logs, rate setting, gross adjustment, and/or other information maintained in the system.
4. The LTCS capabilities must be enhanced in order to generate and calculate statistical information by geographic region and provider type. This additional capability is needed to determine and establish industry standards for the various elements so that a cost report can be compared and evaluated against those standards.
5. The LTCS must develop and maintain an automated settlement process for calculating initial, final and revised final settlements
6. The LTCS must continue to perfect, utilize, and maintain the automated rate calculation process.



7. The LTCS must continue to perfect, utilize, and maintain the automated process to electronically receive gross adjustment data from DIT and load into the LTCDB.
8. The LTCS must be flexible to be installed on desktop PCs of Department staff outside the LTC Reimbursement and Rate Setting Section and Office of Audit staff.

1.102 OUT OF SCOPE

Contractor shall provide no services beyond those in section 1.101 and 1.104.

1.103 TECHNICAL ENVIRONMENT

The following covers all operational areas as noted in **1.001**.

- Maintain and administrate a Windows 2000 network integrated with the Department of Community Health (DCH) Novell 5.1 and Windows 2000 networks. This network must be accessible to at least one hundred users at multiple sites in Lansing and at remote sites in Grand Rapids, Grayling, and Fenton.
- Maintain, configure, support, and administrate the state-owned production Windows 2000 Microsoft SQL Server database server. Establish and maintain user login IDs. Perform file backup and restoration procedures. Store backup media at a secured off-site location. Apply critical software upgrades and fixes in a timely manner. Migrate to newer software versions as necessary to maintain and improve performance, and to adhere to DIT requirements. Maintain current levels of virus protection software. The production databases consist of approximately 500 user tables and 6 gigabytes of data. Maintain, administrate, monitor, and tune the production databases to provide optimal performance. Perform SQL backups according to state and industry standard practices. Perform SQL restores as requested by the user community. Create and maintain documentation of configuration and support processes according to state standards.
- Maintain, configure, support, and administrate the state-owned production Windows 2000 Web Intranet server using Microsoft Internet Information Services (IIS). Establish and maintain user login IDs. Perform file backup and restoration procedures. Store backup media at a secured off-site location. Apply critical software upgrades and fixes in a timely manner. Migrate to newer software versions as necessary to maintain and improve performance, and to adhere to DIT requirements. Maintain current levels of virus protection software. Maintain, administrate, monitor, and tune the web-based application software to provide optimal performance. Maintain, configure, support, and administrate IIS software services. Create and maintain documentation of configuration and support processes according to state standards.
- Maintain, configure, support, and administrate the state-owned production Windows 2000 Microsoft System Update Server (SUS). Establish and maintain user login IDs. Perform file backup and restoration procedures. Store backup media at a secured off-site location. Apply critical software upgrades and fixes in a timely manner. Maintain current levels of virus protection software. Maintain, configure, support, and administrate SUS software services for at least one hundred local and remote bureau users. Create and maintain documentation of configuration and support processes according to State standards.
- Administrate the state-owned production Novell 5.1 file server. Establish and maintain user login IDs. Perform file backup and restoration procedures. Store backup media at a secured off-site location. Create and maintain documentation of backup and restoration processes according to State standards.
- Maintain, configure, support, and administrate a contractor-owned development environment consisting of at least two servers sufficiently equipped to serve as emergency replacements for the production database and web servers, a sufficient number of Windows 2000 PC workstations for contract staff, development tool software licenses sufficient to support the current application environment described below, and virus protection software. Maintain and administrate separate Model Office and development environments for database and web services.
- Provide and maintain a comprehensive written disaster recovery plan. Test the plan periodically and report on test results.
- Provide Windows 2000, Windows 98, Windows 95, and Windows XP desktop and laptop support for at least one hundred local and remote bureau users. Desktop and laptop support includes installation and maintenance of application software associated with this contract, installation and maintenance of operating system software necessary for the proper functioning of application software associated with this contract, upgrading of operating system software versions as needed to support application software associated with this contract according to Department of Information Technology (DIT) guidelines and



industry direction. Install and support application software associated with this contract on workstations assigned to users outside the division/section/bureau as directed by bureau management in coordination with DIT staff and following DIT policies.

- Maintain and administrate network and application level user security based upon work group and individual access requirements. Integrate application security with network security. Minimize the number of system log-ins a user must complete to gain application access.
- Create, maintain, install, and support client/server and web application software. The system applications consist of approximately 450 screens or worksheets, 200 reports, 950 SQL stored procedures, and 2,500 program modules. Create and maintain application documentation according to State standards. Migrate software platforms to newer versions according to DIT guidelines, industry direction, and user needs. Existing software applications were created using combinations of the following: Microsoft Active Server Pages 4.0 (ASP), Java Script 1.3, Visual Basic Script 5.6, Visual Basic 6.0, Visual Basic for Applications 6.0, Visual Basic Net, Microsoft Office 2000 (Excel, Word, Access), Microsoft Component Object Model (COM+), Microsoft Distributed Component Object Model (DCOM), Extensible Markup Language (XML), Hypertext Markup Language (HTML), Extensible Stylesheet Language Transformations (XSLT), Data Transformation Services (DTS), Data Dynamics Active Reports, True DB Grid, Adobe Acrobat, Microsoft IIS, and Microsoft SQL Server.
- The contractor must license software certified by the Centers for Medicare and Medicaid Services (CMS) to edit and process CMS 2552 Hospital Cost Reports. The software licensing agreement must include rights to process cost reports from all hospitals seeking Medicaid reimbursement from the State of Michigan for the past fifteen years.
- The contractor must license the software used to perform the server backups.
- Hardware support and software updates to three Novell servers and networks located in Grand Rapids, Grayling and Fenton.

1.104 WORK AND DELIVERABLE

Contractor shall provide Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

Each of the work areas will discuss in detail a preliminary analysis of the specific tasks involved in maintaining the objectives. The contractor is not, however, constrained from supplementing this listing with additional steps, or sub-tasks necessary to complete the tasks requested. The contractor will also be responsible for supplying the appropriate system software and support staff listed by each area.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION **Settlement and Payment Processing Section**

The following is a preliminary analysis of the specific tasks involved in maintaining a system capable of meeting the objectives of the Settlement and Payment Processing Section.

- a. Cost Report Information - Data from the audited/filed Medicare cost report, and all revisions thereof, are needed to calculate a complete CMS-2552. This data must begin with the provider's fiscal years ended 2/28/85, and must be provided on an ongoing basis within a period not to exceed 60 days of receipt from the Medicare intermediary. The contractor is responsible for any data manipulations required to produce a cost report. The HHPRD receives the ECR filed data from the hospitals within 150 days of their fiscal year end. The contractor will be responsible for loading the data from the ECR files into the network system in a format which will generate a completed cost report and can be selected by the contractor for ad hoc reports requested by the HHPRD. This information must be available within 60 days of the time the HHPRD deems the filed report to be complete. Within 90 days of the beginning of the contract, the filed cost reports for the most recent fiscal years not yet completed, must be input into the system and available for data collection or settlement.
- b. Program Data Accumulation Worksheets - These worksheets should be in the same format as those currently being used. There should be macros for ease of transferring headings, cost centers, and printing.



- c. Audit Adjustment Report - The audit adjustment report must be created from the data entered in the program data accumulation worksheets. This should be done automatically and should require no further work by the auditor. The cost centers should be arrayed down the left side of the report. The provider filed data and the audited data should transfer from the accumulation sheets and the difference computed.
- d. CMS-2552 - CMS-2552 worksheets must be prepared incorporating Title XIX, Title V, and any other applicable program costs, charges, days, and payments to produce a completed cost report. This will require that many of the schedules be modified to accommodate the needed information. The revisions of the HCFA-2552 which must be accommodated are:
- i) HCFA-2552-84
 - ii) HCFA-2552-85
 - iii) HCFA-2552-89
 - iv) HCFA-2552-92
 - v) CMS/HCFA-2552-96
 - vi) Any future modifications of the HCFA/CMS-2552 or any forms, which may replace it.
- e. Outpatient Settlement Form - The program costs will be computed in the CMS-2552 and will be brought over to the Outpatient settlement form, which is used to compare costs to charges and payments and compute an amount due to or owed by the hospital.
- f. Outpatient Education Settlement – The CMS-2552 schedules must be modified to calculate the outpatient education costs by cost center. These costs must then be transferred to an Outpatient Education settlement form and the payment made must be transferred to the Outpatient settlement form.
- g. Notice of Amount of Program Reimbursement (NAPR) - Using the program costs and payments from the inpatient, outpatient and outpatient education calculation of reimbursement forms, perform a comparison of this data to the provider's filed cost report data. Calculate the difference and foot the totals.
- h. Settlement Under Diagnosis Related Group (DRG) - The settlement under DRG includes inpatient capital, other direct medical education, and graduate medical education costs which must be calculated using the audited/ filed HCFA/CMS-2552. These costs must then be transferred to a summary sheet, added to a correct DRG amount, and compared to charges. The lesser of charges or cost must be selected and the payments deducted. This will result in an amount owed by or due to the provider.
- i. Database - Separate databases are used for the following areas with the data that is maintained to be determined by each area:
- i) Settlement and Payment Processing Section
 - ii) Hospital Rate Setting Section
 - iii) Special Programs Section
- The information stored in the database allows for ad hoc reports to be generated. This database permits for the comparison of data between different fiscal year ends, different hospitals, or different programs. Also existing is the ability to extract subsets of the information stored in these databases for analysis. The contractor at the request of the HHPRD generates the reports. Data is also available to read, by authorized personnel, with clearance obtained through the HHPRD.
- j. Formula Payments to Hospitals for Health Professions Education - Filed Cost Report and Special Report Data is used to establish the distribution of the General Funds Pool, Primary Care Pool, and the Dental and Podiatry Pool. All three pools use information from the filed cost report to distribute the funds. Other reports may be required for hospitals to report certain statistics that will be used in the distribution of the pools. Hospitals report this information annually. The GME reporting does analysis on the FTE data as well as splitting up the GME pools.



- k. MIP/CIP Calculations - The MIP/CIP calculations involve three connected worksheets. The first worksheet is general information concerning paid data, quarterly report data, and DRG price and case mix. The second page calculates the MIP payment. The third page calculates the CIP payment. A letter to the provider notifying them of the amount of the MIP/CIP payment has to be produced.
- l. Management Reports - The following management reports as well as others to be determined as needed will be required:
- i) Current Facility List of Cost Reports Received - These are alphabetical lists of cost reports received and completed by auditor, hospital and fiscal year end.
 - ii) Status Reports - This report is used to determine for management the number of settlements processed during a specified time period.
 - iii) Record of Settlements Completed - This is a record by hospital and Mental Institution of the provider's address, contact person, phone number, provider numbers, and the amounts and dates of all settlements processed, by program. This record also shows cost reports received and the date, audited Medicare cost reports received and the date, and miscellaneous information about closings, year-end changes, affiliations, etc. This information needs to cover a period of 20 years and about six different types of settlements. This information should be available to everyone to read, but changed only by authorized personnel.
 - iv) Miscellaneous Reports
 - Transaction Audit Trail Report
 - Active Cost Report Listing with Affiliations
 - Security Breach Report
 - Security Master File Report
 - Provider Security Report
 - Settlements Completed but not Reviewed
 - Settlements Completed and Reviewed
 - Settlements Completed by Auditor
 - Monthly Cost Savings
 - Upper Limits Test
 - Auditor Monthly Status Report
 - Appeal Record
 - Filed Cost Report by State Fiscal Year End
 - Delinquent Cost Report by State Fiscal Year End
 - Audited Medicare Cost Reports Received Monthly by State Fiscal Year End
 - Audited Medicare Cost Reports Received Year to Date
 - v) Other Capabilities
 - Security protection levels so that an auditor has the ability to update his/her own files, each staff member has the ability to inquire against all section files, and all other persons are prevented from accessing any files.
 - Ability to update all data elements within the HCFA/CMS-2552 file.
 - Ability to print any information stored in the database and all forms generated that are related to the HHPRD.
 - Ability to use the input file, for each hospital, obtained by the contractor from the Medicare intermediary or another approved source to run and store complete Medicare audited HCFA/CMS-2552.
 - Ability to access any data required in the filed cost report or generate and print a completed cost report.
 - The ability to view settlement worksheets on the screen before printing the data.
 - All data, regardless of source, must be available for on-line access during the agency's normal working hours.
 - Process any other ad hoc reports or calculations as necessary for an example QAAP reports, profit/loss reports etc.

**HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION****Hospital Rate Setting Section****Inpatient Hospital Rate Setting**

The following is a preliminary analysis of the specific tasks involved in supporting a complete rate setting system. In addition to the following, the contractor is not constrained from supplementing this list with additional steps, sub tasks or elements deemed necessary.

- a. The system should be linked to the card file system for changes in hospital status such as name changes, mergers, closures, new hospitals or units within existing hospitals, changes in provider numbers, etc.
- b. There should be a written operating policy on the procedures used to set the rates detailing the rate setting computerization.
- c. The rate setting system must also be capable of accommodating new policy changes for future rate setting purposes.
- d. The rate setting system should also store all rates for every price period in the database by creating a rate history file, which is accessible via a windows front end and usable by other windows applications.
- e. The system must be capable of providing FOI (Freedom of Information) requests when requested.
- f. The system must be capable of producing adhoc management reports.
- g. The system should be capable of identifying all provider numbers and types.
- h. The system should be capable of insuring the reliability of the data used, its source, e.g., its completeness, accuracy, consistency, validity, and timeliness of receipt.
- i. Some of the major steps that are involved in the rate setting process include the following:
 - i) data gathering (cost reports, CMS website)
 - ii) paid claims data
 - iii) calculating the rates and relative weights
 - iv) verifying the appropriateness and correctness of the rates
 - v) data must be easily accessible and retained on line as long as the Division deems necessary, at which time the data may be moved to some kind of off-line storage.
 - vi) system must be able to produce the rates and any supporting documentation that is sent to the providers, including but not limited to, the cover letter, rate calculations, supporting documentation as required, etc.
 - vii) system must have the capability for the comparison of data between different fiscal year ends, different hospitals, or different programs.
 - viii) also needed is the ability to abstract subsets of the information stored in the database for analysis.
 - ix) DRG Prices, Per Diem Rates, I/P and O/P ratios, O/P adjustors, etc. need to be automatically sent to the table files, and the Division's Card File System.

Capital Rate Setting

The following is the specific tasks involved in capital rate setting system. In addition to the following, the contractor is not constrained from supplementing this list with additional steps, sub tasks or elements deemed necessary.

- a. The system should be linked to the card file system for changes in hospital status such as name changes, mergers, closures, new hospitals or units within existing hospitals, changes in provider numbers, etc.



- b. There should be a written operating policy on the procedures used detailing the capital rate computerization – data gathering and calculations.
- c. The capital rate system must also be capable of accommodating new policy changes for future rate setting purposes.
- d. The capital rate system should also store all capital rates for every price period in the database by creating a rate history file, which is accessible via a windows front end and usable by other windows applications.
- e. The system must be capable of providing FOI (Freedom of Information) requests when requested.
- f. The system should be capable of identifying all provider numbers and types.
- g. The system should be capable of insuring the reliability of the data used, its source, e.g., its completeness, accuracy, and consistency.

State Psychiatric Hospital Settlement

The cost settlement system includes, but not is limited to, producing the following schedules. In addition to the following, the contractor is not constrained from supplementing this list with additional steps, sub tasks or elements deemed necessary.

- a. Data Accumulation Worksheets
- b. Audit Adjustment Reports
- c. All settlement schedules including the following HCFA 2552 forms:
 - i) Worksheet D - Parts I - II - III & IV
 - ii) Worksheet D - 4
 - iii) Worksheet D - 1; Parts I & II
 - iv) Worksheet E - 3
- d. Calculation of Medicaid's Share of Direct Graduate Medical Education Costs
- e. Notice of Amount of Program Reimbursement (NAPRs)
- f. Reimbursement Letters
- g. Payment & Inventory Logs
- h. Quarterly Payment Calculation Worksheets
- i. TEFRA Rate Calculation Worksheets
- j. The settlement data must be stored in a database, which allows for view, revisions, comparisons between years, and be available for internal and external purposes.
- k. There should be a written operating policy on the procedures used detailing the computerized system.
- l. The system should be linked to the card file system for changes in plan status such as name changes, mergers, closures, changes in provider numbers, etc.
- m. The cost settlement system must also be capable of accommodating new policy changes for future settlement purposes.
- n. The system must be capable of providing FOI (Freedom of Information) requests when requested.



Special Health Plan Cost Settlement

The following is a preliminary analysis of the specific tasks involved. In addition to the following, the contractor is not constrained from supplementing this list with additional steps, or tasks deemed necessary.

- a. The system should be linked to the card file system for changes in plan status such as name changes, mergers, closures, changes in provider numbers, etc.
- b. There should be a written operating policy on the procedures detailing the cost settlement computerization.
- c. The cost settlement system must also be capable of accommodating new policy changes for future settlement purposes.
- d. The settlement data must be stored in a database, which allows for view, comparisons between years and for producing adhoc reports as needed for management purposes.
- e. The system must be capable of providing FOI (Freedom of Information) requests when requested.
- f. The system should be capable of identifying all provider numbers and types.
- g. The system must be able to produce the settlement and any supporting documentation that is sent to the providers, including but not limited to, the cover letter, rate calculations, supporting documentation as required, etc.
- h. The system must have the capability for the comparison of data between different fiscal year ends, different hospitals, or different programs.
- i. The system needs to be automatically link settlement information to the Division's Card File System.
- j. Some of the major steps that are involved in the rate setting process include the following:
 - i) Data accumulation worksheets.
 - ii) The settlement schedules.
 - iii) The reimbursement letters.
 - iv) The payment logs.

HOSPITAL AND HEALTH PLAN REIMBURSEMENT DIVISION **Special Program Section**

On-site technical support must be provided to maintain network connections, continually develop and/or improve automation, modify the systems and programs, implement new technology, handle day-to-day system support, maintain the database and provide assistance and consultation to staff who access the systems for data and information requests.

The system consists of many applications or pieces. These pieces must be maintained individually and yet still remains a part of the whole system. This includes being attached to the application server and having full access to the database. Minor changes to any of these system components will require knowledge of the whole system and applications.

In addition to system development/applications programming, there is a need for database administration. There may be a need to provide external access to the network to Department staff in other Bureaus/Administrations.

The following is a preliminary analysis of the specific tasks involved for continuing and enhancing the automated system already in place:

- a. Backup, upgrade, and monitor the central database.



- b. Backup, upgrade, and monitor the servers.
- c. Modify the database as necessary to reflect policy changes.
- d. Install/maintain application software on staff hardware.
- e. Provide application systems network security for staff.
- f. Work with Department network personnel to deal with and resolve common network issues and problems (Groupwise, CD-Rom access, access to other servers as authorized).
- g. Develop and implement new programs or applications into the existing system to account for changes in program policy, procedures, and/or simply to improve the present system.
- h. Ad hoc reporting and related database table file information.
- i. Develop a system for FCP to complete and file cost reports over the web directly to the division.
- j. Provide training to staff on the use of the applications designed for the system.
- k. Continue to develop and maintain documentation of the system functioning at the technical level.
- l. Develop various management reports as well as others when needed.

OFFICE OF AUDIT

Long Term Care System (LTCS)

Lansing Central Office on-site technical support must be provided to maintain network connections, continually develop and/or improve LTCS automation, modify the LTCS to implement new technology, and handle day-to-day system support, maintain the database and provide assistance and consultation to Bureau staff who access the LTCS system for data and information requests.

The LTCS system will utilize audited data or the input of filed cost reports, accept additional input of program specific data, generate a program settlement, prices, etc., and maintain data history. The Audit Management and Time Tracking systems will accept and utilize all staff time input or the input on audit forms, accept the input of application specific data, generate state required time sheets and summaries, and maintain data history.

The LTCS, Audit Management and Time Tracking systems consist of many applications or pieces. These pieces must be maintained individually and yet still remain parts of the whole system. Minor changes to system components will require knowledge of all of the code and/or cells. The smaller components are equally complex because they deal with all of applicable business rules and policy. Modifications to the Cost Report, Audit Plan and Risk Analysis report are required periodically to address business changes.

The following is a preliminary analysis of the specific tasks involved for continuing and enhancing the automated system already in place for the LTCS, Audit Management and Time Tracking.

1. Maintain the LTCS application system, Audit Management system, Time Tracking system and newly developed application systems for a minimum of fifty-two (52) workstations/laptops in the Office of Audit with the possibility of more stations being added. The laptops must be able to access the Time Tracking system through remote dial-in access from sites other than the regional offices dial up procedures. The workstations must be available during the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday, and other times by special arrangement. Remote dial-in must be accessible for evening and early morning log in. All must be able to initiate printing of reports by printer.
2. Modify the database as necessary to reflect policy changes to applicable processes.
3. Develop and implement new programs or applications into the existing systems to account for changes in program policy, procedures, and/or simply to improve the present system.



4. Perform ad hoc reporting of database table file information as requested.
5. Develop new and improve upon the cost report validation process to make sure cost reports are accurate, mathematically correct, and complete when audited by Office of Audit staff.
6. Develop, improve, and simplify the tracking log component of the system to allow users to monitor the progress of a filed cost report through the audit, rate setting, and settlement processes.
7. Develop, improve, and enhance the tracking log component of the Audit Management system that stores pertinent statistical information pertaining to individual assignments such as audit type, auditor(s) assigned, number of hours - both budgeted and actual, cost savings, travel expense, etc. The system should be enhanced to track the flow of audit workpapers and/or related files between offices, to any appropriate review/appeals section, and eventually to record storage.
8. Develop, improve, and enhance the reporting capabilities of the Audit Management system, enabling management to evaluate the performance of the regional offices and the individual auditors assigned to those offices, to quantify results in terms of actual cost savings, and/or to identify problem areas that may need special attention.
9. Develop, improve, and enhance applications designed to assess risk in determining the type and scope of audits to be performed. Variance reports must not only be designed to do year to year comparisons between two cost reports, but have the capability to compare a cost report against geographic regional average or norm indicators for particular elements of cost or statistics.
10. Develop, improve, and enhance the audit plan in terms of the conclusions reached by relating it more closely to the risk analysis applications.
11. Develop, improve, and modify the ECR and the database to include additional and more specific statistical information such as salaries for all key personnel and not just owners or administrators.
12. Provide initial and continuous formal training to Central Office and Field Office staff on the use of the applications designed for the systems (Audit plan creation, variance report generation, settlement process, ad-hoc query and report generation, network administration for field offices, etc.).
13. Develop user-friendly guides or manuals describing the functions of each component of the system and how to use those functions or applications.
14. Continue to develop and maintain documentation of the system functioning at the technical level.
15. Develop an electronic cost report for long term care home office reports and enhance the existing or develop a new central relational database to store home office cost information. The home office cost report is an extension of the long term care facility cost report so the two must be compatible and capable of verifying that the information on both reports are consistent with each other.
16. Develop applications designed to assess risk in determining the type and scope of audits that needs to be performed at the home office level. Variance reports must be developed and designed not only to do year to year comparisons between two cost reports, but must have the capability to compare a cost report against geographic regional average or norm indicators for particular elements of cost or statistics.
17. Develop a new, or improve or enhance the existing audit plan to include risk or other analysis of the home office cost report.
18. The following management reports as well as others to be determined as needed will be required:
 - a. Acceptance Report for Audited Cost Reports
 - b. Annual Audit Plan Report
 - c. Audit Plan Assessment and Scope Reports
 - d. Audit Log Report
 - e. Audit Status Events



- f. Audit Time Summary Report
- g. Audit Tool Report
- h. Cost Reporting Status Events – Detail and Summary
- i. Employee Monthly Activity Report
- j. Facility Reports
- k. Federal Time Summary Report
- l. Intake Report for Audited Cost Reports
- m. Internal Audit Activity Report
- n. Organization Owner Reports
- o. Professional Services Report
- p. Risk and Cost Savings Report
- q. Time Sheet Report
- r. Tracking Log Status Reports
- s. Variance Report

OFFICE OF AUDIT

Subrecipient Audit Report Monitoring System

The following is a preliminary analysis of the specific tasks required for the Subrecipient Audit Report Monitoring System:

1. Develop and maintain a Subrecipient Audit Report Monitoring System for recording and storing subrecipient information, accessing other MDCH system information (i.e. payments, FSRs, contracts), recording review results, recording follow-up actions, tracking information, and generating management reports as detailed in the Objectives section E lines 1 thru 28.
2. Modify the system as needed to implement policy changes and new technology.
3. Provide assistance and consultation to QAR staff who access the system for data and information requests.
4. The following management reports as well as others to be determined as needed will be required:
 - a. Grantee Population
 - b. Late Audit Reports/Exemption Notices with Actions
 - c. Audit Reports Awaiting Review (by Employee)
 - d. Missed Due Dates on Follow-Up Actions
 - e. Audit Reports Not Reviewed in Required Time
 - f. Summary Sheet for Each Audit Review
 - g. Revised MDCH Audit Review Status

LTC REIMBURSEMENT AND RATE SETTING SECTION

Long Term Care System (LTCS)

The LTCS system consists of many applications or pieces. These pieces must be maintained individually and yet still remains a part of the whole system. This includes being attached to the application server and having full access to the database. Several pieces of the system contain hundreds or thousands of lines of code and/or cells of programming. The ECR contains over a thousand (1,000) lines of code and well over ten thousand (10,000) cells in thirty (30) worksheets. The LTCS contains over a thousand (1,000) lines of code. Minor changes to either of these system components will require knowledge of all of the code and/or cells. The smaller components are equally complex because they deal with all of LTC's business rules and policy. Modifications to the Audit Plan, Rate Setting, Settlement, MIP, and Gross Adjustment processes are required periodically to address business changes.

In addition to system development/applications programming, there is a need for database administration. The central database contains approximately three hundred (300) relational tables with a majority having full referential integrity. The database will be collecting at least two to four (2-4) gigabytes of data each year. Also, there will be a need in the near future to provide external access to the network to Department staff in other Bureaus/Administrations. Other State agencies, providers, provider associations, could also require external access to the network, perhaps through the Internet.



The following is a preliminary analysis of the specific tasks involved for continuing the automated system already in place for the LTCS.

1. Backup, upgrade, and monitor the LTCS central database.
2. Backup, upgrade, and monitor the servers in the Lansing.
3. Modify the database as necessary to reflect policy changes to LTC processes.
4. Install/maintain application software on LTC hardware.
5. Handle LTCS application systems network security for LTC personnel.
6. Work with Department network personnel to deal with and resolve common network issues and problems (Groupwise, CD-Rom access, access to other servers as authorized).
7. Provide initial and continuous formal training to LTC Reimbursement and Rate Setting Section staff on the use of the applications designed for the system.
8. Improve, and enhance the ECR templates and related information to be submitted for inclusion on the Department Web page.
9. **Miscellaneous Reports** - The following management reports as well as others to be determined as needed will be required:
 - a. Variable Cost Limit - annually by Provider Type
 - b. Support To Base Cost Limit - annually for six bed size groupings
 - c. DRI Index Factor - annually by provider type
 - d. County Bed Utilization
 - e. Regional Bed Utilization
 - f. Quality Assessment Assurance Beds
 - g. Quality Assessment Assurance Bed Confirmation – mail merge letter
 - h. Annual Quality Assessment Assurance Payment
 - i. Annual MIP Reconciliation Payment History
 - j. Annual MIP Reconciliation Summary
 - k. Provider Procedure Code Rate Data Match
 - l. Bed Day Utilization
 - m. Medicaid Patient Day Utilization
 - n. Cost Reporting Status Events - Detail and Summary
 - o. Rate Status - Detail and Summary
 - p. Settlement Status - Detail and Summary
 - q. Summary Data - Cost Data Elements
 - r. Summary Data - Rate Data Elements
 - s. Various Provider and/or Organization Owner Summary
 - t. Rate History, by county
 - u. Acceptance Report for filed cost reports
 - v. Intake Report for filed cost reports
 - w. Freedom of Information Act file summary report

The following is a preliminary analysis of the new tasks to be developed in the automated system already in place for the LTCS.

1. Develop a system to automatically integrate invoice processing payments data into the LTCDB.
2. Develop an automated settlement process for calculating initial, final, and revised settlements. The process will include rate and payment data stored in the LTCDB.
3. Develop an automated MIP calculation process for calculating the bi – monthly MIP payments. The process would include an automated annual period end MIP reconciliation process.



1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

General knowledge of the Medicaid program and hospital and long term care industries are required for all contractor personnel. The contractor staff must have prior and recent experience developing, maintaining and operating computer systems and business processes for cost settlement, rate setting and audits for a state Medicaid program. It is important the contractor maintains a level of expertise in Health Care.

Contractor must provide onsite staff and support at State facilities in Lansing Michigan and periodic visits to field offices.

The contract has a minimum of twelve (12) full-time staff positions dedicated solely to providing ongoing support and enhancements to the Hospital and Health Plan Reimbursement Division, Long Term Care Reimbursement and Rate Setting Section, and Office of Audit computer systems.

The Department reserves the option to reduce staff in the event of Department work fluctuation or work assignments. The Department will provide the contractor a minimum 30-day notice prior to enacting a work force reduction.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

Brenda Fezatte Director of Hospital and Health Plan Reimbursement Division, Jim Hennessey Director Office of Audit, and John Donaldson Manager of Long Term Care Reimbursement and Rate Setting Section within the Michigan Department of Community Health will provide direct oversight and direction to the contractor. David McLaury Director of the Bureau of Medicaid Financial Management will serve as the contract administrator.

1.203 OTHER ROLES AND RESPONSIBILITIES

RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

- a. The Contractor will carry out this project under the direction and control of the Department of Community Health, Bureau of Budget and Audit, and Bureau of Medicaid Financial Management.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet biweekly as a minimum, with the Contractor's respective work area project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's respective work area project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services.
- d. Within five (5) working days of the award of the Contract, the Contractor will submit a work plan for approval to each of the following:
 - Director, Bureau of Medicaid Financial Management, Medical Services Administration, Department of Community Health
 - Director, Bureau of Budget and Audit, Department of Community Health

This final implementation plan must be in agreement with Article 4 as proposed by the bidder and accepted by the State for Contract, and must include the following:

- (1) The Contractor's project organizational structure.



- (2) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- (3) The Project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- (4) The time-phased plan in the form of a graphic display, showing each even, task, and decision point in your work plan.

1.302 REPORTS

Contractor will provide reports as identified in sections 1.101 and 1.104.

To review these reports the Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's respective work area project director; and notification of any significant deviation from previously agreed-upon work plans.

1.4 Project Management

1.401 ISSUE MANAGEMENT

If there are disagreements during the Contract during the Contractual period, the State's project manager will bring the matter to the attention of the contractor's project manager. If resolution cannot be agreed upon, the Contract Administrator, with final resolution to be determined by the Director of Acquisition Services, will then address the issue. The Contractor agrees to keep a problem resolution log that he/she will provide to the State's project manager/contract administrator on a monthly basis.

1.402 RISK MANAGEMENT

Risk Management review will be done on a regular basis.

1.403 CHANGE MANAGEMENT

This Contract may be modified, provided that any changes proposed by either party are requested in writing and mutually agreed to by the official representative of the contractor's shown in the contract and DIT/DCH contract administrator. The request is not valid until all parties sign it, and the Issuing Office issues a Contract Change Notice.

1.5 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW.

Brenda Fezatte Director of Hospital and Health Plan Reimbursement Division, Jim Hennessey Director Office of Audit, and John Donaldson Manager of Long Term Care Reimbursement and Rate Setting Section within the Michigan Department of Community Health will provide direct oversight and direction to the contractor, which will include evaluating work performed.

1.502 FINAL ACCEPTANCE

Final Acceptance is when the project is completed and functions according to the requirements. Deliverables will not be considered complete until the Division and Section managers have formally accepted them.



1.6 Compensation and Payment

This is a unit price contract. The rates will be firm for the duration of this Contract. See Appendix A for Pricing.

1.7 Additional Terms and Conditions Specific to this SOW

Performance. The obligations of EDS set forth in this Agreement will be performed by EDS and its wholly-owned subsidiaries, and all references to EDS, Contractor, Vendor, offeror or bidder in this Agreement shall be deemed to include all such subsidiaries. EDS' wholly-owned subsidiary, EDS Information Services L.L.C., will be a party to the final contract.

Invoices and Payment. The Contractor will be paid by the State for services performed under this contract within 45 days of State's receipt of the Contractor's invoice.



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for information technology development and support for the Michigan Department of Community Health's Hospital and Health Plan Reimbursement Division, Long Term Care Reimbursement and Rate Setting Section and the Office of Audit. Orders will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the *Department of Information Technology/Department of Community Health*, hereinafter known as DIT/DCH. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Acquisition Services
Attn: Melissa Castro
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-1080
castrom@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract will be for three (3) years and will commence with the issuance of a Contract. This will be approximately October 1, 2004 through September 30, 2007.

Option. The State reserves the right to exercise two (2) one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.



Extension. At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Written notice will be provided to the Contractor within 30 days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)

MI OSHA MCL §§ 408.1001 – 408.1094

Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.

Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.

MI Consumer Protection Act MCL §§ 445.901 – 445.922

Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.

Department of Civil Service Rules and regulations

Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.

Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.

Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.

Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

Rules and regulations of the Equal Employment Opportunity Commission (EEOC)

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.

The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.

The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.

The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.

The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106

Sherman Act, 15 U.S.C.S. § 1 et seq.

Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.

Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

**2.008 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Contractor Obligations**2.101 ACCOUNTING RECORDS**

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof. Notwithstanding the foregoing, the parties agree that nothing in this Contract permits the State to access, nor shall the Contractor provide access to, Contractor's internal cost records, including without limitation, profit and loss statements and other underlying costs of this nature.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.



2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Acquisition Services or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

Notwithstanding the foregoing, Contractors that are publicly held corporations shall be deemed to have complied with the requirements of this Section 2.102 by delivering their annual and quarterly reports, as filed with the Securities and Exchange Commission ("SEC"), to the State.

2.103 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

2.104 IT STANDARDS

1. EXISTING TECHNOLOGY STANDARDS. The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://michigan.gov/dit>.
2. PM METHODOLOGY STANDARDS. The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at <http://www.michigan.gov/projectmanagement>.

The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. ADHERENCE TO PORTAL TECHNOLOGY TOOLS. The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:



- Vignette Content Management and personalization Tool
- Inktomi Search Engine
- E-Pay Payment Processing Module
- Websphere Commerce Suite for e-Store applications

Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.

Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

2.105 RESERVED

2.106 PREVAILING WAGE

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

It is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.107 PAYROLL AND BASIC RECORDS

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work. Contractor's rates for this Contract will be included as part of the pricing schedule incorporated herein

2.108 COMPETITION IN SUB-CONTRACTING

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

2.109 CALL CENTER DISCLOSURE

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance

2.201 RESERVED



2.202 CONTRACT PAYMENT SCHEDULE

The specific payment schedule for this Contract will be mutually agreed upon after agreement has been reached with respect to the terms of the Contract and both parties have signed the agreement. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month. Payments may be reduced by 15% for any assignment that is overdue and the State has not granted an extension.

2.203 POSSIBLE PROGRESS PAYMENTS

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.204 RESERVED

2.205 ELECTRONIC PAYMENT AVAILABILITY

Electronic transfer of funds is available to State contractors. Vendor is required register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

2.206 PERFORMANCE OF WORK BY CONTRACTOR

Contractor will perform all of Contractors obligations and services under this Contract, in accordance with the statement of work and this Contract. Contractor's obligations and services may be increased, decreased, or otherwise modified by a supplemental agreement to this contract if, during performing the work, the Contractor requests a reduction and the Contract Administrator determines that the reduction would be to the advantage of the Government.

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for performance of any subcontractor(s) it may utilize under this Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.



The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation. Such approval shall not be unreasonably withheld.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following that are attributable to the negligence or tortious acts of the Contractor:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.



Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election").



After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.306 LIMITATION OF LIABILITY

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$2,000,000 which ever is higher. Except as set forth herein, neither Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

2.307 CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

**2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION**

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 RESERVED**2.311 TRANSITION ASSISTANCE**

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to 90 days after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

2.312 WORK PRODUCT

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") that Contractor owned or developed prior to the date of this contract, or acquired or developed after the date of this contract without reference to or use of the intellectual property of the State, or created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 PROPRIETARY RIGHTS**A. Software Ownership**



Ownership of Deliverables by State.

All Deliverables shall be owned by the State upon payment in full therefor to the Contractor by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract, the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:

Contract Compliance Inspector

Sara Williams
Department of Information Technology
300 E. Michigan Avenue
Lansing, MI 48913
williamssa@michigan.gov
(517) 373-0984

MDIT Project Director

Ken Seyka, Client Service Director for MDCH
Department of Information Technology
300 E. Michigan Avenue
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(517) 335-0210

MDCH Project Director

David McLaury, Bureau Director
Michigan Department of Community Health
Medical Services Administration
Bureau of Medicaid Financial Management
P.O. Box 30479
400 South Pine 7th Floor
Lansing, MI 48909-7979
mclauryd@michigan.gov
(517) 241-7135

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the DIT/DCH may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.



Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

- (a) **Inspection of Work Performed.** The State's authorized representatives shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and during business hours, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives, so long as no security, labor relations policies and propriety information policies are violated.
- (b) **Examination of Records.** No more than once per year, Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the terms and conditions of the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.
- (c) **Retention of Records.** Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.
- (d) **Audit Resolution.** If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.
 1. **Errors.** If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
 2. In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten (10%), then the Contractor shall pay all of the reasonable costs of the audit.

**2.5 Quality and Warranties****2.501 PROHIBITED PRODUCTS**

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

2.502 RESERVED**2.503 RESERVED****2.504 RESERVED****2.505 CONTRACTOR WARRANTIES**

The Contract contains customary representations and warranties by the Contractor as follows:

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.



12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information and as of the execution date of this Contract by the parties hereto, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
16. THE WARRANTIES OF THE CONTRACTOR SET FORTH IN THIS CONTRACT ARE IN LIEU OF ALL OTHER WARRANTIES AND THE CONTRACTOR EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
17. The warranties of the Contractor set forth in this Contract are subject to the provisions of Section 2.603 hereof, Excusable Failure.

2.506 STAFF

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

2.507 SOFTWARE WARRANTIES

(a) Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.



(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of Contractor owned Software provided to the State contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

The Contractor agrees to provide for the No Surreptitious Code Warranty in all of its agreements with any Subcontractors. In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. Should the State desire further evidence of the Contractor's rights to use such Third-party Software, upon the State's written request, the Contractor will obtain a letter from the specified Third-party Software vendor whose Software the Contractor is using or incorporating into the Deliverables stating that the Contractor has the appropriate authorization to use such Third-party Software.

2.508 RESERVED



2.509 PHYSICAL MEDIA WARRANTY

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans (if included within the Contractor's scope of work). In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.
2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor, except to the extent that the State shall pay for products and services authorized by the State prior to the date of termination.



The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees, unless otherwise specified below, for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.



4. Criminal Conviction. In the event the Contractor, or an officer of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

A. Rights and Obligations Upon Termination

- (1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, upon payment in full by the State of such Work Product, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (3.) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.
- (4.) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

**B. Termination Assistance**

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

- (1) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors.
- (2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.
- (3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.
- (4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.



- (5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.
- (6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

E. Transition out of this Contract

- (1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
 - (i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
 - (ii) Reserved.
 - (iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office;
 - (iv) Reconciling all accounts between the State and the Contractor;
 - (v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
 - (vi) Freezing all non-critical software changes;
 - (vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
 - (viii) Assisting with the communications network turnover, if applicable;
 - (ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
 - (x) Answering questions regarding post-migration services;
 - (xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.
- (2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
 - (i) Reconciling all accounts between the State and the Contractor;
 - (ii) Completing any pending post-project reviews.

2.703 RESERVED

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work 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 stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:
 - a) Cancel the stop work order; or
 - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.



2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
 - a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
 - b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.
4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.

2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.



2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal, provided, however, that nothing under this contract requires access, nor shall Contractor provide access, to Contractor's internal cost records, including without limitation, profit and loss statements and other underlying costs of this nature.. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

2.805 CHANGES

- (a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:
 - (1) In the specifications (including drawings and designs);
 - (2) In the method or manner of performance of the work;
 - (3) In the Government-furnished facilities, equipment, materials, services, or site; or
 - (4) Directing acceleration in the performance of the work.



- (b) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:
 - (1) The date, circumstances, and source of the order; and
 - (2) That the Contractor regards the order as a change order.

- (c) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



Article 3 – Certifications and Representations

3.0 Vendor/Contractor Information

3.001 TAXPAYER IDENTIFICATION NUMBER (TIN)

Vendor Name: _____

() TIN: _____

() TIN has been applied for

() TIN is not required because:

() Vendor/Contractor is a nonresident, alien, foreign business that does not have income effectively connected with the conduct of a trade or business in the U.S. and does not have an office or place of business or a fiscal agent in the U.S.

() Vendor/Contractor is an agency or instrumentality of a foreign government. If checked, which foreign government _____

() Vendor/Contractor is an agency or instrumentality of a federal, state, or local government. If checked, which government _____

() Other basis: _____

() Bidder is not owned or controlled by a common parent as described below. Common Parent means a corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which bidder is a member.

() Bidder is owned or controlled by a common parent

() Name and TIN of common parent

Name: _____

TIN: _____

3.002 EXPATRIATED BUSINESS ENTITY

DEFINITIONS: "Expatriated business entity" means a corporation or an affiliate of the corporation incorporated in a tax haven country after September 11, 2001, but with the United States as the principal market for the public trading of the corporation's stock, as determined by the Director of the Department of Management and Budget

"Tax haven country" means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, and the Republic of the Seychelles.

Vendor hereby certifies that it IS _____, IS NOT _____ an expatriated business entity located in a tax haven country.

Vendor hereby certifies that it IS _____, IS NOT _____ an affiliate of an expatriated business located in a tax haven country.

3.003 DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER

Vendor is not required to have a DUNS number. If vendor does have a DUNS number it must be listed below.



DUNS No.: _____
(nine digit number assigned by Dun & Bradstreet)

DUNS+4 No.: _____
(DUNS + a 4-character suffix)

If the contractor/vendor does not have a DUNS number and would like to, it should contact Dun & Bradstreet directly to obtain one. Contractor may obtain a DUNS number by calling Dun & Bradstreet at 1-866-705-5711 or via the Internet at www.dnb.com.

3.004 RESERVED for Vendor Registration Into a Central Database

3.005 RESERVED for annual certifications and representations in Central Data Base

The bidder has (check the appropriate block):

- () Submitted to the contracting office issuing this solicitation, annual representations and certifications dated _____ (*insert date of signature on submission*), which are incorporated herein by reference, and are current, accurate, and complete as of the date of this bid, except as follows (*insert changes that affect only this solicitation; if "none," so state*):

- () Enclosed its annual representations and certifications.

3.006 EXTENDED PURCHASING TO LOCAL UNITS OF GOVERNMENT/INSTITUTIONS OF HIGHER LEARNING

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to any city, village, county, township, school district, intermediate school district, nonprofit hospital, institution of higher learning, or community or junior colleges. As a result of the enactment of this legislation, the Extended Purchasing Program has been developed. This program extends the use of State contracts to program members. The governmental agency must enter into an agreement with the State of Michigan to become authorized to participate, thus ensuring that local units of government secure a greater return for the expenditure of public funds. It is the policy of Acquisition Services, Department of Management and Budget, that the final approval to utilize any such Contract in this manner must come from the Contract vendor.

In such cases, Contract vendors supply merchandise at the established State of Michigan Contract prices and terms. Inasmuch as these are non-State agencies, all purchase orders will be submitted by, invoices will be billed to, and the authorized Extended Purchasing member on a direct and individual basis in accordance with Contract terms will remit payment.

Therefore, it is required that all bidders indicate, by checking the appropriate box below, whether they will (first box) or will not (second box) honor orders on any Contract resulting from this Request for Quotation from State of Michigan authorized Extended Purchasing members. It is the responsibility of the Contractor to ensure the non-State agency is an authorized Extended Purchasing member prior to extending the State Contract price.



BIDDER MUST CHECK ONE BOX BELOW

- Commodities and/or services on this Request for Quotation will be supplied to State of Michigan departments and agencies, and authorized Extended Purchasing Program members in accordance with the terms and prices quoted. Upon request, a complete listing of eligible participants in the Extended Purchasing Program will be provided if this option is selected.
- Commodities and/or services on the Request for Quotation will not be supplied to State of Michigan authorized Extended Purchasing members. We will supply to State of Michigan departments and agencies only.

Authorized Agent Name (print or type)

Authorized Agent Signature

Please Visit Mi DEAL at www.mi.gov/localgov.

3.1 Disclosure Issues

3.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) that is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent is closing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access thereto in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.



News releases

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

No Implied Rights

Nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

Survival

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

_____ (Initial)

3.102 FREEDOM OF INFORMATION ACT

All information in a bidder's proposal and the Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq

_____ (Initial)

3.103 DISCLOSURE OF LITIGATION



The Contractor shall notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.

The Contractor shall notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years proceeding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.

All notices under subsection 1 and 2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements, which are prevented from disclosure by the terms of the settlement, shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.

Notwithstanding the foregoing, Contractors that are publicly held corporations shall be deemed to have complied with the requirements of this Section 3.103 by delivering their annual and quarterly reports, as filed with the Securities and Exchange Commission ("SEC"), to the State.

Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:

- a. The ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
- b. Whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

*** The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

_____ (Initial)



3.2 Vendor/Contractor Compliance with Laws

3.201 GENERALLY

Contractor/vendor shall keep informed of federal, state, and local laws, ordinances, rules, regulations, orders, and decrees of bodies or tribunals having any jurisdiction/authority that in any manner affects those engaged in or employed on the work done under this agreement or that in any manner affects the conduct of the work done under this agreement. Contractor shall observe and comply with such laws, ordinances, rules, regulations, orders, and decrees. Contractor shall indemnify the state for any civil claim or liabilities arising from a violation of such laws, ordinances, rules, regulations, orders, or decrees, whether by itself or its employees, even if wholly or in part caused by a violation of such laws, ordinances, rules, regulations, orders, or decrees by the state or its agents or representatives.

3.202 INDEPENDENT PRICE DETERMINATION

1. By submission of a proposal, the bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
 - a. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other bidder or with any competitor; and
 - b. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to award directly or indirectly to any other bidder or to any competitor; and
 - c. No attempt has been made or will be made by the bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
2. Each person signing the proposal certifies that she/he:
 - a. Is the person in the bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to l. a., b., and c. above; or
 - b. Is not the person in the bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to l. a., b., and c. above.
3. Should a bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this section, said entity will be in default of the Contract. Consequences may include cancellation of the Contract (see section I-U Cancellation).

3.203 VENDOR/CONTRACTOR COMPLIANCE WITH STATE AND FEDERAL LAW AND DEBARMENT

The bidder certifies, to the best of its knowledge that within the past (3) years, the bidder, or an officer of the bidder:

- 1) Has _____, Has Not _____ been convicted of a criminal offense incident to the application for or performance of a state contract or subcontract;
- 2) Has _____, Has Not _____ been convicted of any offense which negatively reflects on the vendor's business integrity, including but not limited to embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, state or federal antitrust statutes;
- 3) Has _____, Has Not _____ been convicted of any other offense, violated any other state or federal law, as determined by a court of competent jurisdiction or an administrative proceeding, which, in the opinion of the Department, indicates that the vendor is unable to perform responsibly or which reflects a lack of integrity that could negatively impact or reflect upon the State of Michigan.



An offense or violation under this paragraph may include, but is not limited to, an offense under or violation of: Natural Resources and Environmental Protection Act, 1994 PA 451, MCL §§ 324.101 – 324.90106; the Michigan Consumer Protection Act, 1976 PA 331, MCL §§ 445.901 – 445.922; 1965 PA 390 (law relating to prevailing wages on state projects), MCL §§ 408.551 – 408.558; 1978 PA 390 (law relating to payment of wages and fringe benefits) MCL §§ 408.471 – 408.490; or a willful or persistent violation of the Michigan Occupational Safety and Health Act, 1974 PA 154, MCL §§ 408.1001 – 408.1094;

- 4) Has _____, Has Not _____ failed to substantially perform a state contract or subcontract according to its terms, conditions, and specifications within specified time limits;
- 5) Has _____, Has Not _____ violated Department bid solicitation procedures or violated the terms of a solicitation after bid submission;
- 6) Has _____, Has Not _____ refused to provide information or documents required by a contract including, but not limited to information or document necessary for monitoring contract performance;
- 7) Has _____, Has Not _____ failed to respond to requests for information regarding vendor performance, or accumulated repeated substantiated complaints regarding performance of a contract/purchase order; and
- 8) Has _____, Has Not _____ failed to perform a state contract or subcontract in a manner consistent with any applicable state or federal law, rule, regulation, order, or decree.
- 9) The vendor certifies and represents, to the best of his knowledge that the supplier and/or any of it's Principles:
 - A. Are _____, Are Not _____ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of a purchase by any state or federal agency
 - B. Has _____, Has Not _____ not with in a 3-year period preceding this bid, been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) purchase.
 - C. Are _____, Are Not _____ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, the commission of the any of the offenses enumerated in section 3.1(c) of this contract.
 - D. The vendor Has _____, Has Not _____ within a 3-year period preceding this solicitation had one or more purchases terminated for default by any state or federal agency.

3.204 CERTIFICATION REGARDING DEBARMENT AND PROPOSED DEBARMENT

- 1) Principals for purposes of section 3.203(9) means officers, directors, owners, partners, and any other persons having primary management or supervisory responsibilities within a business entity
- 2) The supplier shall provide immediate written notice to the state if, at any time before the purchase award, the supplier learns that its certification was erroneous when submitted or has since become erroneous because of changed circumstances
- 3) A certification that any of the items in paragraph 3.203(9)(A) of this provision exists will not necessarily result in withholding an award under this solicitation. However, the certification will be considered in connection with a determination of the supplier's responsibility. Failure to furnish the certification or provide such information as requested by the state may render the supplier non-responsive



- 4) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph 3.203(9)(a) of this provision. The knowledge and information of a supplier is not required to exceed that which is normally possessed by a prudent person in the ordinary course of commercially reasonable dealings.
- 5) If it is later determined that supplier knowingly rendered an erroneous certification under this provision, in addition to the other remedies available to the state, the state may terminate this purchase for default.

VENDOR CAN REVIEW THE STATE'S DEBARMENT POLICY AT: www.michigan.gov/doingbusiness
(click on the link to Debarment Policy)

3.205 DEBARMENT OF SUB-CONTRACTORS

Contractor shall require each primary sub-contractor, whose sub contract will exceed \$25,000, to disclose to the contractor, in writing, whether as of the time of the award of the sub contract, the sub-contractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the State of Michigan. The contractor shall then inform the state of the sub-contractor's status and reasons for contractor's decision to use such sub-contractor, if contractor so decides.

3.206 ETHICS: GRATUITIES and INFLUENCE

Gratuities

The right of the contractor to proceed may be terminated by written notice, if the contracting agency head or contract administrator determines that the contractor, its agent, or its representative has offered or gave a gratuity, kickback, money, gift, or any thing of value to an officer, official, or employee of the state intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

Vendor/Contract Has _____, Has Not _____ given or offered to give a gratuity, kickback, money, gift, or any thing of value to a state official, officer, or employee intended to effectuate the awarding of a contract or favorable treatment under a contract.

Influence

The vendor/contractor by signing its proposal/bid hereby certifies to best of his or her knowledge that no funds have been given to any state officer, official, or employee for influencing or attempting to influence such officer, official, or employee of the state.

3.3 Vendor/Contractor Workplace Fitness

3.301 DRUG-FREE WORK PLACE

The vendor/contractor certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the vendor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform employees about (1) the dangers of drug abuse in the workplace; (2) the vendor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the work place; and
- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction; and



- D. Notifying the contracting state agency with in 15 days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction; and
- E. Within 30 days after receiving notice under subdivision (C)(2), imposing the proper sanctions as communicated to the employee through the statement required by subparagraph (A); and
- F. Making a good-faith effort to maintain a drug-free work place through the implementation of sub paragraphs (A) through (E) above.

_____ (Initial)

3.302 WORKPLACE SAFETY

1. In performing work under this Contract on State premises, the Contractor shall conform to any specific safety requirements contained in the Contract or as required by law or regulation. The Contractor shall take any additional precautions as the State may reasonably require for safety and accident prevention purposes. Any violation by the Contractor of such safety requirements, rules, laws or regulations shall be a material breach of the Contract subject to the cancellation provisions contained herein.
2. In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

_____ (Initial)

3.303 WORKPLACE DISCRIMINATION

The Contractor represents and warrants that in performing services for the State pursuant to this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting here from will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, et seq., and the Persons With Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, et seq., and any breach thereof may be regarded as a material breach of the Contract or purchase order.

Vendor hereby represents that in performing this contract it will not violate The Civil Rights Act of 1964, USCS Chapter 42, including, but not limited to, Title VII, 42 USCS §§ 2000e et seq.; the Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.; or The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.; the Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626 et seq.; the Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.; or the Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

_____ (Initial)

3.304 LABOR RELATIONS

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an **unfair labor practice** compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.



The Contractor represents and warrants that the company does not appear in the current register of employers failing to correct an unfair labor practice.

_____ (Initial)

3.305 RESERVED

3.306 AFFIRMATIVE ACTION

Vendor represents that it Has _____, Has Not _____ developed and has on file an entity wide affirmative action program.

3.307 LIABILITY INSURANCE

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.

The State reserves the right to reject insurance written by an insurer the State deems unacceptable. However, the State will not unreasonably reject any insurer used by the Contractor. The insurers selected by the Contractor shall have an A.M. Best rating of A- or better. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.



The Contractor is required to pay for and provide the type and amount of insurance checked **below**:

1. Commercial General Liability with the following minimum coverage:

\$2,000,000	General Aggregate Limit other than Products/Completed Operations
\$2,000,000	Products/Completed Operations Aggregate Limit
\$1,000,000	Personal & Advertising Injury Limit
\$1,000,000	Each Occurrence Limit
\$500,000	Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

3. Workers' compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

4. Employers liability insurance with the following minimum limits:

\$100,000	each accident
\$100,000	each employee by disease
\$500,000	aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.

**B. Subcontractors**

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

C. Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

3.308 ENVIRONMENTAL AWARENESS

Definition - '*Environmentally preferable products*' means products that have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product.

Environmental Purchasing Policy - Bidders able to supply products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals.

- A. Recycled Packaging.** Bidders may offer some or all of the following items listed below or provide alternative proposal as to how packaging materials can be reduced, eliminated or otherwise made more environmentally preferable. It is desirable that Bidders offer packaging which:
- a. is made from recycled content which meets or exceeds all federal and state recycled content guidelines (currently 35% post-consumer for all corrugated cardboard)
 - b. minimizes or eliminates the use of polystyrene or other difficult to recycle materials
 - c. minimizes or eliminates the use of disposable containers such as cardboard boxes
 - d. provides for a return program where packaging can be returned to a specific location for recycling
 - e. contains materials which are easily recyclable in Michigan..



- B. Recycled Content of Products Offered.** Bidders are expected to offer products using recovered materials suitable for the intended use whenever possible. The following definitions apply to 'Recovered Material':

'Post-Consumer Waste', is defined as any products generated by a business or consumer which have served their intended end use, and which have been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product

'Secondary Waste', is defined as industrial by-products and wastes generated after completion of a manufacturing process that would normally be disposed.

All Bidders are requested to indicate below an estimate of the percentage of recycled materials, if any, contained in each item bid. Higher percentages of recycled materials are preferred. All recycled products and packaging are required to perform at the level outlined in bid requests.

_____ % (Total estimated percentage of recovered material)

_____ % (Estimated percentage of post-consumer material)

_____ % (Estimated percentage of secondary waste)

Certification

I, _____ (name of certifier), am an officer or employee responsible for the performance of this contract and hereby certify that the percentage of recovered material content for EPA-designated products met the applicable contract specifications.

_____ (Initial)

- C. Clean Air and Water**

Vendor certifies that any facility to be used in the performance of this contract IS _____, IS NOT _____ listed on the Environmental Protection Agency (EPA) List of Violating facilities.

The vendor will immediately notify the state, before award, of the receipt of any communication from the EPA or the state, indicating that any facility that the vendor proposes to use in the performance of this contract is under consideration to be listed on the EPA List of Violating Facilities or any enforcement action.

- D. Mercury Content.** It is the clear intent of state agencies to avoid purchasing products that contain mercury whenever possible. Bidders shall offer mercury-free products when available. Should mercury-free alternatives not exist, as presently is the case with fluorescent lamps, bidders shall offer the lowest mercury content available. Bidders shall disclose whenever products contain added mercury by using the following format.

() Product does not contain Mercury

() Product does contain Mercury (attach an explanation that includes: the amount or concentration of mercury, and justification as to why that particular product is being proposed)

Bidders shall ensure that mercury added products containing mercury in excess of 1 gram or 250 ppm, shall be labeled: "contains mercury".

- E. Polybrominated Flame Retardants (BFR).** Bidders shall disclose whether the products being offered contain toxic flame retardants. Bidders are encouraged to provide BFR-free alternatives when available.



- () Product does not contain BFR's
- () Product does contain BFR's (attach an explanation)

F. Hazardous Material Identification. 'Hazardous material', as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the contract).

- (1) The bidder must list any hazardous material, as defined in paragraph (a) of this clause, to be delivered under this contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This information shall also be included on the Material Safety Data Sheet submitted under this contract.

Material (if none, insert 'None')	Identification Number

- (2) This list must be updated during performance of the contract whenever the Contractor determines that any other material to be delivered under this contract is hazardous.
- (3) The apparently successful bidder agrees to submit, for each item as required prior to award, a **Material Safety Data Sheet** for all hazardous material identified in paragraph (1) of this clause. Data shall be submitted in accordance with Federal Standard No. 313, whether or not the apparently successful bidder is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful bidder being considered non-responsive and ineligible for award.
- (4) If, after award, there is a change in the composition of the item(s) or a revision to Federal Standard No. 313, which renders incomplete or inaccurate the data submitted under paragraph (3) of this clause, the Contractor shall promptly notify the Contracting Officer and resubmit the data.
- (5) Neither the requirements of this clause nor any act or failure to act by the Government shall relieve the Contractor of any responsibility or liability for the safety of Government, Contractor, or subcontractor personnel or property.
- (6) Nothing contained in this clause shall relieve the Contractor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations (including the obtaining of licenses and permits) in connection with hazardous material.
- (7) The Government's rights in data furnished under this contract with respect to hazardous material are as follows:
 - (a) To use, duplicate and disclose any data to which this clause is applicable. The purposes of this right are to:
 - (i) Apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials;
 - (ii) Obtain medical treatment for those affected by the material; and
 - (iii) Have others use, duplicate, and disclose the data for the Government for these purposes.



- (b) To use, duplicate, and disclose data furnished under this clause, in precedence over any other clause of this contract providing for rights in data.
- (c) The Government is not precluded from using similar or identical data acquired from other sources.

G. Waste Reduction Program. Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, *et seq.*). The following definitions apply to 'Waste Reduction':

'Recycling', means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products." This definition excludes the use of these materials as a fuel substitute or for energy production.

'Waste prevention', means any action undertaken to eliminate or reduce the amount, or the toxicity, of materials before they enter the waste stream. This action is intended to conserve resources, promote efficiency, and reduce pollution." Waste prevention includes reduction and reuse, but not recycling.

'Waste reduction', means any practice, such as an equipment or technology modification, a process or procedure modification, a reformulation or redesign of a produce, a substitution of raw materials, or improved management, training, or inventory control, which practice is undertaken by a person to directly or indirectly reduce the volume or quantity or toxicity of waste that may be released into the environment or that is treated at a location other than the location where it is produced.

'Pollution Prevention', is defined as the practice of minimizing the generation of waste at the source and, when wastes can not be prevented, utilizing environmentally sound on-site or off-site recycling or reuse. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

H. Ozone Depleting Substances

'Ozone-depleting substance', as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as:

- (1) Class I, including, but not limited to, chlorofluorocarbons, halos, carbon tetrachloride, and methyl chloroform; or
- (2) Class II, including, but not limited to, hydro chlorofluorocarbons.

The Contractor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR part 82, Subpart E, as follows:

'Warning: Contains (or manufactured with, if applicable) _____ (insert the name of the substance(s).), a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.'

I. Refrigeration and Air Conditioning

The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.



J. Emergency Planning and Community Right-to-Know Reporting - By signing this offer, the bidder certifies that:

- (1) The owner or operator of facilities that will be used in the performance of this contract is in compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.). EPCRA filing and reporting requirements include emergency planning notification, release reporting, hazardous chemical inventory reporting, and toxic chemical release inventory (TRI) reporting.
- (2) The owner or operator of facilities that will be used in the performance of this contract will maintain compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.) for the life of the contract.

_____ (Initial)

3.309 KNOWLEDGE OF CHILD LABOR FOR LISTED END PRODUCTS

- (a) 'Forced or indentured child labor', means all work or service:
 - (1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
 - (2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.
- (b) *Listed end products.* The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product	Listed Country of Origin

- (c) *Certification.* The State will not make award to a bidder unless the bidder, by checking the appropriate block, certifies to one of the following:
 - () The bidder will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.
 - () The bidder may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The bidder certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture such end product. On the basis of those efforts, the bidder certifies that it is not aware of any such use of child labor.



3.310 FORCED LABOR, CONVICT LABOR, OR INDENTURED SERVITUDE MADE MATERIALS

Contractor hereby represents and certifies that, to the best of his /her knowledge and belief no foreign (outside of the U.S.) made equipment, materials, or supplies, furnished to the state under this agreement, have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

_____ (Initial)

3.4 Vendor/Contractor Demographics

3.401 SMALL BUSINESS REPRESENTATION

The vendor represents and certifies that it IS _____, IS NOT _____ a small business concern and that all _____, NOT ALL _____ end items to be furnished will be manufactured or produced by a small business concern in the US, its territories or possessions, Puerto Rico, or the Trust Territory of the Pacific Islands

Provide the following information:

_____ (Estimate # of employees)

\$_____ (Estimate of annual revenue)

3.402 WOMEN, MINORITY, OR VETERAN-OWNED SMALL BUSINESS REPRESENTATION

DEFINITIONS:

'Women-owned business', means a small business that is at least 51% owned by a woman or women who are US citizens and who control and operate the business

The vendor represents that it IS _____, IS NOT _____ a women-owned small business.

'Minority-owned business', means a small business that is at least 51% owned by a minority or minorities who are US citizens and who control and operate the business

The vendor represents that it IS _____, IS NOT _____ a minority owned small business.

'Veteran-owned business', means a small business that is at least 51% owned by a veteran or veterans who are U.S. citizens and who control and operate the business

The vendor represents that it IS _____, IS NOT _____ a veteran owned small business.

The Contractor represents and warrants that the company meets the above (when checked) and can provide supportive documentation upon request.

3.403 OWNERS AND OFFICERS

Vendor must list all owners or officers that hold a 25% interest or more in the company (use attachment if necessary):

Name and Title	% of Interest or Ownership

**3.404 RESERVED****3.5 State Concerns****3.501 GENERAL COMPANY DEMOGRAPHICS**

1. Company Name: _____
2. Company Address: _____

3. Principle Place of Business (zip code): _____
4. Organization type
 - () Limited Liability Company
 - () Limited Liability partnership
 - () Corporation
 - () Partnership
 - () Health Care Provider
 - () Hospital or extended care facility
 - () Sole Proprietorship
 - () Other: _____
5. Year of establishment _____

3.502 BUSINESS OWNED BY PERSONS WITH DISABILITIES

DEFINITION: 'Business owned by persons with disabilities', means a business in which all of the following apply:

1. More than 50% of the voting shares or interest in the business is owned, controlled, and operated by 1 or more persons with disabilities
2. More than 50% of the net profit or loss is attributable to the business accrues to shareholders who are persons with disabilities
3. More than 50% of the employees of the business are residents of this State of Michigan DMB

The vendor represents that it IS _____, IS NOT _____ a small business owned by persons with disabilities.

Fraudulently representing information about the use of businesses owned by persons with disabilities to procure this contract is a violation of the Business Opportunity Act For Persons with Disabilities of 1988, PA 112, MCL 450.791 – 450.795. A person who knowingly violated this act is guilty of a felony, punishable by imprisonment up to 2 years in prison, or a fine not less than \$5,000. A person found guilty of violating this act shall be barred from obtaining future contracts with the state.

3.503 COMMUNITY REHABILITATION ORGANIZATION (Formerly Sheltered workshops)

DEFINITION: 'Community rehabilitation organization', means a charitable organization or institution conducted not for profit, but for the purpose of carrying out a recognized program of rehabilitation for handicapped workers, which provides those individuals with remunerative employment or other occupational rehabilitating activity of an educational or therapeutic nature.

The vendor represents that it IS _____, IS NOT _____ a community rehabilitation organization

3.504 CERTIFICATION OF A MICHIGAN BASED BUSINESS

DEFINITION: To qualify as a Michigan business, vendor must have during the 12 months immediately preceding this bid deadline, or if the business is newly established, for the period the business has been in existence, it has (check all that apply):



- () Filed a Michigan single business tax return showing a portion or all of the income tax base allocated or apportioned to the State of Michigan pursuant to the Michigan Single Business Tax Act, 1975 PA 228, MCL §§ 208.1 – 208.145; or
- () Filed a Michigan income tax return showing income generated in or attributed to the State of Michigan; or
- () Withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the Department of Treasury; or

I certify that **I have personal knowledge** of such filing or withholding, that it was more than a nominal filing for the purpose of gaining the status of a Michigan business, and that it indicates a significant business presence in the state, considering the size of the business and the nature of its activities.

I authorize the Michigan Department of Treasury to verify that the business has or has not met the criteria for a Michigan business indicated above and to disclose the verifying information to the procuring agency.

Authorized Agent Name (print or type)

Authorized Agent Signature

Fraudulent Certification as a Michigan business is prohibited by MCL 18.1268 § 268. A BUSINESS THAT PURPOSELY OR WILLFULLY SUBMITS A FALSE CERTIFICATION THAT IT IS A MICHIGAN BUSINESS OR FALSELY INDICATES THE STATE IN WHICH IT HAS ITS PRINCIPAL PLACE OF BUSINESS IS GUILTY OF A FELONY, PUNISHABLE BY A FINE OF NOT LESS THAN \$25,000.

Bidder shall also indicate one of the following:

- Bidder qualifies as a Michigan business (provide zip code: _____)
- Bidder does not qualify as a Michigan business (provide name of State: _____)
- Principle place of business is outside the State of Michigan, however service/commodity provided by a location within the State of Michigan (provide zip code: _____)

3.505 PLACE OF PERFORMANCE

Bidder must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that bidder provided in their bid.

(a) The bidder, in the performance of the contract, INTENDS _____, DOES NOT INTEND _____ to use one or more plants or facilities located at a different address from the address of the bidder as indicated in this bid.

(b) If the bidder checks "intends" in paragraph (a) of this provision, it shall insert in the spaces provided below the required information:

Place of Performance Full address	Owner/Operator of facility to be used	Percent (%) of Contract value to be Performed at listed Location



3.506 FORMER STATE EMPLOYEES

Vendor certifies that there ARE _____, ARE NOT _____ former state employees involved in the performance of this contract.

If former state employees are involved in the performance of this contract, vendor must provide the following information

Vendor hereby represents that the following employees involved in the performance of this contract are former state employees (use attachment if necessary).

Name	Department, Division	Date of Employment



3.507 DOMESTIC END PRODUCT

DEFINITION: ‘Domestic end product’, means one that is manufactured within the United States and the cost of the domestic components exceeds 50% of the cost of all the components.

The vendor hereby certifies that the product to be provided, **except those listed below**, are a domestic end product, and that components of unknown origin have not been mined, produced, or manufactured outside the United States (use attachment if needed):

Excluded End Products	Country of Origin

_____ (Initial)

3.508 USE TAX

Companies (and their affiliated organizations) that are awarded contracts are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services **delivered into the state of Michigan**. This is required of all companies that are awarded contracts. Those companies that lack sufficient “presence” in Michigan to be required to register and pay tax must do so as a “volunteer”. This requirement extends to: (1) ALL MEMBERS OF ANY CONTROLLED GROUP AS DEFINED IN § 1563(A) OF THE Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make **sales at retail for delivery into the state of Michigan** are registered with the State of Michigan for the collection and remittance of sales and use taxes. In applying treasury regulations defining “two or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

The requirement of remittance could be limited to the bidder only without including affiliate companies.

Contractors and their affiliates as defined in the paragraph above must register for and remit sales and use tax on all taxable sales of tangible personal property or services **delivered to the state of Michigan**.

_____ (Initial)

3.509 TAX EXCLUDED FROM PRICE

Contract price excludes all State and local taxes levied on or measured by the contract or sales price of the services or completed supplies furnished under this contract. The Contractor shall state separately on its invoices taxes excluded from the contract price, and the Government agrees either to pay the amount of the taxes to the Contractor or provide evidence necessary to sustain an exemption.

_____ (Initial)

3.510 TAX PAYMENT

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes for all persons involved in the resulting Contract.

The State may refuse to award a contract to any vendor who has failed to pay any applicable state taxes. The State may refuse to accept vendor’s bid, if vendor has any outstanding debt with the State of Michigan. Prior to any award, the State will verify whether vendor has any outstanding debt with the State.



Vendor hereby certifies that all applicable state taxes are paid as of the date of bid submission, and that vendor owes no outstanding debt to the State of Michigan.

_____ (Initial)

3.511 USE OF OTHER SOURCES AS SUBCONTRACTORS

The State has sources of supply and services that are mandatory. The state may use the information provided under this section and 3.502 and 3.503 in determining future awards and vendor standing with the state.

(1) Persons with disabilities

See Paragraph 3.502 for definition and penalty for fraudulent represents this information.

Vendor IS _____, IS NOT _____ purchasing supplies and/or service from a business owned by persons with disabilities in the performance of this contract.

Vendor has contracted for _____% of supplies and services needed for the performance of this contract, which equals \$_____, from a business owned by persons with disabilities (estimates or approximates are acceptable).

Vendor(s) Name: _____

(2) Community Rehabilitation Organizations (CRO) (formerly sheltered workshops)

See Paragraph 3.503 for definition.

Vendor IS _____, IS NOT _____ purchasing supplies and/or service from a community rehabilitation organization in the performance of this contract.

Vendor has contracted for _____% of supplies and services needed for the performance of this contract, which equals \$_____, from a community rehabilitation organization (estimates or approximates are acceptable).

Vendor(s) Name: _____

3.512 UTILIZATION OF BUSINESS CONCERNS

It is the policy of the State of Michigan that small business concerns, veteran-owned small business concerns, persons with disabilities-owned small business concerns, small disadvantaged business concerns, minority-owned small business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any state agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems.

The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the State of Michigan or the awarding agency of the State of Michigan as may be necessary to determine the extent of the Contractor's compliance with this clause.

3.513 RESERVED

3.514 RESERVED

3.515 PLACE OF SUBCONTRACTING



Indicate below **ALL** work to be subcontracted under this agreement (use additional attachment if necessary; estimates are acceptable):

Description of Work to be sub-contracted	Percent (%) of total contract value to be sub-contracted	Sub-contractor's name and principal place of business (City and State)

3.516 RESERVED

3.517 SERVICES NEEDED IN PERFORMANCE

Vendor hereby certifies that services to be purchased to enable vendor to perform this agreement will be purchased from a business having its principle place of business in the State of Michigan, **except those listed below** (use additional attachment if necessary; estimates are acceptable):

Description of Service to be purchased	Percent (%) of total contract value to be purchased	Service providers principal place of business (City and State)

3.518 EMPLOYEE AND SUBCONTRACTOR CITIZENSHIP

Vendor hereby certifies that all employees, contractors, subcontractors, and any other individual involved in the performance of this contract, **except those listed below**, are citizens of the United States, legal resident aliens, or individuals with valid visa (use additional attachment if necessary; estimates are acceptable):

Employee Name	Title



3.6 Changes to Disclosures

If any of the certifications, representations, or disclosures indicated in this document change after awarding of a contract, the Contract is required to report those changes immediately to the Department of Management and Budget, Acquisition Services.

3.7 State Assertions

If the state finds that grounds to debar exist, it shall send notice to the vendor of proposed debarment indicating the grounds for proposed debarment and the procedures for requesting a hearing. If the vendor does not respond with a written request for a hearing within twenty (20) calendar days, the state shall issue the decision to debar without a hearing. The debarment period may be of any length up to eight (8) years. After the debarment period expires, the vendor may reapply for inclusion on bidder lists through the regular application process. Authority given by Executive order 2003-1.

ANY FALSE CERTIFICATION OF ANY OF THE PRECEEDING PROVISIONS IS GROUNDS FOR DEBARMENT AND WILL GIVE THE STATE THE RIGHT TO INVOKE ALL REMEDIES AVAILBLE TO IT UNDER THIS CONTRACT.

APPENDIX A – Pricing and Contract Staff

Fixed Monthly Price

The fixed monthly price for EDS' proposed team for the term of the contract is \$137,253.

Total contract price for the Base 3-Year Contract (36 months) is:

$$\text{\$137,253 per month} \times 36 \text{ months} = \text{\$4,941,108}$$

Supplemental Staff Hourly Rates

Staffing Category	Hourly Price
Project Director/Technical Consultant	\$150
Project Manager	\$138
Senior System Administrator	\$115
Senior Database Administrator/Application Developer	\$120
Senior Web Administrator/Application Developer	\$120
Expert Software Application Developer	\$119
Senior Software Application Developer	\$110
Journey Software Application Developer	\$82
Junior Software Application Developer/Data Analyst	\$70

The foregoing rates are not-to-exceed hourly rates based on Time and Material hourly usage for part-time or short-term assignments. These supplemental hourly rates may be reduced for full-time staff resources with long-term assignments.

There are currently 12 staff members meeting the needs of the Contract. Below is a list of their job titles and work requirements.

- One project manager
- One senior level system administrator
- One senior level database administrator/application developer
- One senior level web administrator/application developer
- Two expert level software application developers
- Three senior level software application developers
- Two journey level software application developers
- One junior level software application developer/data analyst

1. The proposed project manager must have ten (10) years of work experience and qualifications in computer information systems, data communications, networking, system analysis, computer programming, or equivalent background. It is desired that the project manager have two (2) years of management/supervisory experience for information technology projects. The proposed project manager must have excellent communication skills and a strong background in application design and development in Microsoft Windows based client/server and web application environments. The project manager must be proficient in the application software required by this contract.
2. The proposed senior level system administrator/developer must have five (5) years work experience in administration and maintenance of Novell and Microsoft local area networks, Windows server configuration, client desktop and laptop support, and must have excellent communication skills. The system administrator must be proficient in the application software required by this contract.

3. The proposed senior level database administrator/developer must have five (5) years work experience in configuration, administration and maintenance of Microsoft SQL Server databases. Experience with other database platforms would also be beneficial. The database administrator must also meet the requirements described below for software application developer. The database administrator must be proficient in the application software required by this contract.
4. The proposed senior level web administrator/developer must have five (5) years work experience in configuration, administration and maintenance of the Microsoft Internet Information Services platform. Experience with other web platforms would also be beneficial. The web administrator must also meet the requirements described below for software application developer. The web administrator must be proficient in the application software required by this contract.
5. All software application developers must have work experience in client/server and web-based application development, spreadsheet design, relational data base systems development, system documentation creation, and general knowledge of Novell and Microsoft local area network design, implementation, and maintenance. Personnel must have programming experience with several of the following software development tools: Microsoft Active Server Pages (ASP), Java Script, Visual Basic Script, Visual Basic, Visual Basic for Applications, Microsoft Office (Excel, Word, Access), Microsoft Component Object Model (COM+), Microsoft Distributed Component Object Model (DCOM), Extensible Markup Language (XML), Hypertext Markup Language (HTML), Extensible Stylesheet Language Transformations (XSLT), Data Transformation Services (DTS), Data Dynamics Active Reports, True DB Grid, Adobe Acrobat, Microsoft IIS, and Microsoft SQL Server.
6. The expert level developers will serve as contact focal points and subject matter experts for the software applications supported under this contract. As such, the expert level developers must have seven (7) years experience in the subject area and have excellent communication skills. One expert level developer will be the contact focal point and subject matter expert for the Hospital and Health Plan Reimbursement Division. The other expert level developer will be the contact focal point and subject matter expert for the Long Term Care Reimbursement and Rate Setting Section and the Audit Division.

aPPENDIX b, cONTRACTOR'S pROPOSAL

4.0 Scope of Work and Deliverables

EDS is well equipped to meet all of the objectives stated by the Michigan Department of Community Health (MDCH) in the Invitation To Bid (ITB). EDS has worked with MDCH staff over many years to create the systems that the Hospital and Health Plan Reimbursement Division (HHPRD), Long-Term Care Reimbursement and Rate Setting Section (LTC), and Office of Audit (OA) use for cost report tracking, reimbursement and settlement calculations, and many audit functions. EDS maintains these systems and understands the business processes these systems support. EDS has progressively strengthened its working relationships with MDCH project managers Brenda Fezatte, John Donaldson, Jim Hennessey, and their associated staffs. EDS will support, upgrade, and enhance current systems and develop new systems so that HHPRD, LTC, and OA may further improve the accuracy, reliability, accessibility, and efficiency of their operations.

This portion of EDS' response is organized into four subsections:

- In Scope
- Out of Scope
- Technical Environment
- Work and Deliverables.

4.1 In Scope

MDCH has clearly defined the objectives of each work area. On the following pages, we provide an overview of the objectives for each work area and describe the business functions of the systems for which EDS will provide application maintenance and perform requested enhancements. EDS will meet the stated objectives by maintaining, upgrading, and enhancing the current computerized systems or developing new systems.

Many of the business functions and systems described in the ITB have already been partially or fully automated. EDS will continue to support these systems with skilled and knowledgeable staff who will keep these systems running at the highest possible efficiency. MDCH has asked that some existing systems be enhanced to automate new work processes. EDS will work closely with MDCH to carefully design and implement these changes. MDCH has also asked for new systems to automate processes that are currently performed manually. EDS will carefully gather the requirements for these new systems and involve MDCH project managers and staff throughout the analysis and design process so that the end products meet or exceed MDCH expectations.

4.1.1 Hospital Health Plan and Reimbursement Division

The Hospital and Health Plan Reimbursement Division (HHPRD) requires support for the technical oversight, management, maintenance, upgrade, and enhancement of the systems and applications they use. The applications and systems that are currently in place help the HHPRD to quickly, accurately, and reliably perform their business functions. Periodic enhancements to these systems are needed to support changes in policy, meet new business needs, improve decision-making capability, and improve performance, data accuracy, and reliability.

EDS has the knowledge and experience to provide the best support for their ever-changing business needs. The current EDS team developed, and currently maintains, the software applications used to complete the business functions in the Settlement and Payment Processing Sections, the Hospital Rate Setting Section (HRSS), and the Special Programs Section (SPS).

4.1.1.1 Settlement and Payment Processing Sections

4.1.1.1.1 Settlement Section

The EDS team will provide staffing to support all of the requirements of the Settlement Section; three major functions require support:

- Collection of cost reports from facilities
- Calculation of interim payments made to facilities
- Creation of hospital final settlements.

EDS will continue to work with HHPRD to provide the most contemporary software available for the operation of the Settlement Section applications. EDS will continually evaluate new technology and analyze its application in the HHPRD environment to determine whether it might provide benefits not yet realized or eliminate risks caused by older technology. EDS will inform HHPRD when these benefits or risks are sufficient to consider upgrading or replacing existing systems. For new systems, EDS will evaluate the technological choices available and select the most appropriate option for the project by weighing the functionality provided, time required to implement, and potential cost to MDCH.

The following is an overview of each of the areas in the Settlement Section and of the objectives identified in the ITB. Where appropriate, we comment on EDS' approach to meeting the objectives.

4.1.1.1.1.1 Electronic Cost Report Filing

The HHPRD collects Medicaid and Medicare data from hospitals and Free-Standing Rehabilitation (FSR) facilities for use in calculating the amount of financial reimbursement each facility is due through their numerous programs. To expedite the process, the Settlement Section allows these facilities to submit their cost reports electronically using Electronic Cost Report (ECR) filing. The EDS team has already assisted the Settlement Section in the ECR filing process by assuming and automating much of the perfunctory work. EDS automated the ECR filing process using a combination of custom software and certified Centers for Medicare and Medicaid Services (CMS) 2552 ECR software. EDS licenses the certified CMS software for MDCH from Klynveld Peat Marwick Goerdeler (KPMG). EDS provided a custom application, Michigan Medicaid Forms (MMF), to collect Medicaid-specific information not included in the CMS 2552 software.

EDS will provide a data analyst to receive and load Medicare and Medicaid ECR data into the Filed Cost Information Data (FCID) base for the Settlement Section. The EDS data analyst will load the ECR at least within 90 days of receipt and usually within two days. This analyst will assist the Settlement Section, as directed by Settlement Section auditors or reviewers, in verifying and correcting ECRs submitted by Medicaid providers.

When a Settlement Section reviewer determines that an ECR is ready for acceptance, the EDS data analyst will mark the cost report as “accepted” in the database and produce the Fact Sheet and the Comparison Output Summary (COS) reports. EDS will deliver the reports to the responsible HHPRD reviewer at least within two days and usually immediately.

EDS will work with HHPRD to keep the COS report up to date and useful for the Settlement Section. The COS report may need updates whenever MDCH policy changes require that ECRs are changed to initiate collection of new information or to discontinue the collection of obsolete information. The COS report may also be changed to reflect edits that are added to or removed from the ECRs.

EDS updated the MMF application to enable auditors to view and update Medicaid ECR information more easily. The updated MMF offers an improved audit trail and increased system security levels. These changes have enabled MMF ECR data to be more accessible throughout MDCH. The updated MMF also features table-driven business rules to increase the speed and accuracy with which policy changes can be implemented. EDS will continue to support and enhance the MMF application.

EDS provided HHPRD a facility in the Card File application – the Cost Report Viewer – for viewing Medicare ECR information online. This feature enables Settlement Section staff to work more efficiently by providing easy access to Medicare ECR data. EDS will continue to support and enhance the Cost Report Viewer.

EDS will maintain the data in the ECR systems and reports and the FCID to provide the Settlement Section with easy, online access. Currently, all historical data available is online. At a timeframe to be defined by the Settlement Section, EDS will migrate the data to offline storage.

4.1.1.1.2 MIP/CIP Calculation

HHPRD calculates and distributes Medicaid Interim Payments (MIP) and Capital Interim Payments (CIP) throughout the year to enrolled hospitals and facilities. HHPRD calculates these payments both to estimate the State’s Medicaid liability based on prior history and to provide facilities with a cash flow through the year. EDS created the MIP/CIP subsystem in the Card File application to assist the HHPRD in calculating these payments. The EDS system enables the HHPRD staff to accurately and quickly calculate payments in time to meet the State’s policy deadline of 30 days before the beginning of each hospital’s fiscal year.

The EDS MIP/CIP subsystem allows Settlement Section auditors to calculate the MIP/CIP rate for each inpatient provider type in a hospital using data from the FCID base and other sources. The system organizes pertinent information, produces reports, and provides flexibility for the audit staff to change or override report data.

EDS will support the MIP/CIP subsystem and maintain the electronic report data online to provide the Settlement Section with easy access. Currently, all historical data available is online. At a timeframe to be defined by the Settlement Section, EDS will migrate the data to offline storage.

4.1.1.1.3 Hospital Final Settlement

HHPRD calculates a financial settlement based on each annual cost report submitted by a medical provider enrolled in the Michigan Medicaid program. HHPRD produces between 200 and 220 final settlements each year. A final settlement cannot be created sooner than three years after the end of the provider fiscal period represented in the cost report. Filed and audited cost reports are the basis of this system. EDS loads filed cost reports submitted directly from providers as explained in Section 4.1.1.1.1, Electronic Cost Report Filing. EDS obtains audited cost reports from the appropriate certified Medicare intermediary and loads them into the Audited Cost Information Data (ACID) base using a combination of custom software and certified CMS 2552 ECR software from KPMG.

EDS designed, produced, and implemented the Hospital Cost Settlement (HCS) system to enable Settlement Section auditors to complete settlements quickly and accurately. The HCS system uses data that is loaded electronically from filed cost reports in the FCID base, audited cost reports in the ACID base, and the State's internal paid claims reports to calculate settlement amounts and generate electronic and paper copies of the Audit Adjustment Report, Notice of Amount of Program Reimbursement (NAPR), certain CMS 2552 forms, and Medicaid settlement forms. The system loads completed and approved settlements into the ACID base.

EDS will support the HCS system and maintain the final settlement data online to provide the Settlement Section with easy access. Currently, all historical data available is online. At a timeframe to be defined by the Settlement Section, EDS will migrate the data to offline storage.

4.1.1.2 Payment Processing Section

The Payment Processing Section is responsible for the calculation, processing, verification, and tracking of a variety of payments made by the State through its Medicaid programs. EDS will continue to support the Payment Processing Section by providing technical support for the present systems and periodically modifying these systems to meet changing needs.

Medicaid Interim Payment (MIP) and Capital Interim Payment (CIP) Logs – At the request of the Payment Processing Section, EDS migrated the Microsoft® (MS) Excel spreadsheet logs to the Card File application. Log data is now stored online in the HHPRD database and is viewable through the Card File application, which provides increased productivity and accessibility of data in HHPRD and throughout MDCH. EDS will continue to support the MIP and CIP log systems to further increase efficiency and productivity in the Payment Processing Section.

Accrual of the Year-End-Liability – At the end of each State fiscal year, the State performs an accrual process to recalculate its Medicaid liability. EDS assists HHPRD in this process by retrieving MIP data, ECR data, and pricing information or other data specified in MDCH policies. To simplify the accrual process, EDS formats this data into a spreadsheet, as specified by HHPRD. EDS will continue to support MDCH in the accrual process, as directed by HHPRD.

MIP Reconciliation – For each facility that receives MIP payments, the Payment Processing Section must calculate a MIP Reconciliation at the end of the facility's fiscal year. The MIP Reconciliation process compares the amount paid to a facility through MIP with the amount approved by the MARS paid claims system for each hospital. At HHPRD's request, EDS migrated the MIP Reconciliation process from a spreadsheet to the MIP Reconciliation

subsystem in the Card File application. The EDS MIP Reconciliation subsystem calculates the amount due to or from the hospital and generates a report and a letter to send to the hospital. EDS will continue to support the MIP Reconciliation subsystem for the Payment Processing Section.

MIP/CIP Calculations – At the request of HHPRD, EDS migrated the MIP/CIP calculation spreadsheets to the MIP/CIP subsystem, which uses data from ECRs, Medical Services Administration (MSA) internal reports, and other sources. The MIP/CIP subsystem is described in Section 4.1.1.1.1.2, MIP/CIP Calculation. EDS will continue to support the MIP/CIP Calculation process and system.

Gross Adjustment Control Transaction Record – One of the applications the Payment Processing Section uses is the Gross Adjustment (GA) Online system, which was developed and is now maintained by the Michigan Department of Information Technology (MDIT). EDS currently assists the Payment Processing Section in its use by understanding the system, providing general assistance, and interacting with MDIT when changes to GA Online are required. EDS created an interface for the Payment Processing Section to receive HHPRD gross adjustment data from MDIT; the EDS GA interface enables HHPRD to store a local copy of GA data in the HHPRD database for viewing, tracking, and application integration purposes. EDS will continue to assist the Payment Processing Section in using the MDIT GA Online system and will continue to support the GA interface.

QR-1 Quarterly Report – Electronic Filing – The Payment Processing Section also gathers and tracks hospital quarterly data. EDS will continue to support the Quarterly Financial Information Database (QFID) application (formerly the QR-1 application), which the Payment Processing Section uses to accomplish this. EDS will send the QFID application to hospitals, which fill out the forms in the application and return them electronically. EDS collects the returned data and loads it into the HHPRD database, where it is used by the Settlement and Payment Processing Sections to re-evaluate MIP and CIP payments every quarter.

Case Mix and Outliers – The Payment Processing Section performs the calculation of the case mix and outliers, which are derived from paid claims data and used to compute the MIP rates and the accrual year-end liability. The Payment Processing Section requires new case mix and outlier data when new rates are set. When this occurs, the Payment Processing Section will supply EDS with the new rates, paid claims data, and other inputs, and EDS will calculate the new case mix and outliers and load them into the database.

Ad Hoc Reports and Other Calculations – The following reports and calculations are referred to generally in ITB Section 1.104, Work and Deliverables, but not in ITB Section 1.101, In Scope. We are supplementing this list of requirements to provide greater consistency.

Graduate Medical Education (GME) Pool – EDS will assist the Payment Processing Section with the calculation of certain reimbursement pools, such as the Graduate Medical Education (GME) pool. Each year, the State divides a pool of funds among the facilities that provide graduate-level education in the medical field. This pool must be further divided into Graduate Medical Education Primary, Graduate Medical Education Historical (General Funds), and Dental and Podiatry pools. EDS assists in this process by running the calculation to distribute the pools and

creating new spreadsheets based on variable percentages and thresholds provided by the Payment Processing Section.

Various Reports – EDS will assist the Payment Processing Section by regularly producing several special reports, including the following:

- ***The Disproportionate Share Hospital (DSH) Payment Report.*** The DSH report gathers data from Medicare and Medicaid cost reports to show charges and payments applied to hospitals accepting Medicaid patients. EDS usually bundles the Inpatient and Outpatient Cost to Charge Ratio Reports with the DSH report when it is distributed.
- ***The Hospital Information Packet (HIP) Report.*** The HIP Report contains the Fiscal Status Report, the Hospital Fact Sheet, and the Inpatient and Outpatient Profit/Loss Reports.
- ***The Outpatient Education Report.*** The Payment Processing Section requires this report quarterly to determine the State’s remaining liability for the Outpatient Education program. This report is being phased out because the education funds are now paid through the GME pool, as explained earlier.

Quality Assurance Assessment Program and Medicaid Access to Care Initiative – EDS also assists the Payment Processing Section with the Quality Assurance Assessment Program (QAAP) and the Medicaid Access to Care Initiative (MACI). QAAP is an assessment of a provider, and MACI is the corresponding payment made to the provider. This activity was started in 2003, and EDS helped the Payment Processing Section to gather the requirements and design the solution. EDS will continue to assist the Payment Processing Section by running the complicated calculations and creating the spreadsheets that determine the assessments and payments made to providers.

4.1.1.2 Hospital Rate Setting Section

4.1.1.2.1 Inpatient Hospital Rate Setting

The Hospital Rate Setting Section’s (HRSS’) objective is to have support for a complete rate setting system that will calculate diagnosis related group (DRG) prices, per-diem rates, and Medicaid statewide relative weights. The HRSS requires that the data used to calculate each hospital’s rate be accessible for future retrieval, reference, change, or simulation. The new rate-setting system will store the data used to calculate each hospital’s rate in the HHPRD database. The new rate-setting system will use data from electronically filed cost reports, Medicaid paid claims, and data from State-specific forms. Based on the State’s Medicaid policy, the HRSS will update cost data every three years for DRG hospitals and every two years for per-diem hospitals. The HRSS will also update the inflation, wage, and Indirect Medical Education (IME) adjustors annually.

Currently, the HHPRD’s HRSS calculates separate DRG prices and per-diem rates for all hospitals that participate in the State’s Medicaid program, including both in-State and out-of State hospitals. The HRSS calculates these rates for 150 Medical Surgical DRG hospitals, 49 Distinct Part Rehabilitation (DPR) hospitals, and five Freestanding Rehabilitation (FSR) hospitals. The HRSS also calculates Outpatient Hospital Cost-to-Charge Ratios for these hospitals and mails out the rates to each hospital at least 30 days before the rate effective date, which is April 1 of each year.

The rate setting process uses information from various sources such as hospital paid claims files (from the State's data warehouse), IME data, cost-to-charge data and wage data from the filed cost report data, wage data from the audited cost report data and the CMS Web-site, inflation factors from the inflation information computed from the Data Resources, Inc., PPS-type Hospital Market Basket Information and U.S. Census Metropolitan Statistical Areas for wage data as published in the Federal Register.

Each year, the HHPRD processes \$1.2 billion in Medicaid reimbursement. It is very important to the State and to its residents that the distribution of State funding is accurate and efficient. The setting of accurate and equitable DRG prices is an important part of this process. The rate setting has a direct impact on the well-being of the hospitals that provide Medicaid services in the State of Michigan and on the well-being of the people that use the Medicaid services. EDS understands that rate setting is a complex cyclical process that occurs throughout the year, starting in May and ending in April the following year when the new rates become effective. EDS will work together with HHPRD to design, develop, and implement a complete inpatient rate-setting database and system that is capable of calculating DRG prices, per-diem rates, and relative rates.

4.1.1.2.2 Capital Rate Setting

Currently, HHPRD's HRSS annually calculates separate capital costs per discharge for 150 DRG hospitals and capital costs per diem for 54 rehabilitation hospitals and units.

The HRSS' objective is to have support for the capital cost rate-setting system, which includes extraction of data from the ECR and State-specific forms and the calculation of capital rates. The data used to calculate each hospital's capital rate will remain accessible for future retrieval, reference, changes, modification, and simulation. Based on the State's current Medicaid policy, the HRSS will update the capital rates annually. EDS will continue to support this process.

As with Inpatient Hospital Rate Setting, it is very important to the State and its residents that the distribution of State funding be accurate and efficient. The setting of accurate and equitable capital rates is an important part of this process. EDS and HHPRD will work together to develop a capital rate-setting system with these capabilities.

4.1.1.2.3 State Psychiatric Hospital Settlement

HHPRD's HRSS requires support to enhance and update the State Psychiatric Hospital Settlement (SPHS) system. The EDS team will maintain the system that is in place and add enhancements or modifications as needed.

The HHPRD reimburses State Psychiatric Hospitals for their Medicaid costs through determination of a settlement. Reimbursement to State Mental Health facilities is different in practice from reimbursement to other types of facilities in that actual cash is not exchanged, but rather budgetary amounts are transferred between departments. Several steps are involved in the determination of a SPHS; however, the final step in the calculation is completed through the use of the HRSS Medicaid Fiscal Review (MFR) SPHS system. EDS will work with HRSS to develop, maintain, and enhance the SPHS system to verify accuracy of settlements and provide efficient and reliable applications for the staff.

State Psychiatric Hospitals are required to file cost reports containing information that is used to determine their settlement amounts. EDS will continue to receive filed cost reports from the State Psychiatric Hospitals, and audited cost reports from Medicare intermediaries for State Psychiatric Hospitals. EDS processes filed cost reports through the FCID base, and processes audited cost reports through the ACID base.

In addition to the cost report data, the HRSS uses data from the State of Michigan paid claims database for a State Psychiatric Hospital to determine a settlement. Using Bi-Query, the HRSS extracts paid claims data from the State of Michigan paid claims database and will provide the resulting data file to the EDS team for processing.

EDS will continue to use the Claims Loader application to load and stage the paid claims data into the HHPRD database. After the paid claims data has been processed, the HRSS Auditor is ready to use the SPHS system to calculate a settlement.

The HRSS Auditor uses the SPHS system to assemble Filed and Audited cost report data, together with paid claims data to create the following worksheets that detail the information that is required to calculate and support a settlement:

- Data Accumulation Worksheets
- Audit Adjustment Reports
- All settlement schedules including the following HCFA 2552 forms:
 - Worksheet D – Parts I, II, III, IV, and V
 - Worksheet D – 4
 - Worksheet D – 1; Parts I and II
 - Worksheet E – 3; Part IV
- Calculation of Medicaid's Share of Direct Graduate Medical Education Costs
- Notice of Amount of Program Reimbursement (NAPR)
- Reimbursement Letters
- Payment and Inventory Logs
- Quarterly Payment Calculation Worksheets
- TEFRA Rate Calculation Worksheets.

When the HRSS has calculated a settlement, the data is saved to the HHPRD database where it can be viewed, revised, and interrogated in many ways, including being used to make comparisons between different years. Also, when settlement data has been saved, it is available for internal as well as external purposes.

EDS will maintain a written operating policy, or operations guide, for all procedures involving the use of the system. This policy will be made available to appropriate HRSS staff.

The SPHS system is also linked to the Card File system in that changes in plan status such as name changes, mergers, closures, and changes in provider numbers within the Card File will be automatically pulled into the settlement.

The cost settlement system will be capable of accommodating new policy changes for future settlement purposes.

The system will be capable of providing Freedom of Information (FOI) requests.

Through functionality within the SPHS system, Initial and Final settlements for the same Fiscal Year End can be compared to determine if there were claims in the Initial settlement that do not show in the Final settlement. If there are claims in the Initial settlement that are not in the Final settlement, the SPHS system provides a report of the claims that were used to create the Initial settlement that are not part of the claims used to create the Final settlement. The SPHS system then provides the HRSS with the functionality to include those claims in the Final settlement. This enables the HRSS to include claims that may have been dropped from the State of Michigan paid claims database since the Initial settlement was calculated.

4.1.1.2.4 Special Health Plan Cost Settlement

To meet HRSS objectives, EDS will design, develop, and implement a complete cost settlement system for the special health plans. In addition, we will create a database to track all filed cost report information, payment schedules, and reimbursement letters. This system will also allow the creation of ad hoc reports.

Currently, HHPRD's HRSS is responsible for the cost settlement of two special health plans under the Children's Special Health Care Services (CSHCS) programs based on the contract signed by the Michigan Department of Community Health and the special health plans. The current process is a moderately paper driven, mostly manual process that does not provide a re-usable organization of the data used in the determination of a settlement.

The HRSS has implemented a quarterly report-filing requirement for special health plans enrolled in the CSHCS program. The special health plans send in quarterly reports in hard copy format (paper) or electronic format consisting of a MS Excel file on a diskette. The HRSS uses this data to monitor special health plans cash flow quarterly.

In addition to quarterly report requirements, the HRSS also sends letters to the CSHCS enrolled special health plans at the beginning of their fiscal year notifying them that cost reports are due 180 days after the end of their fiscal period. The cost report, like the quarterly report, is also received in hard copy format (paper) or electronic format consisting of a MS Excel file on a diskette.

The HRSS Auditor analyzes the data in the cost report by reviewing trial balances, audited financial statements, gross adjustments in the Card File application, and remittance advices on microfiche.

Currently, the HRSS Auditor processes the quarterly report and cost report data by manually entering the information into Excel files and storing the files in a Windows directory.

When the HRSS Auditor completes the audit of cost report information, the cost report is considered accepted. When an accepted cost report exists, a settlement may be created, edited, accepted, and paid. The HRSS Auditor manually creates reimbursement letters as needed for settlements to special health plans and saves these letters in a Windows directory.

EDS understands that the current process of storing the report data and reimbursement letters in files in a Windows directory does not provide the HRSS with a managed system whereby data

can be clearly and simply re-examined when needed in support of a settlement. This methodology also leads to the inability to perform ad hoc reporting, which supports, among other things, the HRSS' need to provide reports for FOI requests.

To accomplish these objectives, EDS will work with the HRSS to automate this process to increase its decision-making capability; enhance its ability to provide accurate and timely settlements; and allow it to view, compare, and revise the data used in determining a settlement. EDS will create an Excel application to accumulate payments and medical and administrative expenses used to determine a settlement for the special health plans. The HRSS requests that the data, including cost report information, payments schedules, and reimbursement letters, be stored in the HHPRD database.

The HRSS requires that the new system be linked to the Card File system so that changes in plan status will automatically be available in the new system. The new system will also be capable of identifying all provider numbers and types that should be used in the system. EDS, with its extensive history of working in cooperation with the HRSS, verifies that each new system works in coordination with the current systems to provide a comprehensive suite of applications to assist the HRSS in its decision-making processes.

The new system will produce the settlement and supporting documentation that is to be sent to providers. The supporting documentation includes the cover letter and rate calculations. The system will also be capable of comparing data between different fiscal year ends, different hospitals, and even different programs.

The new special health plan cost settlement system will be capable of accommodating new policy changes for future settlement purposes and of providing FOI requests.

EDS will provide and support ad hoc reports as requested. In addition, EDS will maintain a written operating policy, or operations guide, for all procedures involving use of the system. This policy will be made available to appropriate HRSS staff.

4.1.1.3 Special Programs Sections

The Special Programs Section (SPS) of the HHPRD needs support for technical oversight, management, maintenance, upgrade, and enhancement of the systems and programs they use. The systems that are currently in use require continuous enhancements to help the staff operate and achieve the maximum potential from the system in terms of accuracy, timeliness, and efficiency. Enhancements to these systems will also provide access to accurate, reliable cost and statistical information to enhance HHPRD SPS decision-making capabilities. EDS will continue to work with the SPS to develop, maintain, and enhance the SPS systems to achieve accuracy and provide efficient and reliable applications for the staff.

The HHPRD reimburses providers of Medicaid services for the State of Michigan, including Full Cost Providers (FCPs), for their Medicaid costs through determination of a settlement. A FCP's settlement is determined by using the SPS MFR applications. EDS will work with the SPS to maintain and enhance each application to achieve accuracy of settlements and provide efficient and reliable applications for the staff.

The SPS system currently comprises the following applications:

- Card File System
- Federally Qualified Health Centers (FQHC) Settlement system
- Encounter System
- HHPRD Database
- Claims Manager
- Gross Adjustment System.

Also included as part of the SPS system are many standard and ad hoc reports. Some of the most common reports are the following:

- QHP Report
- Accrual Reporter
- Encounters Report
- FQHC Reporter
- FQHC Letters.

In addition to supporting the current systems as stated above, EDSs will work with SPS to analyze its online cost reporting requirements, which will allow FCPs to complete and file cost reports over the Web directly to the division.

4.1.2 Office of Audit

4.1.2.1 Long-Term Care System

The OA is primary responsible for MDCH audit functions. These functions include audits of long-term care providers, community mental health service providers, Public Health Departments, other agencies that receive funding from MDCH, state-operated mental health hospitals and centers, and MDCH operations and programs.

EDS will provide on-site technical support to efficiently manage, maintain, and enhance the Long-Term Care System (LTCS), Audit Management system, Time Tracking system, and all supporting applications used to monitor the annual cost reports filed by Medicaid long-term care providers. EDS understands that the Bureau’s goal is to develop and enhance the systems so that Bureau staff can easily operate the systems to achieve the maximum potential from the systems in terms of accuracy, timeliness, and efficiency. EDS will continue to verify that State policy, as prescribed in Administrative Manual Procedure 10.02.06, November 1, 1979 (Appendix D) is followed.

The following table outlines each objective for the LTCS. EDS will provide support for the existing applications and procedures and improve on the existing processes and capabilities as explained.

LTCS Objective	EDS Solution Meets	EDS Action
<i>1. The LTCS must continue to provide and improve upon the procedures used by the auditors to post audit adjustments to the filed cost reports.</i>	✓	Maintain the Auditing ECR and supporting applications, and work with OA staff to develop improvements as needed.
<i>2. The LTCS must continue to provide and</i>	✓	Provide the automated system and work with OA staff

LTCS Objective	EDS Solution Meets	EDS Action
<i>improve the automated system used to accept and process the audited ECRs between the Office of Audit and the LTC Reimbursement and Rate Setting Section.</i>		to develop improvements as needed.
<i>3. The LTCS must continue to provide electronic access to the ECR, related provider data files, the network, and LTCS Database (LTCDB) through the LTCA, to all Lansing based LTCS users and Office of Audit staff in the Central and Regional Offices.</i>	✓	Provide electronic access to the ECR, related provider data files, the network, and LTCDB to authorized LTCS users located in Lansing and at the Regional Offices.
<i>4. The Time Management system must continue to provide electronic access to the time keeping process to all Office of Audit staff in the Central and Regional Offices, remotely as necessary, and to any other users designated by the Office of Audit.</i>	✓	Provide electronic access (including remote dial-up access) to the Time Management system to authorized LTCS users located in Lansing and at the Regional Offices.
<i>5. The Audit Management system must continue to provide electronic access to the related data files to all Office of Audit staff in the Central and Regional Offices, remotely as necessary, and to any other users designated by the Office of Audit.</i>	✓	Provide electronic access (including remote dial-up access) to the Audit Management system to authorized LTCS users located in Lansing and at the Regional Offices.
<i>6. The LTCS must maintain and improve upon a tracking system to record the movement of the data files between the two Divisions as well as document the status of assignments.</i>	✓	Maintain and improve the Audit Tool and Workflow applications in the LTCS to manage and track the movement of data files as well as document events and the status of assignments.
<i>7. The LTCS, Audit Management system and Time Tracking system must continue to maintain and enhance the existing data bases, providing access in a user friendly environment to filed and audited cost reports, general provider information, tracking logs, and/or other information maintained in the system.</i>	✓	Maintain and enhance the existing databases to meet the current and future data needs of the LTCS, Audit Management system and Time Tracking system. Maintain the applications in the LTCS that provide access to filed and audited cost reports, provider information, tracking logs, and related information.
<i>8. The LTCS must continue to develop and improve the analytical tools used to assess and evaluate risk in determining the type and scope of audits to be performed.</i>	✓	Maintain and enhance the Variance Report and Risk Analysis applications, and work with the OA to develop new analytical tools for risk assessment.
<i>9. The LTCS capabilities must be enhanced in order to generate and calculate statistical information by geographic region and provider type. This additional capability is needed to determine and establish industry standards for the various elements so that a cost report can be compared and evaluated against those standards.</i>	✓	Enhance LTCS as required to calculate statistical information by geographic region and provider type, and enhance or develop a new Statistical Analysis Report application to compare a cost report against those standards. (Also specified in Objective 4 of Section 4.1.3.1 LTCS)
<i>10. The LTCS, Audit Management system and Time Tracking system must be enhanced to store, access, and generate</i>	✓	Work with the OA to define the requirements for a new document management system and assist in determining whether to purchase or develop the needed software.

LTCS Objective	EDS Solution Meets	EDS Action
<i>various forms and standard correspondence generated through the audit and time keeping process.</i>		Commercial or off-the-shelf software or hardware required for this requirement is not included in the scope or price of this contract.
<i>11. The LTCS, Audit Management system and Time Tracking system must continue to perfect, utilize, and maintain system capabilities for various reporting activities.</i>	✓	Continue to maintain existing reports and reporting tools, develop new reports as requested, and provide improved reporting tools and processes for routine and ad-hoc reports.
<i>12. The LTCS, Audit Management system and Time Tracking system must continue to perfect, utilize, maintain, and review the built-in security of the network operating system and the database server applications to insure that proper internal controls are in place and functioning.</i>	✓	Continue to maintain and improve the application security functions in the Common Infrastructure, and administer the built-in security mechanisms used in the network operating system and database server.
<i>13. The LTCS must be expanded to provide for the electronic filing of home office cost and statistical information. A database needs to be developed or the existing one expanded to include, store, and provide access to this information. The same system capabilities that have been developed for the individual facility cost reports need to be developed for home office cost reports. The development of the home office cost report must be completed within one year and be fully operational within 18 months.</i>	✓	Develop a home office cost report and enhance the LTCS and LTCDB for electronic filing of home office cost and statistical information, file sharing, variance reporting and audit planning, similar to the functions currently provided for individual facility cost reports. The home office cost report will be released into user testing within one year.
<i>14. The LTCS must be expanded to provide for the electronic tracking of paper records and permanent files, from office to office or storage.</i>	✓	Enhance the LTCS to provide electronic tracking of paper records and permanent files, from office to office or storage.
<i>15. The LTCS must be expanded to provide for an electronic audit program attached to the Audit Plan Scope, including only those sections selected in the scope.</i>	✓	Develop a new application in the LTCS to build an electronic audit program and produce appropriate documentation based on the sections selected in the Audit Plan Scope.
<i>16. The Audit Management system must be expanded to provide for an electronic travel voucher, state car usage reporting, audit and section travel expense budgeting and related database management.</i>	✓	Enhance the Audit Management system to provide for electronic travel voucher, state car usage reporting, audit and section travel expense budgeting and related database management.

In addition to the previous objectives stated in ITB Section 1.101, In Scope, EDS will perform the following to meet requirements stated in ITB Section 1.002, Background, which were not included in ITB Section 1.101, In Scope.

1. **LTCS Application (LTCA)** – Maintain the functions in the LTCS that manage file/directory creating, naming, and deleting, as well as those that store and retrieve standard documents.
2. **LTCS Database (LTCDB)** – Maintain a database that stores the following information: filed and audited cost report data, general provider information, tracking log events,

calculated rates, settlement payments, gross adjustments, and MIP payments. Update the database structure and reference tables as needed to store new information and track additional events.

3. **Electronic Cost Report (ECR)** – Provide an automated system to accept and process audited ECRs and upload them to the LTCDB, provide technical support and maintenance of the electronic verification functions in the ECR, and update the automated system as directed by OA.
4. **Audit Plans**– Maintain the Audit Plan, Variance Report, and Risk Analysis applications to outline the scope of audit reviews, and determine and assess risk.
5. **Auditing ECRs** – Maintain and enhance the Auditing ECR used to view, analyze and update cost report data, providing the ability to print a Summary of Audit Adjustments.
6. **Audit Management** – Maintain the Audit Management application to manage all audits that are open or have time tracked against them.
7. **Time Tracking** – Maintain the Time Tracking application to allow auditors and managers in Lansing and at Regional Offices and remote locations to access and input daily time-keeping information.
8. **Reporting** – Maintain existing pre-defined reports, and assist users in designing and creating ad hoc queries and reports.
9. **File Management** – Develop a new system to provide electronic tracking of paper files as described in Objective 14 in the foregoing table.
10. **Home Office Cost Reports** – Develop a new system to provide for the electronic filing of home office cost reports as described in Objective 13 in the foregoing table.
11. **Home Office Audit Plans and Variance Reports** – Develop a home office audit plan and variance report as described in Objective 13 in the foregoing table, providing the same capabilities already developed for individual facility cost reports.
12. **Audit Programs** – Develop an electronic system to generate audit programs as described in Object 15 in the foregoing table.
13. **Budget and Travel** – Enhance the Audit Management system to support budget and travel information as described in Objective 16 in the foregoing table.

4.1.2.2 Subrecipient Audit Report Monitoring System

The Quality Assurance and Review (QAR) Section of the OA has the responsibility of monitoring both Federal and State dollars awarded to subrecipients through contracts, grants, and agreements administered by MDCH. In fiscal year 2003, the QAR staff monitored approximately 610 subrecipients, with approximately \$600 million in Federal and State funds awarded to them. A subset of the total, 290 subrecipients, exceeded the Single Audit Threshold funding level so that it was necessary to review their audit report and financial statements for compliance with the Office of Management and Budget (OMB) Circular A-133.

The annual review process involves many steps of information gathering and analysis before a review is considered complete. The high-level activities the QAR Section completes in each review year include the following:

- Maintaining sub-recipient address and contact information.
- Determining the State and Federal funding levels by grant type for each subrecipient by fiscal year and applying the Single Audit Threshold rules to establish the “Grantee Population.”
- Determining whether audit reports or an audit status notification letter are required to be submitted based on fiscal year funding levels.
- Determining the due dates for the subrecipient audit reports and audit status notification letters.
- Issuing and tracking follow-up actions related to the status of a subrecipient’s audit report(s).
- Sending and receiving audit reports and reviewing related correspondence among the various subrecipients, program areas, and departments.
- Determining which checklist(s) will be used as the subrecipient’s audit report is being reviewed.
- Reading through the subrecipients audit report and completing the appropriate checklist documents (the review).
- Running queries against the Michigan Information Database (MIDB) to determine the specific grants awarded to the subrecipient for comparison to data included in the subrecipient’s audit report.
- Issuing and tracking follow-up actions for the review as a whole.
- Following up on questioned costs detailed in the audit report for pursuit and recovery.
- Printing and filing the checklists and supporting documentation for supervisor approval, reference in future years, or appeal of questioned costs.

In 2003 and into 2004, EDS worked with the QAR to develop the Subrecipient Audit Report Monitoring System (SARMS), which consists of three major components: data structures in the Audit Database, the Data Load application, and the Audit Review Tracking application.

EDS will continue to develop the SARMS by further enhancing and refining the system to achieve maximum potential. EDS will provide ongoing technical and operational support to maintain the SARMS.

The following table outlines each objective for the SARMS.

SARMS Objective	EDS Solution Meets	EDS Action
<i>1. The Sub-recipient Audit Report Monitoring System (SARMS) must include a central database containing sub-recipient general and specific fiscal year information, workflow and activity tracking information.</i>	✓	Maintain and enhance a central database containing subrecipient fiscal year, workflow, and activity-tracking information.
<i>2. The SARMS must provide appropriate access to general and specific agency information.</i>	✓	Maintain and enhance the Audit Review Tracking application to provide appropriate access to agency information.

SARMS Objective	EDS Solution Meets	EDS Action
<i>3. The SARMS must allow staff to input and update sub-recipient general information.</i>	✓	Maintain and enhance the Audit Review Tracking application to allow staff to enter and update agency (subrecipient) information.
<i>4. The SARMS must store sub-recipient general information that can be accessed and used in subsequent fiscal years.</i>	✓	Store subrecipient general information in the central database for re-use when processing audits for subsequent fiscal years.
<i>5. The SARMS must allow staff to input budgeted funding types and levels, or allow for a download of MDCH contract information to populate the system for each fiscal year.</i>	✓	Maintain and enhance the Data Load application and the Audit Review Tracking application to download MDCH contract information to populate the central database for each fiscal year; and enable staff to enter budgeted funding types and levels for subrecipients not included in the MDCH contract database.
<i>6. The SARMS must determine audit report or exemption notice requirements of sub-recipient agencies.</i>	✓	Maintain the Data Load application to determine audit report or exemption notice requirements of subrecipient agencies.
<i>7. The SARMS must report various agency information, annual dollar amounts awarded, departmental programs providing the funding, and audit requirements in various formats requested by management.</i>	✓	Maintain and enhance the Audit Review Tracking application report annual dollar amounts awarded, departmental programs providing the funding, and audit requirements.
<i>8. The SARMS must track audit report or exemption notice due dates, and create late reports to trigger QAR staff follow-up.</i>	✓	Maintain the Audit Review Tracking application to track audit report or exemption notice due dates and create late reports to trigger QAR follow-up.
<i>9. The SARMS must automatically generate a reminder notice two weeks prior to audit report due dates.</i>	✓	Enhance the system to automatically generate a reminder notice two weeks before audit report due dates.
<i>10. The SARMS must automatically generate a late notice two weeks after an audit report due date is missed.</i>	✓	Enhance the system to automatically generate a late notice two weeks after audit report due dates are missed.
<i>11. The SARMS must track follow-up actions on late reports.</i>	✓	Maintain the Audit Review Tracking application to track follow-up actions on late reports
<i>12. The SARMS must report follow-up dates and actions taken on late reports.</i>	✓	Maintain the Audit Review Tracking application to report follow-up dates and actions taken on late reports.
<i>13. The SARMS must allow staff to record receipts of audit reports and exemption notices.</i>	✓	Maintain the Audit Review Tracking application to allow staff to record receipts of audit reports and exemption notices.
<i>14. The SARMS must assign sub-recipient audit reports to a QAR staff member based on the most prevalent type of funding.</i>	✓	Maintain and enhance the Audit Review Tracking application to assign subrecipient audit reports to a QAR staff member based on the most prevalent type of funding.
<i>15. The SARMS must track audit reports received and waiting for QAR staff review to set work priorities.</i>	✓	Maintain the Audit Review Tracking application to track audit reports received and waiting for QAR staff review to set work priorities.
<i>16. The SARMS must automatically generate the audit review checklist(s) that need to be completed.</i>	✓	Enhance the system to automatically generate the audit review checklist(s) that must be completed.
<i>17. The SARMS must allow QAR staff to complete and store audit review checklist(s) on the system.</i>	✓	Enhance the system to allow QAR staff to complete and store audit review checklists on the system.
<i>18. The SARMS must allow QAR staff to input actual grant payment information, or</i>	✓	Maintain the Data Load application and the Audit Review Tracking application to allow QAR staff to enter actual

SARMS Objective	EDS Solution Meets	EDS Action
<i>allow for a download of MDCH grant payment information to populate the system for each fiscal year.</i>		grant payment information, or allow for a download of MDCH grant payment information to populate the system for each fiscal year.
<i>19. The SARMS must allow QAR staff to access MDCH FSRs and Contracts that are stored on-line.</i>	✓	Maintain and enhance the Data Load application to allow QAR staff to access MDCH FSRs and contracts that are stored online.
<i>20. The SARMS must track QAR work activity completed on the audit reports (QAR staff must be able to input if the audit was deemed acceptable or if follow-up actions are needed, input a summary of issues that need to be followed-up on, and input all follow-up actions taken and applicable due dates).</i>	✓	Maintain the Audit Review Tracking application to monitor QAR work activity completed on audit reports. Enter information if the audit was deemed acceptable or, if follow-up actions are necessary, enter a summary of issues that require follow-up and enter all follow-up actions taken and applicable due dates.
<i>21. The SARMS must track due dates on follow-up activities, and create late reports to trigger QAR staff follow-up.</i>	✓	Maintain the Audit Review Tracking application to track due dates on follow-up activities, and create late reports to trigger QAR staff follow-up.
<i>22. The SARMS must identify audit reports not reviewed within the statutory time frame.</i>	✓	Maintain the Audit Review Tracking application to identify audit reports not reviewed within the statutory timeframe.
<i>23. The SARMS must create summaries for each sub-recipient audit report reviewed that include general agency information, and QAR conclusions and follow-up actions.</i>	✓	Enhance the Audit Review Tracking application, the system used to create summaries for subrecipient audit report reviews that include general agency information and QAR conclusions and follow-up actions.
<i>24. The SARMS must allow supervisors to review completed checklist(s) and summaries on line, and approve them.</i>	✓	Enhance the Audit Review Tracking application to enable supervisors to review and approve completed checklists and summaries online.
<i>25. The SARMS must produce an Audit Review Status Report that includes agencies that have submitted audit reports that QAR has reviewed, and the status of each (acceptable as filed, follow-up action complete, or follow-up action in process with a list of actions taken).</i>	✓	Enhance the Audit Review Tracking application to produce an Audit Review Status Report that includes the names of agencies that have submitted audit reports that QAR has reviewed and the status of each (acceptable as filed, follow-up action complete, or follow-up action in process with a list of actions taken).
<i>26. The SARMS must track questioned cost recoveries (amounts pursued, and amounts recovered).</i>	✓	Enhance the system to track questioned cost recoveries (amounts pursued, and amounts recovered).
<i>27. The SARMS must allow users to create standard and ad hoc reports/queries within the system.</i>	✓	Enhance the system to allow users to create standard and ad hoc reports and queries within the system.
<i>28. The SARMS must allow for the storage and file management of audit reports received electronically.</i>	✓	Work with the OA to define the requirements for this enhancement and assist it in determining whether to purchase or develop the needed software. Commercial or off-the-shelf software or hardware for this requirement is not included in the scope or price of this contract

4.1.3 LTC Reimbursement and Rate Setting

4.1.3.1 Long Term Care System (LTCS)

The EDS team will continue its support for both the LTC Reimbursement and Rate Setting Section and OA in modifying the LTCS to improve efficiencies in business processes or to comply with changes to Medicaid policy.

The following table outlines the specific objectives for the LTC Reimbursement and Rate Setting Section.

LTCS Objectives	EDS Solution Meets	EDS Action
<i>1. The LTCS must continue to provide the long-term care providers with the ability to electronically file cost reports in an acceptable spreadsheet version determined by the Department.</i>	✓	Maintain the ECR that enables LTC providers to file cost reports electronically in spreadsheet format.
<i>2. The LTCS must continue to provide an automated system for accepting and processing the ECRs which providers can file either or through the Internet.</i>	✓	Maintain the system components that accept and process ECRs received on floppy disk or CD, and work with LTC to analyze and develop strategies for accepting and processing provider ECRs over the Internet.
<i>3. The LTCS must continue to maintain and enhance the existing LTCDB, providing access in a user friendly environment to filed and audited cost reports, audit plans, general provider information, tracking logs, rate setting, gross adjustment, and/or other information maintained in the system.</i>	✓	Maintain and enhance the LTCS applications that access filed and audited cost reports, audit plans, rates, tracking logs, gross adjustments, general provider information, and other information stored in the LTCDB.
<i>4. The LTCS capabilities must be enhanced in order to generate and calculate statistical information by geographic region and provider type. This additional capability is needed to determine and establish industry standards for the various elements so that a cost report can be compared and evaluated against those standards.</i>	✓	Enhance LTCS as required to calculate statistical information by geographic region and provider type, and enhance or develop a new Statistical Analysis Report application to compare a cost report against those standards. (Also specified in Objective 9, of Section 4.1.2.1)
<i>5. The LTCS must develop and maintain an automated settlement process for calculating initial, final and revised final settlements</i>	✓	Develop and maintain an automated settlement process for calculating initial, final, and revised settlements according to Bureau requirements.
<i>6. The LTCS must continue to perfect, utilize, and maintain the automated rate calculation process.</i>	✓	Maintain the automated rate calculation process provided by the Rate Template, implementing improvements as appropriate.
<i>7. The LTCS must continue to perfect, utilize, and maintain the automated process to electronically receive gross adjustment data from DIT and load into the LTCDB.</i>	✓	Maintain the automated process to electronically receive gross adjustment data from DIT and load into the LTCDB, implementing improvements as appropriate.
<i>8. The LTCS must be flexible to be installed on desktop PCs of Department staff outside the LTC Reimbursement and Rate Setting Section and Office of Audit staff.</i>	✓	Maintain and enhance system architecture so that the LTCS can be installed on desktop PCs of all staff requiring access.

In addition to the objectives stated in ITB Section 1.101, In Scope, EDS will perform the following to meet requirements stated in ITB Section 1.002, Background; Long Term Care Reimbursement and Rate Setting Section, which were not included in Section 1.101.

1. LTCS Application (LTCA) – Continue to maintain the current LTCA.

- 2. LTCS Database (LTCDB)** – Continue to maintain the current LTCDB.
- 3. Electronic Cost Report (ECR)** – Maintain the current automated system for receiving, accepting, and processing ECRs filed by the provider by diskette and enhance that process to allow the provider to complete and file the ECR over the Internet. Enhance ECR's built-in validation procedures, which identify preparation errors. Maintain the utilities in the LTCS that provide ECRs to providers via CD, and enhance LTCS to allow providers to access the ECR over the Internet as addressed in ITB Section 1.104, Work and Deliverable, LTC Reimbursement and Rate Setting Section , Item 8. Maintain and enhance the current method of electronically checking the ECR file for acceptance and uploading it into the LTCDB.
- 4. Audit Plan Completion** – Maintain the current system functions that save Audit Plans to LTCS and the LTCDB so that they are available for the OA's Regional Office staff, and enhance the variance reporting.
- 5. Auditing ECRs** – Maintain the Auditing ECR to provide for review and completion of audited cost reports.
- 6. Quality Assurance Assessment Program (QAAP)** – Maintain the current LTCDB configuration to generate the quarterly QAAP bed confirmation letters and automated gross adjustment notification letters, and develop an annual QAAP reconciliation report.
- 7. Freedom of Information (FOI)** – Maintain the FOI application in LTCS to provide cost report data electronically, and enhance the FOI application to make rate information available electronically.
- 8. Rate Setting** – Maintain the current rate setting application.
- 9. Gross Adjustment** – Maintain the current system for processing gross adjustments.
- 10. Cost Report Settlement** – Develop a new application that will assist LTC Reimbursement and Rate Setting Section staff with the automated calculation of initial, final, and revised settlements, as identified in Item 5.
- 11. Medicaid Interim Payments (MIP)** – Develop a new application that will assist the LTC Reimbursement and Rate Setting Section staff with the automated calculation of Medicaid Interim Payments (MIP), which will generate provider notification letters and an annual MIP Reconciliation report.
- 12. Reporting** – Continue support for miscellaneous, summary, status and ad hoc reports, including maintenance of existing reports and design and creation of ad hoc reports, continue support of Freedom of Information Act (FOIA) reporting as defined in Item 7, and continue to maintain the current file system structure.
- 13. Web Page** – Continue to provide updated versions of the ECR and supporting file to LTC Reimbursement and Rate Setting Section staff for updating of the Bureau's Web page.

4.2 Out of Scope

EDS will provide no services beyond those outlined in ITB Article 1, Statement of Work.

4.3 Technical Environment

4.3.1 Requirements

The current infrastructure provides an effective operating environment to support the current systems and business environment. In this section, EDS lists each of the requirements for the operational areas, followed by an explanation of its approach.

Maintain and administrate a Windows 2000 network integrated with the Department of Community Health (DCH) Novell 5.1 and Windows 2000 networks. This network must be accessible to at least one hundred users at multiple sites in Lansing and at remote sites in Grand Rapids, Grayling, and Fenton.

The MDCH currently maintains a Windows 2000 network, which is integrated with the State's Novell 5.1 and Windows 2000 networks, for use by HHPRD, the Office of Audit (OA), and the Long Term Care (LTC) Reimbursement and Rate Setting Section. The EDS team will continue to provide support and administration for this Windows 2000 network, verifying that the network is available to at least one hundred users at multiple sites in Lansing, Grand Rapids, Grayling, and Fenton. The EDS team will also continue to maintain and administer the MDCH windows domain, DCHW2K, as it pertains to the HHPRD, the OA, and the LTC Reimbursement and Rate Setting Section, including the creation and maintenance of login IDs for users. If a problem arises that is outside EDS' control, the team will work with the Michigan Department of Information Technology (MDIT) to correct the problem in a timely manner.

Maintain, configure, support, and administrate the state-owned production Windows 2000 Microsoft SQL Server database server. Establish and maintain user login IDs. Perform file backup and restoration procedures. Store backup media at a secured off-site location. Apply critical software upgrades and fixes in a timely manner. Migrate to newer software versions as necessary to maintain and improve performance, and to adhere to DIT requirements. Maintain current levels of virus protection software. The production databases consist of approximately 500 user tables and 6 gigabytes of data. Maintain, administrate, monitor, and tune the production databases to provide optimal performance. Perform SQL backups according to state and industry standard practices. Perform SQL restores as requested by the user community. Create and maintain documentation of configuration and support processes according to state standards.

In general, EDS will continue to maintain, configure, support, and administer the following state-owned computers:

- The production Windows 2000 MS SQL Server, MDCH-MFR-W2K1.
- The production Windows 2000 Web Server, MDCH-MFR-W2K2.
- The production Windows 2000 MS system Update Server (SUS), MDCH-MFR-W2K5.

For each of the foregoing servers, the EDS team will continue to:

- Create, maintain, and delete user login IDs as necessary.
- Perform file backup and restoration using Computer Associates' (CA') BrightStor. EDS will continue to license BrightStor through an agreement EDS has with CA for the use of its software. EDS will back up files for the HHPRD, LTC, and OA databases, the users' personal directories, the users' shared directories, and all other systems EDS supports daily.

EDS will maintain daily backups for one week, weekly backups for three months, and monthly backups indefinitely. EDS will store the weekly and monthly backups off-site, at the EDS Lansing Solution Center.

- Apply critical operating system patches and upgrades obtained from MS. When MS releases a new critical patch, EDS will analyze it and determine the level of exposure the production servers have. EDS will then develop a timeline for deploying the patch to the production servers, which will include testing the patch on a development server.
- Update software loaded on the server as new versions are released. When a new version of one of the application becomes available, EDS will analyze it to determine the potential costs, benefits, and risks of installing it. EDS will present the results of this analysis to MDCH and proceed as advised. EDS will continue to verify that all software loaded on the production machines meets DIT standards.
- Verify that virus protection on the server is up-to-date. EDS will continue to use CA eTrust Antivirus software on the server, which is licensed through the same agreement as for BrightStor. eTrust updates itself automatically every day. EDS checks the virus signature version on the server periodically to verify that it is correct.
- Monitor the performance of all of the applications loaded on the server. The EDS team will tune and optimize the software loaded on the production servers for the best performance possible.
- Create and maintain documentation of the configuration and process used on the server in accordance with DIT standards.

EDS will also perform specific tasks on each of these servers. For instance, EDS will continue to perform database backup and restoration procedures on the approximately 500 user tables and 6 gigabytes of data on the production database server, MDCH-MFR-W2K1. The backup scheme EDS uses allows for the restoration of data to any point in time within the previous week, to any Friday evening for the previous three months, and to the last Friday of any month beyond that. EDS will provide data restorations as requested by HHPRD, OA, and LTC.

EDS will continue to administer Microsoft Internet Information Services (IIS) on the production Web server, MDCH-MFR-W2K2, to verify that the portion of the State's Intranet hosted on this server is as secure and efficient as possible. On the production SUS server, MDCH-MFR-W2K5, EDS will continue to upload new critical software upgrades and fixes so that they may be distributed to more than 100 bureau PCs in the Lansing, Grand Rapids, Grayling, and Fenton offices.

Administrate the state-owned production Novell 5.1 file server. Establish and maintain user login IDs. Perform file backup and restoration procedures. Store backup media at a secured off-site location. Create and maintain documentation of backup and restoration processes according to State standards.

In addition to supporting the Windows 2000 production servers previously described, EDS will continue to administer the State-owned production Novell 5.1 server, MDCH-CCC-FS1. EDS will perform backup and restoration procedures on MDCH-CCC-FS1 using CA's BrightStor, in a manner similar to the backup and restoration performed for the Windows 2000 production

servers. EDS licenses this product through an agreement with CA, as previously explained. These tapes will also be stored off-site at the EDS office in Lansing, Michigan.

The State-owned production Novell 5.1 server, MDCH-CCC-FS1, is part of the State's Novell network, which consists of four Novell trees, each having several Organizational Units (OUs). The BUMFR.MSA OU contains all the Novell network objects used by the local divisions and the remote offices, including user IDs, user groups, print queues, servers, and server directories. EDS will maintain and administer the BUMFR.MSA OU as it pertains to HHPRD, OA, and the LTC Reimbursement and Rate Setting Section. EDS will continue to create and maintain user login IDs for the BUMFR.MSA OU, which contains all of the users in HHPRD, OA, and the LTC Reimbursement and Rate Setting Section. EDS will work with DIT to maintain and administer users in the USERS.MSA container that reside in the Capitol Commons Center building, but which are not specifically supported by EDS.

In addition to supporting the State-owned production Novell server, EDS will work with DIT to maintain and administer the Novell production server supporting the Bunsky group, MDCH_BUNSKI_FS1. The Bunsky group formerly worked in a separate office, but now are located in the Capitol Commons Center building. EDS will provide hardware support and software updates to the three remote Novell production servers, 15_FENT_FS1, 15_GRAY_FS1, and 15_GRRR_FS1, and related networks in Grand Rapids, Grayling, and Fenton, traveling to the remote location if necessary. EDS will provide support for field auditors based outside of Lansing in the regional offices in Grand Rapids, Grayling and Fenton. EDS will cooperate with MDIT to support and maintain the remote connections hardware and software to enable field auditors to remotely update all system applications, update their files of the OA applications, report time and activities, access GroupWise mail, and access their personal files.

Maintain, configure, support, and administrate a contractor-owned development environment consisting of at least two servers sufficiently equipped to serve as emergency replacements for the production database and web servers, a sufficient number of Windows 2000 PC workstations for contract staff, development tool software licenses sufficient to support the current application environment described below, and virus protection software. Maintain and administrate separate Model Office and development environments for database and web services.

To complement the production Windows 2000 server, EDS will supply an EDS-owned development environment consisting of two servers. The first server, which acts as the development and model office database server, MDCH-MFR-W2K3, has a Pentium 4, 2.4 gigahertz X2 processor with 512 megabytes of RAM. The second server, which acts as the model office Web server, MDCH-MFR-W2K4, has a Pentium 4, 2.4 gigahertz X2 processor with 1 gigabyte of RAM. These servers are sufficiently equipped to replace the production database and Web servers in the event of an emergency. EDS will maintain and administer separate model office and development environments for database and Web services. MDCH-MFR-W2K4 is equipped with a Super Digital Linear Tape 160 drive that can read the Digital Linear Tape IV tapes used in the backup and restoration procedures of the production environment. EDS will also supply a sufficient number of Windows 2000 PC workstations, including CA eTrust Antivirus software for use by the EDS staff and development tool software licenses sufficient to support the current application environment.

Provide and maintain a comprehensive written disaster recovery plan. Test the plan periodically and report on test results **and**

Provide Windows 2000, Windows 98, Windows 95, and Windows XP desktop and laptop support for at least one hundred local and remote bureau users. Desktop and laptop support includes installation and maintenance of application software associated with this contract, installation and maintenance of operating system software necessary for the proper functioning of application software associated with this contract, upgrading of operating system software versions as needed to support application software associated with this contract according to Department of Information Technology (DIT) guidelines and industry direction. Install and support application software associated with this contract on workstations assigned to users outside the division/section/bureau as directed by bureau management in coordination with DIT staff and following DIT policies.

EDS will provide and maintain a comprehensive written disaster recovery plan for the production Windows 2000 servers listed above. This plan contains many different disaster scenarios, including the loss of one, multiple, or all of the Windows 2000 production servers and contingencies for each. The plan details how the EDS-owned model office servers – MDCH-MFR-W2K3 and MDCH-MFR-W2K4 – could be used in place of the production servers, if it becomes necessary. EDS will conduct a yearly test of the significant parts of the plan and will report on the test results. Once a quarter, EDS will test the backup and restoration procedures and report on the results.

EDS will provide Windows 2000, Windows 98, Windows 95, and Windows XP desktop and laptop support for at least one hundred local and remote bureau users. This support includes installation and maintenance of application software associated with this contract, installation and maintenance of operating system software necessary for the application software associated with this contract to function properly, and upgrades to operating system software versions as needed to the support application software associated with this contract in accordance with MDIT guidelines and industry direction.

When EDS receives a desktop or laptop support request, a team member will analyze the problem the user is experiencing, traveling to the user's location if necessary. When the problem has been identified, EDS will work to correct the issue. If the problem lies outside EDS' control, we will work with MDIT to resolve the problem as quickly as possible.

Maintain and administrate network and application level user security based upon work group and individual access requirements. Integrate application security with network security. Minimize the number of system log-ins a user must complete to gain application access.

EDS will continue to maintain and administer network and application level user security based on work group and individual access requirements. EDS will strive to integrate application security with network security and to minimize the number of system logins a user must complete to gain application access. Application level security is discussed in detail in Section 4.4, Work and Deliverables.

Create, maintain, install, and support client/server and web application software. The system applications consist of approximately 450 screens or worksheets, 200 reports, 950 SQL stored procedures, and 2,500 program modules. Create and maintain application documentation according to State standards. Migrate software platforms to newer versions according to DIT guidelines, industry direction, and user needs.

EDS will, in general, continue to create, maintain, install, and support client-server and Web applications for HHPRD, OA, and LTC. Currently, these applications consist of approximately 450 screens or worksheets, 200 reports, 950 SQL stored procedures, and 2,500 program modules. EDS will create and maintain application documentation in accordance with State standards. EDS will verify that the applications work on new software platforms and versions to comply with MDIT guidelines. We realize that the current applications use combinations of the following technologies, and will continue to support them: MS Active Server Pages 4.0 (ASP), Java Script 1.3, Visual Basic Script 5.6, Visual Basic 6.0, Visual Basic for Applications 6.0, Visual Basic Net, MS Office 2000 (Excel, Word, Access), MS Component Object Model (COM+), MS Distributed Component Object Model (DCOM), Extensible Markup Language (XML), Hypertext Markup Language (HTML), Extensible Stylesheet Language Transformations (XSLT), Data Transformation Services (DTS), Data Dynamics Active Reports, True DB Grid, Adobe Acrobat, MS IIS, and MS SQL Server.

The contractor must license software certified by the Centers for Medicare and Medicaid Services (CMS) to edit and process CMS 2552 Hospital Cost Reports. The software licensing agreement must include rights to process cost reports from all hospitals seeking Medicaid reimbursement from the State of Michigan for the past fifteen years.

EDS will continue to provide a license for the Klynveld Peat Marwick Goerdeler (KPMG) software, which is certified by the Centers for Medicare and Medicaid Services (CMS) and is necessary to prepare, edit, and process the CMS-2552 worksheets. The software licensing agreement will include rights to process cost reports from all hospitals seeking Medicaid reimbursement from the State of Michigan for the past 15 years. For more information regarding this software license, please refer to Section 4.4, Work and Deliverables.

The contractor must license the software used to perform the server backups.

EDS will be responsible for licensing all software and procuring maintenance agreements for CA BrightStor ,the software used to perform server backups.

Hardware support and software updates to three Novell servers and networks located in Grand Rapids, Grayling and Fenton.

EDS will provide hardware support and appropriate software updates to the three Novell servers and the network in Grand Rapids, Grayling, and Fenton.

4.3.2 Contemporary Technology

One of MDCH's continuing objectives is to ensure that the significant investment in systems and automation of processes under this contract continues to provide benefits for many years into the future. To ensure the return on investment in these systems, and new systems to be produced in the future, the systems must be maintained and upgraded to remain compliant with technological

advances. EDS will continue to use the newest and most contemporary software available to develop applications for HHPRD, OA, and LTC. We will use the following technologies when developing new software components. Older software will be upgraded to use these technologies as it is deemed appropriate.

Microsoft .NET: EDS proposes to use MS .NET, where appropriate, when developing new, or making major modifications to existing, applications for MDCH, thereby enabling the latest technology available.

MS .NET is a software platform that is a language-neutral environment for writing programs that can easily and securely interoperate. Rather than targeting a particular hardware and operating system combination, programs can instead target .NET, and then can run wherever .NET is implemented; therefore, new applications will be more secure and will integrate with each other more easily. To enable some of these benefits, current applications can also be modified, rather than completely re-written.

Because .NET is language independent, EDS will be able to continue to rapidly develop applications by using the same languages as are currently employed. This feature will enable EDS to assist MDCH by automating more processes over a given period, thereby providing greater efficiencies and enabling more timely business decisions. Also, as Web technology progresses, new standards will evolve to provide increased functionality, reliability, and security, and EDS will verify that those features are enabled as appropriate in the MDCH applications.

In addition to the enhancements detailed in this proposal, EDS will continue work in coordination with the MDCH staff to discuss potential future enhancements as they become apparent. EDS will discuss and recommend the use of MS .NET where appropriate to provide the features that enable the MDCH systems and staff to interact and communicate with the greatest ease possible.

Microsoft SQL Server 2000 Reporting Services: EDS proposes to use MS SQL Server 2000 Reporting Services, where appropriate, when developing new, or making major modifications to existing, reports for the MDCH. MS SQL Server 2000 Reporting Services provides a comprehensive server-based solution to enable creation, management, and delivery of reports. MS SQL Server 2000 Reporting Services provides many features to enhance the efficiency and reliability of the reporting functionality currently provided by MDCH applications. These include the ability to:

- Drill through a report to open another report within the current view to display detailed information.
- Choose the format in which to export reports, including:
 - Excel
 - HTML
 - PDF
 - XML
 - CSV
- Have users subscribe to their own personalized subscriptions.

- Dynamically generate report recipients based on external data, such as the MDCH Database Employees table.
- Provide reports that contain live data that is re-queried each time the report is accessed.
- Provide reports that are snapshots of standard reports that are recreated or updated regularly.
- Prototype reports. SQL Server 2000 Reporting Services also supports pre-execution of reports, which will reduce the time required to render a report that may otherwise take a long time to generate. The snapshots would be executed once and referenced many times.

EDS will provide support to maintain, configure, and administer the Microsoft SQL Server 2000 Reporting Services Report Manager. The administration of the Microsoft SQL Server 2000 Reporting Services includes the following:

- Configuring security
- Scheduling Reports
 - On-demand
 - Cached with an adjustable expiration period
 - Flexible report scheduling
 - E-mail
- Maintaining the structure of the report folders
- Configuring and maintaining server settings.

Common Infrastructure: For the current agreement, EDS developed an infrastructure to efficiently support changes pertaining to systems, employee profiles, and development tools. Three major areas form the Common Infrastructure (CI): employee management, security and system management, and project management.

The employee management system stores employee information. New and departing employees are activated or deactivated as needed. Also, each employee is associated with a group, for which security settings to access systems and applications are established. This is where the security and system management system comes into play. This system allows the creation of groups with different level of access to the applications and systems that are developed, maintained, and supported. Also, the project management system stores and tracks information pertaining to projects EDS will execute for HHPRD, OA, and LTC.

EDS understands how important security is for the MDCH; and the CI was developed with security and flexibility in mind. The interfaces used to access the CI database were developed as Web-based applications, thereby enabling access from any workstation attached to the State network. These Web-based applications only require the MS Internet Explorer browser as the client software component; therefore, changes and enhancements to the applications are addressed with no impact to the users' computers and other system components. In addition to the CI database and interfaces, EDS has developed and instituted processes to:

- Create and retire employee profiles.
- Add and remove employees to and from groups with appropriate system security access.
- Track and manage projects.

These processes are documented, maintained, and enhanced to quickly address these common tasks with accuracy.

The CI reporting section allows HHPRD, LTC and OA to access the CI database to verify that staff members are associated with the correct group and have proper system security settings. System security settings are used on each application EDS develops, maintains, and supports. Mechanisms have been developed to fetch this information from the CI. COM+, DCOM, and XML technologies are used at the application level to obtain security settings; therefore, applications are developed to adjust themselves to specific employee security profile when loaded or accessed. This approach allows EDS to produce and deliver customized systems to HHPRD, OA, and LTC.

The Common Interface has substantially simplified day-to-day tasks. This infrastructure will continue to serve as the foundation for each system and application EDS develops, maintains, and supports. EDS will continue to enhance, upgrade, maintain, and support the CI to further assist HHPRD, LTC, and OA.

Knowledge Base: The Knowledge Base (KB) is a central repository in which user guides, system manuals, business design, and service request documents are stored. The KB provides HHPRD, the OA, and LTC with a Web based search engine and index that can be used to quickly find business process or system information contained in hundreds of documents and files. The KB offers dynamic and flexible search capabilities so that users are able to obtain up-to-date information pertaining to systems and applications.

The KB uses a combination of technologies. MS Index services is the search engine hosted in the production Web server. This feature is used to find documents among hundreds of files within seconds. Internet Information Services (IIS) is the Web engine used to provide the presentation layer for navigation purposes and the user interface is supported with the following programming languages: XSLT, XML, ASP, VBA, and HTML.

HHPRD, OA, and LTC count on a central repository such as the KB with instant access to a variety of documents. As more documents are created, the need to efficiently manage documents becomes more important. EDS will continue to work together with HHPRD, OA, and LTC to provide the highest level of support to enhance, upgrade, and improve the KB.

4.4 Work and Deliverables

EDS will provide the services, system software, development hardware, and appropriate support staff to perform the tasks necessary to maintain the objectives set forth in ITB Section 4.1, In Scope. In this section, we describe the work to be done and the deliverables to be created, as required in ITB Section 1.104. Where applicable, we have supplemented the requested tasks to provide the Bureaus with comprehensive services.

In response to the requirement that this contract should provide the most contemporary software available, over the life of the contract EDS will periodically recommend to one or more of the MDCH project managers, Brenda Fezatte, Jim Hennessey, and John Donaldson, enhancement upgrades or new projects for consideration. Enhancements and new projects may be warranted as technology advances make new features available or reduce risks associated with obsolete

software. When EDS makes a recommendation, the MDCH project managers will have the option of approving or disapproving the recommendation, or tabling it for future consideration. Where appropriate, EDS has included some such suggestions in this document in Sections 4.4.1.1.2, 4.4.1.2.1.2, 4.4.1.2.4.2, 4.4.1.3.2, Supplemental Recommendations. Although these types of suggestions are not estimated in the work plan submitted with this proposal, EDS will be available to discuss them at the MDCH Project Managers' convenience.

4.4.1 Hospital and Health Plan Reimbursement Division

4.4.1.1 Settlement and Payment Processing Section

The applications used by the Settlement and Payment Processing Sections work together as part of a whole system that supports HHPRD business functions. EDS will continue to support these applications and business processes by applying its wide-ranging background and comprehensive knowledge, which comes from having developed most of the applications.

The focal point of the system the Settlement and Payment Processing Sections use is the EDS Card File application and the associated database. Information about the database is provided in the following subsections. The Card File is a central repository of information about the Medicaid providers whose reimbursements are calculated by the Settlement and Payment Processing Sections. Authorized users may view, update, and produce reports on information including: addresses, contact information, name change history, fiscal periods, filed or audited cost report history and status, providers, payment logs, gross adjustments, responsible auditor, Medicare number, and effective date. The Card File also contains several subsystems, including: Medicaid Interim Payment/Capital Interim Payment (MIP/CIP), Cost Report Viewer, and Facility Status Calculator, many of which are described in the following subsections. EDS will maintain, enhance, and upgrade the Card File application to support the Settlement and Payment Processing Sections.

4.4.1.1.1 Tasks

MDCH completed a preliminary analysis of the specific tasks involved in maintaining a system capable of meeting the objectives of the Settlement and Payment Processing Section. The following describes EDS' approach to accomplishing these tasks.

a. Cost Report Information

EDS will continue to support the Settlement Processing Section in collecting Medicare and Medicaid ECR information. EDS automated the ECR filing process using a combination of custom software and certified Centers for Medicare and Medicaid Services (CMS) 2552 ECR software. EDS licenses the certified CMS software for MDCH from Klynveld Peat Marwick Goerdeler (KPMG). EDS integrated the KPMG software product, CompuMax, with EDS' Filed Cost Information Data (FCID) and Audited Cost Information Data (ACID) applications and databases to capture complete CMS 2552 ECR data and automate data loading. When EDS loads the ECR data, it is immediately accessible for ad hoc queries and reporting. Each filed or audited CMS 2552 ECR can be viewed using the Cost Report Viewer subsystem in the EDS Card File application. EDS will continue to license and support these applications.

EDS developed Michigan Medicaid Forms (MMF) to collect Medicaid-specific information not included in the CMS 2552 software. Medicaid providers use the MMF application to create ECRs for submission to HHPRD, and authorized MDCH staff use it to view, update, and report

on Medicaid ECR data. EDS works closely with the HHPRD to define, produce, and implement updates to MMF each quarter in response to changing MDCH policies and needs. EDS also produces CDs containing the MMF application for distribution to Medicaid providers. EDS developed various reports to assist HHPRD in monitoring and validating ECRs. The reports are described in later sections.

The following table shows the specific requirements listed for Cost Report Information and explains how EDS will satisfy those requirements.

Cost Report Information Requirement	EDS Solution Meets	EDS Action
<i>1. Data from the audited/ filed Medicare cost report, and all revisions thereof, are needed to calculate a complete CMS-2552.</i>	✓	EDS will license KPMG CompuMax software to edit and calculate Medicare ECR files submitted to HHPRD. EDS will keep the CompuMax software current by upgrading to each new software version released by KPMG.
<i>2. Cost report data must begin with the provider's fiscal years ended 2/28/85.</i>	✓	EDS will work with HHPRD to meet all of its processing needs for older cost reports. Currently, the oldest filed cost report in the database is from 1993. The oldest audited cost report in the database is from 1989. At the direction of HHPRD, we generally do not load cost reports from fiscal periods starting before 10/1/1991 into the database; however, cost reports created as early as 1/1/1989 may be available for view in the Card File Cost Report Viewer. On the rare occasion that a Medicaid provider or a Medicare intermediary submits a cost report older than 10/1/1991, EDS will update the database to reflect the receipt and status of the cost report, as directed by HHPRD auditors.
<i>3. Cost report data must be provided on an ongoing basis within a period not to exceed 60 days of receipt from the Medicare intermediary</i>	✓	EDS will use the KPMG CompuMax software and the EDS ACID software and database to load ECRs within 60 days of receipt from the Medicare intermediary.
<i>4. The Contractor is responsible for any data manipulations required to produce a cost report.</i>	✓	EDS will enter corrections to filed and audited CMS 2552 cost reports as directed by HHPRD auditors. EDS makes the correction on the input file and logs the date and the name of the auditor requesting the change in the file. After completing the update, EDS reprocesses the corrected file through the KPMG CompuMax software for edit and calculation and then uses FCID or ACID application software to load the cost report into the respective database.
<i>5. The HHPRD receives the ECR filed data from the hospitals within 150 days of their fiscal year end.</i>	✓	EDS will work with the HHPRD to implement policy change updates and other updates each quarter to the MMF application. EDS will prepare CDs with the updated MMF application for HHPRD to mail to the hospitals 120 days after their fiscal period end, allowing hospitals enough time to meet their 150 day filing deadline.

Cost Report Information Requirement	EDS Solution Meets	EDS Action
6. <i>The contractor will be responsible for loading the data from the ECR files into the network system in a format which will generate a completed cost report and can be selected by the contractor for ad hoc reports requested by the HHPRD.</i>	✓	EDS will use the KPMG CompuMax software and the FCID software and database to load the ECR files. The ECR data will then be available for EDS' use in preparing ad hoc reports requested by the HHPRD.
7. <i>This information must be available within 60 days of the time the HHPRD deems the filed cost report to be complete.</i>	✓	EDS will load the filed ECR files on receipt, as described above, so that the data is available to the HHPRD during the time that the cost report is being validated, even before it is accepted. When the HHPRD deems that filed cost report to be complete, EDS will mark the cost report as accepted in the database, and the accepted data will be available immediately.
8. <i>Within 90 days of the beginning of the contract, the filed cost reports for the most recent fiscal years not yet completed, must be input into the system and available for data collection or settlement.</i>	✓	EDS will load all filed cost reports for the most recent fiscal years that have not yet loaded by using the process described above. EDS will be able to do this in a much shorter time than 90 days, because EDS has kept up with the flow of cost reports and does not have a backlog to load.

Hospital Cost Settlement System

The following paragraphs describe reports and worksheets EDS automated for HHPRD with the Hospital Cost Settlement (HCS) system; Paragraph b.) Program Data Accumulation Worksheets, through Paragraph h.) Settlement Under Diagnosis Related Group, specifically describe HCS. HHPRD auditors use HCS to calculate more than 200 hospital final settlements each year. HCS gathers filed or audited cost report information, gross adjustment information, and paid claims information from the HHPRD database for a facility and organizes the data into MS Excel spreadsheets for use in the calculation of a hospital final settlement. EDS will maintain and upgrade HCS for HHPRD auditors' use.

An integral part of the HCS system and process is the Management and Administrative Reporting System (MARS) Paid Claims data loader. Throughout the year, the Payment Processing Section will provide EDS with paid claims data for upload into the HHPRD database for use in the various HHPRD applications. EDS developed the MARS data loader to accomplish this. EDS will continue to support the Payment Processing Section by loading the paid claims data into the database and by supporting the MARS data loader.

The primary HCS reports and worksheets are as follows.

b. Program Data Accumulation Worksheets

HCS provides the Program Data Accumulation Worksheets in the standard HHPRD format currently in use and provides macros for ease of transferring headings, cost centers, and printing. When an HHPRD auditor initiates a settlement using the HCS system, the system automatically

pulls paid claims from the HHPRD database to support the completion of this worksheet. EDS will continue to support the Program Data Accumulation Worksheet in the HCS system.

c. Audit Adjustment Report

The HCS system automatically creates the Audit Adjustment Report after the user completes the Program Data Accumulation Worksheet. This report is comprehensive and requires no further work by the auditor. The format of the report includes the cost centers arrayed down the left side of the report. The provider-filed data and the audited data transfer from the Program Data Accumulation Worksheets, and the difference between them is computed. EDS will continue to support the Audit Adjustment Report in the HCS system.

d. CMS-2552

EDS processes CMS 2552 cost reports, as previously explained, to produce a complete cost report and load it in the ACID or FCID database. For settlement purposes, the HCS system extracts information from the database to reproduce CMS 2552 worksheets including Worksheets C, D2, D4, D Part 1, D Part 2, D Part 3, D Part 4, and D Part 5. These worksheets incorporate Title XIX, Title V, and all other applicable program costs, charges, days, and payments that were used in producing the original completed cost report.

CMS, which was formerly named HCFA, periodically changes the format of the 2552 Cost Report to accommodate changes in Medicare policy or to satisfy other federal requirements. EDS will update the HCS system to accommodate any future modifications to CMS 2552 forms, or any forms that may replace them, to allow HHPRD to continue processing hospital settlements. The primary CMS 2552 versions are as follows:

- HCFA-2552-84
- HCFA-2552-85
- HCFA-2552-89
- HCFA-2552-92
- CMS-2552-96

At the direction of HHPRD, EDS built the HCS system to accommodate HCFA-2552-92 and CMS-2552-96 worksheet formats. EDS will work with HHPRD to manually create worksheets for settlements requiring the older formats, or will update the HCS system to add these older formats, as directed by HHPRD.

e. Outpatient Settlement Form

HHPRD auditors use the HCS system to complete the Outpatient Settlement Form. HCS extracts CMS-2552 information and computes outpatient program costs from the ACID or FCID database to allow comparison of costs to charges. When the appropriate entries in the form are completed, the HCS Outpatient Settlement Form calculates the amount due to or owed by the hospital. EDS will continue to support the Outpatient Settlement Form in the HCS system.

f. Outpatient Education Settlement

Before July 1, 1997, MDCH policy called for reimbursement of education costs to Medicaid outpatient providers through the standard hospital settlement process. MDCH has since changed its policy and now distributes this type of reimbursement through formula payments. EDS enhanced the HCS system to automatically provide the Outpatient Education Settlement

worksheet for settlements of hospitals having fiscal periods before the date of the termination of the former reimbursement policy. To enable the Outpatient Education Settlement worksheet, EDS modified the HCS CMS-2552 D Part 5 Schedule to calculate education costs by cost center. HCS transfers these costs to the Outpatient Education settlement form and transfers the payment amount made to the Outpatient settlement form. EDS will continue to support the Outpatient Education Settlement worksheet in the HCS system.

g. Notice of Amount of Program Reimbursement (NAPR)

The HCS system creates the NAPR letters as a final step to both inpatient and outpatient settlements. HCS uses program costs and payments from the inpatient, outpatient, and outpatient education calculation of reimbursement forms, performs comparisons of this data to the filed cost report data in the FCID database, and calculates the difference showing footed totals. EDS will continue to support the NAPR letters in the HCS system.

h. Settlement Under Diagnosis Related Group (DRG)

The HCS Settlement Under DRG worksheet extracts data from the previously completed Inpatient Settlement Worksheets, the Organ Acquisition Forms, and the Gross Adjustment data for the facility. This includes inpatient capital, other direct medical education, and graduate medical education costs calculated using the audited/ filed HCFA/CMS-2552, as described under Paragraph f) Outpatient Education Settlement. The auditor adds special payments to the Settlement Under DRG worksheet as necessary. The costs are transferred to a summary sheet, added to a correct DRG amount, and compared to charges. The lesser of charges or cost is selected and the payment is deducted. This will result in an amount owed by or due to the provider. EDS will continue to support the Settlement Under DRG worksheet in the HCS system.

i. Database

HHPRD uses separate databases for its three component sections:

- Settlement and Payment Processing Section (SPPS)
- Hospital Rate Setting Section (HRSS)
- Special Programs Section (SPS).

Collectively, the databases supporting these sections are known as the HHPRD database. Currently, EDS maintains and supports much of the information in these databases in a MS SQL Server database structure. This database structure resides on the production database server, which is used to support this contract and is described in Section 4.3, Technical Environment.

The MS SQL Server database structure provides the following capabilities:

- Ad hoc report generation by the contractor or by HHPRD staff
- Data extraction targeting subsets of data in the database structure
- Data analysis and comparison for information from differing fiscal year ends, hospitals, or programs
- Segregation of data maintenance between SPPS, HRSS, and SPS
- Each section's ability to define and implement unique data storage needs.

Some of the data for the Hospital HRSS is currently stored in MS Access[®] databases that are maintained by HHPRD staff. As a part of this contract, HHPRD has requested that EDS migrate

HRSS rate data to the MS SQL Server database structure. EDS will continue to maintain and enhance the existing MS SQL Server database structure and will migrate HRSS data to that structure, as directed by HHPRD.

j. Formula Payments to Hospitals for Health Professionals Education

Each fiscal year, the Payment Processing Section distributes a pool of funds to facilities that provide graduate-level medical education. This pool, the Graduate Medical Education (GME) pool, is further divided into GME Primary, GME Historical, General Funds, and Dental and Podiatry pools. EDS assists the Payment Processing Section by collecting data from filed ECRs, Special Report Data, and other sources, and by running the processes that perform the complicated calculations necessary to divide the GME pool. This process is usually performed over several iterations because of changing thresholds and percentages provided by the Payment Processing Section. For each iteration, EDS enters the new amounts into the process, re-creates the new distribution, and provides it to the Payment Processing Section until the distribution is approved. EDS will continue to support the calculation of these pool distributions, as directed by HHPRD.

k. MIP/CIP Calculations

EDS created three systems to support HHPRD in the MIP/CIP calculation and reconciliation process. Section 4.1, In Scope, includes additional information about the MIP/CIP process. Our description of the MIP/CIP calculation process includes the following systems:

System Name	Description
MIP/CIP	Forecast estimated MDCH Medicaid liability and calculate specific facility payments
Quarterly Financial Information Data (QFID)	Collect Medicaid provider data, load that data into the HHPRD database for use by the MIP/CIP system, display that for analysis.
MIP Reconciliation	Produce a preliminary reconciliation between MIP payments calculated and disbursed to Medicaid providers and actual costs incurred by those Medicaid providers.

MIP/CIP Subsystem

EDS developed the MIP/CIP subsystem in the Card File application to estimate MIP/CIP liability and calculate MIP/CIP payments. The MIP/CIP system uses three connected worksheets. The first worksheet contains general information concerning paid data, quarterly report data, and DRG price and case mix. The second worksheet calculates the MIP payment. The third worksheet calculates the CIP payment. The system produces a letter to Medicaid providers notifying them of the MIP/CIP payment amount.

The MIP/CIP subsystem uses filed cost report and filed quarterly information from the HHPRD database to determine a forecasted amount, which is then divided by the number of payments (usually 24) to be made during the year. The amounts of the MIP and CIP payments are re-evaluated by the Settlement and Payment Processing Sections during the year based on new quarterly financial data. The system allows the HHPRD staff to override calculated amounts and produces the necessary documentation to be mailed to the provider. The MIP/CIP calculation is stored in the HHPRD database and EDS provides reports to monitor and verify transactions.

EDS will continue to support the MIP/CIP subsystem of Card File and all of its components and associated reports.

QFID System

EDS developed the QFID system to assist the Payment Processing Section in collecting updated financial information quarterly from facilities. The Payment Processing Section uses this data in its quarterly re-evaluation of MIP and CIP payments. EDS distributes the QFID application to facilities electronically. Providers complete the forms contained in the application and return their results electronically. EDS collects these results and loads them into the HHPRD database using the QFID data loader. EDS will continue to support this process and these applications.

MIP Reconciliation Subsystem

EDS developed the MIP Reconciliation subsystem of the Card File application to assist the Payment Processing Section in the MIP Reconciliation process. The MIP Reconciliation process is completed at the end of the facility fiscal year for each Medicaid provider that receives MIP. The Payment Processing Section uses the MIP Reconciliation tool to perform a preliminary reconciliation between the amounts a facility was paid in MIP payments and the amount the facility deserved based on paid claims data. The MIP Reconciliation subsystem produces the documentation required by the Payment Processing Section to justify the MIP Reconciliation amount to the facility, including a letter, a memo, several worksheets, and a summary. When the Settlement Section prepares a Hospital Final Settlement, as we have described, the HCS application takes into account the facility's MIP, CIP, and MIP Reconciliation payments. EDS will continue to support the MIP Reconciliation subsystem.

Management Reports

EDS will work closely with HHPRD to fulfill its management reporting needs. EDS will supply the following reports:

- i) Current Facility List of Cost Reports Received** – These are alphabetical lists of cost reports received and completed by auditor, hospital, and fiscal year end. EDS will meet this requirement using the Cost Report Status Report, which HHPRD approved and currently uses to review the specified information.
- ii) Status Reports** – HHPRD management uses this report to determine the number of settlements processed during a specified time period. EDS will meet this requirement using the HHPRD Weekly Status Report, which HHPRD approved and currently uses to review the specified information. The HHPRD Weekly Status Report is shown in Section 6, Project Management.
- iii) Record of Settlements Completed** – This is a record by hospital and Mental Institution of the provider's address, contact person, telephone number, provider numbers, and the amounts and dates of all settlements processed, by program. This record also shows cost reports received and the date, audited Medicare cost reports received and the date, and miscellaneous information about closings, year-end changes, affiliations, and so on. This information must cover a period of 20 years and about six different types of settlements. This information will be available to everyone to read, but is changed only by authorized personnel. EDS will meet this

requirement using the Auditor Completion Report, which HHPRD approved and currently uses to review the specified information.

iv) Miscellaneous Reports – EDS will generate the following miscellaneous reports, as directed by HHPRD:

ITB Report Name	Current Report Name or Status
<i>Transaction Audit Trail Report</i>	EDS will meet this requirement using the online MMF Event History display, which HHPRD approved and currently uses to review the specified information.
<i>Active Cost Report Listing with Affiliations</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. Currently, some affiliation information can be displayed online in the Card File application. EDS has a request for a new Affiliation Report in its work queue. EDS will work with HHPRD to create an Affiliation Report that meets HHPRD needs.
<i>Security Breach Report</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. EDS will work with HHPRD to create a replacement report or online display, as directed.
<i>Security Master File Report</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. EDS will work with HHPRD to create a replacement report or online display, as directed.
<i>Provider Security Report</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. EDS will work with HHPRD to create a replacement report or online display as directed.
<i>Settlements Completed but not Reviewed</i>	EDS will meet this requirement using the Final Settlement Inventory Report, which HHPRD approved and currently uses to review the specified information.
<i>Settlements Completed and Reviewed</i>	EDS will meet this requirement using the Final Settlement Inventory Report, which HHPRD approved and currently uses to review the specified information.
<i>Settlements Completed by Auditor</i>	EDS will meet this requirement using the Final Settlement Inventory Report, which HHPRD approved and currently uses to review the specified information.
<i>Monthly Cost Savings</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. EDS will work with HHPRD to create a replacement report or online display, as directed.
<i>Upper Limits Test</i>	EDS is currently working with the HHPRD to produce an Upper Limits Test report in conjunction with the MACI and QAAP process. EDS will work with HHPRD to produce an Upper Limits Test report that meets HHPRD needs.
<i>Auditor Monthly Status Report</i>	EDS will meet this requirement using the Final Settlement Inventory Report, which HHPRD approved and currently uses to review the specified information.
<i>Appeal Record</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. EDS will work with HHPRD to create a replacement report or online display, as directed.
<i>Filed Cost Report by State Fiscal Year End</i>	EDS will meet this requirement using the Cost Report Status Report, which HHPRD approved and currently uses to review the specified information.
<i>Delinquent Cost Report by</i>	EDS will meet this requirement using the Cost Report Status Report, which

ITB Report Name	Current Report Name or Status
<i>State Fiscal Year End</i>	HHPRD approved and currently uses to review the specified information.
<i>Audited Medicare Cost Reports Received Monthly by State Fiscal Year End</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. Currently, EDS produces ad hoc reports containing this type of information, as requested by HHPRD. EDS will work with HHPRD to create a replacement report or online display, as directed.
<i>Audited Medicare Cost Reports Received Year to Date</i>	At the direction of HHPRD, the named report was made obsolete and removed from service. Currently, EDS produces ad hoc reports containing this type of information, as requested by HHPRD. EDS will work with HHPRD to create a replacement report or online display, as directed.

Other Reports

The following list shows many of the reports EDS currently supports for HHPRD:

Report Name	Description
Audited Cost Reports	Lists for the current facility, the Hospital Name, Medicare Number, Facility Type, Auditor Name, and Audited Cost Report Information (Fiscal Year End, Medicare Amend Level, NAPR Date, Date Received, Medicaid Revision Level, Date to Accounting, Reopen Notice Date, Lot Number, and Box Number).
Auditor Inventory Reports	Group of two reports.
– Auditor Completion Report	Lists by Chosen Auditor and Date to Accounting Date Range the following information: Medicare Number, Hospital Name, Fiscal Year End, Medicare Revision Level, Date Received (Filed Cost Report), Medicaid Revision Level, and Date to Accounting.
– Paid Settlements Report	Lists by Chosen Auditor, Provider Type (optional), Medicare Number (optional) and Payment Date Range (optional), the following information: Medicare Number, Facility Name, Provider Type, Fiscal Year End, Adjustment Date and Settlement Description.
Capital Cost Per Discharge	Spreadsheet containing Capital Costs Per Discharge for DRG, Rehab Per Diem and Free Standing Rehab. Created/Updated upon request.
Cost to Charge Ratio	Spreadsheet containing Costs to Charge Ratios for Rehab Per Diem and Free Standing Rehab. Created/Updated upon request.
Change History Report	Lists Facilities by Auditor showing the Medicare Number with start and end dates, Facility Name with start and end dates, Medicaid Provider Numbers with start and end dates, and Provider Type.
Clinic Facility Summary	Lists Facility Type, Medicare Number, Auditor Name, Auditor Phone Number, Auditor Fax Number, Facility Name History (Facility Name, Start Date and End Date), Facility Address Information (Address Type, Street, City, State, Zip Code, and County Name), Facility Contact Information (Contact Type, Prefix, First Name, Last Name, Title, Phone Number, Fax Number and E-Mail Address), and Provider Information (Provider Number, Provider Type, Provider Description, Start Date and End Date).
Clinic Paid Claims Summary Report	Group of three reports
– Approved Claims Payment Data	Lists the following information for the selected Medicare Number and Date Range: Facility Name, Fiscal Year End, Provider Type, Provider Number, Provider Name, Auditor Name, Auditor Phone Number, and Auditor Fax

Report Name	Description
	Number.
– Provider Output Request	Lists the following information for the selected Medicare Number and Date Range: Provider Name, Provider Type, Provider ID, Begin Date, End Date and Requestor Code.
– Enrolled Provider Report	Lists the following information for the selected Medicare Number and Date Range: Facility Name, Time Period (Date Range), Entity Type, Clinic Number, Provider ID, Provider Type, Start Date, End Date and Description.
Comparison Output Summary Report	The COS report compares Medicare data (generated from HCFA data) to Medicaid data (generated by Michigan Medicaid Forms software).
Cost Report Status Report	Lists for Filed Cost Reports the Medicare Number, Facility Name, Fiscal Year End, Auditor, Amend Level, Date Received and Date Accepted.
Disproportionate Share Hospital (DSH) Pool Reports	The DSH Report contains financial information reported by Facilities that is captured in the Indigent Volume Section of the MMF application and the HCFA 2552 Filed Cost Report.
Facility Address Contact Listing	Lists Facility, Facility Address Information and Facility Contact Information. Report can be produced for Active Facilities, Inactive Facilities or All Facilities. The report also allows additional criteria of Address Type, Facility Type, and Auditor Name to be selected to limit report output.
Facility Rate History Report	Lists the following information for the selected criteria: Medicare Number, Facility Name, Auditor, Rate Period Begin Date, Rate Period End Date, and Rate. The Rate Period End Date must be specified and one or more Clinic Facility Types and Auditor Names may be selected.
Facility Status Report	Prints Facility Status information for all facilities or for a selected facility.

Special Report Generation

EDS has developed several reports that are run regularly at the request of the Payment Processing Section and will continue to support all of these special reports for the Payment Processing section.

Report Name	Description
Disproportionate Share Hospital (DSH) Payment Reports	The Payment Processing Section uses this report to show how funds have been distributed to facilities over a given time period. EDS will continue to deliver this report to the Payment Processing Section along with the Inpatient and Outpatient Cost to Charge Ratio reports.
Hospital Information Packet (HIP) reports	These reports consist of the Fiscal Status Report, the Hospital Fact Sheet report, and the Inpatient and Outpatient Profit/Loss Reports. EDS will continue to produce these reports.
Quality Assurance Assessment Program (QAAP) reports	EDS will continue to produce these reports for the Payment Processing Section to determine the assessments and payments made through the QAAP and Medicaid Access to Care Initiative (MACI) programs
Accrual Reports	At the end of each fiscal year, MDCH conducts an accrual to calculate outstanding Medicaid liability. EDS will continue to produce reports as directed to support HHPRD in the accrual process.
Outpatient Education Reports	These reports calculate MDCH liability for outstanding Outpatient Education settlements for hospital fiscal periods on or before 7/1/1997.

Report Name	Description
Case Mix and Outlier Calculation	EDS works with HHPRD to produce Case Mix and Outlier to assist in the rate setting and MIP/CIP calculation processes. HHPRD provides EDS with the raw outlier information, the new rates, and paid claims data. EDS generates the new case mix and outlier data. EDS loads the new data into the HHPRD database, where it is available for the calculation of new MIP and CIP adjustments. EDS will continue to support the process of generating the new case mix and outlier.

v) Other Capabilities

- Security Protection Levels:** The EDS Card File, MMF, and HCS applications, all previously described, contain security level features that enable each auditor to update his or her files and each staff member to inquire against all section files. All other persons are prevented from accessing any files.
- HCFA/CMS-2552 File Updates:** The EDS cost report information solution, which includes customer and CMS-certified software described above, enables the update of all data elements in the CMS-2552 input file.
- Printing Capabilities:** The EDS database solution, previously described, provides great flexibility for selecting and printing information. Data can be retrieved from the database and formatted using standard MS Office programs including Excel, Word, and Access. EDS created the HHPRD applications and reports listed in this to generate all forms required by HHPRD. EDS will continue to assist HHPRD by creating forms and reports to meet HHPRD needs.
- Audited Medicare HCFA/CMS-2552 Cost Report Loads:** The EDS cost report information solution, described in Section 4.4.1.1.1, Tasks, a) Cost Report Information, uses the input file for each hospital to edit, calculate, and store complete Medicare audited HCFA/CMS-2552 cost reports in the ACID database. EDS will continue to obtain ECR files from the Medicare intermediary or other source approved by HHPRD.
- File Cost Report Accesses, Generations, and Loads:** The EDS cost report information solution, described above, loads filed cost report data into the FCID database for easy access. The solution provides the ability to edit, calculate, and generate a complete cost report. The Cost Report Viewer subsystem in the Card File application provides options for partial or complete cost report printing.
- Settlement Worksheet Online Views:** The EDS HCS application, described above, enables auditors to view settlement worksheets on the screen before printing the data.
- Data Availability Schedules:** The EDS applications and databases supplied with this contract are available 24 hours a day, seven days a week, except during brief, prescheduled maintenance periods. EDS schedules maintenance periods outside of the agency's normal working hours.
- Reports and Calculations:** EDS will process ad hoc reports or calculations HHPRD requests. EDS will develop and execute ad hoc queries, as prioritized by HHPRD, to produce reports of related database table file information. EDS

realizes that ad hoc reports are used, among other things, to support and complement HHPRD's decision-making process and, therefore, subject matter experts will be available to provide prompt assistance to estimate, define, analyze, create, test, and deliver ad hoc reports. These reports will be customized in content, layout, and format as required for HHPRD. Developer tools such as: MS Query, MS Query Analyzer, MS Enterprise Manager, MS Office Suite, and the MS .NET technology will be used to rapidly develop ad hoc reports. MS SQL 2000 Server databases, tables, and stored procedures will be electronically available to develop ad hoc reports requested by HHPRD in a consistent and timely manner. See the Special Report Generation section, above, for examples of specific special reports EDS regularly generates, such as QAAP and profit/loss reports.

4.4.1.1.2 Supplemental Recommendations

EDS recommends that HHPRD consider the following system enhancements.

Data Analysis

EDS suggests that HHPRD consider an additional method of comparison that would enable the HHPRD to analyze data in different ways. EDS proposes to discuss with HHPRD a future enhancement to add MS Excel templates that are designed to extract data from Settlement and Payment Procession (SPPS) section systems that would provide Pivot Tables, thus allowing dynamic querying of data. Pivot Tables provide the ability to summarize large amounts of data into a compact format. Pivot Tables also allow for determination of relationships within a large amount of data that would otherwise be difficult to see because of the amount of detail. SPPS Analysts would use the Pivot Tables to view data in a cross table layout with three axes, rows, columns, and filter. The Pivot Tables would allow SPPS Analysts to pivot or drag data items between row, column and filter axes, thereby providing many different views of the data.

By providing Pivot Table functionality, the SPPS would possess an exceptional resource with which to make well-informed decisions. This future enhancement would enable the SPPS to look at and analyze data in virtually hundreds of different ways. This enhancement is not included in the estimate in the Project Work Plan portion of this proposal.

Card File Upgrade

The information available in the Card File is used by all HHPRD staff and also by other authorized users outside of HHPRD. While it is not difficult to distribute the Card File application to local and remote users, problems occasionally arise when users in other departments have obsolete computer hardware or software. EDS suggests that HHPRD consider moving some of the Card File features to the State's intranet as a future enhancement. A Web-based approach will provide greater accessibility of data and remove many of the problems associated with distributing applications to users having obsolete computer hardware or software. Some Card File subsystems, such as the Cost Report Viewer, could be upgraded during this process to enhance search and navigation capabilities. While this project is not a part of the work plan estimated and submitted with the proposal, EDS is available to discuss this recommendation at HHPRD's convenience.

4.4.1.2 Hospital Rate Setting Section

4.4.1.2.1 Inpatient Hospital Rate Setting

EDS shall provide the Hospital Rate Setting Section (HRSS) with on-site support to develop and maintain a complete Inpatient Hospital Rate Setting (IHRS) system. EDS will work in coordination with the HRSS to define and document detailed system requirements. EDS proposes that the IHRS system be part Windows desktop application and part intranet application. EDS will select the appropriate technology including MS .NET and SQL Server Reporting Services for development of the new IHRS system. By selecting the appropriate technology, EDS will ensure that the software used to develop new applications will continue to be supported by the software vendor, and also that new features of these new technologies will be used to their greatest extent to enhance HRSS' decision-making capability.

With its extensive knowledge of HRSS processes and current systems functionality, EDS will verify that the new IHRS system works in coordination with existing systems to provide a comprehensive suite of applications to assist the HRSS in its decision-making processes.

4.4.1.2.1.1 Tasks

This section highlights the specific tasks involved in supporting a complete rate setting system, as included in the ITB. Where applicable, we have supplemented the list with additional steps.

- a. *The system should be linked to the card file system for changes in hospital status such as name changes, mergers, closures, new hospitals or units within existing hospitals, changes in provider numbers, etc.*

The Card File system is the central system that is used to maintain information about hospitals, providers, filed cost report information, audited cost report information, and gross adjustment information. The IHRS system will be linked to the Card File system for changes in hospital status such as name changes, mergers, closures, new hospitals or new units in existing hospitals, and changes in provider numbers. EDS will verify that the new IHRS system is linked to the Card File system for hospitals, providers, provider types, and cost report information used in the rate setting process. This will reduce the duplication of data and will build on the investment the HHPRD has made in the Card File system and the HHPRD database. This will also provide the means by which changes in plan status from within the Card File system can be automatically available in the new system. The link with the Card File system is not merely one-way, however, because as data is saved in the IHRS system, the Card File system will be able to reflect the changes. This includes the ability of the Card File system also to display the rates.

- b. *There should be a written operating policy on the procedures used to set the rates detailing the rate setting computerization.*

EDS will work with the Hospital Rate Setting Section to develop complete and accurate system and process documentation detailing the IHRS system and steps in using the system for the rate setting process. EDS will use the EDS Knowledge Base for storing the system and process documentation. The EDS KB provides convenient and easy Web access to documentation, including text search capabilities.

- c. *The rate setting system must also be capable of accommodating new policy changes for future rate setting purposes.*

EDS currently provides the HRSS with applications that are easily enhanced and modified for changes in State Medicaid policy. EDS will work with the Hospital Rate Setting Section to design the system to be flexible to accommodate new policy changes.

d. The rate setting system should also store all rates for every price period in the database by creating a rate history file, which is accessible via a windows front end and usable by other windows applications.

EDS will design the IHRS system to enable the HHRS to store the rates and supporting data, including DRG Prices, Per Diem Rates, Inpatient and Outpatient Ratios, and Outpatient Adjustors in the HHPRD Hospital database as a rate history file, because the system will be used to store all capital rates for every price period. By storing the data in the HHPRD database, EDS will verify that the data is easily accessible to HRSS staff. EDS will retain the data in the HHPRD for as long as the HHPRD deems necessary. This will also ensure that the rate setting data will be included in the existing database backup and recovery procedures. EDS will follow the same guidelines as it has in the past to store the rate setting data as required by HHPRD. Section 4.3, Technical Environment, contains further information regarding database maintenance and administration.

e. The system must be capable of providing FOI (Freedom of Information) requests when requested.

Because of the Freedom of Information Act (FOIA), it is also possible, that the rate setting data is required for purposes beyond those of the State of Michigan. EDS will work with the HRSS to identify standard reports that can be used for FOI requests. Because of the nature of FOIA, it is conceivable that the standard pre-defined reports may not meet the requirements of every FOI request. EDS will provide support for these requests by generating ad hoc reports.

f. The system must be capable of producing adhoc management reports.

To provide hospitals with documentation supporting the rate settings, the HRSS must be able to generate the following reports and letters: Consultation Bulletin, Individual Hospital Rates including DRG Rates, and Per Diem Rates, Cover Letter, Rate Comparison, DRG Threshold, Statewide Relative Weights, Cost to Charge Ratios, Budget Impact, and Rate Calculations. EDS will work with HRSS to determine the requirements for supporting documentation and will develop the functionality to generate these reports and letters either through the MFR intranet or through form letters in the IHRS system. In addition, as requested and prioritized by the HRSS, EDS will generate ad hoc reports that can be sent to hospitals in support of the rate setting.

EDS will develop and execute ad hoc queries, as prioritized by the HRSS, to produce reports of related database table file information. EDS realizes that ad hoc reports are used, among other things, to support and complement the HRSS decision-making process and, therefore, subject matter experts will be available to provide prompt assistance to estimate, define, analyze, create, test, and deliver ad hoc reports. These reports will be customized in content, layout, and format as required for the HRSS. Developer tools such as: MS Query, MS Query Analyzer, MS Enterprise Manager, MS Office Suite, and the MS .NET technology will be used to rapidly develop ad hoc reports. MS SQL 2000 server databases, tables, and stored procedures will be

electronically available to develop ad hoc reports requested by the HRSS in a consistent and timely manner.

EDS will enhance and improve the current ad hoc report development process for compliance with requirements. The development process not only guarantees the consistent creation of ad hoc reports but also electronic access to previously developed ad hoc reports.

g. The system should be capable of identifying all provider numbers and types.

The IHRS system will be linked to the Card File system. This link will provide the capability to identify all related provider numbers and provider types that will be used in the rate setting process.

h. The system should be capable of insuring the reliability of the data used, its source, e.g., its completeness, accuracy, consistency, validity, and timeliness of receipt.

EDS understands the significance of the reliability of data used in determining rates. Without reliable data, rates will not be set in a manner that ensures proper and adequate funding for the hospitals that participate in the States' Medicaid programs. EDS will provide the IHRS system with functionality that performs validations on data. By performing these validations, the IHRS system will be capable of verifying data completeness, accuracy, and consistency.

Another significant concern in regards to rate setting is the timeliness of the receipt of data. EDS proposes tracking the date and time of the receipt of data and the creation of reports that can be used to determine missing or late information necessary for the rate setting process.

EDS will work with the HRSS to define and document specific validation and report requirements for the IHRS system to achieve completeness, accuracy, consistency, validity and timeliness of receipt of rate setting data.

i. Some of the major steps that are involved in the rate setting process include the following:

- *Data gathering (cost reports, CMS website)*
- *Paid claims data*
- *Calculating the rates and relative weights*
- *Verifying the appropriateness and correctness of the rates*
- *Data must be easily accessible and retained on line as long as the Division deems necessary, at which time the data may be moved to some kind of off-line storage.*
- *Produce the rates and any supporting documentation that is sent to the providers, including but not limited to, the cover letter, rate calculations, supporting documentation as required, etc.*
- *Capability for the comparison of data between different fiscal year ends, different hospitals, or different programs.*
- *Ability to abstract subsets of the information stored in the database for analysis.*
- *DRG Prices, Per Diem Rates, I/P and O/P ratios, O/P adjustors, etc. need to be automatically sent to the table files, and the Division's Card File System.*

There are many functional areas in the process of determining and setting rates, which includes gathering data from other systems; processing data from other systems; providing reports; providing the ability to view, analyze, edit and perform calculations on the data; providing the ability to extract portions of the data used in the calculations; and providing the ability to verify the validity and reliability of the data involved in the process.

The gathering of data from other systems includes the loading of data from other systems with which there is currently no direct interfaced, and the direct interfacing to other systems such as Card File for data. EDS will develop functionality in the IHRS system to provide the HRSS with the capability to load paid claims data files from the State of Michigan paid claims database, and Audited Hospital Wage data files from the CMS Web site. EDS will verify that all data required for determining and setting rates will be gathered and stored appropriately in the HHPRD database. EDS can verify this because of its long history of successfully working in close coordination with HRSS staff to determine and document detailed data gathering requirements.

Through the functionality provided in the IHRS system, EDS will provide the HRSS with an automated process to calculate rates and relative weights. The IHRS system will process the data that has been gathered from other systems and provide accurate, reliable rates and relative weights. Once again, the need for collaboration and comprehension of requirements between EDS and the HRSS becomes a very important step in the process of developing a reliable system. Also once again, EDS' past successes prove its ability to provide a new system that is capable of providing the HRSS with the functionality that will enable it to determine accurate and reliable rates and relative weights.

Gathering data and performing calculations on that data is not enough to provide accurate and reliable rates. When data has gathered from external and internal sources, the HRSS will analyze, review, edit, and perform calculations on the data to determine the appropriateness and correctness of the rates. To enable this, EDS will provide screens in the IHRS system that allow the HRSS Auditor to display, edit, and analyze inflation factors, salary and wage data, DRG Grouper information, cost adjustor data, paid claims data, rate comparison data, DRG threshold data, hospital closes and mergers, relative weight data, and providers.

Along the same lines as analyzing the data through screens in the IHRS system, the HRSS must be able to analyze abstract subsets of the information stored in the HHPRD database. The HRSS also requires that the system enable comparisons of data between different fiscal year ends, different hospitals, or different programs. EDS will provide these capabilities in two ways; through ad hoc report generation and through development of standard reports using MS SQL Server Reporting Services. EDS will design the standard reports so that they may be accessed through the MFR intranet so that the HRSS may run these standard reports at any time.

Training

EDS will provide training to the HRSS staff on the use of newly developed applications and on the use of modifications to existing applications so that the HRSS staff can use new functionality to its fullest extent.

4.4.1.2.1.2 Supplemental Recommendations

EDS recommends that HHPRD consider the following system enhancements.

Audit Tracking

EDS will develop the IHRS system to automatically perform audit tracking of information such as timing of data loads, user modification of data, and user access of the application.

Data Analysis

EDS suggests that the HRSS consider an additional method of comparison that would enable it to analyze data in different ways. EDS proposes to discuss with the HRSS a future enhancement to add MS Excel templates in the IHRS system that would provide Pivot Tables, thus allowing dynamic querying of data. Pivot Tables enable large amounts of data to be summarized into a compact format. Pivot Tables also allow for determination of relationships within a large amount of data that would otherwise be difficult to see because of the amount of detail. HRSS Analysts would use Pivot Tables to view data in a cross-table layout with three axes, rows, and columns, and filter. The Pivot Tables would enable HRSS Analysts to pivot or drag data items between row, column and filter axes, thereby providing many different views of the data.

By providing the Pivot Table functionality, the HRSS would possess an exceptional resource with which to make well-informed decisions. This future enhancement would enable the HRSS to look at and analyze data in virtually hundreds of different ways. This enhancement is not included in the estimate in the Project Work Plan subsection of Section 5.0, Project Plan.

4.4.1.2.2 Capital Rate Setting

EDS will provide the Hospital Rate Setting Section (HRSS) with on-site support to develop and maintain a Capital Rate Setting (CRS) system. EDS will work with the HRSS to define and document detailed system requirements. EDS will select the appropriate technology including MS .NET and MS SQL Server Reporting Services for development of the new CRS system. By selecting the appropriate technology, EDS will ensure that the software used to develop new applications will continue to be supported by the software vendor, and also that new features of these new technologies will be used to their greatest extent to enhance HRSS' decision-making capability.

4.4.1.2.2.1 Tasks

The following highlights the specific tasks involved in supporting a capital rate setting system, as stated in the ITB. Where applicable, we have supplemented the list with additional steps.

- a. The system should be linked to the card file system for changes in hospital status such as name changes, mergers, closures, new hospitals or units within existing hospitals, changes in provider numbers, etc.*

EDS will maintain the integrity of the data used in the CRS system by verifying that a data link exists between applications such as Card File, thereby providing the most up to date data available. This will verify that changes in plan status such as changes in facility name, mergers of facilities, closures of facilities, and changes in provider numbers are managed accurately in the settlements created through the CRS system.

EDS understands the current situation, wherein HRSS requests that capital cost data be extracted for DRG Hospital and Rehab facilities so that they can determine capital rates. EDS then performs several data pulls of filed electronic cost report data combined with data from State-specific forms, to provide an Excel spreadsheet containing three worksheets: DRG, Rehab Per Diem, and FSR capital costs to the HRSS. In the process of extracting data for the three worksheets, EDS must work with HRSS staff to resolve issues in hospital status. Considerations such as hospital closings, mergers, and name changes require modification of the data pull

functionality so that the data in the worksheets is accurate. When the data pull portion of the process is completed, the HRSS Auditor uses the information in these worksheets during the process of determining the capital rate. EDS will develop and implement a CRS system that will assist the HRSS by automating this process.

Part of the functionality that will be essential in the automated CRS system will be the ability for HRSS Auditors to deal with and resolve issues with hospital mergers, closings, and name changes. EDS proposes to provide functionality in the CRS system that will generate a report of the issues that arise when hospitals are merged, closed, or undergo name changes. Functionality in the system will enable HRSS Auditors to indicate two facilities as being merged, a facility as being closed, and a facility as having changed its name. When these issues have been dealt with, HRSS Auditors will be able to generate the three worksheets containing the DRG, Rehab Per Diem and FSR capital costs.

b. There should be a written operating policy on the procedures used detailing the capital rate computerization – data gathering and calculations.

EDS will work with the HRSS to develop complete and accurate system and process documentation detailing the CRS system and steps when using the system for the rate setting process. EDS will continue to use the EDS KB for storing system and process documentation. The EDS KB provides convenient and easy Web access to documentation, including text search capabilities.

c. The capital rate system will be capable of accommodating new policy changes for future rate setting purposes.

EDS currently provides the HRSS with applications that are easily enhanced and modified for changes in State's Medicaid policy. EDS will work with the HRSS to design the system to be flexible to accommodate new policy changes.

d. The capital rate system should also store all capital rates for every price period in the database by creating a rate history file, which is accessible via a windows front end and usable by other windows applications.

EDS will design the CRS system to enable the HHRS to store the rates and supporting data in the HHPRD database as a rate history file because the system will be used to store all capital rates for every price period. Storage of data in the HHPRD database will make it is easily accessible to the HRSS staff for future retrieval, reference, changes, modification, or simulation. EDS will verify that data stored in the HHPRD will be retained as long as the HHPRD deems necessary. This will also verify that rate setting data will be included in the existing database backup and recovery procedures. EDS will follow the same guidelines as they have in the past so that the rate setting data is being stored as is required by the HHPRD. Section 4.3, Technical Environment, presents further information regarding database maintenance and administration.

- e. The system must be capable of providing FOI (Freedom of Information) requests when requested.*

Because of the Freedom of Information Act (FOIA), the rate setting data may be required for purposes beyond those of the State of Michigan. EDS will work with the HRSS to identify standard reports that can be used for FOI requests. Because of the nature of the FOIA, it is possible that the standard pre-defined reports may not meet the requirements of every FOI request. EDS will provide support for these requests by generating ad hoc reports.

- f. The system should be capable of identifying all provider numbers and types.*

The CRS system will be linked to the Card File system. This link will enable the identification of all related provider numbers and provider types that will be used in the rate setting process.

- g. The system should be capable of insuring the reliability of the data used, its source, e.g., its completeness, accuracy, and consistency.*

EDS will work with the HRSS staff to determine and document further detailed requirements regarding the processing that HRSS Auditors perform while using the capital cost spreadsheets to determine and set a capital rate. Because of its long history of developing and implementing accurate, reliable systems for the HRSS, EDS can verify that the CRS system will meet all of the documented needs of the HRSS for a capital rate setting system.

4.4.1.2.3 State Psychiatric Hospital Settlement

4.4.1.2.3.1 Tasks

The following highlights the specific tasks involved in supporting a State Psychiatric Hospital Settlement (SPHS) system, as stated in the ITB. Where applicable, EDS has supplemented the list with additional steps.

The HRSS Auditor utilizes the SPHS system to pull together Filed and Audited cost report data, along with the paid claims data to create worksheets detailing the information that is required to calculate and support a settlement. The SPHS system calculates the settlement and produces the following schedules:

- a. Data Accumulation Worksheets* – The SPHS system pulls the Paid Claims data into the Paid Claims Report worksheet where additional paid claims data can be manually entered.
- b. Audit Adjustment Reports* – The SPHS system allows the user to view required claims and cost report data side by side in order to determine the proper reclassification of charges. The SPHS system allows user entry of and storage of an adjustment reference and adjustment notes. The charge categories are grouped into several sections, ancillary, outpatient, reimbursable, routine, days, discharges, and payments.
- c. All settlement schedules including the following HCFA 2552 forms:*
 - i) Worksheet D – Part I* – This worksheet contains the Apportionment of Inpatient Routine Service Capital Costs. The worksheet extract data from the HHPRD database and does not contain user-enterable fields.

ii) Worksheet D – Parts II & III – These worksheets contain the Apportionment of Ancillary Service Capital Costs. These worksheets extract data from the HHPRD database and do not contain user-enterable fields.

iii) Worksheet D – Part IV & V – These worksheets contain the Apportionment of Ancillary Other Pass-Through Costs. These worksheets extract data from the HHPRD database and do not contain user-enterable fields.

- *Worksheet D – 4* – This worksheet contains the Apportionment of Ancillary Service Cost Apportionment. This worksheet extracts data from the HHPRD database and does not contain user-enterable fields.
- *Worksheet D – 1; Parts I & II* – These worksheets contain the Computation of Inpatient Operating Costs.
- *Worksheet D – 1; Part I* does not contain user-enterable fields; however, *Worksheet D – 1; Part II* contains editable fields for HRSS Auditors to enter data to be used in the calculation of the payment amount. The Provider Reimbursement Manual, Part 2 (CMS-Pub. 15-2) §3622.2. Part II - Hospital and Subproviders Only, discusses the rules to follow when entering values into Line 58.01 and Line 58.02. EDS worked directly with HRSS staff to verify that the same rules were followed when determining the calculation of the Incentive Payment for Efficiency (Line 58.03) and Training and the Relief Payment (Line 58.04), and Allowable Inpatient Cost plus Incentive (Line 59).
- *iv) Worksheet E – 3; Part IV* – This worksheet contains the Computation of Graduate Medical Education Costs. This worksheet does not contain user-enterable fields.

d. Calculation of Medicaid’s Share of Direct Graduate Medical Education Costs – This value is calculated on Settlement Worksheet, Line 4.

e. Notice of Amount of Program Reimbursement (NAPRs) – The creation of the NAPR letters is currently a manual process; however, EDS proposes to enhance the SPHS system with NAPR form letters that can be generated and recreated as needed.

f. Reimbursement Letters – The creation of the Reimbursement Letters is also currently a manual process. EDS proposes to enhance the SPHS system with Reimbursement form letters that can be generated and recreated as needed.

g. Payment & Inventory Logs – The HRSS needs the ability to view payment log information regarding settlements that have been made to State Psychiatric Hospitals. The Card File application provides this functionality in Logs that include payment information, and also provides the Gross Adjustments tab, which is used to display many different types of payments, including settlements. The HRSS also needs the ability to view Inventory Logs. EDS will work with the HRSS staff to define detailed requirements for Inventory Logs and, if appropriate based on the requirements, will provide this functionality through new screens in the Card File application or through the SPHS system.

h. Quarterly Payment Calculation Worksheets – This information is contained in the Audit Adjustment Report worksheet.

i. TEFRA Rate Calculation Worksheets – This information is contained in Worksheet D - 1; Part II.

j. The settlement data must be stored in a database, which allows for view, revisions, comparisons between years, and be available for internal and external purposes.

EDS will verify that the functionality provided through the SPHS system accurately stores the settlement information in the HHPRD database, thereby allowing for access of the data for internal and external purposes. Potentially, other bureaus or administrations in the State may need access to the information contained in the SPHS system and network. These bureaus and administrations may be in the same domain or on a different domain of the State network. When the HRSS identifies a need to share information, EDS will respond by loading the appropriate HRSS application client software or creating shortcuts or favorites on the new user's computer. If network permissions must be established, EDS will work with DIT to complete all configurations. EDS will work with the new user to successfully establish access to the HRSS systems and network.

k. There will be a written operating policy on the procedures used detailing the computerized system.

The HRSS requires that a documented operating policy exist of the procedures used detailing the computerized system. EDS has written system-operating policies, and has stored them on the KB. The KB, accessible through the intranet, contains documentation of the system functionality. The KB provides the HRSS with a Web based search engine and index that can be used to quickly find business process or system information contained in hundreds of documents and files.

l. The system will be linked to the card file system for changes in plan status such as name changes, mergers, closures, changes in provider numbers, etc.

The SPHS system allows the HRSS to determine State Psychiatric Hospital settlements by enabling them to combine cost report, paid claims, and other data, such as facility name, Medicare Number, fiscal year end, and provider numbers, stored in the HHPRD database. EDS will maintain the integrity of the data used in the SPHS system by verifying that the data link between applications such as Card File provides the most up-to-date data available. This will verify that changes in plan status such as changes in facility name, mergers of facilities, closures of facilities, and changes in provider numbers will be managed accurately in the settlements created through the SPHS system.

m. The cost settlement system will accommodate new policy changes for future settlement purposes.

The cost settlement system must also be capable of accommodating new policy changes for future settlement purposes. EDS will also work with the HRSS so that policy changes that affect current applications are addressed and implemented as prioritized by the HRSS.

n. The system will provide FOI (Freedom of Information) requests when requested.

Because of FOIA, it is possible that the settlement data will also be required for purposes beyond those of the State of Michigan. EDS will generate ad hoc reports as required to provide data that is requested through the HRSS for FOI requests. MS Query, MS Query Analyzer, MS Enterprise

Manager, MS Office Suite, and the MS .NET technology are some of the development tools available to EDS to rapidly develop ad hoc reports. MS SQL 2000 server databases, tables, and stored procedures will be electronically available to develop ad hoc reports requested by the SPS in a consistent and timely manner. EDS will enhance and improve the current ad hoc report development process for compliance with requirements. The development process guarantees not only consistent creation of ad hoc reports but also electronic access to previously developed ad hoc reports.

4.4.1.2.4 Special Health Plan Cost Settlement

The following paragraphs highlight the specific tasks involved in supporting the special health plan cost settlement system, as stated in the ITB. Where applicable, EDS has supplemented the list with additional steps.

4.4.1.2.4.1 Tasks

- a. The system should be linked to the card file system for changes in plan status such as name changes, mergers, closures, changes in provider numbers, etc.*

EDS has already designed and developed a cost settlement system that will be used to determine settlements for the special health plans. EDS will maintain the integrity of the data in the special health plan cost settlement system by verifying that the data link between applications such as Card File provides the most up-to-date data available. This will verify that changes in plan status such as changes in facility name, mergers of facilities, closures of facilities, and changes in provider numbers will be managed accurately in the settlements created through the special health plans cost settlement system. This link with Card File also enables identifying such items as proper fiscal periods, provider numbers, and provider types to create accurate settlements in the cost settlement system.

- b. There should be a written operating policy on the procedures detailing the cost settlement computerization.*

EDS has written complete system-operating policies for the new cost settlement system and has stored them on the KB, which is accessible through the intranet and contains documentation of system functionality. The KB provides the HRSS with a Web-based search engine and index that can be used to quickly find business process or system information in hundreds of documents and files.

- c. The cost settlement system must accommodate new policy changes for future settlement purposes.*

The cost settlement system must also be capable of accommodating new policy changes for future settlement purposes. By understanding and keeping common HHPRD goals such as this in mind during all phases of the development of the new cost settlement system, EDS will be able to address and implement policy changes that affect current applications, as prioritized by the HRSS.

- d. The settlement data must be stored in a database, which allows for view, comparisons between years and for producing ad hoc reports as needed for management purposes.*

Part of the new cost settlement system entailed the development of a new database table structure to support the storage of the data required to determine a settlement for the special health plans. EDS developed an effectively normalized database structure giving the ability to view, compare data between years, and provide ad hoc reports, as is required by the HRSS. This also enables reports required for FOI requests to be generated quickly and accurately when needed.

Ad hoc reports are also used to support and complement the HRSS' decision-making process, and subject matter experts will be available to provide prompt assistance to estimate, define, analyze, create, test, and deliver ad hoc reports. These reports will be customized in content, layout, and format, as required by HRSS. MS Query, MS Query Analyzer, MS Enterprise Manager, MS Office Suite, and the MS .NET technology are some of the development tools available to EDS for rapid development of ad hoc reports. MS SQL 2000 server databases, tables, and stored procedures will be electronically available to develop SPS-requested ad hoc reports in a consistent and timely manner. EDS will continue to enhance and improve the current ad hoc report development process for compliance with requirements. The development process guarantees not only the consistent creation of ad hoc reports, but also electronic access to previously developed ad hoc reports.

e. The system must be capable of providing FOI (Freedom of Information) requests when requested.

Because of the FOIA, it is also possible that the settlement data may be required for purposes beyond those of the State of Michigan. EDS will generate ad hoc reports as required to provide data that is requested through the HRSS for FOI requests. MS Query, MS Query Analyzer, MS Enterprise Manager, MS Office Suite, and the MS .NET technology are some of the development tools available to EDS for the rapid development of ad hoc reports. MS SQL 2000 server databases, tables, and stored procedures will be electronically available to develop SPS-requested ad hoc reports in a consistent and timely manner. EDS will continue to enhance and improve the current ad hoc report development process for compliance with requirements. The development process guarantees not only the consistent creation of ad hoc reports, but also electronic access to previously developed ad hoc reports.

f. The system should be capable of identifying all provider numbers and types.

The cost settlement system will be linked to the Card File system. This link will enable the identification of all related provider numbers and provider types that will be used in the rate setting process.

g. The system must be able to produce the settlement and any supporting documentation that is sent to the providers, including but not limited to, the cover letter, rate calculations, supporting documentation as required, etc.

The HRSS requests that the new system enable the production of cover letters, rate calculations, and other support documentation for the settlement. EDS developed the cost settlement system with the capability to print settlement-supporting documentation, including data accumulation worksheets such as the cost report, quarterly report, and settlement schedule. EDS will enhance the cost settlement system to enable the generation of a cover letter and reimbursement letters for

a settlement. EDS will enhance the system, providing new submenu options in the applications settlement menu that is currently available for a settlement. EDS will provide the Reimbursement Letters and the Cover Letters menu options, which will use form letters to be populated with data from the currently displayed settlement. EDS will also provide the capability in the system to produce rate calculation data the HRSS may need to send to providers. EDS will work with HRSS to define detailed requirements for this new functionality so that the system provides rate calculation data the HRSS needs.

h. The system must have the capability for the comparison of data between different fiscal year ends, different hospitals, or different programs.

The HRSS also requires that the system be capable of comparing data between different fiscal year ends, different hospitals, or different programs. Using MS SQL Server Reporting Services, EDS will work with the HRSS to define standard reports that will provide the comparison functionality HRSS requires. EDS will design the standard reports to be accessed through the MFR intranet so that the HRSS may run these standard reports at any time.

i. The system needs to be automatically link settlement information to the Division's Card File System.

The link with the Card File system is not only one-way; the new cost settlement system automatically links supporting settlement information to the Card File system as it is updated from the cost settlement system, thereby enabling the Card File system to reflect the change; for example, when a cost report is created in the new cost settlement system, the Filed Cost Reports tab in the Card File system will display an entry for it. Also, when the cost report is accepted in the new cost settlement system, the Filed Cost Reports tab in the Card File will show in the Date Verified column the date on which the cost report was accepted.

j. Some of the major steps that are involved in the rate setting process include the following:

i) Data accumulation worksheets.

ii) The settlement schedules.

iii) The reimbursement letters.

iv) The payment logs.

EDS has developed a cost settlement system that includes cost report and quarterly report worksheets that are used to accumulate data to be used in a settlement. The cost settlement system contains a settlement worksheet that uses accepted cost report data. The settlement worksheet also gathers Gross Adjustment data for use in the payments section of the settlement schedule.

EDS will work with HRSS to determine the requirements for reimbursement letters and will verify that the cost settlement system has the functionality to generate these letters.

EDS understands that HRSS must be able to view payment log information about settlements that have been made for the special health plans. The Card File application provides this functionality in Logs, which includes payment information; it also provides the Gross

Adjustments tab, which is used to display many different types of payments, including settlements.

Training

EDS will provide training to HRSS staff about the use of newly developed applications and in the use of modifications to existing applications so that HRSS staff can use new functionality to its fullest extent.

EDS will develop enhancements and updates to the special health plans cost settlement system as prioritized by the HHPRD. EDS will evaluate the system and inform the State if the existing project's priorities, staffing, hardware, or software will be affected by addressing enhancements or updates to the cost settlement system.

4.4.1.2.4.2 Supplemental Recommendations

EDS recommends that HHPRD consider the following system enhancements.

Data Analysis

EDS suggests that HRSS consider an additional method of comparison that would enable it to analyze data in different ways. EDS proposes to discuss with HRSS a future enhancement to add MS Excel templates to the special health plan cost settlement system that would provide Pivot Tables, thus allowing dynamic querying of data. Pivot Tables enables large amounts of data to be summarized into a compact format. Pivot Tables also enables determination of relationships within a large amount of data, which would otherwise be difficult to see because of the amount of detail. HRSS Analysts would use the Pivot Tables to view data in a cross table layout with three axes, rows, and columns, and filter. The Pivot Tables would enable HRSS Analysts to pivot or drag data items among row, column and filter axes, thereby providing many different views of the data.

With Pivot Table functionality, HRSS would possess an exceptional resource with which to make well-informed decisions. This future enhancement would enable HRSS to look at and analyze data in virtually hundreds of different ways. This enhancement is not included in the estimate in the Project Work Plan subsection of Section 5.0, Project Plan.

4.4.1.3 Special Program Section

EDS will provide on-site technical support to the HHPRD SPS to maintain and enhance the various software applications it uses and the processes it follows. We will enable SPS staff to effectively perform the required business functions using these applications according to the requirements outlined in Section 4.3, Technical Environment.

EDS will maintain and modify existing applications to improve automation and manage policy changes. EDS will upgrade existing systems, where applicable, using the appropriate technology and the most contemporary software available, including MS .NET technology.

EDS will develop enhancements and updates to SPS systems as prioritized by HHPRD. EDS will evaluate and inform the State if the existing project priorities, staffing, hardware, or software will be affected by addressing enhancements or updates to SPS systems. By upgrading the existing applications, EDS will provide -SPS with the benefit of new features that are available to help

them with their decision-making capability. EDS will also work with SPS to address and implement policy changes that affect current applications, as prioritized by SPS.

The following paragraphs highlight the specific tasks involved in supporting the special program items included in the ITB. Where applicable, EDS has supplemented the list with additional steps.

4.4.1.3.1 Tasks

The SPS applications work in conjunction with one another to provide an extensive system that supports SPS processes. By applying their extensive background and detailed knowledge of SPS processes and applications, EDS will maintain each of these applications so that the individual pieces will continue to function as a part of the whole system. EDS will also use the most contemporary software available, including MS .NET, to enable data sharing among the SPS applications.

Technical Support

EDS will provide on-site technical support to SPS staff for accessibility to SPS applications.

In general, EDS will provide support to:

- Maintain and administer (backup, upgrade, and monitor) the central database. Refer to Section 4.3, Technical Environment, for information regarding database maintenance and administration.
- Maintain and administer (backup, upgrade, and monitor) the servers. Refer to Section 4.3, Technical Environment, for information regarding server maintenance and administration.
- Maintain and modify the database to manage policy changes. Refer to Section 4.3, Technical Environment, for information regarding database maintenance and administration.
- Install and maintain application software on SPS staff hardware. Refer to Section 4.3, Technical Environment, for information regarding installation and maintenance of application software on SPS staff hardware.
- Provide application systems network security for SPS staff. Refer to Section 4.3, Technical Environment, for further information regarding application systems network security.
- Maintain network connections and work with Department network personnel to resolve common network issues and problems (GroupWise, CD-Rom access, access to other servers as authorized). Refer to Section 4.3, Technical Environment, for information regarding network connection maintenance.
- Develop and implement new applications into the existing system to improve automation and to account for changes in program policy and procedures. EDS will work with SPS staff to analyze current processes to determine those that can be automated to improve timeliness and data accuracy. EDS will select the appropriate technology including MS .NET technology for development of new applications in the existing system. By selecting the appropriate technology, such as MS .NET, EDS will ensure that the software used to develop new applications will continue to be supported by the software vendor into the future.
- Develop and execute ad hoc queries, as prioritized by SPS, to produce reports of related database table file information. EDS realizes that ad hoc reports are used to support and

complement the SPS decision-making process; therefore, subject matter experts will be available to provide prompt assistance to estimate, define, analyze, create, test, and deliver ad hoc reports. These reports will be customized in content, layout, and format as required for SPS. MS Query, MS Query Analyzer, MS Enterprise Manager, MS Office Suite, and MS .NET technology are some of the development tools available to EDS to rapidly develop ad hoc reports. MS SQL 2000 server databases, tables, and stored procedures will be electronically available to develop SPS-requested ad hoc reports a consistent and timely manner. EDS will continue to enhance and improve the current ad hoc report development process for compliance with requirements. The development process guarantees not only the consistent creation of ad hoc reports, but also electronic access to previously developed ad hoc reports.

- Develop a new system for Full Cost Providers to complete and file cost reports over the Web directly to the division.
- Provide training to SPS staff about the use of newly developed applications and the use of modifications to existing applications for rapid functional integration into the SPS system as a whole.

EDS will also provide support to enable other bureaus or administrations in the State to access the information contained in the SPS system and network. These bureaus and administrations may be in the same domain or on a different domain of the State network. When SPS identifies a need to share information, EDS will respond by loading the appropriate SPS application client software or creating shortcuts or favorites on the new user's computer. If network permissions have to be established, EDS will work with DIT to complete all configurations. EDS will work with the new user to successfully establish access to the SPS systems and network.

EDS will develop a system for enables Full Cost Providers (FCPs) to complete and file cost reports over the Web directly to the division. There are several solutions to providing this functionality, each with its own advantages and disadvantages.

Solution #1: Provide an Excel-based cost report template application, downloadable from the Web, to be filled in and sent by e-mail to SPS staff for processing.

The FCP would download the cost report template application and enter the required information. The template application would enable the FCP to create a text file containing completed cost report information. The FCP could then e-mail the text file to SPS for processing.

EDS will develop a load application SPS staff can use, on receipt of a cost report text file, to load the cost report into the HHPRD database.

EDS will develop new tables in the HHPRD database to store cost report data. This portion of solution #1 is also required for solution #2.

EDS will modify the FQHC Settlement system to automatically extract cost report data from new tables on creation of a new settlement.

Solution #2: Work with HHPRD to explore the possibility of creating a public Internet Web-based cost report application with built in functionality to submit data directly to the HHPRD

database. This effort must be made in coordination and cooperation with DIT. The cost of additional hardware, software, or other necessary resources to host a public Internet Web site is not included in the pricing of this contract.

The following tables show the advantages and disadvantages of the foregoing proposed solutions:

Solution # 1 – Excel Template on Web	
Advantage	Disadvantage
Less development time and fewer resources required to complete Quicker to implement Works with most standard e-mail systems Provides some of the base functionality that would eventually be required for Solution 2.	Users must download the cost report Excel template application to their local computers Users must send correctly formatted e-mail to the SPS.

Solution # 2 – Web Application	
Advantage	Disadvantage
No FCP local computer configuration required	Requires much more coordination and interaction with DIT than the other solution. A significant portion of the project may need to be coordinated by DIT.
Simplest alternative for FCP and SPS use	More complex to develop and coordinate, thereby requiring a longer development timeline
	Requires FCPs to remain connected to the Internet. FCPs may not have fast Internet access, or a cost may be associated with access time.
	Implementation is more complex

EDS proposes the solution that will use the least amount of development resources and time to complete, while still providing an automated method to process cost reports. Solution #1 will provide this functionality in the shortest timeframe; therefore, EDS proposes Solution #1. EDS recommends continuing discussions with SPS staff regarding Solution #2 as a future enhancement.

4.4.1.3.2 Supplemental Recommendations

EDS recommends that HHPRD consider the following enhancements.

SPS Application Support and Enhancements

The individual SPS applications, their uses, and the requirements they support for SPS are detailed in the following paragraphs:

The Card File application allows SPS staff to monitor FCP annual reporting requirements by providing the functionality of producing the Cost Report Status report, which displays the number of cost reports that are due, the number that have been received, and the status of each individual cost report. The Card File application also provides SPS staff with access to view payments through the use of the Gross Adjustment History Report. Also through the Card File

application, SPS staff can record the receipt of cost reports and produce reports that help them to make decisions.

The Encounter system enables SPS staff to review paid claims data by processing the Medical Services Administration (MSA) paid claims data and creating Summary, Detail and Duplicate Claims reports. These reports also provide information that can be sent to FCPs in support of the settlement calculation.

EDS proposes to discuss with SPS staff the following two enhancements to the Encounter system, which would provide SPS with a more automated system by eliminating some of the manual processes that currently must take place to produce settlement supporting reports. These enhancements are not included in the estimate in the Project Work Plan subsection of Section 5.0, Project Plan.

The Encounter system processes MSA paid claims data that are created by the SPS Auditor by performing queries against the State's Bi-Query database. These queries result in creating a text file that is processed through the Encounter system. EDS proposes to create a link between the MSA paid claims database and the Encounter system. EDS proposes to then enhance the Encounter system to extract paid claims data directly from the paid claims database and thereby eliminate the manual step of creating the text file.

The Encounter system automatically adds procedure codes to the system when they do not currently exist in the HHPRD database, but appear in the Paid Claims data input file. One of the values that must be determined to automatically add a procedure code is its encounter count value, which is important because it is used to determine whether or not paid claims for that procedure are to be counted as encounters. The encounter count value is determined based on pre-defined criteria, and sometimes the pre-defined criteria do not accurately reflect what is needed by SPS. When this occurs, the SPS Manager requires EDS to modify the procedure codes encounter count value in the HHPRD database.

EDS proposes to modify the Encounter system's Missing Procedure Code search functionality. Currently, the Encounter system allows searches for procedure codes that were automatically added through the processing of paid claims. This functionality provides the SPS Manager with a list of all procedure codes added for a given period. The EDS team proposes to provide the functionality to select a given procedure code from the resulting list and enable the SPS Manager to modify that procedure code's encounter count as needed.

By providing the functionality of the two optional enhancements described above, the EDS team would be improving the timeliness of the Encounter system by further automating the Encounter process.

The Claims Manager application enables SPS staff to review paid claims data by processing the paid claims data and creating Summary and Detail claims reports.

The FQHC Settlement application enables SPS staff to enter cost report and paid claims data information into a settlement format. The FQHC Settlement application allows SPS staff to calculate initial and final settlements for a facility and produces a report that contains the information required to enter the gross adjustment into the Gross Adjustment system. The EDS

team proposes to upgrade this system and its underlying database structure to enhance its effectiveness and also improve the timeliness of future modifications.

FQHC Letters enables SPS staff to create settlement notices. The FQHC Letters application provides templates that extract settlement data from the HHPRD database to create a settlement notice, which is sent with other supporting information, such as the Encounter system's Summary report, to FCPs.

Some of the other most commonly used reports in the SPS system are the Qualified Health Plan (QHP) Report, the Accrual Reporter, Encounters Report, and FQHC Reporter. EDS proposes to upgrade these reports and systems using the appropriate technology including MS .NET and MS SQL Server 2000 Reporting Services. EDS will provide functionality, where applicable, to drill down through the reports, enabling SPS staff to determine the detail needed for their own purposes.

4.4.2 Office of Audit

4.4.2.1 Long Term Care System

EDS will continue to provide on-site technical support to maintain and improve the Long-Term Care System (LTCS) and to maintain the supporting network and databases. EDS will also continue to research and evaluate new technologies, and advise the OA of new opportunities for improved processes and automation as technology changes. EDS offers experienced software developers and systems administrators with in-depth knowledge of OA systems and processes and will apply this experience to proactively develop solutions for the ever-changing business environment.

EDS will continue to work with OA to prioritize requests to update and enhance the LTCS system to further use cost report data, accept input of additional program-specific data, generate a settlement, and maintain data history. EDS will use the latest MS .NET technology to ease the deployment of regular upgrades of LTCS components to OA staff in the Lansing, Fenton, Grayling, and Grand Rapids offices. Refer to Section 4.4.3.1, Long Term Care System, for further information about LTCS deployment and upgrades.

EDS will continue to provide support for Electronic Cost Report (ECR) data collection, validation, loading, storing, and reporting routines, and to make enhancements to improve the accuracy of data returned by providers. EDS will also update supporting applications such as the Audit Plan and Risk Analysis worksheet to address periodic business changes. EDS will continue to develop applications with small, integrated modules that facilitate quick modification as business and policies change. Section 4.4.3.1, Long Term Care System, gives further information about ECR enhancements.

EDS will continue to provide electronic access to the Time Tracking system to accept time input and maintain data history and to provide enhancements as needed. EDS will continue to assist in providing up-to-date dial-up connection software and hardware on laptops used by OA personnel. In cooperation with the DIT, EDS will continue to create new accounts, reset passwords, troubleshoot remote connections, and install software and hardware components that are necessary to access the State network remotely. The Time Tracking system will be available

to OA personnel by remote dial-up access 24 hours a day, 7 days a week, except during scheduled system maintenance.

EDS proactively researched and is developing an interface between OA's Time Tracking system and the State Data Collection Distribution System (DCDS) to eliminate the need for OA personnel to enter time and activity twice. EDS will continue to develop, maintain, and enhance this interface and to suggest new methods to avoid duplication and nonvalue-added processes.

The following section details the specific activities EDS will perform to continue to improve the LTCS, ECR, and Audit Management and Time Tracking systems and their supporting applications.

4.4.2.1.1 Tasks

- 1. Maintain the LTCS application system, Audit Management system, Time Tracking system and newly developed application systems for a minimum of fifty-two (52) workstations/laptops in the Office of Audit with the possibility of more stations being added. The laptops must be able to access the Time Tracking system through remote dial-in access from sites other than the regional offices dial up procedures. The workstations must be available during the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday, and other times by special arrangement. Remote dial-in must be accessible for evening and early morning log in. All must be able to initiate printing of reports by printer.*

EDS will provide on-site technical support and assistance to LTCS for at least 52 workstations or laptops for OA staff members in the Central and Regional offices. When away from State offices, laptop users will have to access the Time Tracking system through remote dial-in access. The workstations will be available between 7 a.m. and 6 p.m., Monday through Friday, and at other times by special arrangement. Remote dial-in will be accessible for evening and early morning log in. Both workstations and laptops will be able to print reports using network printers. Section 4.3, Technical Environment, gives further information about workstation support and maintenance.

As more users are added, EDS will perform an evaluation of existing software and hardware components to assess the impact on the current environment. If additional software or hardware components are needed, a plan for expansion will be created to address the incorporation of those components.

- 2. Modify the database as necessary to reflect policy changes to applicable processes*

EDS understands how crucial it is for OA to be able to make necessary modifications to databases and systems to apply policy changes in a timely manner. The modularized components of the database structure and MFR systems will continue to allow the modification of policy and business changes in short development cycles and with minimal impact to other systems. In addition, EDS will provide OA with the following mechanisms:

- Electronic access to database structures and data via MS Query, MS Query Analyzer, and LTCS reporting applications.

- Security setting and data engine configuration changes and upgrades to workstations, laptops, and servers.
- Direct and prompt access to system administrator and system subject matter experts to make necessary changes at the data, infrastructure, and application levels.
- Online access to processes and systems documentation.

3. *Develop and implement new programs or applications into the existing systems to account for changes in program policy, procedures, and/or simply to improve the present system.*

As changes in policy and procedure occur, EDS will continue to work with OA to identify, develop, and implement system enhancements or new applications. EDS will work with OA to reestablish the priorities of existing projects to complete newly identified higher priority tasks as needed.

4. *Perform ad hoc reporting of database table file information as requested.*

EDS will develop ad hoc reports for OA as requested. Because ad hoc reports are used, among other things, to support and complement the decision-making process, subject matter experts will be available to provide prompt assistance to estimate, define, analyze, create, test, and deliver ad hoc reports. These reports will be customized in content, layout, and format for OA as required. MS Query, Query Analyzer, Enterprise Manager, Office Suite, and the .NET technology are some of the development tools available to EDS to rapidly develop ad hoc reports. MS SQL Server 2000 databases, tables, and stored procedures will be electronically available to develop ad hoc reports requested by the Office of Audit in a consistent and timely manner. EDS will continue to enhance and improve the current ad hoc report development process for compliance with requirements. The development process will guarantee not only the consistent creation of ad hoc reports, but also electronic access to previously developed ad hoc reports, thereby enabling reuse and rapid recreation.

5. *Develop new and improve upon the cost report validation process to make sure cost reports are accurate, mathematically correct, and complete when audited by Office of Audit staff.*

EDS will maintain the current internal ECR edits as well as the data verification performed before cost report data is loaded to the database and will enhance the edits as directed by OA.

6. *Develop, improve, and simplify the tracking log component of the system to allow users to monitor the progress of a filed cost report through the audit, rate setting, and settlement processes.*

The LTCS Workflow application monitors progress of filed cost reports through the audit process. The Rate History component of the LTCS monitors the progress of rates, and reports such as the Settlement Status Report monitors the progress of settlements. To operate effectively, OA requires the ability to constantly make changes to the business rules of these components. EDS built the current LTCS tracking log components in small modules to implement policy or business rules changes in a short time without affecting other systems or components. EDS will maintain the tracking log applications and continue to work with OA to improve and simplify the process of monitoring the progress of cost reports through the system.

The LTCA is maintained, upgraded, and deployed to users on schedule or as needed should a change have to be implemented in a short time. EDS will continue to work with OA to promptly address changes that affect filed cost report tracking log components. Section 4.4.3.1, Long Term Care System, gives further information about business processes and statistics.

7. Develop, improve, and enhance the tracking log component of the Audit Management system that stores pertinent statistical information pertaining to individual assignments such as audit type, auditor(s) assigned, number of hours - both budgeted and actual, cost savings, travel expense, etc. The system should be enhanced to track the flow of audit workpapers and/or related files between offices, to any appropriate review/appeals section, and eventually to record storage.

EDS provided the current Audit Management Web system in response to an OA request to automate and track information pertaining to the audit process. This system currently interacts with the Time Tracking system associating OA personnel time with audit activities. OA uses the Audit Management system to create audits that become immediately available in the Time Tracking system, against which staff members charge time. EDS will enhance the Audit Management system to track additional statistical information, as directed by OA.

EDS will develop a file tracking system to track the flow of audit work papers and related paper files between offices to an appropriate review or appeals section and eventually to record storage. This system will be created as a client-based application available to OA staff in Central and Regional offices.

8. Develop, improve, and enhance the reporting capabilities of the Audit Management system, enabling management to evaluate the performance of the regional offices and the individual auditors assigned to those offices, to quantify results in terms of actual cost savings, and/or to identify problem areas that may need special attention.

The Audit Management system reporting area is used to generate reports that are used in the decision-making process to maximize cost and resource usage. This reporting capability will continue to be expanded as needed. The MS SQL Server 2000 Reporting Services tool is one of the development tools EDS will use to support OA reporting needs. MS .NET technology also will be part of the reporting development platform. Through the use of advanced reporting tools, OA will be able to generate customized reports in shorter time periods. In addition, the reports will continue to have a flexible mechanism for distribution to Central and Regional offices.

9. Develop, improve, and enhance applications designed to assess risk in determining the type and scope of audits to be performed. Variance reports will be designed to do year-to-year comparisons between two cost reports, and to have the capability to compare a cost report against geographic regional average or norm indicators for particular elements of cost or statistics.

EDS will develop a set of statistical analysis reports for LTC facilities not only to perform year-to-year comparisons between two cost reports, but also a cost report comparison against geographic regional average or norm indicators for particular elements or statistics. EDS will use state-of-the-art technology to craft and implement the new reports. The MS SQL Server 2000

Reporting Services tool will be used to capitalize on the dynamic and flexible cost report data set. EDS recommends a Web-based report for efficient deployment and high accessibility.

The LTC Reimbursement and Rate Setting Section also submitted a request for this information, which is documented in Section 4.1.3, Item 4. EDS included one joint project titled Statistical Analysis Report to address this requirement for both groups in the Work Plan submitted with this proposal.

10. Develop, improve, and enhance the audit plan in terms of the conclusions reached by relating it more closely to the risk analysis applications.

EDS will continue to maintain the Audit Plan application and perform enhancements at OA's direction.

11. Develop, improve, and modify the ECR and the database to include additional and more specific statistical information such as salaries for all key personnel and not just owners or administrators.

EDS will enhance the ECR to capture more information from providers, including such items as salaries for key personnel. These enhancements will include the modification of the LTCDB, LTCS, and ECR. The database structure will be changed to store new information, ECR spreadsheets will be added to capture new data, and the LTCS acceptance and intake processes will be modified to process the new data.

12. Provide initial and continuous formal training to Central Office and Field Office staff on the use of the applications designed for the systems (Audit plan creation, variance report generation, settlement process, ad-hoc query and report generation, network administration for field offices, etc.).

EDS will continue to provide training to OA staff about the use of newly developed applications and the use of modifications to existing applications. Subject matter experts will be available to coordinate with OA training sessions as required. Training sessions will include Audit Plan creation, variance report generation, settlement processes, ad hoc query and report generation, and network administration for field offices.

*13. Develop user-friendly guides or manuals describing the functions of each component of the system and how to use those functions or applications. **and***

14. Continue to develop and maintain documentation of the system functioning at the technical level.

As part of the software development process, EDS will continue to develop and maintain documentation of the system functionality at the technical level as well as user-friendly guides or manuals. EDS has developed and will continue to maintain and enhance the KB, accessible through the intranet, which contains business designs, user guides, and service requests information. The KB provides OA with a Web based search engine and index that can be used to quickly find business process or system information contained in hundreds of documents and files.

15. *Develop an electronic cost report for long term care home office reports and enhance the existing system or develop a new central relational database to store home office cost information. The home office cost report is an extension of the long term care facility cost report so the two must be compatible and capable of verifying that the information on both reports are consistent with each other.*

EDS will automate the home office cost report to capture, validate, and submit cost information from participating LTC provider home offices throughout Michigan. EDS plans to implement the project in three phases:

- Home office cost report database.
- Home office cost report user interface.
- Home office cost report back-end processing.

These iterations may be performed in parallel, sequentially, or by using a combination of both. The approach will depend on project priorities and resource availability; however, EDS anticipates automating this process within a 12 month period, allowing it to become fully operational in production mode no later than 18 months from the start. Similar functions provided by the LTC provider cost report will be incorporated in the home office cost report.

EDS proposes the automation of the home office cost report as follows:

Iteration 1, Home office cost report database: EDS will develop a new database to store the home office cost report information, using the existing MS SQL Server 2000 database server. The new database will be designed and developed to host tables, views, stored procedures, security roles, user accounts, and functions. The new database will be independent from other Home Office system components, offering the flexibility of responding to data requests regardless of the technology in the client interface.

Iteration 2, Home office cost report user interface: EDS will develop the home office cost report user interface and also develop mechanisms to deploy the application to provider home offices, submitting cost report data to OA in electronic format.

EDS proposes four alternatives to create the home office cost report interface to allow participating LTC home offices to collect and submit cost information:

1. Spreadsheet application: EDS will develop the OA home office cost report as a spreadsheet application. Distribution and deployment procedures will be through either the state Internet public Web site or CD-ROM disks. The home office cost report spreadsheet system will be developed using MS Excel, designed to be compatible with the most recent two or three versions of MS Excel. The application will create an electronic file containing cost report data. EDS will work with OA to evaluate and select the optimal method of receiving the cost report data file from provider home offices. Possible data upload options include e-mail, upload to a State Web, or mailing in removable disks.

Advantages and disadvantages of this approach are as follows:

Advantages:

- Quicker development than web or client/server application.
- Acceptable response time for complex screens and reports.
- Compatible with current facility cost report spreadsheet application.
- Appropriate technology to perform complex mathematical operations.

Disadvantages:

- Complex distribution and deployment procedures.
- Involved system maintenance and administration.
- Provider home offices must have a current version of MS Excel.

2. Web-based application: EDS will work with OA to analyze development needs and explore options for hosting the home office Cost Report application on the State's public Internet site. This effort would have to be made in coordination and cooperation with DIT. The cost of additional hardware, software, or other necessary resources to host a public Internet Web site is not included in the pricing of this contract.

Advantages and disadvantages of this approach are as follows:

Advantages:

- Easier system distribution and deployment procedures.
- Shorter timeframes to deploy fixes, enhancements, and upgrades.
- Reduced maintenance and administration.
- Less dependence on users' hardware and software configuration.

Disadvantages:

- Single point of failure.
- Longer development time – more coordination of the project with other agencies, such as MDIT.
- Longer system response time for complex screens and reports.
- Possible security threat due to public access.

3. Client-based application: For the OA, EDS will develop the home office cost report system in the form of a stand-alone client-based application. The application will be deployed through either the State Internet public Web site or via CD-ROM media mailed to the provider home offices. The application will create an electronic file containing cost report data. EDS will work with OA to evaluate and select the optimal method of receiving the cost report data file from provider home offices. Possible data upload options include e-mail, upload to a State Web, or mailing in removable disks.

Advantages and disadvantages to this approach are as follows:

Advantages:

- Faster response time for complex screens and reports.

Disadvantages:

- Longer development time.

- More complex distribution and deployment procedures.
- Longer timelines for fixes, enhancements, and upgrades.
- Involved system maintenance and administration.

4. Third-party or commercial application: EDS has previously evaluated the option for OA to use a commercial application to automate the collection and submission of home office cost report data. EDS and OA determined that existing third-party home office cost report applications did not meet OA's requirements. EDS will work with OA to evaluate current commercial home office cost report software and determine if any will meet OA requirements. Costs associated with the purchase of commercial software are not included in the price of this contract.

EDS recommends that OA select Option 1, the Spreadsheet application. This approach will require the least time to implement based on shorter development time and less coordination with other agencies.

Iteration 3, Home office cost report back-end processing: EDS will develop the home office cost report back-end processes to store, process, track, and distribute cost report information when it is received from provider home offices. This system will be available to OA and the LTC Reimbursement and Rate Setting Section. EDS will use the Common Infrastructure (CI) to obtain employee information and use integrated application security functions.

16. Develop applications designed to assess risk in determining the type and scope of audits that needs to be performed at the home office level. Variance reports will be developed and designed not only to do year to year comparisons between two cost reports, but will also have the capability to compare a cost report against geographic regional average or norm indicators for particular elements of cost or statistics.

EDS will create the home office cost report variance report for OA. The core functions of this report will be based on the LTC facility cost report variance report; however, EDS will create a brand new variance report that is tailored to the home office cost report business process. EDS will make the report accessible through the current internal OA Web site. This approach will have flexibility to distribute and generate the report. In addition, the report will be available in formats HTML, PDF, Excel, and text. EDS will integrate the home office cost report variance report with the home office Audit Plan system. For home office cost report variance report development, EDS does not anticipate the purchase of software or hardware components so far.

EDS will also develop a report to compare home office cost reports against geographic-based statistics, similar to the report being created for provider cost reports, as explained in Section 4.1.2.1, Objective 9.

17. Develop a new, or improve or enhance the existing audit plan to include risk or other analysis of the home office cost report.

The new home office cost report application will require, among other things, the creation of the home office Audit Plan system to assess the risk and scope of audits. EDS will expand on the current facility audit plan system to incorporate the home office cost reports. Changes to the

database and Web page applications will have to be addressed as soon as the home office cost report is implemented. We will verify that the new home office audit plan system interacts with existing LTCS components and yet-to-be-created home office cost report components. EDS' plan is to develop analytical tools that are similar to those used for the facility audit plan system, such as the risk analysis application and the home office variance report. The integration of these components to one another will play an important role in the audit plan process.

The database to store home office audit plan information will be hosted in the current production MS SQL Server 2000 database server. EDS will design the database structure so that it is available electronically.

18. A variety of management reports, as well as others to be determined as needed, will be required.

EDS will maintain and upgrade current management reports and create new reports to meet OA requirements. Reports that reside in client-server applications will be made available over the State intranet as required by OA. EDS will use MS SQL Server 2000 Reporting Services when developing new reports or upgrading existing ones, as required, for OA. Use of MS SQL Server 2000 Reporting Services and the MS .NET technology will enable EDS to offer OA advanced reporting features such as the ability to:

- Drill through a report to open another report in a current view to display detailed information
- Choose the format in which to view reports such as Excel, HTML, or PDF
- Create personal subscriptions to automatically extract reports when they are generated.

EDS will work in coordination with OA staff to determine which features are desired for each new report that is requested and will verify that each report provides OA with the greatest degree of functionality for its needs.

EDS will provide technical support of the following reports:

- Acceptance Report for Audited Cost Reports
- Annual Audit Plan Report
- Audit Plan Assessment and Scope Reports
- Audit Log Report
- Audit Status Events
- Audit Time Summary Report
- Audit Tool Report
- Cost Reporting Status Events – Detail and Summary
- Employee Monthly Activity Report
- Facility Reports
- Federal Time Summary Report
- Intake Report for Audited Cost Reports
- Internal Audit Activity Report
- Organization Owner Reports

- Professional Services Report
- Risk and Cost Savings Report
- Time Sheet Report
- Tracking Log Status Reports
- Variance Report.

4.4.2.1.2 Additional In Scope Items

In the following paragraphs, we address items identified in Section 4.1, In Scope, that have not been addressed previously.

Budget and Travel

EDS will develop a new Budget and Travel system to enable OA to automate the process of budgeting and tracking travel expenses. Travel vouchers and other reports that present information about car usage and mileage will be generated in accordance with State guidelines. This system will be targeted to traveling field auditors who primarily use laptops to perform day-to-day tasks, providing both local and remote access. The new system will be integrated with the Audit Management and Time Tracking systems.

EDS proposes three approaches to develop the interface of this new system:

1. Web-based application: EDS will expand the current OA internal Web site to include the Budget and Travel Expense Web application. The current production Web server will be able to host this application without the addition of software or hardware components. The set of Web pages will use the database currently used by the Time Tracking system as well as the CI components for application security.

Advantages and disadvantages to this approach are as follows:

Advantages:

- Easier system distribution and deployment procedures.
- Shorter time frames to deploy fixes, enhancements, and upgrades.
- Reduced maintenance and administration.
- Less dependence on users' hardware and software configuration.

Disadvantages:

- Single point of failure.
- Longer development time.
- Longer system response time for complex screens and reports.

2. Stand-alone client-based application: EDS will develop the Budget and Travel Expense system in the form of a stand-alone client-based application. The compiled program would be created, distributed, and deployed down to users' computers in the Central and Regional offices. The application would use the database currently used by the Time Tracking system, as well as the CI components for application security.

Advantages and disadvantages to this approach are as follows:

Advantage:

- Faster response time for complex screens and reports.

Disadvantages:

- Longer development time.
- More complex distribution and deployment procedures.
- Longer timelines for fixes, enhancements, and upgrades.
- Involved system maintenance and administration.
- High dependence on users' PC operating system and office suite versions.

3. Spreadsheet application: EDS will develop the Budget and Travel Expense system as a MS Excel spreadsheet application. The spreadsheet application will be distributed and deployed through the file server or Web server down to the users' computers in the Central and Regional offices. The application would use the database currently used by the Time Tracking system, as well as the CI components for application security.

Advantages and disadvantages to this approach:

Advantage:

- Acceptable response time for complex screens and reports.

Disadvantages:

- Complex distribution and deployment procedures.
- More difficult to integrate with the Time Tracking system.
- Involved system maintenance and administration.

The database supporting the Budget and Travel Expense system will be hosted in the current production MS SQL Server 2000 database server to optimize resource usage and minimize costs associated with database development.

EDS recommends Approach 1 — Web-based application — because of the greater ease of deployment and the support for field auditors who use the application remotely.

Audit Programs

EDS will create an audit program application to display specific tasks and documents required for the audit plan. Information used by the audit program will be populated from the scope section of the audit plan. This report will allow auditors to focus on exactly what is needed to conduct the audit.

4.4.2.2 Subrecipient Audit Report Monitoring System

In 2003 and into 2004, the EDS team worked with OA to develop the Subrecipient Audit Report Monitoring System (SARMS), which consists of three major components: data structures in the Audit database, the Data Load application, and the Audit Review Tracking application.

The following paragraphs highlight the specific tasks involved in supporting the SARMS, as identified in the ITB. Where applicable, EDS has supplemented the list with additional steps.

4.4.2.2.1 Tasks

1. *Develop and maintain a Sub-recipient Audit Report Monitoring System for recording and storing sub-recipient information, accessing other MDCH system information (i.e. payments, FSRs, contracts), recording review results, recording follow-up actions, tracking information, and generating management reports as detailed in the Objectives section E lines 1 through 28.*

The SARMS components the EDS team has developed under the current agreement continues to meet or exceed the requirements set forth in the ITB. The EDS team will continue to develop and maintain all components of the SARMS so that it delivers timely and accurate information to Quality Assurance and Review (QAR) Section staff and maximizes the potential of QAR Sections tasks. The EDS team will maintain the SARMS by:

- Backing up SARMS data in accordance with the activities described for the MS SQL Server 2000 databases in Section 4.3, Technical Environment.
- Modifying or adding to the SARMS data structures to capture additional data resulting from new system requirements, business rules, or policy changes.
- Making adjustments to the Data Load application where necessary to verify that payment data used in determining the funding amounts by grant type for each subrecipient is as accurate as possible.
- Configuring the security of the Audit Review Tracking application to accommodate new users.
- Modifying screens in the Audit Review Tracking application to capture additional pieces of data as requested or to implement new functionality to support new or revised business rules or policy changes.
- Modifying existing reports to display additional information as requested by QAR staff.

EDS has already completed some of the objectives detailed in Section 4.1, In Scope. EDS has combined the remaining outstanding objectives into logical groupings and has identified them as projects listed in the Work Plan for this contract. The following subsections describe these new development projects.

New Development of the SARMS

EDS will work with QAR staff to develop new functionality in the SARMS to maximize its potential. EDS understands the importance of having timely and accurate information for QAR staff to function as efficiently as possible. EDS proposes the following high-level solutions and alternatives to address the requirements in the ITB that are not part of the current SARMS functionality.

The solutions are geared toward using current technology such as MS SLQ Server 2000 and MS Office 2000 and 2002 products. If the EDS team learns during the Analysis phase that a solution would be better handled using newer technologies such as MS Visual Studio .NET, it will be suggested at that time.

Automation for Audit Report Due Notices

To enable QAR staff to receive all expected Audit Reports from subrecipients when they are due, a notification mechanism is desired that informs QAR staff that certain subrecipients are within two weeks of the due date for submitting audit reports. It is also desired to have a reminder notice printed for mailing to subrecipients meeting this condition. EDS understands that the QAR staff would like subrecipients' addresses and contact information from the database to be inserted into a standard form letter, which would then be printed for mailing. When the reminder notices are printed and for tracking purposes, the QAR staff would like the appropriate action code corresponding to sending a reminder notice to be added to each affected subrecipient's audit report follow-up actions.

Proposed Solution:

The solution consists of three optional trigger mechanisms, but a common automation part.

Triggers:

- Each time the Audit Review Tracking application is launched, a query could be executed to check for a list of subrecipients meeting the condition where a reminder notice must be generated. A message box could be displayed to alert the user.
- Creation of a job with the SQL server administrator tools to run daily in the SARMS database. The job would execute a query of the database for a list of subrecipients requiring notification. The database could be configured to send an e-mail to QAR staff containing the list of subrecipients meeting the criteria. (This trigger mechanism assumes that all of the technology necessary for implementation exists in the infrastructure environment.)
- Creation of a report that QAR staff can run on demand to obtain a list of subrecipients who require a reminder notice.

Automation:

- Develop a screen in the Audit Review Tracking application that allows users to choose which subrecipients they wish to receive notices.
- After selection, a mail merge process could be activated at the click of a button whereby address and contact information from the SARMS database is entered into a standard MS Word form letter and printed.
- Upon creation of the notices, the follow-up action code corresponding to a reminder notice having been sent would be added to each affected subrecipients audit report follow-up actions so that they do not appear as still requiring a reminder notice in subsequent triggers.

Automation for Audit Report Late Notices

Because QAR staff is tasked with ensuring that up to 290 subrecipients send in audit reports when they are due, a notification mechanism is desired to inform QAR staff that certain subrecipients are two weeks overdue and a delinquent notice must be printed and mailed to the subrecipient. EDS understands that the QAR staff would like the subrecipients' address and contact information from the database to be inserted in a standard form letter, which would be printed and mailed to the subrecipients. When delinquent notices are printed, the QAR staff would like the appropriate action code corresponding to a delinquent notice having been sent to be added to each affected subrecipient's audit report follow-up actions for tracking purposes.

Proposed Solution:

This solution consists of the optional trigger mechanisms, but a common automation part.

Triggers:

- Each time the Audit Review Tracking application is launched, a query could be executed that checks for a list of Agencies meeting the condition where a delinquent notice must be generated. A message box could be displayed to alert the user.
- Creation of a job with SQL server administrator tools to run daily in the SARMS database. The job would execute a query of the database for a list of Agencies requiring a delinquent notices. The database could be configured to send an e-mail to QAR staff containing the list of Agencies meeting the criteria. (This trigger mechanism assumes that all of the technology necessary for implementation exists in the infrastructure environment.)
- Create a report that QAR staff can execute on demand to obtain a list of Agencies requiring a delinquent audit report notice.

Automation:

- Develop a screen in the Audit Review Tracking application that allows users to choose the agencies to which they want to send notices.
- After selection, a process could be activated at the click of a button that starts a mail merge process whereby address and contact information from the SARMS database is inserted into a standard MS Word form letter and printed.
- Upon creation of the notices, the follow-up action code corresponding to a delinquent notice having been sent would be added to each affected subrecipient's audit report follow-up

actions so that they do not appear as still requiring a delinquent notice in subsequent triggers.

Checklist Document Management

To ensure that QAR staff reviews subrecipient audit reports in a consistent manner, a series of checklists were developed to focus them on specific areas of the audit report. The checklists involved are the Audit Report Disclosures, MDCH Minimum Audit Requirements (a separate checklist exists for Substance Abuse subrecipients) and the President's Council on Integrity and Efficiency Review (PCIE). Not all checklists are used or required for a given review. Certain factors, such as Federal Funding amounts, total Federal and State amounts compared in relation to the Single Audit Threshold, and how recently a PCIE review was completed, determine which checklist are required.

Currently, the checklists are all in a MS Excel Worksheet. The file is copied into the local machine of the QAR staff member and filled out as the review progresses. Because the checklists are stored on the local machine, they are not in a location where they can be shared or reviewed online

EDS understands that QAR staff wishes the SARMS to generate automatically the checklists that are required for a review based on appropriate business rules and to have management capability in the SARMS to enable the checklist to be viewed and approved by supervisors.

EDS suggests the following two solutions as cost effective and reliable means to document management.

Proposed Solution 1:

- Store each of the current checklists in a separate MS Excel worksheet.
- Create a folder structure on a shared network drive where the checklists can be stored for each subrecipient.
- Add functionality to the Audit Review Data Load application of the SARMS that applies the appropriate business rules and determines which checklists are required.
- Add functionality to the Audit Review Data Load application to copy required checklist templates to the subrecipients' checklist folders.
- Store the path to the checklist folder in the database together with subrecipients' fiscal year information so that the checklists can be viewed or modified at the appropriate time.
- Add functionality to a new or existing screen in the Audit Review Tracking application to allow checklist documents to be selected, opened, modified, and saved.

Proposed Solution 2:

- Extend the SARMS database to include a repository of questions to create the appropriate checklists and to capture answers to checklist questions.
- Create a separate screen for each checklist to display the questions and offer an area in which to capture response data.
- Add functionality to the SARMS Audit Review Data Load application that applies the appropriate business rules and determines which checklists are required

- Add functionality to the Audit Review Tracking application to allow QAR staff to open the checklist screens associated with the subrecipient and enter and save the responses to checklist questions.

Questioned Cost Recoveries

In the course of a review, one of the areas of the audit report that QAR staff considers is the Schedule of Findings & Questioned Costs. If there are questioned costs that affect MDCH funded programs, appropriate action may be taken to pursue and recover the amounts from the subrecipient. Currently, the amounts pursued and recovered are tracked outside the SARMS. EDS understands that the QAR Section would like the capability to enter the amounts pursued and recovered for a selected subrecipient and to be able to view a summary of the amounts in a report.

Proposed Solution:

- Extend the SARMS data structures to store the data needed for tracking amounts pursued and recovered.
- Develop an additional screen or screens in the Audit Review Tracking application where the amounts can be entered, validated, and saved into the database.
- Create stored procedures and logic that query for the amounts pursued and recovered by subrecipient or summarize for display in a screen or report.
- Create a report QAR staff can run on demand to display a summary of questioned costs pursued and recovered.

Electronic Audit Report Management

Currently, QAR staff receives paper-based audit reports, which are reviewed for compliance to Office of Management and Budget (OMB) Circular A-133. The Department of the Treasury has requested that, starting with Fiscal Year 2003, all audits required in accordance with Public Act 2 (1968) and Public Act 71 (1919) be submitted in electronic format. This request, which applies to all local units of government and all Certified Public Accountant firms of local units of government, is only a recommendation at this time. EDS understands that QAR staff would like to have the SARMS store and manage these electronic reports for its use.

EDS has learned that the Department of the Treasury makes available at the Web site: www.michigan.gov/treasury all audit reports from local units of governments that have been filed electronically. Clicking on “Local Government,” then “Local Unit Audit Reports” presents a table of local units of government and a live link to the audit report if it exists. These reports, together with some supporting documents, are in Portable Document Format (PDF) and can be viewed using Adobe Acrobat Reader or can be downloaded.

Proposed Solution:

- Create a folder structure on a shared network drive from which the electronic audit report can be downloaded at www.michigan.gov/treasury, saved from an e-mail attachment, or transferred from storage media such as a CD-ROM.
- Store the path to the document in the database together with the subrecipients’ fiscal year information so that the document can be viewed at the appropriate time.

- Add functionality to a new or existing screen in the Audit Review Tracking application that uses the stored path to launch the report for viewing using Adobe Acrobat Reader.

Assumptions:

- Electronic Audit Reports from nonlocal units of government are in the same PDF format.
- EDS will work with OA to further define and analyze its electronic audit report file management needs. Document management systems can vary in nature from simple to complex. Commercial or off-the-shelf software and hardware required for a comprehensive document management system are not included in the scope or price of this contract.

2. Modify the system, as needed, to implement policy changes and new technology.

EDS will work with QAR staff to modify the SARMS to implement policy changes as requested. The team will apply industry-standard system maintenance methodologies, such as analysis of new requirements to support the policy changes, and will define how the system can be modified to integrate the new policy change or business process into the SARMS. Alternative system changes and timelines will be documented and presented for review and discussion (if necessary) so that QAR staff will have a complete understanding of the impact before system changes are made. If, during the Analysis phase, EDS learns that a solution would be better managed using newer technologies, such as MS Visual Studio .NET, that will be suggested at the time.

3. Provide assistance and consultation to QAR staff who access the system for data and information requests.

EDS has established a successful and admirable working relationship with QAR staff and will continue to provide effective support in all areas related to the SARMS. This support will include the following:

- Addressing SARMS operational issues immediately upon notification.
- Answering questions regarding the functionality of SARMS.
- Consulting on ways the SARMS can be adapted to implement new or existing business processes.
- Creating user documentation as requested to describe the use of certain functionality of the SARMS.
- Assisting with the annual data load process of the SARMS by:
 - Creating or modifying queries that extract subrecipient payment data from disparate State systems such as the Michigan Information Database (MIDB), the Contract Management database, and the Budget database.
 - Executing queries against the foregoing State systems to create a data set for transfer into SARMS data structures.
 - Adding application functionality that enables QAR staff to analyze or modify the pre-loaded data before transfer into SARMS data structures.
 - Verifying that the preloaded data is successfully transferred into SARMS data structures and that the appropriate business rules, such as determining Audit Reports that are due, have been applied.

- Creating and executing ad-hoc queries against the SARMS database to extract information that is not included in a current report.
- Creating and executing queries against the SARMS database to correct data where it is not modifiable in the current application’s functionality or if a large batch of data requires correction.
- Providing assistance for the use tools such as MS Query and MS Access in creating ad hoc queries of SARMS data tables.

4. *Provide management reports as needed.*

The EDS team will maintain, enhance, or develop the following management reports.

ITB Report Name	Actual Report Name	Support
<i>Grantee Population.</i>	Grantee Population	Maintain
<i>Late Audit Reports/Exemption Notices With Actions</i>	Late Reports or Audit Status Notification Letters	Maintain
<i>Audit Reports Received / Waiting To Be Reviewed</i>	Audit Reports Received / Waiting to be Reviewed	Maintain
<i>Missed Due Dates on Follow-Up Actions</i>	Overdue Audit Report Follow-up Actions	Develop
	Overdue Review Follow-up Actions	Develop
<i>Audit Reports Not Reviewed in the Required Time</i>	Audit Reports not reviewed in Required time	Develop
<i>Summary Sheet for Each Audit Review</i>	Summary sheet for Each Audit Review	Develop
<i>MDCH Audit Review Status Report</i>	MDCH Audit Review Status report	Develop
<i>Financial Statement and Single Audit Review Population</i>	Financial Statement and Single Audit Review Population	Maintain

The EDS team will also work with QAR staff to analyze the requirements and design for new reports in the SARMS as requested.

4.4.3 LTC Reimbursement and Rate Setting Section

4.4.3.1 Long Term Care System

The following paragraphs highlight the specific tasks involved in supporting the automated system in place for LTCS, as identified in the ITB. Where applicable, EDS has supplemented the list with additional steps.

4.4.3.1.1 Tasks

The EDS team’s primary focus will be to continue its efficient and accurate support of the LTC Reimbursement and Rate Setting Section and the OA Section. Because of the State’s current budget constraints and staff reductions, EDS will continue to maintain and offer suggestions for improvement for all aspects of the LTCS including the ECR, Quality Assurance Assessment Program (QAAP), Rate Setting, Gross Adjustment, and the Bureau’s Web page, as referenced in Section 4.1, In Scope. In addition, EDS will enhance and develop applications to enable business or policy changes and to facilitate the most efficient use of the LTCS and its components. EDS will continue to support the LTCDB and network access through the State’s Novell Network.

EDS will work with LTC Reimbursement and Rate Setting Section staff to support the addition of new users in local and remote settings.

EDS will meet the objectives LTC Reimbursement and Rate Setting Section states in the ITB by taking the following actions:

1. Backup, upgrade, and monitor the LTCS central database.

EDS will consistently backup, monitor, and upgrade the LTCS central database and database server and will follow the procedures outlined in Section 4.3, Technical Environment, and Section 6.0, Project Management, for database and server management. EDS will follow an industry-standard methodology to plan and execute database upgrades. EDS will test database upgrades by applying them first to the EDS Model Office database before deploying them to the production database. EDS will clearly communicate to users when updates are to be applied and what actions they are to take.

2. Backup, upgrade, and monitor the servers in the Lansing.

EDS will back up, upgrade, and monitor the servers in Lansing covered by this contract using the procedures described in Section 4.3, Technical Environment, and Section 6.0, Project Management.

3. Modify the database as necessary to reflect policy changes to LTC processes.

EDS will modify, enhance, or upgrade LTCS and the LTCDB to reflect current or new Medicaid policy changes or changes in the way the LTC Reimbursement and Rate Setting Section implements its business processes. These actions will include documenting the required changes, impact analysis about the way the requested changes will affect LTCS or LTC Reimbursement and Rate Setting Section business processes, prioritization of the requested changes with LTC Reimbursement and Rate Setting Section relative to current workloads, development, internal reviews, internal testing, and user testing of changes to an application in LTCS. In addition, staff will be informed of changes and of the way changes will affect daily activities.

4. Install/maintain application software on LTC hardware.

EDS will continue to deploy, support, and document the LTCS about application servers and client workstations. The current installation techniques, which EDS designed, are highly effective and require little effort on the part of application users. EDS will continue this direction and will work with DIT to support LTC Reimbursement and Rate Setting Section and OA staff for networking and hardware issues. Application development will continue to select the best technologies that offer feature-rich screens that summarize data in an informative manner yet minimize the impact on State resources. All deployments will be communicated effectively with staff members and EDS will assist in installations or training as necessary.

5. Handle LTCS application systems network security for LTC personnel.

EDS will continue to administer the LTCS application system's network security for LTC Reimbursement and Rate Setting Section staff. EDS will also continue to manage file and

network access through the State’s Novell Network. The LTCS applications security is maintained through the EDS CI, which allows EDS to manage access rights to each application in the LTCS system.

6. Work with Department network personnel to deal with and resolve common network issues and problems (Groupwise, CD-Rom access, access to other servers as authorized).

EDS will continue to work with DIT to resolve common network issues and problems. EDS currently supports DIT by providing server and desktop support for the LTC Reimbursement and Rate Setting Section, OA, and HHPRD. Over the years, EDS has developed a good working relationship with DIT, which enables both EDS and DIT to provide better support to the LTC Reimbursement and Rate Setting Section.

7. Provide initial and continuous formal training to LTC Reimbursement and Rate Setting Section staff on the use of the applications designed for the system.

EDS will continue to work with LTC Reimbursement and Rate Setting Section staff to provide formal and informal training on the use of the applications designed for LTCS. EDS will work with LTCS staff to identify training needs, document procedures, and instruct personnel about the use of new and existing applications.

8. Improve, and enhance the ECR templates and related information to be submitted for inclusion on the Department Web page.

EDS will improve and enhance the ECR templates and related information to be submitted for inclusion on the MDCH Web page. Currently, only ECR templates, without supporting documentation, are available for providers to download from the Web page. EDS recommends creating new executable zip files for each ECR template that will contain all of the necessary related documentation. This will provide a cost-effective method of distributing ECRs to providers, thereby eliminating the need to generate and mail CDs. As ECR templates and related documentation changes, EDS will update the executable files and provide them to LTC Reimbursement and Rate Setting Section staff for inclusion on the MDCH Web page.

9. Miscellaneous Reports – The following management reports as well as others to be determined as needed will be required.

The EDS team will maintain the following reports by enhancing or refining as needed.

ITB	ITB Report Name	Actual Report Name
a	<i>Variable Cost Limit - Annually by Provider Type</i>	Variable Cost Limit (VCL) Report
b	<i>Support to Base Cost Limit - Annually for Six Bed Size Groupings</i>	Support to Base Ratio (SBR) Report
c	<i>DRI Index Factor - Annually by Provider Type</i>	Inflation Index Excel Report (Inflat.xls)
d	<i>County Bed Utilization</i>	Bed and Occupancy Report
e	<i>Regional Bed Utilization</i>	Bed and Occupancy Report
f	<i>Quality Assessment Assurance Beds</i>	Bed Assessment Report

ITB	ITB Report Name	Actual Report Name
g	<i>Quality Assessment Assurance Bed Confirmation - Mail Merge Letter</i>	Bed Assessment Mail Merge
h	<i>Annual Quality Assessment Assurance Payment</i>	QAS Payment Letter
i	<i>Annual MIP Reconciliation Payment History</i>	MIP Payment History
j	<i>Annual MIP Reconciliation Summary</i>	Annual MIP Reconciliation Report
k	<i>Provider Procedure Code Rate Data Match</i>	Rate Status Report
l	<i>Bed Utilization</i>	Bed and Occupancy Report
m	<i>Medicaid Patient Day Utilization</i>	Bed and Occupancy Report
n	<i>Cost Report Status Events - Detail and Summary</i>	Cost Report Status Report
o	<i>Rate Status - Detail and Summary</i>	Rate Status Report
p	<i>Settlement Status - Detail and Summary</i>	Settlement Planning Report Settlement Detail Report GA Status Report
q	<i>Summary Data - Cost Data Elements</i>	Acceptance Report - Text file generated by LTCA
r	<i>Summary Data - Rate Data Elements</i>	Rate History (from individual provider's rate history)
s	<i>Various Provider and/or Organization Owner Summary</i>	Miscellaneous reports within LTCA, Organization Owner Report
t	<i>Rate History, by County</i>	Rate History Report
u	<i>Acceptance Report for filed cost reports</i>	Acceptance Report - Text file generated by LTCA
v	<i>Intake Report for filed cost reports.</i>	Intake Report - Text file generated by LTCA
w	<i>Freedom of Information Act file summary report.</i>	FOI Report

EDS will continue to support LTC Reimbursement and Rate Setting Section staff with design, creation, and distribution of ad hoc reports as described in Section 4.1 In Scope. EDS will document each request and store in a centralized location all documentation, formatted reports, and SQL statements generated to extract data from the LTCDB. This practice provides for reuse of source code should the need arise.

EDS will continue to maintain the FOIA screen and enhance it by adding the capability to access rate information either by individual rate(s), or an electronic file that summarizes all rates by County for specific time periods, as referenced in Section 4.1, In Scope.

4.4.3.1.2 Additional In Scope Items

In the following paragraphs, we include items identified in Section 4.1, In Scope, that were not covered above as supplemental items that we have identified.

Electronic Cost Report

Currently, the ECR and related documentation is manually copied to CDs and mailed to providers. The process requires time on the part of LTC Reimbursement and Rate Setting

Section staff and lends itself to errors in that wrong files may be copied. EDS will work with LTC Reimbursement and Rate Setting Section staff to automate the process of creating cost report CDs thereby eliminating the potential for errors in the manual process. EDS will also improve the method of cost report distribution over the Internet as described in Item 8, above.

EDS will continue to provide technical support and maintenance of the electronic verification and acceptance processes in the ECR and LTCA. This support will include documenting the required changes, analyzing the impact the requested changes will have on LTCS or LTC Reimbursement and Rate Setting Section business processes, prioritizing the requested changes with LTC Reimbursement and Rate Setting Section in relation to current workloads, development, internal reviews, and internal testing, and user acceptance testing before the change is moved into production.

4.4.3.1.3 New Tasks

The following section addresses the new tasks to be developed in the automated system that is already in place for LTCS.

1. Develop a system to automatically integrate invoice processing payments data into the LTCDB.

For the LTC Reimbursement and Rate Setting Section to perform the functions related to Medicaid Interim Payments (MIPs), gross adjustments, and settlements access is needed to data related to paid claims generated by the Invoice Processing Department. EDS will work with the DIT to receive invoice-processing data at regular intervals to be imported and accessed in the LTCDB. This data will be used for calculation of payments related to MIPs and settlements. EDS will perform the following actions to integrate the invoice processing data into the LTCDB, existing LTCS applications, and for the new MIP and Settlement systems to be designed and developed by EDS.

Step 1 – Database Development

EDS will coordinate with DIT in receiving a well-formatted data file required by LTC Reimbursement and Rate Setting Section to load invoice-processing data into the LTCDB. EDS will generate a set of normalized tables and supporting database scripts in the current MS SQL 2000 server engine the LTCDB uses. These scripts will be used for the generation of tables required to store paid claims data efficiently, user-level data security, enforcing referential data integrity, and constraining the data and its associations in the LTCDB database. The tables that are designed and developed by EDS will be for importing, storing, and reporting of data associated with invoice processing. In addition, the tables will be designed to integrate with the current LTCS systems and LTCDB data and for the new MIP calculation system and Settlement system.

Step 2 – Data Load Application Components

EDS will design and develop an application component to run on the database server to load the data file into temporary tables. This application component will use database scripts to validate, manipulate, and then import the data into the paid claims table. EDS will create a scheduled task on the database server to run this application component automatically at the same periodic frequency that the data is sent out by DIT. The application component will generate the results of

the import process, report validation errors requiring attention, and notify appropriate staff personnel when processing has been completed. The application component will be designed with the current development tools used by EDS, as defined in Section 4.3, Technical Environment.

Step 3 – System Integration

EDS will make the modifications to the current LTCS and LTCDB to support and integrate the new paid claims data. This includes modifications to current reports used by LTC Reimbursement and Rate Setting Section to incorporate paid claims information.

Application Design Assumptions

This section outlines the assumptions made for integrating the invoice processing data into the LTCDB:

1. EDS will use the development technologies described in Section 4.3, Technical Environment, to import invoice-processing data.
2. A well-structured data file will be received from DIT that contains key identifiers for each record in the file that can be associated with table keys in the current LTCDB.
3. The data file received by DIT will occur periodically for EDS to create a scheduled task on the database server for importing the data.
4. Validation errors will be reviewed by EDS and LTC Reimbursement and Rate Setting Section to resolve data problems.
5. Data files that contain validation errors will not be imported from intermediate LTCDB temporary tables into permanent LTCDB tables until all data issues are resolved. This will eliminate problems related to reversing the import process.
6. No new screens will be required for accessing or modifying invoice-processing data.
7. The new MIP calculation and Settlement Systems will be generated to access the invoice-processing data.
8. Only very minor modifications to current LTCS applications will be required for accessing the invoice-processing data.

2. *Develop an automated settlement process for calculating initial, final, and revised settlements. The process will include rate and payment data stored in the LTCDB.*

The LTC Reimbursement and Rate Setting Section has the following four major high-level functions:

- Retrieval and validation of data from providers seeking Medicaid reimbursement
- Creation and maintenance of rates for determining the base payment value for reimbursing providers
- Calculation and adjustments of payments through MIP and gross adjustments
- Settlement process to reconcile differences between the amount paid out relative to the claims processed for a specific provider.

The retrieval and validation of data submitted by providers is currently managed by an automated system that EDS developed for LTC Reimbursement and Rate Setting Section and is accomplished with the ECR, the LTCA, and the LTCDB. The rate setting process, a spreadsheet application automated by EDS, assists LTC Reimbursement and Rate Setting Section in the initialization, recalculation, and finalization of rates set for providers using data collected by the ECR and data it creates and stores in the LTCDB.

The calculation and adjustment of settlement payments is performed by the LTC Reimbursement and Rate Setting Section using manual spreadsheet templates and manual entries of data from the LTCDB and data stored and accessed through systems controlled by DIT. The settlement process performed by LTC Reimbursement and Rate Setting Section is also accomplished through manual spreadsheet templates and accessing data from both LTCDB and DIT. Currently, LTC Reimbursement and Rate Setting Section contends with decentralized data and manual data exchanges between systems developed by EDS and DIT and stores the data in spreadsheets stored on the network instead of the LTCDB. LTC Reimbursement and Rate Setting Section has no effective way of automatically generating settlements or generating statistical or analytical reports based on settlement spreadsheet data on the network that dates back to 1986.

Using the Medicaid experience EDS has acquired in working with LTC Reimbursement and Rate Setting Section, a new automated Settlement system will be generated. The goal of this new Settlement system will be the automation of the current manual data entry steps, calculations, and centralized storage of data in the LTCDB for reporting purposes. EDS proposes that the development of the new Settlement system be carried out in stages or iterations to augment the development of the Invoice Processing and MIP Calculation systems. For the Settlement system the following iterations have been defined.

Iteration 1 – Database Development

EDS will generate a set of normalized tables and supporting database scripts in the current MS SQL 2000 server engine used by the LTCDB. These scripts will be for the generation of the tables required to store settlement data efficiently, user-level data security, enforcing referential data integrity, and constraining the data and its associations in the LTCDB database. The settlement tables designed and developed by EDS will be for the creation, storage, tracking, and reporting of data associated with the settlement process. In addition, the tables will be designed

to integrate with the current LTCS systems and LTCDB data and for the new MIP calculation system and Invoice Processing system.

Iteration 2 – Data Migration

If required, EDS will migrate the data stored in the spreadsheets on the network. The settlement data currently stored in spreadsheets goes back to 1986. Because migration issues are expected, it is assumed that the LTC Reimbursement and Rate Setting Section staff will be able to assist in the process of manipulating data that lacks sufficient structure to import into the LTCDB. During the migration process, temporary reports will be generated to be reviewed with LTC Reimbursement and Rate Setting Section for verifying the completeness and accuracy of the migration process.

Iteration 3 – Settlement Application Components

EDS will design and develop screens to enable LTC Reimbursement and Rate Setting Section to calculate initial, final, and revised settlements and to access and store this data in the settlement tables developed in the LTCDB. The following screens are assumed to be sufficient to meet the needs of the Settlement system:

- One screen for selecting the settlement to run by provider or settlement type.
- Three screens for LTC Reimbursement and Rate Setting Section to perform the settlement process.
- One screen for summarizing settlements and launching a specific settlement.
- Two temporary screens or applications are assumed for the data migration.

Iteration 4 – System Integration

EDS will make the modifications to current LTCS systems and the LTCDB to support and integrate the new Settlement system. This phase will address LTCS changes required to support the new Settlement system, such as changes to the current rate setting application and LTCA screens.

Application Design Assumptions

This section outlines the technologies available to create the new Settlement system that best match the technologies used by the current LTCS. At the end of the section, is the EDS-recommended solution based on assumed requirements and assumed LTC Reimbursement and Rate Setting Section expectations outlined below. The following are the assumed requirements for the new automated Settlement system:

- EDS will use the development technologies, defined in Section 4.3, Technical Environment, to generate the new Settlement system.
- The application will require security based on groups currently defined in the CI database, which was designed and developed by EDS.
- The application must be easy to deploy to new users, and updates should occur with little or no effort on the application user.
- Screens for calculating settlements should be similar to the current Excel settlement spreadsheet template.
- The Settlement system will retrieve and update data only from the LTCDB; this assumes that the Invoice Processing interface is complete.

3. *Develop an automated MIP calculation process for calculating the bi – monthly MIP payments. The process will include an automated annual period end MIP reconciliation process.*

The LTC Reimbursement and Rate Setting Section is responsible for calculating the bi-monthly MIP payments and for the annual period end MIP reconciliation process. The LTC Reimbursement and Rate Setting Section currently uses two MS Excel spreadsheet templates for each of these respective processes. The data generated for these processes is manually keyed into the spreadsheets, and the spreadsheets are then saved onto the network. Currently, no data is loaded or saved into the LTCDB to assist the user in calculating MIPs. Data determined by these spreadsheets then has to be keyed into the Gross Adjustment system, which is maintained by DIT.

In addition, a MIP annual reconciliation adjustment letter must be created and mailed to the provider using one of the Excel spreadsheet templates. This MIP reconciliation spreadsheet template requires the user to migrate data stored in the ECR and the LTCDB. Automation of these processes and storing the data in the LTCDB would reduce staff effort and improve the accuracy for calculating the bi-monthly MIP payments and sending out the MIP annual reconciliation adjustment letter.

Using the Medicaid experience EDS has acquired in working with the LTC Reimbursement and Rate Setting Section, a new MIP Calculation system will be generated. The goal of this new system will be the automation of the current manual data entry steps, calculations, and the centralized storage of data in the LTCDB for reporting purposes. EDS proposes that development of the new MIP Calculation system be carried out in stages or iterations to augment the development of the Invoice Processing and Settlement systems. For the MIP Calculation system, the following iterations have been defined:

Iteration 1 – Database Development

EDS will generate a set of normalized tables and supporting database scripts in the current MS SQL 2000 server engine used by the LTCDB. These scripts will be for the generation of tables required to store MIP calculation results efficiently, user level data security, enforcing referential data integrity, and constraining the data and its associations in the LTCDB database. The MIP calculation tables designed and developed by EDS will be for the creation, storage, tracking, and reporting of data associated with MIP calculations. In addition, the tables will be designed to integrate with the current LTCS systems and LTCDB data and for the new Settlement system and Invoice Processing system.

Iteration 2 – Data Migration

If required, EDS will migrate the data stored in the bi-monthly MIP calculation Excel spreadsheets stored on the network. Because migration issues are expected, it is assumed that LTC Reimbursement and Rate Setting Section staff will be able to assist in the process of manipulating data that lacks sufficient structure to import into the LTCDB. During the migration process, temporary reports will be generated to be reviewed with the LTC Reimbursement and Rate Setting Section for verifying the completeness and accuracy of the migration process.

Iteration 3 – MIP Calculation Application Components

EDS will design and develop screens that will calculate and save bi-monthly MIP calculations into the LTCDB. These screens will incorporate LTCDB data related to gross adjustments, settlements, rates, bed data, and invoice processing. The following screens are assumed to be sufficient to meet the needs of the MIP Calculation system:

- One screen for selecting the bi-monthly MIP calculation to create by selecting a provider.
- Four screens for the LTC Reimbursement and Rate Setting Section to perform the MIP Calculation process. Screens will relate historical data for the current provider and for comparisons of calculations for similar providers.
- One screen for selecting the provider to send out the MIP annual reconciliation adjustment letter.
- One screen to create the MIP annual reconciliation adjustment letter.
- One screen for summarizing MIP calculations to allow the user to select a specific MIP calculation previously stored in the LTCDB.
- Two temporary screens or applications are assumed for the data migration.

Iteration 4 – System Integration

EDS will make the modifications to current LTCS systems and the LTCDB to support and integrate the new MIP Calculation system. This phase will address LTCS changes required to support the new MIP Calculation system, such as changes to the current rate setting application and LTCA screens.

Application Design Assumptions

This section outlines the technologies available to create the new Settlement system that best match the technologies used by the current LTCS. At the end of the section is the EDS-recommended solution based on assumed requirements, and assumed LTC Reimbursement and Rate Setting Section expectations are outlined below. The following are the assumed requirements for the new automated MIP Calculation system:

- EDS will use the development technologies, defined in Section 4.3, Technical Environment, to generate the new MIP Calculation system.
- The application will require security based on groups currently defined in the CI database, which was designed and developed by EDS.
- The application must be easy to deploy to new users, and updates should occur with little or no effort on the application user.
- Screens for calculating bi-monthly MIP calculations should be similar to the current MIP calculation Excel spreadsheet template.
- The MIP Calculation system will need to retrieve and update data only from the LTCDB; this assumes the Invoice Processing interface is complete.

4.4.3.1.4 Additional In Scope Items

The following are items identified in Section 4.1, In Scope, that are not covered above as supplemental items that we have identified.

Statistical Analysis Report

The LTC Reimbursement and Rate Setting Section staff use statistical reports to compare current cost reports data against the previous year when defining the scope of the audit review to be performed. In Section 4.1, In Scope, the LTC Reimbursement and Rate Setting Section indicates the need for a new report(s) that would capture statistical information based on geographic region or provider type code. EDS will work with LTC Reimbursement and Rate Setting Section staff to design, produce, and implement the new Statistical Analysis Report(s), which will allow the LTC Reimbursement and Rate Setting Section to compare various elements of a cost report against industry standards. EDS recommends using the current Variance Report and Statistical Cost Analysis (SCA) Report as a guideline when creating the new Statistical Analysis Report(s).

OA also submitted a request for this information, which is documented in Section 4.1.2, Office of Audit. EDS has included one joint project titled “Statistical Analysis Report,” to address this requirement for both groups in the Work Plan submitted with this proposal.

Report Design Assumptions

The EDS MFR team will generate the necessary scripts to prepare the data for statistical reporting based on geographical region and provider type. The following assumptions are being made for the requirements of these statistical reports.

- EDS will use the development technologies defined in Section 4.3, Technical Environment.
- Database scripts will be required to perform the analysis for all report(s).
- The report(s) need to be accessible from the intranet.
- The report(s) will be generated using the Web Reporting Interface that EDS designed and developed or will be generated using MS SQL Reporting Services.
- Each report will require one input screen. One for selecting the geographical region and one for selecting the provider type.
- No more than three reports would be required to perform the required analysis. If necessary, additional reports will be developed by EDS.

5.0 Project Plan

5.1 Project Plan Management

5.1.1 Project Direction and Control

EDS will carry out this project under the direction and control of the Michigan Department of Community Health (MDCH) and the Bureaus of Medicaid Financial Management and Budget and Audit. For the Bureau of Medicaid Financial Management, Director Brenda Fezatte will give specific direction about Hospital and Health Plan Reimbursement Division (HHPRD) projects. Direction for Long-Term Care Reimbursement and Rate Setting (LTC) projects will come from the Director, John Donaldson. The Director of the Bureau of Budget and Audit, Jim Hennessey, will give specific direction for Office of Audit (OA) projects. EDS Account Manager Tim Robl will continue to lead the project and be responsible for overall project delivery and MDCH satisfaction with EDS' services. The EDS project manager, Dave Hemingway, will continue to be the primary contact on the MDCH site for operational issues. The following table maps EDS' staff to MDCH support responsibilities.

EDS Staff Member	HHPRD	LTC	OA	Description
Tim Robl	X	X	X	Overall Delivery and MDCH Satisfaction
Dave Hemingway	X	X	X	On-Site Operations
Tom Sigelko	X	X	X	Network and Desktop Support
Dave Willhite	X			HHPRD Team Leader
Miguel Bigott		X	X	LTC/OA Team Leader
Dave Rood	X	X	X	Database Administrator, LTC/OA Support
Les Palmateer	X	X	X	Web Administrator, HHPRD Support
Jake Kranz	X			HHPRD Support
Alan Emmons	X			HHPRD Support
Jamie Wilson	X			HHPRD Support
Mark King		X	X	LTC and OA Support
Mark Fulton		X	X	LTC and OA Support
John Lupina		X	X	LTC and OA Support

5.1.2 Project Meeting Schedule

EDS will maintain continuous liaison with the MDCH Project Managers, Brenda Fezatte, John Donaldson, and Jim Hennessey. The EDS project manager, Dave Hemingway, and the EDS team leaders, Dave Willhite and Miguel Bigott, will meet biweekly with the MDCH Project Managers to review progress, receive guidance, and address problems or questions that arise. The EDS account manager, Tim Robl, will attend at least one of these meetings each month with each MDCH project manager. During these meetings, EDS will take minutes, record action items assigned, and distribute electronic copies of the meeting report and minutes as explained in the *Report Distribution* section on page 5-14. We describe the contents of the meeting reports and minutes in the *Project Status Reports* section.

Currently, EDS conducts a separate meeting for HHPRD projects and a combined meeting for LTC and OA projects. We recommend continuing that practice. If the State chooses to accept

that recommendation, the EDS team leaders, Dave Willhite and Miguel Bigott, will only attend the meetings about their specific support responsibility areas.

The biweekly meeting schedule requested in the Invitation To Bid (ITB) is slightly different from the current practice and will ultimately yield more meetings. EDS will work to have these meetings concise, focused, and useful. We recommend basing the new meeting schedule on the two-meetings-per-month pattern that has been used successfully for LTC and OA projects. In this pattern, the first meeting of the month addresses accomplishments during the previous month, projects to be addressed in the coming month, and issues or concerns. The second meeting of the month reviews the priority of outstanding tasks and status of specific open projects in more detail. A two-per-month meeting schedule results in 24 meetings a year, while a biweekly meeting schedule results in 26 meetings a year. EDS recommends keeping open the agenda for the two extra meetings to be devoted to special projects or issues that arise throughout the year. Of course, EDS is always willing to meet about issues as often as necessary, as directed by MDCH project managers. The following table illustrates EDS’ proposed meeting schedule.

Participant	HHPRD Monthly Status	HHPRD Monthly Planning	LTC/OA Monthly Status	LTC/OA Monthly Planning	Additional Meetings
Brenda Fezatte	X	X			As Needed
John Donaldson			X	X	As Needed
Jim Hennessey			X	X	As Needed
Tim Robl	X		X		As Needed
Dave Hemingway	X	X	X	X	As Needed
Dave Willhite	X	X			As Needed
Miguel Bigott			X	X	As Needed
Other MDCH Staff	As Needed	As Needed	As Needed	As Needed	As Needed
Other EDS Staff	As Needed	As Needed	As Needed	As Needed	As Needed

5.1.3 Project Status Reports

In line with the proposed meeting schedule shown in the table, we suggest continuance of the existing status and planning reports, which meet all the requirements listed in the ITB. EDS will take minutes during the status and planning meetings to record issues discussed and action items assigned. In addition, EDS suggests using Microsoft Project to further enhance tracking of the specific new enhancement projects represented in the ITB. The following subsections explain each type of report and recommended distribution.

5.1.3.1 Monthly Status Reports

The existing EDS monthly status report provides pertinent, high-level information in a clear, concise format that has been used successfully for several years. The two-page format contains three major sections: *Key Accomplishments*, *Work In Progress/To Be Started*, and *Other Issues*. The *Key Accomplishments* section gives a bulleted outline by system of the tasks completed during the previous month. For the HHPRD status report, EDS also provides a grid to show the counts of various types of cost reports loaded and processed. The *Work In Progress/To Be Started* section shows work assignments and project status in a table format. It also displays the

expected completion month of the current project phase. The *Other Issues* section is the area in which problems or deviations from schedule are highlighted. Issues are presented in a list with detailed comments. The following is a copy of the May 2004 EDS Status Reports for HHPRD.



HHPRD Status Report

To: Brenda Fezatte
Phil Sell
Susan Chien
Dave Stirdivant

CC: Dave McLaury
Tim Robl
David Willhite

From: Dave Hemingway

Date: 05/11/2004

RE: HHPRD Status Report

Contract: #: 07B4008041

This report describes EDS activities associated with HHPRD systems that occurred since the last status meeting.

Key Accomplishments

EDS Cost Report Processing - Monthly Summary				
Type	Received	Rejected	Processed	In Queue
Audited	33	0	16	17
Filed (New)	1	0	1	0
Filed (Reload)	1	0	1	0
Filed (Final)	5	0	5	0
Quarterly	154	0	154	0
SMH (FCID)	0	0	0	0
SMH (ACID)	15	0	8	7

FQHC/FCCR:

- Set deductible amount to zero for Medicare codes other than 5 and 7
- Corrected service date sort logic

MMF:

- Separated out prisoners on IV worksheet
- Improved system error messages
- Updated editing to allow only whole dollar amounts
- Captured and displayed system information (IE version and MDAC version)
- Added new tables to MMF file generator, communized support file names, and updated release notes

Reports:

- Altered FCR display criteria for Final Settlement Inventory report
- Produced 4/1/04 DRG Rate Sheets
- Produced Outpatient Education report
- Produced FY01, FY02, and FY03 Cost to Charge Ratio reports for John Best
- Produced FY02 GA data query for accrual auditors
- Produced claims comparison spreadsheet for Phil Harns
- Produced Casemix comparison spreadsheet for Mary Carrier

SMH:

- Standardized rounding calculations on Reimbursement worksheet

Miscellaneous Support:

- Added critical Microsoft updates to production and development servers
- Rescheduled automatic PC reboots from Monday mornings to Wednesday mornings
- Logged 29 desktop and application support issues

Work in Progress / To Be Started

The following table shows major projects or CSR's that are in progress or scheduled to be started this month:

Priority	Project Description/CSR Number (#)	Resource Assigned	Est. Finish Date	Status / Phase
A1	Special Reports	David Willhite	May	Produce
A2	CSHCS Automation		June	Produce
A1	CSHCS Automation	Alan Emmons	June	Produce
A1	Generating ACRs from FCRs	Jamie Wilson	May	Produce
A2	DSH – Add FYB to report		May	Design
A1	Card File Updates incl DRG Rate Display	Jake Krantz	May	Produce
A2	HCS Updates		May	Define
A	CSHCS Automation	Les Palmateer	June	Produce

Other Issues

- Capitol Commons Power Supply:** The Capitol Commons Center landlord believed that the back-up power problem in this building was corrected, however, another power outage earlier this spring confirmed that the problem still exists. The landlord is not going to fix the existing power regulation system. DCS expects to move their servers out of this building so they do not want to participate in any building-wide plan to correct the power regulation problem. DCH, according to DJ Buher, has turned the power regulation problem back over to DIT, however, no contact at DIT has been identified to DJ as being responsible to see that the problem is corrected. In the mean time, the DCH servers in the basement computer room are at risk to damage that may be caused by future power fluctuations and sudden power outages. We recommend that this situation be addressed quickly, especially considering the imminent onset of the spring/summer severe weather season in Michigan. EDS remains willing and available to assist in the resolution of this matter as requested.
- New MSA PCs:** MSA is currently conducting a mass PC refresh. EDS will be notified when the HHPRD PCs arrive. EDS will complete the configuration and deployment of these PCs. Users in other divisions who currently have Card File will need to have the application reinstalled if their PCs are replaced.
- New EDS PCs:** The new PCs for the EDS staff have arrived and will be deployed this month. The old PCs must be returned to the leaseholder at the end of May.

The next status meeting is scheduled for Monday, June 7, 2004, at 10:30 AM in the CCC 5th floor large conference room.

5.1.3.2 Monthly Planning Reports

As a supplement to the foregoing monthly status reports, EDS currently provides summarized task lists to HHPRD and LTC/OA each month showing prioritized lists of projects in progress sorted by the EDS staff member assigned and including information such as task number, description, status, date requested, and original requester. EDS currently reviews these reports during the LTC and OA planning meetings and suggests continuing this process for planning meetings scheduled during the new contract period. EDS customized the formatting of the summary reports to meet the unique and separate needs of HHPRD, LTC, and OA. Because the summarized task list report that EDS customized for HHPRD contains less project detail than the LTC and OA summarized task list, we also provide HHPRD detailed task lists showing work in progress and requests completed during the month. The detailed task lists have been produced for LTC and OA in the past and can easily be produced for them in the future, if requested.

HHPRD Active Projects Summary

Pri	CSR	Project Name	Source	Date	Status
Emmons					
A00	4520	Create the CSHCS - System	Chien, S	01/08/03	In Progress
A00	6013	Create final 2004 GMEH and GMEP payments for DMC.	Fezatte, B	01/15/04	On Hold
A00	6220	Worksheets for Settlements with FYB Prior to 10/01/1991	Sell, P	03/03/04	On Hold
A00	5790	Compare FYB and FYE dates in cost reports with fiscal period table.	Harns, P	11/07/03	On Hold
A00	6465	DSH - Add new Medicaid Cost Report Line	Willhite, D	05/01/04	Not Started
A00	5600	Able to edit data in Audit Adjustment Report	Hood, J	09/29/03	Not Started
A00	6438	Handling FCR and ACR for Settlements after 01/01/2004 FYEs	Sell, P	04/22/04	On Hold
A00	5473	Remove the 80th Percentile line from the Data Accumulation worksheets.	Drumm, C	09/04/03	On Hold
A00	4776	DRG Price and Cost to Charge Ratios	Emmons, A	03/11/03	On Hold
A01	6175	Enhance IV Percentage Check Descriptions	Harns, P	02/24/04	Not Started
A01	6305	Change the limiting time range for HCS from FYE of 09/30/1991 to FYB of 10/01/1990.	Harns, P	03/19/04	Not Started
B00	6037	Unable to select FYE for Filed Cost Report Delinquency Letter	Harns, P	01/20/04	On Hold
B00	5787	Remove FYB check in HCS when opening settlements	Harns, P	11/07/03	On Hold
B00	5436	Enable 'Total Hospital Days' in the Occupancy Worksheet Form	Harns, P	08/26/03	Not Started
B00	5398	Research and possibly enhance current 'Data Accumulation Worksheet' population process	Harns, P	08/18/03	Not Started
B00	5579	Pull in Outpatient Gross Adjustments to OP Settlement Summary worksheets	Sell, P	09/26/03	On Hold
B00	5716	HCS error when printing	Hood, J	10/22/03	On Hold
B00	5665	Data Accumulation Worksheet fonts for U of M too small	Harns, P	10/13/03	On Hold
C00	3842	HCS - Store adjustment text for AAR Letter	Harns, P	06/27/02	Not Started
C00	4402	HCS - Duplicate HCRIS Codes	Harns, P	12/10/02	Not Started
C00	3703	HCS - Audit Adjustment Report	Hartley, R	05/10/02	On Hold
C00	5328	HCS - D Part 2 Worksheets Not Printing.	Hartley, R	07/29/03	Not Started
C00	3746	FCCR - modifications for libAuthenticate	Bigott, M	05/24/02	Not Started
C00	3823	FCCR - COM+ Error in Step 3 of Encounters Summary Report	Willhite, D	06/19/02	Not Started
C00	3577	FCCR - Archive Process	Gensterblum, S	04/18/02	Not Started
Kranz					
A00	6300	CardFile - Save button not activated when affiliation is changed	Willhite, D	03/18/04	In Progress
A00	6357	CardFile - Create a method for viewing the DRG Price data from the facility form	Chien, S	04/01/04	In Progress

Active LTC Projects

<i>Pri</i>	<i>CSR</i>	<i>Project Name</i>	<i>Source/ Date</i>	<i>Description</i>	<i>Status</i>
<i>Bigott</i>					
A002	4161	Audit Statistics - Allocate leave time per State guidelines	Hennessey 09/03/02	Update Audit Statistics to allocate leave time to each audit using the new State of Michigan guidelines and to allocate time for managers and secretaries to each audit based on percentage of auditors' time spent on each.	
A003	4411	Audit Statistics - Add edit rules to the Audit Form.	Hennessey 12/12/02	Create the logic to make sure Index/PCA, among others, is chosen before saving a new audit using the Audit Form.	04/08/2004: No updates. 02/05/2004: Not started yet. Others CSRs had higher priorities. 09/26/03: CSRs 3730, 4235, 4411, 5274, and 5430 will be implemented together. UAT is expected to begin during the week of 09/29/03.
A003	6691	Fix the Audit Team Form page scroll bars.	Hennessey 07/01/04	The Audit Team Form web page scrolling bars on the left side of the browser are not set properly preventing the scroll feature to work correctly.	07/01/2004: Jim Hennessey requested this change to better scroll up and down the page.
A005	4235	Audit Form - Replace the Activities tab with Events.	Hennessey 10/17/02	Replace the Activities tab from the Audit Form with Events information.	04/08/2004: Not started yet. Others CSRs had higher priorities. 09/26/03: CSRs 3730, 4235, 4411, 5274, and 5430 will be implemented together. UAT is expected to begin during the week of 09/29/03.
A005	6692	Time Sheet and Federal Summary reports to include union employees time off.	Hennessey 07/01/04	Make changes to the Time Sheet and Federal Summary reports so the new temporary lay-off time, designated to union employees, gets correctly populated.	07/01/2004: Requirement gathered and documentation started.
B001	6533	Audit Statistics - Audit Search	Hennessey 05/24/04	Add a search feature to the Audit Form to ease the audits look up process by typing in characters or words.	
B002	4802	Add OAG and federal audits to Audit Time Tracking	Hennessey 03/17/03	Add ability to track time for Office of Auditor General (OAG) and federal audits in Audit Statistics.	03/12/2004: No updates.
C001	4646	Create a link between MFR web applications and state's documents.	Oconnor 02/05/03	Create a way to access the documentation state's personnel have created from the MFR web applications, specifically Audit Management and Time Tracking Systems.	03/12/2004: No updates. Low priority! It'll be nice to link these documents with the audit statistic web applications.
<i>Fulton</i>					
A001	6266	Test the Rate_History_With_Adjustments View	Fulton 03/08/04	After loading all previous adjustments into the database, it appears that the view used to display the rates with adjustments is not working properly. Test the view and identify any issues. Document the findings.	07/01/04 - John stated he would review this weekend. 06/10/04 - John has not had time to review test cases. 03/26/04 - UAT Customer reviewing test case results. 03/15/04 - testing 03/09/04 - Created test cases.

Saturday, July 24, 2004

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LTC/OA Task Summary

Task ID	Task Name	Requestor Name	Contact Name	Phase	% Comp.	Status	Priority
6438	Handling FCR and ACR for Settlements after 01/01/2004 FYEs	Sell, Phil	Sell, Phil	Define	2%	On Hold	A007
Line #	<p>Division: HHPRD Section: HHPRD All System: HD HCS4 Project Type: CSR-Enhancement Resource Assigned: Emmons, Alan</p> <p>Task Desc: The HHPRD has requested that EDS identify new processes for loading and storing audited cost report data pertaining to settlements for fiscal year ends on or after 01/01/2002. This is because the State of Michigan will use filed cost reports for fiscal year ends on or after 01/01/2002. Possibilities could include loading and storing audited cost report data in a separate table that would never be intended to be used in the settlement process, and not showing that audited cost reports have been received in the HHPRD Cardfile application. The HHPRD has also stated that the State's internal auditor is concerned that there could be differences between the filed cost report data and the audited cost report data, so an automated comparison report between audited and filed cost report data would be useful for the HHPRD to have.</p>	<p>Cur. Est. Start Date: Cur. Est. Finish Date: Cur. Est. Work Hours: Date Received: 04/22/2004 Date Needed:</p> <p>Resource Notes:</p>	<p>Actual Start Date: 04/22/2004 Actual Finish Date: Actual Work Hours: 0.5 Date Assigned: 04/26/2004 Resource Deadline:</p> <p>Status Notes:</p>				
5473	Remove the 80th Percentile line from the Data Accumulation worksheets.	Drumm, Cindy	Sell, Phil	Analyze	5%	On Hold	A008
Line #	<p>Division: HHPRD Section: System: HD HCS4 Project Type: CSR-Enhancement Resource Assigned: Emmons, Alan</p> <p>Task Desc: Remove the 80th Percentile line from the Data Accumulation worksheets.</p>	<p>Cur. Est. Start Date: Cur. Est. Finish Date: Cur. Est. Work Hours: Date Received: 09/04/2003 Date Needed:</p> <p>Resource Notes:</p>	<p>Actual Start Date: Actual Finish Date: Actual Work Hours: 0.25 Date Assigned: 09/04/2003 Resource Deadline:</p> <p>Status Notes: 09/18/2003 (AE) Get with Cindy Drumm to determine the affected dates. 09/26/2003 (AE) Verified with Cindy Drumm that the date range to enforce this rule is for settlements with Fiscal Year Begin dates of 07/01/1997 and greater. Do not change existing Settlements, just make this applicable for settlements created from here on out.</p>				

Detailed Task List

5.1.3.3 Meeting Minutes

EDS will take minutes and record action items for the biweekly meetings scheduled with MDCH. For all these meetings, EDS uses a common meeting minutes template that allows for concise capture of pertinent discussion items and action items not addressed in the meeting status report. The EDS meeting minutes report has two major sections; the *Issues Discussed and/or Resolved* section is for recording topics previously mentioned. The *Action Items* section lists action items assigned during the meeting and indicates by initials the person who is assigned responsibility to complete them. The EDS project manager, Dave Hemingway, reviews the status of action items to verify that they are completed before the next meeting. The following is a sample of EDS' meeting minutes documentation.



Minutes for: Long Term Care Status Meeting

Date, Time: Monday, April 12, 2004 @ 9:00 AM

Location: CCC Conference Room 5A

Attendance List:

Jim Hennessey	John Donaldson	Deb Hallenbeck
Donna O'Connor	Tim Robl	Miguel Bigott
Dave Hemingway		

* Minutes are distributed to all attendees

Minutes CC List:

Dave McLaury	Ken Seyka	EDS LTC/OA/Network Support

Issues Discussed and/or Resolved:

1. The status report was reviewed.
2. Jim Hennessey's desktop PC is not rebooting at 1:00 AM on Mondays. It did reboot at another time during the last week.
3. John Donaldson's laptop PC could not connect from out of town using the new dial-up ID. He had to use the common ID to connect successfully from out of town. John is able to connect using the new dial-up ID from his home.
4. Jim Hennessey needs a method to produce an electronic copy of a rate for distribution to the OAG or other interested parties.
5. The next monthly status meeting will be Monday, May 10 at 9:00 AM. The date of the next planning meeting has not yet been determined.

Action Items:

1. Review and correct the automatic reboot configuration for Jim Hennessey. [TS]
2. Review and correct the connection problem on John Donaldson's PC. [TS]
3. Assist Jim Hennessey in producing an electronic copy of a rate. [MB]
4. Distribute location of electronic screen and report samples to Jim Hennessey, John Donaldson, Deb Hallenbeck, and Donna O'Connor. [DH]
5. Schedule next meeting. [JD]

Meeting Minutes Example

5.1.3.4 Weekly Status Report

EDS currently produces a weekly status report for HHPRD that shows processing totals for several types of cost reports including annual filed cost reports, annual audited cost reports, and quarterly financial reports. Processing totals are broken out separately for State-owned psychiatric hospitals and for multiple phases of the filed cost report life cycle. EDS will continue to produce this weekly status report and distribute it to HHPRD managers.

HHPRD Data Processing Weekly Status Report
Covering Week of: 12/8/2003

Column No.	1	2	3	4	5	
Row No.	Item	Start of Week Inventory	Received During Week	Rejected / Returned During Week	Processed During Week	End of Week Inventory
FCIDS						
1	EDS - FCID Reloads	0	4	0	1	3
2	EDS - FCID First Loads	17	16	5	27	1
3	State - FCID Acceptance	22	27	0	7	42
4	EDS - FCID Final Loads	0	7	0	4	3
5	EDS - Fact Sheet Creation	0	7	0	4	3
6	EDS - DSH Updates	0	0	0	0	0
ACIDS						
7	EDS - ACID First Loads/Reloads	36	0	0	0	36
Hospital Quarterly Financial Reports						
8	EDS - QF First Loads/Reloads	0	1	0	1	0
State Mental Health						
9	EDS - SMH FCID First Loads	0	0	0	0	0
10	EDS - SMH FCID Reloads	0	0	0	0	0
11	EDS - SMH ACID First Loads/Reloads	0	0	0	0	0
End of Week Inventory Detail						
12	FCID Acceptance Inventory by Date Range	14 Days	30 Days	60 Days	90 Days	90+ Days
		41	0	0	0	1

Notes:

Description of Report Fields

Rows:

1. **EDS - FCID Reloads:** Filed Cost Reports State/EDS has received that are ready to be reloaded by EDS
2. **EDS - FCID First Loads:** Filed Cost Reports State/EDS has received that are ready for a first load by EDS
3. **State - FCID Acceptance:** Filed Cost Reports EDS has loaded and are ready to be accepted by State
4. **EDS - FCID Final Loads:** Filed Cost Reports State has accepted and are ready for a final load by EDS
5. **EDS - Fact Sheet Creation:** Filed Cost Reports EDS has loaded that are ready to have Fact Sheets created by EDS
6. **EDS - DSH Updates:** Filed Cost Reports EDS has loaded that are ready to have DSH updated by EDS
7. **EDS - ACID First Loads/Reloads:** Audited Cost Reports State/EDS has received that are ready to be loaded by EDS
8. **EDS - QF First Loads/Reloads:** Quarterly Financial Reports State/EDS has received that are ready to be loaded by EDS
9. **EDS - SMH FCID First Loads:** Filed Cost Reports State/EDS has received for State Mental Health that are ready for a first load by EDS
10. **EDS - SMH FCID Reloads:** Filed Cost Reports State/EDS has received for State Mental Health that are ready to be reloaded by EDS
11. **EDS - SMH ACID First Loads/Reloads:** Audited Cost Reports State/EDS has received for State Mental Health that are ready to be loaded by EDS
12. **Current Inventory by Date Range:** Displays the End of Week Inventory from Row No. 3 in Five Date Ranges

Columns:

1. **Start of Week Inventory** - Number of items left over from the previous week that still need processing
2. **Received During Week** - Number of new items received during the current week
3. **Rejected/Returned During Week** - Number of items rejected or returned to the appropriate provider or fiscal intermediary
4. **Processed During Week** - Number of items processed during the current week
5. **End of Week Inventory** - Number of items needing processing at the end of the week (1st col. + 2nd col. - 3rd col. - 4th col.)

5.1.3.5 Microsoft Project Reports

EDS will use Microsoft Project to create the work plan described in the *Project Work Plan* section. Microsoft Project is one of the most powerful project management tools available; it has the following capabilities:

- Tracks actual progress against planned progress
- Warns the user when resources are over-committed
- Reports percentage of project completion and remaining effort required.

EDS proposes that it pilot the ongoing use of Microsoft Project when the new contract commences to track in detail the progress of the new projects specifically requested in the ITB. EDS will continue to update the project work plan and bring it to the biweekly meetings for review by MDCH project managers. If the MDCH’s project managers continue to receive value from this reporting, we will expand the Microsoft Project work plan to include additional tasks.

5.1.3.6 Report Distribution

EDS will distribute project management reports as directed by the State. Currently, we distribute the status reports and minutes to meeting participants, EDS contract staff, and the MDCH Contract Administrator. The ITB directs that we also submit monthly status reports to the Acquisition Services buyer, Melissa Castro. EDS suggests the following management report distribution list for ongoing project review:

Role	Name	Monthly Status Reports and Minutes	Monthly Planning Reports and Minutes	Weekly Status Report	Microsoft Project Reports
MDCH Contract Manager	Dave McLaury	X			
MDCH Project Manager - HHPRD	Brenda Fezatte	X	X	X	X
MDCH Project Manager - LTC	John Donaldson	X	X		X
MDCH Project Manager - OA	Jim Hennessey	X	X		X
DMB Acquisition Services Buyer	Melissa Castro	X			
EDS Account Manager	Tim Robl	X		X	X
MDCH Staff	As Needed	X	X	X	X
EDS Staff	As Needed	X	X		X

5.1.4 Project Work Plan

EDS will submit a work plan for approval within five working days of contract award. We will send copies to the directors of the MDCH Bureaus of Medicaid Financial Management and Budget and Audit. This final implementation plan will be in agreement with EDS’ Article 4 proposal and will contain the following:

- The EDS project organization structure
- The EDS staffing table with names and titles of personnel assigned to the project
- The project breakdown or work breakdown structure (WBS) showing subprojects, activities, and tasks with resources required by and allocated to each

- The Gantt chart showing the time-phased work plan and including each event, task, and decision point.

This section previews and summarizes the information to be presented in the final implementation plan.

5.1.4.1 Project Organization Structure

EDS proposes its existing project organization structure, as described in Section 3, Qualified Personnel / Staffing, and wishes to continue with the same organization structure that has served so well over the history of this contract.

5.1.4.2 Project Staffing Table

EDS proposes its existing project staff as described in Section 3, Qualified Personnel / Staffing. EDS wishes to continue with the existing staff that MDCH already knows and trusts.

5.1.4.3 Project Breakdown

One of the significant advantages the MDCH receives from EDS is its proven delivery capability. In the first seven months of 2004 alone, EDS has completed more than 300 software development and reporting projects and more than 400 support requests, benefiting MDCH users and Medicaid providers. In this section, we describe EDS' approach to the project plan and a proposed schedule for contract deliverables.

Based on EDS' knowledge of HHPRD, LTC, and OA business and processing needs, it has analyzed the ITB and identified the clearly outlined new development and enhancement projects MDCH requests. EDS then assigned initial priorities and high-level estimates to these specific projects. EDS understands that it must make additional resources available for ongoing and as yet undetermined system enhancements that may be driven by pending and future legislative or policy changes. EDS also understands that MDCH expects the software environment to be kept up to date as technology progresses. EDS will continually evaluate new technology and analyze its application within the MDCH environment to determine whether it might provide benefits not yet realized or eliminate risks caused by older technology. The solution EDS presents includes staffing resources to address these ongoing concerns in a balanced and prudent manner. As an introduction to the project breakdown or WBS, the Deliverables section shows the new projects EDS has identified in the ITB and summarizes information regarding their initial prioritization and estimation. Section 4, Scope of Work and Deliverables, provides information about deliverables in more detail. Following the Deliverables section, the WBS section includes a summary of the data EDS will report five days after contract award.

Deliverables

After carefully reviewing the ITB, EDS has identified the following specific new development or enhancement projects. In addition to the projects identified by MDCH, EDS has added a project to upgrade the database server to add the Microsoft SQL Reporting Services product. The installation of this product is necessary to support some of the new development work requested in this contract. Finally, we have separated the projects by requesting MDCH organization and prioritized the projects within organizations. The following table illustrates the results of that effort, the table also contains an initial estimate of the quarter in which we anticipate each deliverable will be implemented.

Requesting Organization	Suggested Priority	New Work or Enhancement Deliverables	Projected Completion Quarter (1-12)
HHPRD	1	Special Health Plan Cost Settlement Upgrades Implemented	1 st Qtr 2005
HHPRD	2	State Psychiatric Hospital Settlement System Upgrades Implemented	2 nd Qtr 2005
HHPRD	3	New Full Cost Provider Electronic Cost Report over Web Implemented	4 th Qtr 2005
HHPRD	4	New Capital Rate Setting System Implemented	1 st Qtr 2006
HHPRD	5	New Inpatient Rate Setting System Implemented	2 nd Qtr 2007
OA	1	ECR Upgrade to Collect Additional Information	4 th Qtr 2004
OA	2	New Home Office Cost Report System Implemented	4 th Qtr 2005
OA	3	SARMS Upgrade Implemented	3 rd Qtr 2006
OA	4	New Audit Program System Implemented	1 st Qtr 2006
OA	5	New Home Office Variance Report System Implemented	1 st Qtr 2006
OA	6	New Home Office Audit Plan System Implemented	3 rd Qtr 2006
OA	7	New Audit Budget and Travel System Implemented	4 th Qtr 2006
OA	8	New Audit Document File Management System Implemented	3 rd Qtr 2007
LTC	1	New Statistical Analysis by Region Report Implemented	4 th Qtr 2004
LTC	2	New Invoice Processing Interface Implemented	1 st Qtr 2005
LTC	3	New Automated Settlement System Implemented	4 th Qtr 2005
LTC	4	New Automated MIP Calculation Implemented	1 st Qtr 2007
All	1	New SQL Reporting Services Installation	4 th Qtr 2004

In assigning preliminary project priority, EDS has weighed several factors, including the priority implied in the ITB, the benefit potential to be gained by MDCH, and the existence of a temporary work-around. For HHPRD, EDDS has chosen to prioritize the Special Health Plan Cost Settlement Upgrade project first because the limited lifetime of the reimbursement program dictates that the maximum usefulness will be derived by the soonest possible implementation. EDS has chosen to place the State Psychiatric Hospital Settlement System Upgrades next in order of priority to give existing users of this system the additional functionality they require. For OA, EDS has placed the ECR Upgrade to Collect Additional Information first on the list so that we can begin to collect and store new data as soon as possible. EDS places the Home Office Cost Report project next on the list because of the target date stated in the ITB. When considering the LTC projects, EDS places the Statistical Analysis by Region Report project first because it will provide LTC with information not readily available from the present system. We place the Invoice Processing Interface second because the Settlement and MIP projects may both be dependent on information from the new interface. At the beginning of the new contract, EDS will meet with HHPRD, LTC, and OA to review and adjust the initial priorities assigned in the work plan.

Gleaning information from the ITB, and from its knowledge of the existing MDCH systems, EDS has created a range of initial estimates for each project and summarizes that information in

the following table. The range of estimates covers most likely (ML) to extended scenarios. The extended scenarios reflect contingencies that, although unlikely, may extend the timeline of the project. EDS is providing these high-level estimates of the new projects specifically identified in the ITB to give the State an indication of the complexity we perceive to be associated with each. The following table lists new development or enhancement projects ordered by requesting organization and complexity. The higher the number of hours estimated, the more complex the project.

Area	Task Name	Most Likely Hours			Extended Hours		
		EDS	State	Total	EDS	State	Total
HHPRD	Special Health Plan Cost Settlement Upgrades	1115	59	1174	1338	71	1409
HHPRD	State Psychiatric Hospital Settlement System Upgrades	659	35	694	791	42	833
HHPRD	New Full Cost Provider Electronic Web Cost Report	1214	64	1278	1469	77	1546
HHPRD	New Capital Rate Setting System	1022	54	1076	1226	65	1291
HHPRD	New Inpatient Rate Setting System	3384	178	3562	4061	214	4275
OA	ECR Upgrade to Collect Additional Information	302	16	318	362	19	381
OA	New Home Office Cost Report System	2250	118	2368	2700	142	2842
OA	SARMS Upgrade	2488	131	2619	2986	157	3143
OA	New Audit Program System	278	15	293	334	18	352
OA	New Home Office Variance Report System	428	23	451	514	28	542
OA	New Home Office Audit Plan System	1181	62	1243	1417	74	1491
OA	New Audit Budget and Travel System	672	35	707	806	42	848
OA	New Audit Document File Management System	829	44	873	995	53	1048
LTC	New Statistical Analysis by Region Report	365	19	384	438	23	461
LTC	New Invoice Processing Interface	663	35	698	796	42	838
LTC	New Automated Settlement System	1118	59	1177	1342	71	1413
LTC	New Automated MIP Calculation	1808	95	1903	2170	114	2284
All	New SQL Reporting Services Installation	48	0	48	58	0	58
Total		19824	1042	20866	23803	1252	25055

According to EDS' initial estimation, the new Inpatient Rate Setting System, the SARMS upgrade, and the new Home Office Cost Report are the three most complex tasks requested. The estimate of the Inpatient Rate Setting System is based on the information provided in the ITB and the Rate Setting Analysis EDS completed for HHPRD in the summer of 2000. The estimate for the SARMS upgrade is based on information in the ITB and project requirements already obtained from OA during the initial stages of this project already in progress. The estimate of the Home Office Cost Report is based on the information in the ITB and a comparison to the existing LTC cost report. As EDS starts each individual project noted in the work plan, it will meet with the requesting managers and users to gather more information. After gathering and documenting detailed requirements, we will review the associated project time estimate and make the necessary adjustments. EDS will repeat this approach for every project listed in the work plan.

WBS

The WBS shows the subprojects, activities, tasks, and resources required and allocated in the project plan. The WBS that EDS will prepare and deliver within five days of contract award will provide MDCH project leaders with a high-level understanding of the overall projects. The WBS is organized into three concurrent sections, HHPRD, LTC, and OA. Although LTC and OA work plans are separated, some associated resources and projects are shared. Other resources, such as project management and database administration, are shared across all sections of the plan. The proposed plan is based on the ITB Statement of Work.

Assumptions

The following list identifies the significant assumptions made in the development of the work plan and schedule:

- The contract start date will be no later than October 1, 2004.
- MDCH will provide consistent involvement, reviewing checkpoints as we develop deliverables. This involvement will result in more rapid approval of deliverables because problems are solved long before deliverables are submitted for final approval.
- The work plan is organized into three sections, representing the three MDCH divisions or sections participating in this ITB. Multiple projects for the requesting divisions and sections may run concurrently, but lower-priority projects may have to wait on completion of higher-priority projects.
- The work plan will be used to track progress on the new system or enhancement projects specifically requested by DCH in the ITB. To approve adjustments to the work plan resulting from business or priority changes, the affected MDCH managers and the EDS project manager will sign an approval form.
- The summarized WBS and Gantt chart estimates we present with this proposal are based on most-likely, rather than extended estimates.

The EDS project manager will closely monitor each of the foregoing assumptions and other project data to identify potential problems quickly. EDS' approach to project management assumes that circumstances sometimes change. One of the values of EDS' project management methodology is that it offers a proven process and techniques to achieve a successful result while

faced with budget, time, resource, and technology constraints. The project management methodology is described in detail in Section 6, Project Management.

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Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
1	1	Michigan Department of Community Health	65,538.5 hrs	746 days	Fri 10/1/04	Mon 10/1/07
2	1.1	Project Management	5,392 hrs	744 days	Tue 10/5/04	Mon 10/1/07
3	1.1.1	Update Project Plan / Task Schedule Weekly	314 hrs	742.25 days	Tue 10/5/04	Fri 9/28/07
176	1.1.2	Bi-Weekly Status Meetings	314 hrs	741.5 days	Wed 10/6/04	Fri 9/28/07
349	1.1.3	General Project Management	4,764 hrs	743.75 days	Tue 10/5/04	Mon 10/1/07
352	1.2	Technical Environment	5,468 hrs	743.5 days	Tue 10/5/04	Mon 10/1/07
353	1.2.1	Support Technical Environment	5,420 hrs	677.5 days	Thu 10/7/04	Mon 10/1/07
354	1.2.2	SQL Reporting Services Installation	48 hrs	22 days	Tue 10/5/04	Wed 11/3/04
364	1.3	Hospital and Health Plan Reimbursement Division	27,462.8 hrs	746 days	Fri 10/1/04	Mon 10/1/07
365	1.3.1	Settlement and Payment Processing Section	10,404.32 hrs	744 days	Tue 10/5/04	Mon 10/1/07
366	1.3.1.1	Support Existing Systems	10,404.32 hrs	744 days	Tue 10/5/04	Mon 10/1/07
371	1.3.2	Hospital Rate Setting Section	11,879.92 hrs	746 days	Fri 10/1/04	Mon 10/1/07
372	1.3.2.1	Support Existing Systems	5,373.92 hrs	746 days	Fri 10/1/04	Mon 10/1/07
377	1.3.2.2	New Projects	6,506 hrs	635.75 days	Tue 10/5/04	Fri 4/27/07
378	1.3.2.2.1	Inpatient Hospital Rate Setting System	3,562 hrs	300 days	Tue 2/14/06	Fri 4/27/07
379	1.3.2.2.1.1	Define	280 hrs	35 days	Tue 2/14/06	Tue 4/11/06
380	1.3.2.2.1.2	Client Approval of Project Definition	0 hrs	0 days	Tue 4/18/06	Tue 4/18/06
381	1.3.2.2.1.3	Analyze	280 hrs	35 days	Tue 4/18/06	Tue 6/13/06
382	1.3.2.2.1.4	Client Approval of Analysis	0 hrs	0 days	Tue 6/20/06	Tue 6/20/06
383	1.3.2.2.1.5	Design	1,230 hrs	78.88 days	Tue 6/20/06	Thu 10/19/06
384	1.3.2.2.1.6	Design Checkpoint	0 hrs	0 days	Fri 10/20/06	Fri 10/20/06
385	1.3.2.2.1.7	Produce	1,290 hrs	84.63 days	Fri 10/20/06	Fri 3/9/07
386	1.3.2.2.1.8	Produce Checkpoint	0 hrs	0 days	Mon 3/12/07	Mon 3/12/07
387	1.3.2.2.1.9	Optimize	458 hrs	33 days	Mon 3/12/07	Thu 4/26/07
388	1.3.2.2.1.9.1	Perform Integration Testing	230 hrs	14.38 days	Mon 3/12/07	Fri 3/30/07
389	1.3.2.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days	Mon 4/2/07	Mon 4/2/07
390	1.3.2.2.1.9.3	Perform System Testing	160 hrs	10 days	Wed 4/4/07	Tue 4/17/07
391	1.3.2.2.1.9.4	System Testing Checkpoint	0 hrs	0 days	Wed 4/18/07	Wed 4/18/07
392	1.3.2.2.1.9.5	Perform User Acceptance Testing	68 hrs	4.25 days	Thu 4/19/07	Wed 4/25/07
393	1.3.2.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Thu 4/26/07	Thu 4/26/07
394	1.3.2.2.1.10	Implementation	24 hrs	1.5 days	Thu 4/26/07	Fri 4/27/07
395	1.3.2.2.1.11	Implementation Checkpoint	0 hrs	0 days	Fri 4/27/07	Fri 4/27/07
396	1.3.2.2.2	Capital Rate Setting System	1,076 hrs	84.25 days	Fri 10/7/05	Tue 2/14/06
397	1.3.2.2.2.1	Define	90 hrs	5.63 days	Fri 10/7/05	Mon 10/17/05
398	1.3.2.2.2.2	Client Approval of Project Definition	0 hrs	0 days	Wed 10/19/05	Wed 10/19/05
399	1.3.2.2.2.3	Analyze	90 hrs	5.95 days	Wed 10/19/05	Thu 10/27/05
400	1.3.2.2.2.4	Client Approval of Analysis	0 hrs	0 days	Mon 10/31/05	Mon 10/31/05
401	1.3.2.2.2.5	Design	340 hrs	23.25 days	Mon 10/31/05	Thu 12/8/05
402	1.3.2.2.2.6	Design Checkpoint	0 hrs	0 days	Fri 12/9/05	Fri 12/9/05
403	1.3.2.2.2.7	Produce	400 hrs	25 days	Fri 12/9/05	Tue 1/24/06
404	1.3.2.2.2.8	Produce Checkpoint	0 hrs	0 days	Wed 1/25/06	Wed 1/25/06
405	1.3.2.2.2.9	Optimize	148 hrs	13.92 days	Wed 1/25/06	Tue 2/14/06
406	1.3.2.2.2.9.1	Perform Integration Testing	64 hrs	4 days	Wed 1/25/06	Tue 1/31/06
407	1.3.2.2.2.9.2	Integration Testing Checkpoint	0 hrs	0 days	Wed 2/1/06	Wed 2/1/06
408	1.3.2.2.2.9.3	Perform System Testing	60 hrs	4.75 days	Thu 2/2/06	Wed 2/8/06
409	1.3.2.2.2.9.4	System Testing Checkpoint	0 hrs	0 days	Thu 2/9/06	Thu 2/9/06

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
410	1.3.2.2.9.5	Perform User Acceptance Testing	24 hrs	1.5 days	Thu 2/9/06	Mon 2/13/06
411	1.3.2.2.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Tue 2/14/06	Tue 2/14/06
412	1.3.2.2.2.10	Implementation	8 hrs	0.5 days	Tue 2/14/06	Tue 2/14/06
413	1.3.2.2.2.11	Implementation Checkpoint	0 hrs	0 days	Tue 2/14/06	Tue 2/14/06
414	1.3.2.2.3	State Psychiatric Hospital Cost Settlement System Upgrades	694 hrs	60.25 days	Fri 2/18/05	Mon 5/16/05
415	1.3.2.2.3.1	Define	60 hrs	3.75 days	Fri 2/18/05	Fri 2/25/05
416	1.3.2.2.3.2	Client Approval of Project Definition	0 hrs	0 days	Tue 3/1/05	Tue 3/1/05
417	1.3.2.2.3.3	Analyze	60 hrs	4.75 days	Wed 3/2/05	Tue 3/8/05
418	1.3.2.2.3.4	Client Approval of Analysis	0 hrs	0 days	Thu 3/10/05	Thu 3/10/05
419	1.3.2.2.3.5	Design	220 hrs	13.75 days	Thu 3/10/05	Wed 3/30/05
420	1.3.2.2.3.6	Design Checkpoint	0 hrs	0 days	Thu 3/31/05	Thu 3/31/05
421	1.3.2.2.3.7	Produce	250 hrs	15.63 days	Thu 3/31/05	Tue 4/26/05
422	1.3.2.2.3.8	Produce Checkpoint	0 hrs	0 days	Wed 4/27/05	Wed 4/27/05
423	1.3.2.2.3.9	Optimize	96 hrs	13 days	Wed 4/27/05	Mon 5/16/05
424	1.3.2.2.3.9.1	Perform Integration Testing	48 hrs	3.13 days	Wed 4/27/05	Wed 5/4/05
425	1.3.2.2.3.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 5/5/05	Thu 5/5/05
426	1.3.2.2.3.9.3	Perform System Testing	32 hrs	4 days	Thu 5/5/05	Wed 5/11/05
427	1.3.2.2.3.9.4	System Testing Checkpoint	0 hrs	0 days	Thu 5/12/05	Thu 5/12/05
428	1.3.2.2.3.9.5	Perform User Acceptance Testing	16 hrs	1 day	Thu 5/12/05	Fri 5/13/05
429	1.3.2.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Mon 5/16/05	Mon 5/16/05
430	1.3.2.2.3.10	Implementation	8 hrs	0.5 days	Mon 5/16/05	Mon 5/16/05
431	1.3.2.2.3.11	Implementation Checkpoint	0 hrs	0 days	Mon 5/16/05	Mon 5/16/05
432	1.3.2.2.4	Special Health Plan Cost Settlement System Upgrades	1,174 hrs	90.38 days	Tue 10/5/04	Fri 2/18/05
433	1.3.2.2.4.1	Define	100 hrs	6.25 days	Tue 10/5/04	Wed 10/13/04
434	1.3.2.2.4.2	Client Approval of Project Definition	0 hrs	0 days	Fri 10/15/04	Fri 10/15/04
435	1.3.2.2.4.3	Analyze	100 hrs	6.25 days	Fri 10/15/04	Mon 10/25/04
436	1.3.2.2.4.4	Client Approval of Analysis	0 hrs	0 days	Wed 10/27/04	Wed 10/27/04
437	1.3.2.2.4.5	Design	410 hrs	27.63 days	Wed 10/27/04	Mon 12/13/04
438	1.3.2.2.4.6	Design Checkpoint	0 hrs	0 days	Tue 12/14/04	Tue 12/14/04
439	1.3.2.2.4.7	Produce	460 hrs	29.63 days	Tue 12/14/04	Thu 2/3/05
440	1.3.2.2.4.8	Produce Checkpoint	0 hrs	0 days	Fri 2/4/05	Fri 2/4/05
441	1.3.2.2.4.9	Optimize	96 hrs	9 days	Fri 2/4/05	Thu 2/17/05
442	1.3.2.2.4.9.1	Perform Integration Testing	48 hrs	3 days	Fri 2/4/05	Wed 2/9/05
443	1.3.2.2.4.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 2/10/05	Thu 2/10/05
444	1.3.2.2.4.9.3	Perform System Testing	32 hrs	2 days	Thu 2/10/05	Mon 2/14/05
445	1.3.2.2.4.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 2/15/05	Tue 2/15/05
446	1.3.2.2.4.9.5	Perform User Acceptance Testing	16 hrs	1 day	Tue 2/15/05	Wed 2/16/05
447	1.3.2.2.4.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Thu 2/17/05	Thu 2/17/05
448	1.3.2.2.4.10	Implementation	8 hrs	0.5 days	Thu 2/17/05	Fri 2/18/05
449	1.3.2.2.4.11	Implementation Checkpoint	0 hrs	0 days	Fri 2/18/05	Fri 2/18/05
450	1.3.3	Special Program Section	5,178.57 hrs	744 days	Tue 10/5/04	Mon 10/1/07
451	1.3.3.1	Support Existing Systems	3,900.57 hrs	744 days	Tue 10/5/04	Mon 10/1/07
455	1.3.3.2	New Projects	1,278 hrs	100.88 days	Mon 5/16/05	Fri 10/7/05
456	1.3.3.2.1	Electronic Cost Report over the Internet	1,278 hrs	100.88 days	Mon 5/16/05	Fri 10/7/05
457	1.3.3.2.1.1	Define	110 hrs	6.88 days	Mon 5/16/05	Wed 5/25/05
458	1.3.3.2.1.2	Client Approval of Project Definition	0 hrs	0 days	Tue 5/31/05	Tue 5/31/05

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
459	1.3.3.2.1.3	Analyze	110 hrs	7.88 days	Tue 5/31/05	Mon 6/13/05
460	1.3.3.2.1.4	Client Approval of Analysis	0 hrs	0 days	Thu 6/16/05	Thu 6/16/05
461	1.3.3.2.1.5	Design	410 hrs	25.63 days	Thu 6/16/05	Wed 7/27/05
462	1.3.3.2.1.6	Design Checkpoint	0 hrs	0 days	Thu 7/28/05	Thu 7/28/05
463	1.3.3.2.1.7	Produce	460 hrs	30.75 days	Thu 7/28/05	Tue 9/13/05
464	1.3.3.2.1.8	Produce Checkpoint	0 hrs	0 days	Wed 9/14/05	Wed 9/14/05
465	1.3.3.2.1.9	Optimize	180 hrs	16.25 days	Wed 9/14/05	Fri 10/7/05
466	1.3.3.2.1.9.1	Perform Integration Testing	90 hrs	5.63 days	Wed 9/14/05	Thu 9/22/05
467	1.3.3.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 9/23/05	Fri 9/23/05
468	1.3.3.2.1.9.3	Perform System Testing	60 hrs	3.75 days	Fri 9/23/05	Thu 9/29/05
469	1.3.3.2.1.9.4	System Testing Checkpoint	0 hrs	0 days	Fri 9/30/05	Fri 9/30/05
470	1.3.3.2.1.9.5	Perform User Acceptance Testing	30 hrs	1.88 days	Fri 9/30/05	Thu 10/6/05
471	1.3.3.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Fri 10/7/05	Fri 10/7/05
472	1.3.3.2.1.10	Implementation	8 hrs	0.5 days	Fri 10/7/05	Fri 10/7/05
473	1.3.3.2.1.11	Implementation Checkpoint	0 hrs	0 days	Fri 10/7/05	Fri 10/7/05
474	1.4	Office of Audit	13,861.7 hrs	744 days	Tue 10/5/04	Mon 10/1/07
475	1.4.1	Support Existing Systems	4,989.7 hrs	703 days	Mon 12/6/04	Mon 10/1/07
481	1.4.2	New Projects	8,872 hrs	723 days	Tue 10/5/04	Thu 8/30/07
482	1.4.2.1	Long Term Care System	6,253 hrs	723 days	Tue 10/5/04	Thu 8/30/07
483	1.4.2.1.1	ECR Enhancements to Capture New Info	318 hrs	43.75 days	Tue 10/5/04	Wed 12/8/04
484	1.4.2.1.1.1	Define	23 hrs	2.88 days	Tue 10/5/04	Thu 10/7/04
485	1.4.2.1.1.2	Client Approval of Project Definition	0 hrs	0 days	Thu 10/7/04	Thu 10/7/04
486	1.4.2.1.1.3	Analyze	23 hrs	2.88 days	Thu 10/7/04	Tue 10/12/04
487	1.4.2.1.1.4	Client Approval of Analysis	0 hrs	0 days	Tue 10/12/04	Tue 10/12/04
488	1.4.2.1.1.5	Design	86 hrs	10.75 days	Tue 10/12/04	Wed 10/27/04
489	1.4.2.1.1.6	Design Checkpoint	0 hrs	0 days	Wed 10/27/04	Wed 10/27/04
490	1.4.2.1.1.7	Produce	130 hrs	16.25 days	Wed 10/27/04	Tue 11/23/04
491	1.4.2.1.1.8	Produce Checkpoint	0 hrs	0 days	Tue 11/23/04	Tue 11/23/04
492	1.4.2.1.1.9	Optimize	52 hrs	8.5 days	Tue 11/23/04	Wed 12/8/04
493	1.4.2.1.1.9.1	Perform Integration Testing	24 hrs	3 days	Tue 11/23/04	Tue 11/30/04
494	1.4.2.1.1.9.2	Integration Testing Checkpoint	0 hrs	0 days	Tue 11/30/04	Tue 11/30/04
495	1.4.2.1.1.9.3	Perform System Testing	17 hrs	2.13 days	Tue 11/30/04	Mon 12/6/04
496	1.4.2.1.1.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 12/6/04	Mon 12/6/04
497	1.4.2.1.1.9.5	Perform User Acceptance Testing	11 hrs	1.38 days	Mon 12/6/04	Wed 12/8/04
498	1.4.2.1.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 12/8/04	Wed 12/8/04
499	1.4.2.1.1.10	Implementation	4 hrs	0.5 days	Wed 12/8/04	Wed 12/8/04
500	1.4.2.1.1.11	Implementation Checkpoint	0 hrs	0 days	Wed 12/8/04	Wed 12/8/04
501	1.4.2.1.2	Home Office Cost Report System	2,368 hrs	252.44 days	Tue 10/5/04	Mon 10/10/05
502	1.4.2.1.2.1	Iteration #1: Home Office Cost Report Database	294 hrs	40.75 days	Tue 10/5/04	Fri 12/3/04
503	1.4.2.1.2.1.1	Define	23 hrs	2.88 days	Tue 10/5/04	Thu 10/7/04
504	1.4.2.1.2.1.2	Client Approval of Project Definition	0 hrs	0 days	Thu 10/7/04	Thu 10/7/04
505	1.4.2.1.2.1.3	Analyze	23 hrs	2.88 days	Thu 10/7/04	Tue 10/12/04
506	1.4.2.1.2.1.4	Client Approval of Analysis	0 hrs	0 days	Tue 10/12/04	Tue 10/12/04
507	1.4.2.1.2.1.5	Design	108 hrs	13.5 days	Tue 10/12/04	Wed 11/3/04
508	1.4.2.1.2.1.6	Design Checkpoint	0 hrs	0 days	Wed 11/3/04	Wed 11/3/04
509	1.4.2.1.2.1.7	Produce	90 hrs	11.25 days	Wed 11/3/04	Fri 11/19/04

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
510	1.4.2.1.2.1.8	Produce Checkpoint	0 hrs	0 days	Fri 11/19/04	Fri 11/19/04
511	1.4.2.1.2.1.9	Optimize	46 hrs	7.75 days	Fri 11/19/04	Fri 12/3/04
512	1.4.2.1.2.1.9.1	Perform Integration Testing	22 hrs	2.75 days	Fri 11/19/04	Wed 11/24/04
513	1.4.2.1.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days	Wed 11/24/04	Wed 11/24/04
514	1.4.2.1.2.1.9.3	Perform System Testing	15 hrs	1.88 days	Wed 11/24/04	Tue 11/30/04
515	1.4.2.1.2.1.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 11/30/04	Tue 11/30/04
516	1.4.2.1.2.1.9.5	Perform User Acceptance Testing	9 hrs	1.13 days	Tue 11/30/04	Fri 12/3/04
517	1.4.2.1.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Fri 12/3/04	Fri 12/3/04
518	1.4.2.1.2.1.10	Implementation	4 hrs	0.5 days	Fri 12/3/04	Fri 12/3/04
519	1.4.2.1.2.1.11	Implementation Checkpoint	0 hrs	0 days	Fri 12/3/04	Fri 12/3/04
520	1.4.2.1.2.2	Iteration #2: Home Office Cost Report Interface	1,331 hrs	108.56 days	Thu 12/9/04	Wed 5/18/05
521	1.4.2.1.2.2.1	Define	104 hrs	6.5 days	Thu 12/9/04	Fri 12/17/04
522	1.4.2.1.2.2.2	Client Approval of Project Definition	0 hrs	0 days	Fri 12/17/04	Fri 12/17/04
523	1.4.2.1.2.2.3	Analyze	103 hrs	6.44 days	Fri 12/17/04	Wed 12/29/04
524	1.4.2.1.2.2.4	Client Approval of Analysis	0 hrs	0 days	Wed 12/29/04	Wed 12/29/04
525	1.4.2.1.2.2.5	Design	462 hrs	29.88 days	Wed 12/29/04	Fri 2/18/05
526	1.4.2.1.2.2.6	Design Checkpoint	0 hrs	0 days	Fri 2/18/05	Fri 2/18/05
527	1.4.2.1.2.2.7	Produce	432 hrs	27.81 days	Fri 2/18/05	Tue 4/5/05
528	1.4.2.1.2.2.8	Produce Checkpoint	0 hrs	0 days	Tue 4/5/05	Tue 4/5/05
529	1.4.2.1.2.2.9	Optimize	218 hrs	29.25 days	Tue 4/5/05	Tue 5/17/05
530	1.4.2.1.2.2.9.1	Perform Integration Testing	102 hrs	12.75 days	Tue 4/5/05	Fri 4/22/05
531	1.4.2.1.2.2.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 4/22/05	Fri 4/22/05
532	1.4.2.1.2.2.9.3	Perform System Testing	71 hrs	8.88 days	Fri 4/22/05	Mon 5/9/05
533	1.4.2.1.2.2.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 5/9/05	Mon 5/9/05
534	1.4.2.1.2.2.9.5	Perform User Acceptance Testing	45 hrs	5.63 days	Mon 5/9/05	Tue 5/17/05
535	1.4.2.1.2.2.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Tue 5/17/05	Tue 5/17/05
536	1.4.2.1.2.2.10	Implementation	12 hrs	1.5 days	Tue 5/17/05	Wed 5/18/05
537	1.4.2.1.2.2.11	Implementation Checkpoint	0 hrs	0 days	Wed 5/18/05	Wed 5/18/05
538	1.4.2.1.2.3	Iteration #3: Home Office Cost Report Application	743 hrs	99.87 days	Wed 5/18/05	Mon 10/10/05
539	1.4.2.1.2.3.1	Define	51 hrs	6.37 days	Wed 5/18/05	Thu 5/26/05
540	1.4.2.1.2.3.2	Client Approval of Project Definition	0 hrs	0 days	Thu 5/26/05	Thu 5/26/05
541	1.4.2.1.2.3.3	Analyze	51 hrs	6.38 days	Thu 5/26/05	Wed 6/8/05
542	1.4.2.1.2.3.4	Client Approval of Analysis	0 hrs	0 days	Wed 6/8/05	Wed 6/8/05
543	1.4.2.1.2.3.5	Design	235 hrs	29.38 days	Wed 6/8/05	Fri 7/22/05
544	1.4.2.1.2.3.6	Design Checkpoint	0 hrs	0 days	Fri 7/22/05	Fri 7/22/05
545	1.4.2.1.2.3.7	Produce	291 hrs	36.38 days	Fri 7/22/05	Mon 9/19/05
546	1.4.2.1.2.3.8	Produce Checkpoint	0 hrs	0 days	Mon 9/19/05	Mon 9/19/05
547	1.4.2.1.2.3.9	Optimize	108 hrs	14.5 days	Mon 9/19/05	Fri 10/7/05
548	1.4.2.1.2.3.9.1	Perform Integration Testing	52 hrs	6.5 days	Mon 9/19/05	Tue 9/27/05
549	1.4.2.1.2.3.9.2	Integration Testing Checkpoint	0 hrs	0 days	Tue 9/27/05	Tue 9/27/05
550	1.4.2.1.2.3.9.3	Perform System Testing	39 hrs	4.88 days	Tue 9/27/05	Wed 10/5/05
551	1.4.2.1.2.3.9.4	System Testing Checkpoint	0 hrs	0 days	Wed 10/5/05	Wed 10/5/05
552	1.4.2.1.2.3.9.5	Perform User Acceptance Testing	17 hrs	2.13 days	Wed 10/5/05	Fri 10/7/05
553	1.4.2.1.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Fri 10/7/05	Fri 10/7/05
554	1.4.2.1.2.3.10	Implementation	7 hrs	0.88 days	Fri 10/7/05	Mon 10/10/05
555	1.4.2.1.2.3.11	Implementation Checkpoint	0 hrs	0 days	Mon 10/10/05	Mon 10/10/05

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
556	1.4.2.1.3	Home Office Cost Report Variance Report	451 hrs	61.38 days	Mon 10/10/05	Thu 1/12/06
557	1.4.2.1.3.1	Define	30 hrs	3.75 days	Mon 10/10/05	Fri 10/14/05
558	1.4.2.1.3.2	Client Approval of Project Definition	0 hrs	0 days	Fri 10/14/05	Fri 10/14/05
559	1.4.2.1.3.3	Analyze	30 hrs	3.75 days	Fri 10/14/05	Wed 10/19/05
560	1.4.2.1.3.4	Client Approval of Analysis	0 hrs	0 days	Wed 10/19/05	Wed 10/19/05
561	1.4.2.1.3.5	Design	134 hrs	16.75 days	Wed 10/19/05	Wed 11/16/05
562	1.4.2.1.3.6	Design Checkpoint	0 hrs	0 days	Wed 11/16/05	Wed 11/16/05
563	1.4.2.1.3.7	Produce	192 hrs	24 days	Wed 11/16/05	Wed 12/28/05
564	1.4.2.1.3.8	Produce Checkpoint	0 hrs	0 days	Wed 12/28/05	Wed 12/28/05
565	1.4.2.1.3.9	Optimize	60 hrs	8.5 days	Wed 12/28/05	Thu 1/12/06
566	1.4.2.1.3.9.1	Perform Integration Testing	29 hrs	3.63 days	Wed 12/28/05	Fri 1/6/06
567	1.4.2.1.3.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 1/6/06	Fri 1/6/06
568	1.4.2.1.3.9.3	Perform System Testing	21 hrs	2.63 days	Fri 1/6/06	Tue 1/10/06
569	1.4.2.1.3.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 1/10/06	Tue 1/10/06
570	1.4.2.1.3.9.5	Perform User Acceptance Testing	10 hrs	1.25 days	Tue 1/10/06	Thu 1/12/06
571	1.4.2.1.3.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Thu 1/12/06	Thu 1/12/06
572	1.4.2.1.3.10	Implementation	5 hrs	0.63 days	Thu 1/12/06	Thu 1/12/06
573	1.4.2.1.3.11	Implementation Checkpoint	0 hrs	0 days	Thu 1/12/06	Thu 1/12/06
574	1.4.2.1.4	Home Office Audit Plan System	1,243 hrs	177.97 days	Thu 1/12/06	Tue 9/26/06
575	1.4.2.1.4.1	Define	95 hrs	11.88 days	Thu 1/12/06	Tue 1/31/06
576	1.4.2.1.4.2	Client Approval of Project Definition	0 hrs	0 days	Tue 1/31/06	Tue 1/31/06
577	1.4.2.1.4.3	Analyze	96 hrs	12 days	Tue 1/31/06	Tue 2/21/06
578	1.4.2.1.4.4	Client Approval of Analysis	0 hrs	0 days	Tue 2/21/06	Tue 2/21/06
579	1.4.2.1.4.5	Design	422 hrs	52.75 days	Tue 2/21/06	Mon 5/15/06
580	1.4.2.1.4.6	Design Checkpoint	0 hrs	0 days	Mon 5/15/06	Mon 5/15/06
581	1.4.2.1.4.7	Produce	427 hrs	53.38 days	Mon 5/15/06	Wed 8/9/06
582	1.4.2.1.4.8	Produce Checkpoint	0 hrs	0 days	Wed 8/9/06	Wed 8/9/06
583	1.4.2.1.4.9	Optimize	193 hrs	31.72 days	Wed 8/9/06	Mon 9/25/06
584	1.4.2.1.4.9.1	Perform Integration Testing	95 hrs	11.88 days	Wed 8/9/06	Thu 9/7/06
585	1.4.2.1.4.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 9/7/06	Thu 9/7/06
586	1.4.2.1.4.9.3	Perform System Testing	68 hrs	8.5 days	Thu 9/7/06	Tue 9/19/06
587	1.4.2.1.4.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 9/19/06	Tue 9/19/06
588	1.4.2.1.4.9.5	Perform User Acceptance Testing	30 hrs	3.75 days	Tue 9/19/06	Mon 9/25/06
589	1.4.2.1.4.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Mon 9/25/06	Mon 9/25/06
590	1.4.2.1.4.10	Implementation	10 hrs	1.25 days	Mon 9/25/06	Tue 9/26/06
591	1.4.2.1.4.11	Implementation Checkpoint	0 hrs	0 days	Tue 9/26/06	Tue 9/26/06
592	1.4.2.1.5	File Management System	873 hrs	116.12 days	Mon 3/19/07	Thu 8/30/07
593	1.4.2.1.5.1	Define	60 hrs	7.5 days	Mon 3/19/07	Thu 3/29/07
594	1.4.2.1.5.2	Client Approval of Project Definition	0 hrs	0 days	Thu 3/29/07	Thu 3/29/07
595	1.4.2.1.5.3	Analyze	60 hrs	7.5 days	Thu 3/29/07	Tue 4/10/07
596	1.4.2.1.5.4	Client Approval of Analysis	0 hrs	0 days	Tue 4/10/07	Tue 4/10/07
597	1.4.2.1.5.5	Design	361 hrs	45.12 days	Tue 4/10/07	Mon 6/18/07
598	1.4.2.1.5.6	Design Checkpoint	0 hrs	0 days	Mon 6/18/07	Mon 6/18/07
599	1.4.2.1.5.7	Produce	263 hrs	32.87 days	Mon 6/18/07	Wed 8/8/07
600	1.4.2.1.5.8	Produce Checkpoint	0 hrs	0 days	Wed 8/8/07	Wed 8/8/07
601	1.4.2.1.5.9	Optimize	123 hrs	15.37 days	Wed 8/8/07	Thu 8/30/07

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
602	1.4.2.1.5.9.1	Perform Integration Testing	60 hrs	7.5 days	Wed 8/8/07	Mon 8/20/07
603	1.4.2.1.5.9.2	Integration Testing Checkpoint	0 hrs	0 days	Mon 8/20/07	Mon 8/20/07
604	1.4.2.1.5.9.3	Perform System Testing	41 hrs	5.13 days	Mon 8/20/07	Mon 8/27/07
605	1.4.2.1.5.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 8/27/07	Mon 8/27/07
606	1.4.2.1.5.9.5	Perform User Acceptance Testing	22 hrs	2.75 days	Mon 8/27/07	Thu 8/30/07
607	1.4.2.1.5.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Thu 8/30/07	Thu 8/30/07
608	1.4.2.1.5.10	Implementation	6 hrs	0.75 days	Thu 8/30/07	Thu 8/30/07
609	1.4.2.1.5.11	Implementation Checkpoint	0 hrs	0 days	Thu 8/30/07	Thu 8/30/07
610	1.4.2.1.6	Budget and Travel System	707 hrs	187.75 days	Fri 2/3/06	Tue 10/31/06
611	1.4.2.1.6.1	Define	45 hrs	11.25 days	Fri 2/3/06	Tue 2/21/06
612	1.4.2.1.6.2	Client Approval of Project Definition	0 hrs	0 days	Tue 2/21/06	Tue 2/21/06
613	1.4.2.1.6.3	Analyze	44 hrs	11 days	Tue 2/21/06	Thu 3/9/06
614	1.4.2.1.6.4	Client Approval of Analysis	0 hrs	0 days	Thu 3/9/06	Thu 3/9/06
615	1.4.2.1.6.5	Design	255 hrs	63.75 days	Thu 3/9/06	Wed 6/14/06
616	1.4.2.1.6.6	Design Checkpoint	0 hrs	0 days	Wed 6/14/06	Wed 6/14/06
617	1.4.2.1.6.7	Produce	270 hrs	67.5 days	Wed 6/14/06	Tue 9/26/06
618	1.4.2.1.6.8	Produce Checkpoint	0 hrs	0 days	Tue 9/26/06	Tue 9/26/06
619	1.4.2.1.6.9	Optimize	88 hrs	24 days	Tue 9/26/06	Mon 10/30/06
620	1.4.2.1.6.9.1	Perform Integration Testing	44 hrs	11 days	Tue 9/26/06	Fri 10/13/06
621	1.4.2.1.6.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 10/13/06	Fri 10/13/06
622	1.4.2.1.6.9.3	Perform System Testing	30 hrs	7.5 days	Fri 10/13/06	Tue 10/24/06
623	1.4.2.1.6.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 10/24/06	Tue 10/24/06
624	1.4.2.1.6.9.5	Perform User Acceptance Testing	14 hrs	3.5 days	Tue 10/24/06	Mon 10/30/06
625	1.4.2.1.6.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Mon 10/30/06	Mon 10/30/06
626	1.4.2.1.6.10	Implementation	5 hrs	1.25 days	Mon 10/30/06	Tue 10/31/06
627	1.4.2.1.6.11	Implementation Checkpoint	0 hrs	0 days	Tue 10/31/06	Tue 10/31/06
628	1.4.2.1.7	Audit Program	293 hrs	78.25 days	Thu 10/6/05	Fri 2/3/06
629	1.4.2.1.7.1	Define	23 hrs	5.75 days	Thu 10/6/05	Fri 10/14/05
630	1.4.2.1.7.2	Client Approval of Project Definition	0 hrs	0 days	Fri 10/14/05	Fri 10/14/05
631	1.4.2.1.7.3	Analyze	23 hrs	5.75 days	Fri 10/14/05	Fri 10/21/05
632	1.4.2.1.7.4	Client Approval of Analysis	0 hrs	0 days	Fri 10/21/05	Fri 10/21/05
633	1.4.2.1.7.5	Design	99 hrs	24.75 days	Fri 10/21/05	Fri 12/2/05
634	1.4.2.1.7.6	Design Checkpoint	0 hrs	0 days	Fri 12/2/05	Fri 12/2/05
635	1.4.2.1.7.7	Produce	99 hrs	24.75 days	Fri 12/2/05	Tue 1/17/06
636	1.4.2.1.7.8	Produce Checkpoint	0 hrs	0 days	Tue 1/17/06	Tue 1/17/06
637	1.4.2.1.7.9	Optimize	46 hrs	12.5 days	Tue 1/17/06	Thu 2/2/06
638	1.4.2.1.7.9.1	Perform Integration Testing	22 hrs	5.5 days	Tue 1/17/06	Tue 1/24/06
639	1.4.2.1.7.9.2	Integration Testing Checkpoint	0 hrs	0 days	Tue 1/24/06	Tue 1/24/06
640	1.4.2.1.7.9.3	Perform System Testing	15 hrs	3.75 days	Tue 1/24/06	Mon 1/30/06
641	1.4.2.1.7.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 1/30/06	Mon 1/30/06
642	1.4.2.1.7.9.5	Perform User Acceptance Testing	9 hrs	2.25 days	Mon 1/30/06	Thu 2/2/06
643	1.4.2.1.7.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Thu 2/2/06	Thu 2/2/06
644	1.4.2.1.7.10	Implementation	3 hrs	0.75 days	Thu 2/2/06	Fri 2/3/06
645	1.4.2.1.7.11	Implementation Checkpoint	0 hrs	0 days	Fri 2/3/06	Fri 2/3/06
646	1.4.2.2	Subrecipient Audit Report Monitoring System	2,619 hrs	444.22 days	Tue 10/5/04	Thu 7/20/06
647	1.4.2.2.1	Automation for Audit Report Due Notices	348 hrs	59.38 days	Tue 10/5/04	Wed 1/5/05

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
648	1.4.2.2.1.1	Define	40 hrs	6.25 days	Tue 10/5/04	Wed 10/13/04
649	1.4.2.2.1.2	Client Approval of Project Definition	0 hrs	0 days	Wed 10/13/04	Wed 10/13/04
650	1.4.2.2.1.3	Analyze	45 hrs	7.03 days	Wed 10/13/04	Fri 10/22/04
651	1.4.2.2.1.4	Client Approval of Analysis	0 hrs	0 days	Fri 10/22/04	Fri 10/22/04
652	1.4.2.2.1.5	Design	101 hrs	15.78 days	Fri 10/22/04	Thu 11/18/04
653	1.4.2.2.1.6	Design Checkpoint	0 hrs	0 days	Thu 11/18/04	Thu 11/18/04
654	1.4.2.2.1.7	Produce	101 hrs	15.78 days	Thu 11/18/04	Wed 12/15/04
655	1.4.2.2.1.8	Produce Checkpoint	0 hrs	0 days	Wed 12/15/04	Wed 12/15/04
656	1.4.2.2.1.9	Optimize	59 hrs	10.22 days	Wed 12/15/04	Wed 1/5/05
657	1.4.2.2.1.9.1	Perform Integration Testing	24 hrs	3.75 days	Wed 12/15/04	Tue 12/21/04
658	1.4.2.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days	Tue 12/21/04	Tue 12/21/04
659	1.4.2.2.1.9.3	Perform System Testing	20 hrs	3.13 days	Tue 12/21/04	Tue 12/28/04
660	1.4.2.2.1.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 12/28/04	Tue 12/28/04
661	1.4.2.2.1.9.5	Perform User Acceptance Testing	15 hrs	2.34 days	Tue 12/28/04	Wed 1/5/05
662	1.4.2.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 1/5/05	Wed 1/5/05
663	1.4.2.2.1.10	Implementation	2 hrs	0.31 days	Wed 1/5/05	Wed 1/5/05
664	1.4.2.2.1.11	Implementation Checkpoint	0 hrs	0 days	Wed 1/5/05	Wed 1/5/05
665	1.4.2.2.2	Automation for Audit Report Late Notices	292 hrs	48.63 days	Wed 1/5/05	Thu 3/17/05
666	1.4.2.2.2.1	Define	23 hrs	3.59 days	Wed 1/5/05	Mon 1/10/05
667	1.4.2.2.2.2	Client Approval of Project Definition	0 hrs	0 days	Mon 1/10/05	Mon 1/10/05
668	1.4.2.2.2.3	Analyze	23 hrs	3.59 days	Mon 1/10/05	Fri 1/14/05
669	1.4.2.2.2.4	Client Approval of Analysis	0 hrs	0 days	Fri 1/14/05	Fri 1/14/05
670	1.4.2.2.2.5	Design	99 hrs	15.47 days	Fri 1/14/05	Wed 2/9/05
671	1.4.2.2.2.6	Design Checkpoint	0 hrs	0 days	Wed 2/9/05	Wed 2/9/05
672	1.4.2.2.2.7	Produce	99 hrs	15.47 days	Wed 2/9/05	Mon 3/7/05
673	1.4.2.2.2.8	Produce Checkpoint	0 hrs	0 days	Mon 3/7/05	Mon 3/7/05
674	1.4.2.2.2.9	Optimize	46 hrs	7.19 days	Mon 3/7/05	Wed 3/16/05
675	1.4.2.2.2.9.1	Perform Integration Testing	22 hrs	3.44 days	Mon 3/7/05	Thu 3/10/05
676	1.4.2.2.2.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 3/10/05	Thu 3/10/05
677	1.4.2.2.2.9.3	Perform System Testing	15 hrs	2.34 days	Thu 3/10/05	Tue 3/15/05
678	1.4.2.2.2.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 3/15/05	Tue 3/15/05
679	1.4.2.2.2.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Tue 3/15/05	Wed 3/16/05
680	1.4.2.2.2.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 3/16/05	Wed 3/16/05
681	1.4.2.2.2.10	Implementation	2 hrs	0.31 days	Wed 3/16/05	Thu 3/17/05
682	1.4.2.2.2.11	Implementation Checkpoint	0 hrs	0 days	Thu 3/17/05	Thu 3/17/05
683	1.4.2.2.3	Checklist Document Management	114 hrs	18.81 days	Thu 3/17/05	Tue 4/12/05
684	1.4.2.2.3.1	Define	9 hrs	1.41 days	Thu 3/17/05	Fri 3/18/05
685	1.4.2.2.3.2	Client Approval of Project Definition	0 hrs	0 days	Fri 3/18/05	Fri 3/18/05
686	1.4.2.2.3.3	Analyze	10 hrs	1.56 days	Fri 3/18/05	Mon 3/21/05
687	1.4.2.2.3.4	Client Approval of Analysis	0 hrs	0 days	Mon 3/21/05	Mon 3/21/05
688	1.4.2.2.3.5	Design	35 hrs	5.47 days	Mon 3/21/05	Tue 3/29/05
689	1.4.2.2.3.6	Design Checkpoint	0 hrs	0 days	Tue 3/29/05	Tue 3/29/05
690	1.4.2.2.3.7	Produce	35 hrs	5.47 days	Tue 3/29/05	Wed 4/6/05
691	1.4.2.2.3.8	Produce Checkpoint	0 hrs	0 days	Wed 4/6/05	Wed 4/6/05
692	1.4.2.2.3.9	Optimize	23 hrs	3.59 days	Wed 4/6/05	Tue 4/12/05
693	1.4.2.2.3.9.1	Perform Integration Testing	9 hrs	1.41 days	Wed 4/6/05	Fri 4/8/05

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
694	1.4.2.2.3.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 4/8/05	Fri 4/8/05
695	1.4.2.2.3.9.3	Perform System Testing	7 hrs	1.09 days	Fri 4/8/05	Mon 4/11/05
696	1.4.2.2.3.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 4/11/05	Mon 4/11/05
697	1.4.2.2.3.9.5	Perform User Acceptance Testing	7 hrs	1.09 days	Mon 4/11/05	Tue 4/12/05
698	1.4.2.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Tue 4/12/05	Tue 4/12/05
699	1.4.2.2.3.10	Implementation	2 hrs	0.31 days	Tue 4/12/05	Tue 4/12/05
700	1.4.2.2.3.11	Implementation Checkpoint	0 hrs	0 days	Tue 4/12/05	Tue 4/12/05
701	1.4.2.2.4	Questioned Cost Recoveries	292 hrs	49.63 days	Tue 4/12/05	Wed 6/22/05
702	1.4.2.2.4.1	Define	23 hrs	3.59 days	Tue 4/12/05	Mon 4/18/05
703	1.4.2.2.4.2	Client Approval of Project Definition	0 hrs	0 days	Mon 4/18/05	Mon 4/18/05
704	1.4.2.2.4.3	Analyze	23 hrs	3.59 days	Mon 4/18/05	Fri 4/22/05
705	1.4.2.2.4.4	Client Approval of Analysis	0 hrs	0 days	Fri 4/22/05	Fri 4/22/05
706	1.4.2.2.4.5	Design	99 hrs	15.47 days	Fri 4/22/05	Tue 5/17/05
707	1.4.2.2.4.6	Design Checkpoint	0 hrs	0 days	Tue 5/17/05	Tue 5/17/05
708	1.4.2.2.4.7	Produce	99 hrs	15.47 days	Tue 5/17/05	Fri 6/10/05
709	1.4.2.2.4.8	Produce Checkpoint	0 hrs	0 days	Fri 6/10/05	Fri 6/10/05
710	1.4.2.2.4.9	Optimize	46 hrs	7.19 days	Fri 6/10/05	Wed 6/22/05
711	1.4.2.2.4.9.1	Perform Integration Testing	22 hrs	3.44 days	Fri 6/10/05	Thu 6/16/05
712	1.4.2.2.4.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 6/16/05	Thu 6/16/05
713	1.4.2.2.4.9.3	Perform System Testing	15 hrs	2.34 days	Thu 6/16/05	Mon 6/20/05
714	1.4.2.2.4.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 6/20/05	Mon 6/20/05
715	1.4.2.2.4.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Mon 6/20/05	Wed 6/22/05
716	1.4.2.2.4.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 6/22/05	Wed 6/22/05
717	1.4.2.2.4.10	Implementation	2 hrs	0.31 days	Wed 6/22/05	Wed 6/22/05
718	1.4.2.2.4.11	Implementation Checkpoint	0 hrs	0 days	Wed 6/22/05	Wed 6/22/05
719	1.4.2.2.5	Electronic Audit Report Management	113 hrs	18.66 days	Wed 6/22/05	Wed 7/20/05
720	1.4.2.2.5.1	Define	9 hrs	1.41 days	Wed 6/22/05	Thu 6/23/05
721	1.4.2.2.5.2	Client Approval of Project Definition	0 hrs	0 days	Thu 6/23/05	Thu 6/23/05
722	1.4.2.2.5.3	Analyze	10 hrs	1.56 days	Thu 6/23/05	Mon 6/27/05
723	1.4.2.2.5.4	Client Approval of Analysis	0 hrs	0 days	Mon 6/27/05	Mon 6/27/05
724	1.4.2.2.5.5	Design	35 hrs	5.47 days	Mon 6/27/05	Wed 7/6/05
725	1.4.2.2.5.6	Design Checkpoint	0 hrs	0 days	Wed 7/6/05	Wed 7/6/05
726	1.4.2.2.5.7	Produce	35 hrs	5.47 days	Wed 7/6/05	Thu 7/14/05
727	1.4.2.2.5.8	Produce Checkpoint	0 hrs	0 days	Thu 7/14/05	Thu 7/14/05
728	1.4.2.2.5.9	Optimize	23 hrs	3.59 days	Thu 7/14/05	Tue 7/19/05
729	1.4.2.2.5.9.1	Perform Integration Testing	9 hrs	1.41 days	Thu 7/14/05	Fri 7/15/05
730	1.4.2.2.5.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 7/15/05	Fri 7/15/05
731	1.4.2.2.5.9.3	Perform System Testing	7 hrs	1.09 days	Fri 7/15/05	Mon 7/18/05
732	1.4.2.2.5.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 7/18/05	Mon 7/18/05
733	1.4.2.2.5.9.5	Perform User Acceptance Testing	7 hrs	1.09 days	Mon 7/18/05	Tue 7/19/05
734	1.4.2.2.5.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Tue 7/19/05	Tue 7/19/05
735	1.4.2.2.5.10	Implementation	1 hr	0.16 days	Tue 7/19/05	Wed 7/20/05
736	1.4.2.2.5.11	Implementation Checkpoint	0 hrs	0 days	Wed 7/20/05	Wed 7/20/05
737	1.4.2.2.6	Report #1: Overdue Audit Report Follow-up Actions	292 hrs	49.63 days	Wed 7/20/05	Wed 9/28/05
738	1.4.2.2.6.1	Define	23 hrs	3.59 days	Wed 7/20/05	Mon 7/25/05
739	1.4.2.2.6.2	Client Approval of Project Definition	0 hrs	0 days	Mon 7/25/05	Mon 7/25/05

WBS Chart

Medicaid Fiscal Review							
ID	WBS	Task Name	Work	Duration	Start	Finish	
740	1.4.2.2.6.3	Analyze	23 hrs	3.59 days	Mon 7/25/05	Fri 7/29/05	
741	1.4.2.2.6.4	Client Approval of Analysis	0 hrs	0 days	Fri 7/29/05	Fri 7/29/05	
742	1.4.2.2.6.5	Design	99 hrs	15.47 days	Fri 7/29/05	Tue 8/23/05	
743	1.4.2.2.6.6	Design Checkpoint	0 hrs	0 days	Tue 8/23/05	Tue 8/23/05	
744	1.4.2.2.6.7	Produce	99 hrs	15.47 days	Tue 8/23/05	Mon 9/19/05	
745	1.4.2.2.6.8	Produce Checkpoint	0 hrs	0 days	Mon 9/19/05	Mon 9/19/05	
746	1.4.2.2.6.9	Optimize	46 hrs	7.19 days	Mon 9/19/05	Wed 9/28/05	
747	1.4.2.2.6.9.1	Perform Integration Testing	22 hrs	3.44 days	Mon 9/19/05	Thu 9/22/05	
748	1.4.2.2.6.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 9/22/05	Thu 9/22/05	
749	1.4.2.2.6.9.3	Perform System Testing	15 hrs	2.34 days	Thu 9/22/05	Tue 9/27/05	
750	1.4.2.2.6.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 9/27/05	Tue 9/27/05	
751	1.4.2.2.6.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Tue 9/27/05	Wed 9/28/05	
752	1.4.2.2.6.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 9/28/05	Wed 9/28/05	
753	1.4.2.2.6.10	Implementation	2 hrs	0.31 days	Wed 9/28/05	Wed 9/28/05	
754	1.4.2.2.6.11	Implementation Checkpoint	0 hrs	0 days	Wed 9/28/05	Wed 9/28/05	
755	1.4.2.2.7	Report #2: Overdue Review Follow-up Actions	292 hrs	51.63 days	Wed 9/28/05	Wed 12/14/05	
756	1.4.2.2.7.1	Define	23 hrs	3.59 days	Wed 9/28/05	Thu 10/6/05	
757	1.4.2.2.7.2	Client Approval of Project Definition	0 hrs	0 days	Thu 10/6/05	Thu 10/6/05	
758	1.4.2.2.7.3	Analyze	23 hrs	3.59 days	Thu 10/6/05	Tue 10/11/05	
759	1.4.2.2.7.4	Client Approval of Analysis	0 hrs	0 days	Tue 10/11/05	Tue 10/11/05	
760	1.4.2.2.7.5	Design	99 hrs	15.47 days	Tue 10/11/05	Fri 11/4/05	
761	1.4.2.2.7.6	Design Checkpoint	0 hrs	0 days	Fri 11/4/05	Fri 11/4/05	
762	1.4.2.2.7.7	Produce	99 hrs	15.47 days	Fri 11/4/05	Wed 11/30/05	
763	1.4.2.2.7.8	Produce Checkpoint	0 hrs	0 days	Wed 11/30/05	Wed 11/30/05	
764	1.4.2.2.7.9	Optimize	46 hrs	9.19 days	Wed 11/30/05	Wed 12/14/05	
765	1.4.2.2.7.9.1	Perform Integration Testing	22 hrs	3.44 days	Wed 11/30/05	Thu 12/8/05	
766	1.4.2.2.7.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 12/8/05	Thu 12/8/05	
767	1.4.2.2.7.9.3	Perform System Testing	15 hrs	2.34 days	Thu 12/8/05	Mon 12/12/05	
768	1.4.2.2.7.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 12/12/05	Mon 12/12/05	
769	1.4.2.2.7.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Mon 12/12/05	Wed 12/14/05	
770	1.4.2.2.7.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 12/14/05	Wed 12/14/05	
771	1.4.2.2.7.10	Implementation	2 hrs	0.31 days	Wed 12/14/05	Wed 12/14/05	
772	1.4.2.2.7.11	Implementation Checkpoint	0 hrs	0 days	Wed 12/14/05	Wed 12/14/05	
773	1.4.2.2.8	Report #3: Summary sheet for Each Audit Review	292 hrs	48.63 days	Wed 12/14/05	Tue 2/28/06	
774	1.4.2.2.8.1	Define	23 hrs	3.59 days	Wed 12/14/05	Mon 12/19/05	
775	1.4.2.2.8.2	Client Approval of Project Definition	0 hrs	0 days	Mon 12/19/05	Mon 12/19/05	
776	1.4.2.2.8.3	Analyze	23 hrs	3.59 days	Mon 12/19/05	Tue 12/27/05	
777	1.4.2.2.8.4	Client Approval of Analysis	0 hrs	0 days	Tue 12/27/05	Tue 12/27/05	
778	1.4.2.2.8.5	Design	99 hrs	15.47 days	Tue 12/27/05	Tue 1/24/06	
779	1.4.2.2.8.6	Design Checkpoint	0 hrs	0 days	Tue 1/24/06	Tue 1/24/06	
780	1.4.2.2.8.7	Produce	99 hrs	15.47 days	Tue 1/24/06	Thu 2/16/06	
781	1.4.2.2.8.8	Produce Checkpoint	0 hrs	0 days	Thu 2/16/06	Thu 2/16/06	
782	1.4.2.2.8.9	Optimize	46 hrs	7.19 days	Thu 2/16/06	Tue 2/28/06	
783	1.4.2.2.8.9.1	Perform Integration Testing	22 hrs	3.44 days	Thu 2/16/06	Wed 2/22/06	
784	1.4.2.2.8.9.2	Integration Testing Checkpoint	0 hrs	0 days	Wed 2/22/06	Wed 2/22/06	
785	1.4.2.2.8.9.3	Perform System Testing	15 hrs	2.34 days	Wed 2/22/06	Mon 2/27/06	

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
786	1.4.2.2.8.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 2/27/06	Mon 2/27/06
787	1.4.2.2.8.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Mon 2/27/06	Tue 2/28/06
788	1.4.2.2.8.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Tue 2/28/06	Tue 2/28/06
789	1.4.2.2.8.10	Implementation	2 hrs	0.31 days	Tue 2/28/06	Tue 2/28/06
790	1.4.2.2.8.11	Implementation Checkpoint	0 hrs	0 days	Tue 2/28/06	Tue 2/28/06
791	1.4.2.2.9	Report #4: Audit Reports not reviewed in Required time	292 hrs	50.63 days	Tue 2/28/06	Wed 5/10/06
792	1.4.2.2.9.1	Define	23 hrs	3.59 days	Tue 2/28/06	Wed 3/8/06
793	1.4.2.2.9.2	Client Approval of Project Definition	0 hrs	0 days	Wed 3/8/06	Wed 3/8/06
794	1.4.2.2.9.3	Analyze	23 hrs	3.59 days	Wed 3/8/06	Tue 3/14/06
795	1.4.2.2.9.4	Client Approval of Analysis	0 hrs	0 days	Tue 3/14/06	Tue 3/14/06
796	1.4.2.2.9.5	Design	99 hrs	15.47 days	Tue 3/14/06	Wed 4/5/06
797	1.4.2.2.9.6	Design Checkpoint	0 hrs	0 days	Wed 4/5/06	Wed 4/5/06
798	1.4.2.2.9.7	Produce	99 hrs	15.47 days	Wed 4/5/06	Thu 4/27/06
799	1.4.2.2.9.8	Produce Checkpoint	0 hrs	0 days	Thu 4/27/06	Thu 4/27/06
800	1.4.2.2.9.9	Optimize	46 hrs	9.19 days	Thu 4/27/06	Wed 5/10/06
801	1.4.2.2.9.9.1	Perform Integration Testing	22 hrs	3.44 days	Thu 4/27/06	Thu 5/4/06
802	1.4.2.2.9.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 5/4/06	Thu 5/4/06
803	1.4.2.2.9.9.3	Perform System Testing	15 hrs	2.34 days	Thu 5/4/06	Mon 5/8/06
804	1.4.2.2.9.9.4	System Testing Checkpoint	0 hrs	0 days	Mon 5/8/06	Mon 5/8/06
805	1.4.2.2.9.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Mon 5/8/06	Wed 5/10/06
806	1.4.2.2.9.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 5/10/06	Wed 5/10/06
807	1.4.2.2.9.10	Implementation	2 hrs	0.31 days	Wed 5/10/06	Wed 5/10/06
808	1.4.2.2.9.11	Implementation Checkpoint	0 hrs	0 days	Wed 5/10/06	Wed 5/10/06
809	1.4.2.2.10	Report #5: MDCH Audit Review Status report	292 hrs	48.63 days	Wed 5/10/06	Thu 7/20/06
810	1.4.2.2.10.1	Define	23 hrs	3.59 days	Wed 5/10/06	Tue 5/16/06
811	1.4.2.2.10.2	Client Approval of Project Definition	0 hrs	0 days	Tue 5/16/06	Tue 5/16/06
812	1.4.2.2.10.3	Analyze	23 hrs	3.59 days	Tue 5/16/06	Fri 5/19/06
813	1.4.2.2.10.4	Client Approval of Analysis	0 hrs	0 days	Fri 5/19/06	Fri 5/19/06
814	1.4.2.2.10.5	Design	99 hrs	15.47 days	Fri 5/19/06	Thu 6/15/06
815	1.4.2.2.10.6	Design Checkpoint	0 hrs	0 days	Thu 6/15/06	Thu 6/15/06
816	1.4.2.2.10.7	Produce	99 hrs	15.47 days	Thu 6/15/06	Mon 7/10/06
817	1.4.2.2.10.8	Produce Checkpoint	0 hrs	0 days	Mon 7/10/06	Mon 7/10/06
818	1.4.2.2.10.9	Optimize	46 hrs	7.19 days	Mon 7/10/06	Wed 7/19/06
819	1.4.2.2.10.9.1	Perform Integration Testing	22 hrs	3.44 days	Mon 7/10/06	Fri 7/14/06
820	1.4.2.2.10.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 7/14/06	Fri 7/14/06
821	1.4.2.2.10.9.3	Perform System Testing	15 hrs	2.34 days	Fri 7/14/06	Tue 7/18/06
822	1.4.2.2.10.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 7/18/06	Tue 7/18/06
823	1.4.2.2.10.9.5	Perform User Acceptance Testing	9 hrs	1.41 days	Tue 7/18/06	Wed 7/19/06
824	1.4.2.2.10.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 7/19/06	Wed 7/19/06
825	1.4.2.2.10.10	Implementation	2 hrs	0.31 days	Wed 7/19/06	Thu 7/20/06
826	1.4.2.2.10.11	Implementation Checkpoint	0 hrs	0 days	Thu 7/20/06	Thu 7/20/06
827	1.5	Long Term Care Reimbursement and Rate Setting	13,354 hrs	745 days	Mon 10/4/04	Mon 10/1/07
828	1.5.1	Long Term Care System	13,354 hrs	745 days	Mon 10/4/04	Mon 10/1/07
829	1.5.1.1	Support Existing Systems	9,192 hrs	614 days	Mon 4/18/05	Mon 10/1/07
836	1.5.1.2	New Projects	4,162 hrs	607.88 days	Mon 10/4/04	Mon 3/19/07
837	1.5.1.2.1	New Statistical Report	384 hrs	45 days	Mon 10/4/04	Wed 12/8/04

WBS Chart

Medicaid Fiscal Review							
ID	WBS	Task Name	Work	Duration	Start	Finish	
838	1.5.1.2.1.1	Define	30 hrs	4.13 days	Mon 10/4/04	Fri 10/8/04	
839	1.5.1.2.1.2	Client Approval of Project Definition	0 hrs	0 days	Fri 10/8/04	Fri 10/8/04	
840	1.5.1.2.1.3	Analyze	30 hrs	3.13 days	Fri 10/8/04	Wed 10/13/04	
841	1.5.1.2.1.4	Client Approval of Analysis	0 hrs	0 days	Wed 10/13/04	Wed 10/13/04	
842	1.5.1.2.1.5	Design	129 hrs	14.13 days	Wed 10/13/04	Wed 11/3/04	
843	1.5.1.2.1.6	Design Checkpoint	0 hrs	0 days	Wed 11/3/04	Wed 11/3/04	
844	1.5.1.2.1.7	Produce	132 hrs	13.75 days	Wed 11/3/04	Wed 11/24/04	
845	1.5.1.2.1.8	Produce Checkpoint	0 hrs	0 days	Wed 11/24/04	Wed 11/24/04	
846	1.5.1.2.1.9	Optimize	61 hrs	8.35 days	Wed 11/24/04	Wed 12/8/04	
847	1.5.1.2.1.9.1	Perform Integration Testing	29 hrs	3.48 days	Wed 11/24/04	Fri 12/3/04	
848	1.5.1.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days	Fri 12/3/04	Fri 12/3/04	
849	1.5.1.2.1.9.3	Perform System Testing	21 hrs	2.19 days	Fri 12/3/04	Tue 12/7/04	
850	1.5.1.2.1.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 12/7/04	Tue 12/7/04	
851	1.5.1.2.1.9.5	Perform User Acceptance Testing	11 hrs	1.15 days	Tue 12/7/04	Wed 12/8/04	
852	1.5.1.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 12/8/04	Wed 12/8/04	
853	1.5.1.2.1.10	Implementation	2 hrs	0.21 days	Wed 12/8/04	Wed 12/8/04	
854	1.5.1.2.1.11	Implementation Checkpoint	0 hrs	0 days	Wed 12/8/04	Wed 12/8/04	
855	1.5.1.2.2	Invoice Processing System	698 hrs	92.25 days	Tue 10/5/04	Wed 2/23/05	
856	1.5.1.2.2.1	Define	45 hrs	5.63 days	Tue 10/5/04	Tue 10/12/04	
857	1.5.1.2.2.2	Client Approval of Project Definition	0 hrs	0 days	Tue 10/12/04	Tue 10/12/04	
858	1.5.1.2.2.3	Analyze	44 hrs	5.5 days	Tue 10/12/04	Wed 10/20/04	
859	1.5.1.2.2.4	Client Approval of Analysis	0 hrs	0 days	Wed 10/20/04	Wed 10/20/04	
860	1.5.1.2.2.5	Design	305 hrs	38.13 days	Wed 10/20/04	Mon 12/20/04	
861	1.5.1.2.2.6	Design Checkpoint	0 hrs	0 days	Mon 12/20/04	Mon 12/20/04	
862	1.5.1.2.2.7	Produce	211 hrs	26.38 days	Mon 12/20/04	Fri 2/4/05	
863	1.5.1.2.2.8	Produce Checkpoint	0 hrs	0 days	Fri 2/4/05	Fri 2/4/05	
864	1.5.1.2.2.9	Optimize	88 hrs	11 days	Fri 2/4/05	Tue 2/22/05	
865	1.5.1.2.2.9.1	Perform Integration Testing	44 hrs	5.5 days	Fri 2/4/05	Mon 2/14/05	
866	1.5.1.2.2.9.2	Integration Testing Checkpoint	0 hrs	0 days	Mon 2/14/05	Mon 2/14/05	
867	1.5.1.2.2.9.3	Perform System Testing	30 hrs	3.75 days	Mon 2/14/05	Thu 2/17/05	
868	1.5.1.2.2.9.4	System Testing Checkpoint	0 hrs	0 days	Thu 2/17/05	Thu 2/17/05	
869	1.5.1.2.2.9.5	Perform User Acceptance Testing	14 hrs	1.75 days	Thu 2/17/05	Tue 2/22/05	
870	1.5.1.2.2.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Tue 2/22/05	Tue 2/22/05	
871	1.5.1.2.2.10	Implementation	5 hrs	0.63 days	Tue 2/22/05	Wed 2/23/05	
872	1.5.1.2.2.11	Implementation Checkpoint	0 hrs	0 days	Wed 2/23/05	Wed 2/23/05	
873	1.5.1.2.3	Settlement System	1,177 hrs	158.12 days	Wed 2/23/05	Thu 10/6/05	
874	1.5.1.2.3.1	Define	95 hrs	11.88 days	Wed 2/23/05	Mon 3/14/05	
875	1.5.1.2.3.2	Client Approval of Project Definition	0 hrs	0 days	Mon 3/14/05	Mon 3/14/05	
876	1.5.1.2.3.3	Analyze	95 hrs	11.88 days	Mon 3/14/05	Tue 3/29/05	
877	1.5.1.2.3.4	Client Approval of Analysis	0 hrs	0 days	Tue 3/29/05	Tue 3/29/05	
878	1.5.1.2.3.5	Design	360 hrs	45 days	Wed 3/30/05	Tue 6/7/05	
879	1.5.1.2.3.6	Design Checkpoint	0 hrs	0 days	Tue 6/7/05	Tue 6/7/05	
880	1.5.1.2.3.7	Produce	427 hrs	53.38 days	Wed 6/8/05	Fri 8/26/05	
881	1.5.1.2.3.8	Produce Checkpoint	0 hrs	0 days	Fri 8/26/05	Fri 8/26/05	
882	1.5.1.2.3.9	Optimize	190 hrs	26.75 days	Fri 8/26/05	Wed 10/5/05	
883	1.5.1.2.3.9.1	Perform Integration Testing	95 hrs	11.88 days	Fri 8/26/05	Thu 9/15/05	

WBS Chart

Medicaid Fiscal Review						
ID	WBS	Task Name	Work	Duration	Start	Finish
884	1.5.1.2.3.9.2	Integration Testing Checkpoint	0 hrs	0 days	Thu 9/15/05	Thu 9/15/05
885	1.5.1.2.3.9.3	Perform System Testing	68 hrs	8.5 days	Thu 9/15/05	Tue 9/27/05
886	1.5.1.2.3.9.4	System Testing Checkpoint	0 hrs	0 days	Tue 9/27/05	Tue 9/27/05
887	1.5.1.2.3.9.5	Perform User Acceptance Testing	27 hrs	3.38 days	Tue 9/27/05	Wed 10/5/05
888	1.5.1.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Wed 10/5/05	Wed 10/5/05
889	1.5.1.2.3.10	Implementation	10 hrs	1.25 days	Wed 10/5/05	Thu 10/6/05
890	1.5.1.2.3.11	Implementation Checkpoint	0 hrs	0 days	Thu 10/6/05	Thu 10/6/05
891	1.5.1.2.4	MIP Calculation Process	1,903 hrs	254.88 days	Fri 3/10/06	Mon 3/19/07
892	1.5.1.2.4.1	Define	147 hrs	18.38 days	Fri 3/10/06	Thu 4/6/06
893	1.5.1.2.4.2	Client Approval of Project Definition	0 hrs	0 days	Thu 4/6/06	Thu 4/6/06
894	1.5.1.2.4.3	Analyze	147 hrs	18.38 days	Thu 4/6/06	Thu 5/4/06
895	1.5.1.2.4.4	Client Approval of Analysis	0 hrs	0 days	Thu 5/4/06	Thu 5/4/06
896	1.5.1.2.4.5	Design	644 hrs	80.5 days	Thu 5/4/06	Thu 9/7/06
897	1.5.1.2.4.6	Design Checkpoint	0 hrs	0 days	Thu 9/7/06	Thu 9/7/06
898	1.5.1.2.4.7	Produce	659 hrs	82.38 days	Thu 9/7/06	Thu 1/18/07
899	1.5.1.2.4.8	Produce Checkpoint	0 hrs	0 days	Thu 1/18/07	Thu 1/18/07
900	1.5.1.2.4.9	Optimize	292 hrs	39.5 days	Thu 1/18/07	Fri 3/16/07
901	1.5.1.2.4.9.1	Perform Integration Testing	146 hrs	18.25 days	Thu 1/18/07	Wed 2/14/07
902	1.5.1.2.4.9.2	Integration Testing Checkpoint	0 hrs	0 days	Wed 2/14/07	Wed 2/14/07
903	1.5.1.2.4.9.3	Perform System Testing	102 hrs	12.75 days	Wed 2/14/07	Thu 3/8/07
904	1.5.1.2.4.9.4	System Testing Checkpoint	0 hrs	0 days	Thu 3/8/07	Thu 3/8/07
905	1.5.1.2.4.9.5	Perform User Acceptance Testing	44 hrs	5.5 days	Thu 3/8/07	Fri 3/16/07
906	1.5.1.2.4.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days	Fri 3/16/07	Fri 3/16/07
907	1.5.1.2.4.10	Implementation	14 hrs	1.75 days	Fri 3/16/07	Mon 3/19/07
908	1.5.1.2.4.11	Implementation Checkpoint	0 hrs	0 days	Mon 3/19/07	Mon 3/19/07

WBS Chart

5.1.4.4 Project Time-Phased Plan

EDS will present MDCH with a Gantt chart in Microsoft Project to graphically display each event, task, and decision point in the proposed work plan, five days after contract award. The initial chart provided with this ITB depicts a preview of the work plan summarized at a higher level. EDS welcomes MDCH's consistent involvement in reviewing checkpoints as it develops deliverables. EDS will keep MDCH informed and involved throughout the development of the deliverables, using its collaborative approach to keep MDCH clearly aware of all project developments.

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ID	WBS	Task Name	Work	Duration	Gantt Chart																				
					2004				2005				2006				2007				2008				
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
1	1	Michigan Department of Community Health	65,538.5 hrs	746 days	10/1																				10/1
2	1.1	Project Management	5,392 hrs	744 days	10/5																				10/1
3	1.1.1	Update Project Plan / Task Schedule Weekly	314 hrs	742.25 days	10/5																				9/28
176	1.1.2	Bi-Weekly Status Meetings	314 hrs	741.5 days	10/5																				9/28
349	1.1.3	General Project Management	4,764 hrs	743.75 days	10/5																				10/1
352	1.2	Technical Environment	5,468 hrs	743.5 days	10/5																				10/1
353	1.2.1	Support Technical Environment	5,420 hrs	677.5 days	10/7																				10/1
354	1.2.2	SQL Reporting Services Installation	48 hrs	22 days	10/5	11/3																			
364	1.3	Hospital and Health Plan Reimbursement Division	27,462.8 hrs	746 days	10/1																				10/1
365	1.3.1	Settlement and Payment Processing Section	10,404.32 hrs	744 days	10/5																				10/1
366	1.3.1.1	Support Existing Systems	10,404.32 hrs	744 days	10/5																				10/1
371	1.3.2	Hospital Rate Setting Section	11,879.92 hrs	746 days	10/1																				10/1
372	1.3.2.1	Support Existing Systems	5,373.92 hrs	746 days	10/1																				10/1
377	1.3.2.2	New Projects	6,506 hrs	635.75 days	10/5																				4/27
378	1.3.2.2.1	Inpatient Hospital Rate Setting System	3,562 hrs	300 days																					4/27
379	1.3.2.2.1.1	Define	280 hrs	35 days		2/14																			4/11
380	1.3.2.2.1.2	Client Approval of Project Definition	0 hrs	0 days																					4/18
381	1.3.2.2.1.3	Analyze	280 hrs	35 days		4/18																			6/13
382	1.3.2.2.1.4	Client Approval of Analysis	0 hrs	0 days																					6/20
383	1.3.2.2.1.5	Design	1,230 hrs	78.88 days		6/20																			10/19
384	1.3.2.2.1.6	Design Checkpoint	0 hrs	0 days																					10/20
385	1.3.2.2.1.7	Produce	1,290 hrs	84.63 days		10/20																			3/9
386	1.3.2.2.1.8	Produce Checkpoint	0 hrs	0 days																					3/12
387	1.3.2.2.1.9	Optimize	458 hrs	33 days																					4/26
388	1.3.2.2.1.9.1	Perform Integration Testing	230 hrs	14.38 days		3/12																			3/30
389	1.3.2.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days																					4/2
390	1.3.2.2.1.9.3	Perform System Testing	160 hrs	10 days		4/4																			4/17
391	1.3.2.2.1.9.4	System Testing Checkpoint	0 hrs	0 days																					4/18
392	1.3.2.2.1.9.5	Perform User Acceptance Testing	68 hrs	4.25 days		4/19																			4/25
393	1.3.2.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days																					4/26
394	1.3.2.2.1.10	Implementation	24 hrs	1.5 days		4/26																			4/27
395	1.3.2.2.1.11	Implementation Checkpoint	0 hrs	0 days																					4/27
396	1.3.2.2.2	Capital Rate Setting System	1,076 hrs	84.25 days		10/7																			2/14
397	1.3.2.2.2.1	Define	90 hrs	5.63 days		10/7																			10/17
398	1.3.2.2.2.2	Client Approval of Project Definition	0 hrs	0 days																					10/19

Gantt Chart

ID	WBS	Task Name	Work	Duration	2004		2005				2006				2007				2008		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
441	1.3.2.2.4.9	Optimize	96 hrs	9 days						2/17											
442	1.3.2.2.4.9.1	Perform Integration Testing	48 hrs	3 days						2/4											
443	1.3.2.2.4.9.2	Integration Testing Checkpoint	0 hrs	0 days						2/4											
444	1.3.2.2.4.9.3	Perform System Testing	32 hrs	2 days						2/10											
445	1.3.2.2.4.9.4	System Testing Checkpoint	0 hrs	0 days						2/10											
446	1.3.2.2.4.9.5	Perform User Acceptance Testing	16 hrs	1 day						2/15											
447	1.3.2.2.4.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days						2/15											
448	1.3.2.2.4.10	Implementation	8 hrs	0.5 days						2/17											
449	1.3.2.2.4.11	Implementation Checkpoint	0 hrs	0 days						2/17											
450	1.3.3	Special Program Section	5,178.57 hrs	744 days	10/5															10/1	
451	1.3.3.1	Support Existing Systems	3,900.57 hrs	744 days	10/5																10/1
455	1.3.3.2	New Projects	1,278 hrs	100.88 days																	
456	1.3.3.2.1	Electronic Cost Report over the Internet	1,278 hrs	100.88 days						5/16											10/7
457	1.3.3.2.1.1	Define	110 hrs	6.88 days						5/16											5/25
458	1.3.3.2.1.2	Client Approval of Project Definition	0 hrs	0 days						5/16											5/31
459	1.3.3.2.1.3	Analyze	110 hrs	7.88 days						5/31											6/13
460	1.3.3.2.1.4	Client Approval of Analysis	0 hrs	0 days						5/31											6/16
461	1.3.3.2.1.5	Design	410 hrs	25.63 days						6/16											7/27
462	1.3.3.2.1.6	Design Checkpoint	0 hrs	0 days						6/16											7/28
463	1.3.3.2.1.7	Produce	460 hrs	30.75 days						7/28											9/13
464	1.3.3.2.1.8	Produce Checkpoint	0 hrs	0 days						7/28											9/14
465	1.3.3.2.1.9	Optimize	180 hrs	16.25 days						9/14											10/7
466	1.3.3.2.1.9.1	Perform Integration Testing	90 hrs	5.63 days						9/14											9/22
467	1.3.3.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days						9/14											9/23
468	1.3.3.2.1.9.3	Perform System Testing	60 hrs	3.75 days						9/23											9/29
469	1.3.3.2.1.9.4	System Testing Checkpoint	0 hrs	0 days						9/23											9/30
470	1.3.3.2.1.9.5	Perform User Acceptance Testing	30 hrs	1.88 days						9/30											10/6
471	1.3.3.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days						9/30											10/7
472	1.3.3.2.1.10	Implementation	8 hrs	0.5 days						10/7											10/7
473	1.3.3.2.1.11	Implementation Checkpoint	0 hrs	0 days						10/7											10/7
474	1.4	Office of Audit	13,861.7 hrs	744 days	10/5																10/1
475	1.4.1	Support Existing Systems	4,989.7 hrs	703 days	12/6																10/1
481	1.4.2	New Projects	8,872 hrs	723 days	10/5																8/30
482	1.4.2.1	Long Term Care System	6,253 hrs	723 days	10/5																8/30
483	1.4.2.1.1	ECR Enhancements to Capture New Info	318 hrs	43.75 days	10/5																12/8
484	1.4.2.1.1.1	Define	23 hrs	2.88 days	10/5																10/7
485	1.4.2.1.1.2	Client Approval of Project Definition	0 hrs	0 days	10/5																10/7
486	1.4.2.1.1.3	Analyze	23 hrs	2.88 days	10/7																10/12
487	1.4.2.1.1.4	Client Approval of Analysis	0 hrs	0 days	10/7																10/12
488	1.4.2.1.1.5	Design	86 hrs	10.75 days	10/12																10/27
489	1.4.2.1.1.6	Design Checkpoint	0 hrs	0 days	10/12																10/27
490	1.4.2.1.1.7	Produce	130 hrs	16.25 days	10/27																11/23
491	1.4.2.1.1.8	Produce Checkpoint	0 hrs	0 days	10/27																11/23

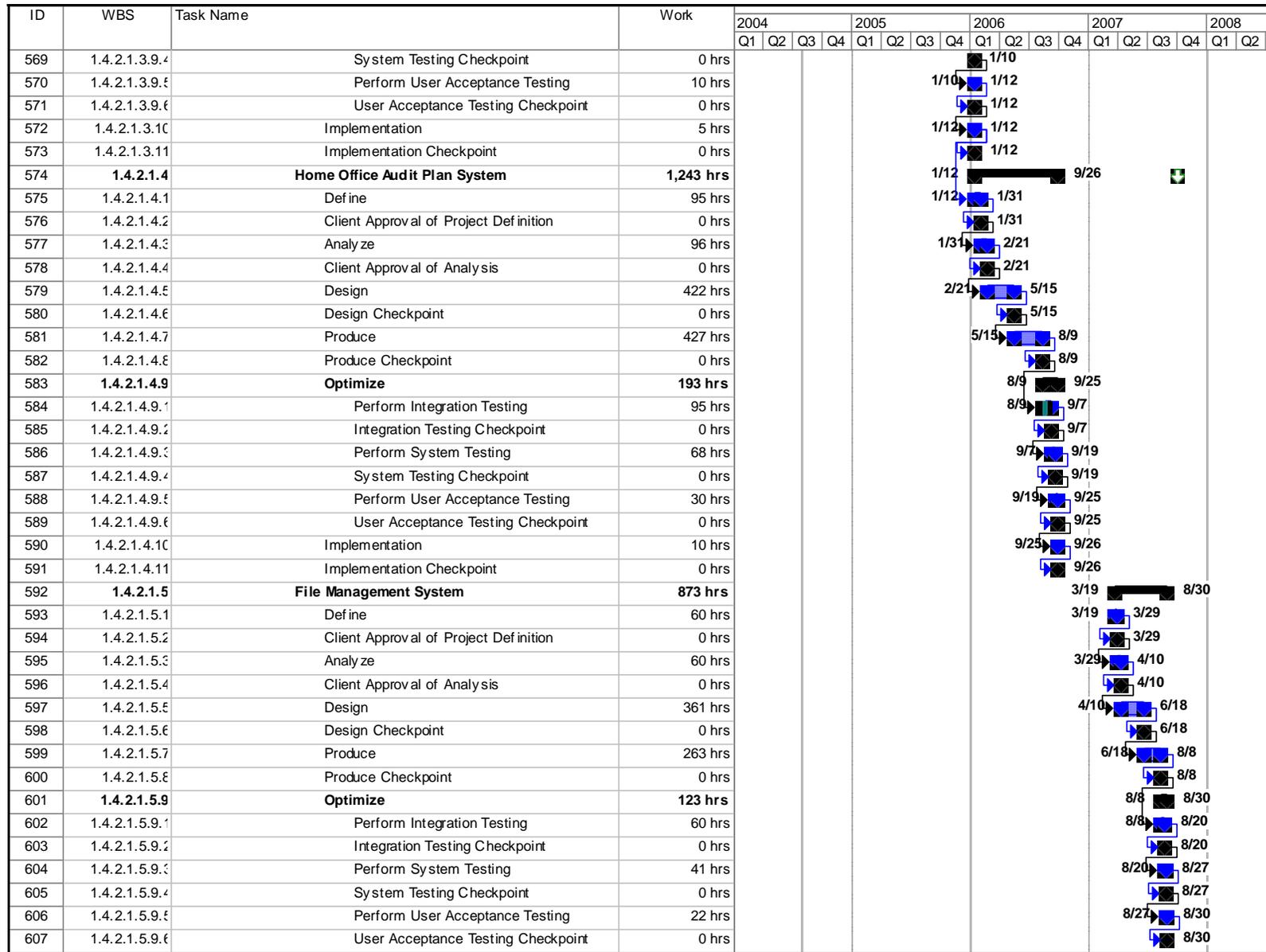
Gantt Chart

ID	WBS	Task Name	Work	Duration	2004				2005				2006				2007				2008	
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
492	1.4.2.1.1.9	Optimize	52 hrs	8.5 days					11/23		12/8											
493	1.4.2.1.1.9.1	Perform Integration Testing	24 hrs	3 days					11/23		11/30											
494	1.4.2.1.1.9.2	Integration Testing Checkpoint	0 hrs	0 days							11/30											
495	1.4.2.1.1.9.3	Perform System Testing	17 hrs	2.13 days					11/30		12/6											
496	1.4.2.1.1.9.4	System Testing Checkpoint	0 hrs	0 days							12/6											
497	1.4.2.1.1.9.5	Perform User Acceptance Testing	11 hrs	1.38 days					12/6		12/8											
498	1.4.2.1.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days							12/8											
499	1.4.2.1.1.10	Implementation	4 hrs	0.5 days					12/8		12/8											
500	1.4.2.1.1.11	Implementation Checkpoint	0 hrs	0 days							12/8											
501	1.4.2.1.2	Home Office Cost Report System	2,368 hrs	252.44 days					10/5		10/10											
502	1.4.2.1.2.1	Iteration #1: Home Office Cost Report Data	294 hrs	40.75 days					10/5		12/3											
503	1.4.2.1.2.1.1	Define	23 hrs	2.88 days					10/5		10/7											
504	1.4.2.1.2.1.2	Client Approval of Project Definition	0 hrs	0 days							10/7											
505	1.4.2.1.2.1.3	Analyze	23 hrs	2.88 days					10/7		10/12											
506	1.4.2.1.2.1.4	Client Approval of Analysis	0 hrs	0 days							10/12											
507	1.4.2.1.2.1.5	Design	108 hrs	13.5 days					10/12		11/3											
508	1.4.2.1.2.1.6	Design Checkpoint	0 hrs	0 days							11/3											
509	1.4.2.1.2.1.7	Produce	90 hrs	11.25 days					11/3		11/19											
510	1.4.2.1.2.1.8	Produce Checkpoint	0 hrs	0 days							11/19											
511	1.4.2.1.2.1.9	Optimize	46 hrs	7.75 days					11/19		12/3											
512	1.4.2.1.2.1.9.1	Perform Integration Testing	22 hrs	2.75 days					11/19		11/24											
513	1.4.2.1.2.1.9.2	Integration Testing Checkpoint	0 hrs	0 days							11/24											
514	1.4.2.1.2.1.9.3	Perform System Testing	15 hrs	1.88 days					11/24		11/30											
515	1.4.2.1.2.1.9.4	System Testing Checkpoint	0 hrs	0 days							11/30											
516	1.4.2.1.2.1.9.5	Perform User Acceptance Testing	9 hrs	1.13 days					11/30		12/3											
517	1.4.2.1.2.1.9.6	User Acceptance Testing Checkpoint	0 hrs	0 days							12/3											
518	1.4.2.1.2.1.10	Implementation	4 hrs	0.5 days					12/3		12/3											
519	1.4.2.1.2.1.11	Implementation Checkpoint	0 hrs	0 days							12/3											
520	1.4.2.1.2.2	Iteration #2: Home Office Cost Report Inter	1,331 hrs	108.56 days					12/9		5/18											
521	1.4.2.1.2.2.1	Define	104 hrs	6.5 days					12/9		12/17											
522	1.4.2.1.2.2.2	Client Approval of Project Definition	0 hrs	0 days							12/17											
523	1.4.2.1.2.2.3	Analyze	103 hrs	6.44 days					2/17		12/29											
524	1.4.2.1.2.2.4	Client Approval of Analysis	0 hrs	0 days							12/29											
525	1.4.2.1.2.2.5	Design	462 hrs	29.88 days					12/29		2/18											
526	1.4.2.1.2.2.6	Design Checkpoint	0 hrs	0 days							2/18											
527	1.4.2.1.2.2.7	Produce	432 hrs	27.81 days					2/18		4/5											
528	1.4.2.1.2.2.8	Produce Checkpoint	0 hrs	0 days							4/5											

Gantt Chart

ID	WBS	Task Name	Work	2004		2005				2006				2007				2008			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
				529	1.4.2.1.2.2.9	Optimize	218 hrs					4/5	5/17								
530	1.4.2.1.2.2.9.1	Perform Integration Testing	102 hrs					4/5	4/22												
531	1.4.2.1.2.2.9.2	Integration Testing Checkpoint	0 hrs					4/22	4/22												
532	1.4.2.1.2.2.9.3	Perform System Testing	71 hrs					4/22	5/9												
533	1.4.2.1.2.2.9.4	System Testing Checkpoint	0 hrs					5/9	5/9												
534	1.4.2.1.2.2.9.5	Perform User Acceptance Testing	45 hrs					5/9	5/17												
535	1.4.2.1.2.2.9.6	User Acceptance Testing Checkpoint	0 hrs					5/17	5/17												
536	1.4.2.1.2.2.10	Implementation	12 hrs					5/17	5/18												
537	1.4.2.1.2.2.11	Implementation Checkpoint	0 hrs					5/18	5/18												
538	1.4.2.1.2.3	Iteration #3: Home Office Cost Report Appl	743 hrs					5/18	10/10												
539	1.4.2.1.2.3.1	Define	51 hrs					5/18	5/26												
540	1.4.2.1.2.3.2	Client Approval of Project Definition	0 hrs					5/26	5/26												
541	1.4.2.1.2.3.3	Analyze	51 hrs					5/26	6/8												
542	1.4.2.1.2.3.4	Client Approval of Analysis	0 hrs					6/8	6/8												
543	1.4.2.1.2.3.5	Design	235 hrs					6/8	7/22												
544	1.4.2.1.2.3.6	Design Checkpoint	0 hrs					7/22	7/22												
545	1.4.2.1.2.3.7	Produce	291 hrs					7/22	9/19												
546	1.4.2.1.2.3.8	Produce Checkpoint	0 hrs					9/19	9/19												
547	1.4.2.1.2.3.9	Optimize	108 hrs					9/19	10/7												
548	1.4.2.1.2.3.9.1	Perform Integration Testing	52 hrs					9/19	9/27												
549	1.4.2.1.2.3.9.2	Integration Testing Checkpoint	0 hrs					9/27	9/27												
550	1.4.2.1.2.3.9.3	Perform System Testing	39 hrs					9/27	10/5												
551	1.4.2.1.2.3.9.4	System Testing Checkpoint	0 hrs					10/5	10/5												
552	1.4.2.1.2.3.9.5	Perform User Acceptance Testing	17 hrs					10/5	10/7												
553	1.4.2.1.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs					10/7	10/7												
554	1.4.2.1.2.3.10	Implementation	7 hrs					10/7	10/10												
555	1.4.2.1.2.3.11	Implementation Checkpoint	0 hrs					10/10	10/10												
556	1.4.2.1.3	Home Office Cost Report Variance Report	451 hrs					10/10	1/12												
557	1.4.2.1.3.1	Define	30 hrs					10/10	10/14												
558	1.4.2.1.3.2	Client Approval of Project Definition	0 hrs					10/14	10/14												
559	1.4.2.1.3.3	Analyze	30 hrs					10/14	10/19												
560	1.4.2.1.3.4	Client Approval of Analysis	0 hrs					10/19	10/19												
561	1.4.2.1.3.5	Design	134 hrs					10/19	11/16												
562	1.4.2.1.3.6	Design Checkpoint	0 hrs					11/16	11/16												
563	1.4.2.1.3.7	Produce	192 hrs					11/16	12/28												
564	1.4.2.1.3.8	Produce Checkpoint	0 hrs					12/28	12/28												
565	1.4.2.1.3.9	Optimize	60 hrs					12/28	1/12												
566	1.4.2.1.3.9.1	Perform Integration Testing	29 hrs					12/28	1/6												
567	1.4.2.1.3.9.2	Integration Testing Checkpoint	0 hrs					1/6	1/6												
568	1.4.2.1.3.9.3	Perform System Testing	21 hrs					1/6	1/10												

Gantt Chart



Gantt Chart

ID	WBS	Task Name	Work	2004				2005				2006				2007				2008	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
683	1.4.2.2.3	Checklist Document Management	114 hrs					3/17	4/12												
684	1.4.2.2.3.1	Define	9 hrs					3/17	3/18												
685	1.4.2.2.3.2	Client Approval of Project Definition	0 hrs						3/18												
686	1.4.2.2.3.3	Analyze	10 hrs					3/18	3/21												
687	1.4.2.2.3.4	Client Approval of Analysis	0 hrs						3/21												
688	1.4.2.2.3.5	Design	35 hrs					3/21	3/29												
689	1.4.2.2.3.6	Design Checkpoint	0 hrs						3/29												
690	1.4.2.2.3.7	Produce	35 hrs					3/29	4/6												
691	1.4.2.2.3.8	Produce Checkpoint	0 hrs						4/6												
692	1.4.2.2.3.9	Optimize	23 hrs					4/6	4/12												
693	1.4.2.2.3.9.1	Perform Integration Testing	9 hrs					4/6	4/8												
694	1.4.2.2.3.9.2	Integration Testing Checkpoint	0 hrs						4/8												
695	1.4.2.2.3.9.3	Perform System Testing	7 hrs					4/8	4/11												
696	1.4.2.2.3.9.4	System Testing Checkpoint	0 hrs						4/11												
697	1.4.2.2.3.9.5	Perform User Acceptance Testing	7 hrs					4/11	4/12												
698	1.4.2.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs						4/12												
699	1.4.2.2.3.10	Implementation	2 hrs					4/12	4/12												
700	1.4.2.2.3.11	Implementation Checkpoint	0 hrs						4/12												
701	1.4.2.2.4	Questioned Cost Recoveries	292 hrs					4/12	6/22												
702	1.4.2.2.4.1	Define	23 hrs					4/12	4/18												
703	1.4.2.2.4.2	Client Approval of Project Definition	0 hrs						4/18												
704	1.4.2.2.4.3	Analyze	23 hrs					4/18	4/22												
705	1.4.2.2.4.4	Client Approval of Analysis	0 hrs						4/22												
706	1.4.2.2.4.5	Design	99 hrs					4/22	5/17												
707	1.4.2.2.4.6	Design Checkpoint	0 hrs						5/17												
708	1.4.2.2.4.7	Produce	99 hrs					5/17	6/10												
709	1.4.2.2.4.8	Produce Checkpoint	0 hrs						6/10												
710	1.4.2.2.4.9	Optimize	46 hrs					6/10	6/22												
711	1.4.2.2.4.9.1	Perform Integration Testing	22 hrs					6/10	6/16												
712	1.4.2.2.4.9.2	Integration Testing Checkpoint	0 hrs						6/16												
713	1.4.2.2.4.9.3	Perform System Testing	15 hrs					6/16	6/20												
714	1.4.2.2.4.9.4	System Testing Checkpoint	0 hrs						6/20												
715	1.4.2.2.4.9.5	Perform User Acceptance Testing	9 hrs					6/20	6/22												
716	1.4.2.2.4.9.6	User Acceptance Testing Checkpoint	0 hrs						6/22												
717	1.4.2.2.4.10	Implementation	2 hrs					6/22	6/22												
718	1.4.2.2.4.11	Implementation Checkpoint	0 hrs						6/22												

Gantt Chart

ID	WBS	Task Name	Work	2004				2005				2006				2007				2008	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
719	1.4.2.2.5	Electronic Audit Report Management	113 hrs							6/22	7/20										
720	1.4.2.2.5.1	Define	9 hrs							6/22	6/23										
721	1.4.2.2.5.2	Client Approval of Project Definition	0 hrs							6/23	6/23										
722	1.4.2.2.5.3	Analyze	10 hrs							6/23	6/27										
723	1.4.2.2.5.4	Client Approval of Analysis	0 hrs							6/27	6/27										
724	1.4.2.2.5.5	Design	35 hrs							6/27	7/6										
725	1.4.2.2.5.6	Design Checkpoint	0 hrs							7/6	7/6										
726	1.4.2.2.5.7	Produce	35 hrs							7/6	7/14										
727	1.4.2.2.5.8	Produce Checkpoint	0 hrs							7/14	7/14										
728	1.4.2.2.5.9	Optimize	23 hrs							7/14	7/19										
729	1.4.2.2.5.9.1	Perform Integration Testing	9 hrs							7/14	7/15										
730	1.4.2.2.5.9.2	Integration Testing Checkpoint	0 hrs							7/15	7/15										
731	1.4.2.2.5.9.3	Perform System Testing	7 hrs							7/15	7/18										
732	1.4.2.2.5.9.4	System Testing Checkpoint	0 hrs							7/18	7/18										
733	1.4.2.2.5.9.5	Perform User Acceptance Testing	7 hrs							7/18	7/19										
734	1.4.2.2.5.9.6	User Acceptance Testing Checkpoint	0 hrs							7/19	7/19										
735	1.4.2.2.5.10	Implementation	1 hr							7/19	7/20										
736	1.4.2.2.5.11	Implementation Checkpoint	0 hrs							7/20	7/20										
737	1.4.2.2.6	Report #1: Overdue Audit Report Follow-up Act	292 hrs							7/20	9/28										
738	1.4.2.2.6.1	Define	23 hrs							7/20	7/25										
739	1.4.2.2.6.2	Client Approval of Project Definition	0 hrs							7/25	7/25										
740	1.4.2.2.6.3	Analyze	23 hrs							7/25	7/29										
741	1.4.2.2.6.4	Client Approval of Analysis	0 hrs							7/29	7/29										
742	1.4.2.2.6.5	Design	99 hrs							7/29	8/23										
743	1.4.2.2.6.6	Design Checkpoint	0 hrs							8/23	8/23										
744	1.4.2.2.6.7	Produce	99 hrs							8/23	9/19										
745	1.4.2.2.6.8	Produce Checkpoint	0 hrs							9/19	9/19										
746	1.4.2.2.6.9	Optimize	46 hrs							9/19	9/28										
747	1.4.2.2.6.9.1	Perform Integration Testing	22 hrs							9/19	9/22										
748	1.4.2.2.6.9.2	Integration Testing Checkpoint	0 hrs							9/22	9/22										
749	1.4.2.2.6.9.3	Perform System Testing	15 hrs							9/22	9/27										
750	1.4.2.2.6.9.4	System Testing Checkpoint	0 hrs							9/27	9/27										
751	1.4.2.2.6.9.5	Perform User Acceptance Testing	9 hrs							9/27	9/28										
752	1.4.2.2.6.9.6	User Acceptance Testing Checkpoint	0 hrs							9/28	9/28										
753	1.4.2.2.6.10	Implementation	2 hrs							9/28	9/28										
754	1.4.2.2.6.11	Implementation Checkpoint	0 hrs							9/28	9/28										

Gantt Chart

ID	WBS	Task Name	Work	2004		2005				2006				2007				2008			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
				868	1.5.1.2.2.9.4	System Testing Checkpoint	0 hrs														
869	1.5.1.2.2.9.5	Perform User Acceptance Testing	14 hrs																		
870	1.5.1.2.2.9.6	User Acceptance Testing Checkpoint	0 hrs																		
871	1.5.1.2.2.10	Implementation	5 hrs																		
872	1.5.1.2.2.11	Implementation Checkpoint	0 hrs																		
873	1.5.1.2.3	Settlement System	1,177 hrs																		
874	1.5.1.2.3.1	Define	95 hrs																		
875	1.5.1.2.3.2	Client Approval of Project Definition	0 hrs																		
876	1.5.1.2.3.3	Analyze	95 hrs																		
877	1.5.1.2.3.4	Client Approval of Analysis	0 hrs																		
878	1.5.1.2.3.5	Design	360 hrs																		
879	1.5.1.2.3.6	Design Checkpoint	0 hrs																		
880	1.5.1.2.3.7	Produce	427 hrs																		
881	1.5.1.2.3.8	Produce Checkpoint	0 hrs																		
882	1.5.1.2.3.9	Optimize	190 hrs																		
883	1.5.1.2.3.9.1	Perform Integration Testing	95 hrs																		
884	1.5.1.2.3.9.2	Integration Testing Checkpoint	0 hrs																		
885	1.5.1.2.3.9.3	Perform System Testing	68 hrs																		
886	1.5.1.2.3.9.4	System Testing Checkpoint	0 hrs																		
887	1.5.1.2.3.9.5	Perform User Acceptance Testing	27 hrs																		
888	1.5.1.2.3.9.6	User Acceptance Testing Checkpoint	0 hrs																		
889	1.5.1.2.3.10	Implementation	10 hrs																		
890	1.5.1.2.3.11	Implementation Checkpoint	0 hrs																		
891	1.5.1.2.4	MP Calculation Process	1,903 hrs																		
892	1.5.1.2.4.1	Define	147 hrs																		
893	1.5.1.2.4.2	Client Approval of Project Definition	0 hrs																		
894	1.5.1.2.4.3	Analyze	147 hrs																		
895	1.5.1.2.4.4	Client Approval of Analysis	0 hrs																		
896	1.5.1.2.4.5	Design	644 hrs																		
897	1.5.1.2.4.6	Design Checkpoint	0 hrs																		
898	1.5.1.2.4.7	Produce	659 hrs																		
899	1.5.1.2.4.8	Produce Checkpoint	0 hrs																		
900	1.5.1.2.4.9	Optimize	292 hrs																		
901	1.5.1.2.4.9.1	Perform Integration Testing	146 hrs																		
902	1.5.1.2.4.9.2	Integration Testing Checkpoint	0 hrs																		
903	1.5.1.2.4.9.3	Perform System Testing	102 hrs																		

Gantt Chart

ID	WBS	Task Name	Work	2004				2005				2006				2007				2008	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
904	1.5.1.2.4.9.4	System Testing Checkpoint	0 hrs													3/8					
905	1.5.1.2.4.9.5	Perform User Acceptance Testing	44 hrs													3/8	3/16				
906	1.5.1.2.4.9.6	User Acceptance Testing Checkpoint	0 hrs													3/16	3/16				
907	1.5.1.2.4.10	Implementation	14 hrs													3/16	3/19				
908	1.5.1.2.4.11	Implementation Checkpoint	0 hrs													3/16	3/19				

Gantt Chart

5.2 Reports

5.2.1 Management Reports

EDS will meet with MDCH project managers for biweekly status and planning meetings and provide brief but informative status reports as explained earlier in the *Project Status Reports* section. These reports summarize the activities accomplished during the previous month; the projected activities for the coming month; and note issues, concerns, or schedule deviations that should be addressed. EDS will continue to provide lists of outstanding tasks, organized by EDS resource, at least monthly as previously explained in the *Project Status Reports* section. EDS will take minutes during the monthly status and planning meetings, record action items assigned, and distribute electronic copies of the status report and the minutes as directed by the State and as shown in the chart in the *Report Distribution* section.

EDS will continue to provide a weekly status report to HHPRD showing numbers of filed and audited cost reports processed, including hospitals, free-standing rehabilitation centers, and state-owned psychiatric facilities. This weekly status report, an example of which is in the bidder's library, will also show counts of quarterly reports loaded for hospitals and free-standing rehabilitation centers.

EDS will continue to work closely with HHPRD, LTC, and OA for clear and open project communication.

5.2.2 Deliverable Reports

The reports shown in the following table are identified in ITB Article 1 separately from new development and enhancement projects. We list the new development and enhancement projects in the Task Effort Chart and the work plan.

The reports in the following list already exist although some of them have been replaced with new reports or are known to EDS under a different name from the one in the ITB. A few of the reports listed in the ITB were obsolete. Those reports are not included here, but are addressed individually in Section 4, Scope of Work and Deliverables. EDS will work together with HHPRD, LTC, and OA to meet all reporting needs associated with the systems, data, and business processes addressed by this contract. We will enhance these reports or their replacements as requested and create new reports as policy changes or other business needs warrant.

ITB Report Name	Current Report Name
<i>Current Facility List of Cost Reports Received</i>	Cost Report Status Report
<i>Filed Cost Report by State Fiscal Year End</i>	Cost Report Status Report
<i>Delinquent Cost Report by State Fiscal Year End</i>	Cost Report Status Report
<i>Status Reports of Settlements Processed During a Specific Time Period</i>	Auditor Completion Report
<i>Record of Settlements Completed</i>	Auditor Completion Report
<i>Settlements Completed but Not Reviewed</i>	Final Settlement Inventory Report
<i>Settlements Completed and Reviewed</i>	Final Settlement Inventory Report
<i>Settlements Completed by Auditor</i>	Final Settlement Inventory Report

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ITB Report Name	Current Report Name
<i>Auditor Monthly Status Report</i>	Final Settlement Inventory Report
<i>Grantee Population.</i>	Grantee Population.
<i>Late Audit Reports/Exemption Notices with Actions</i>	Late Reports or Audit Status Notification Letters
<i>Audit Reports Received / Waiting To Be Reviewed</i>	Audit Reports Received/Waiting To Be Reviewed
<i>Financial Statement and Single Audit Review Population</i>	Financial Statement and Single Audit Review Population
<i>Variable Cost Limit - Annually by Provider Type</i>	Variable Cost Limit (VCL) Report
<i>Support to Base Cost Limit - Annually for Six Bed Size Groupings</i>	Support to Base Ratio (SBR) Report
<i>DRI Index Factor - Annually by Provider Type</i>	Inflation Index Excel Report (Inflat.xls)
<i>County Bed Utilization</i>	Bed and Occupancy Report
<i>Regional Bed Utilization</i>	Bed and Occupancy Report
<i>Quality Assessment Assurance Beds</i>	Bed Assessment Report
<i>Quality Assessment Assurance Bed Confirmation - Mail Merge Letter</i>	Bed Assessment Mail Merge
<i>Annual Quality Assessment Assurance Payment</i>	QAS Payment Letter
<i>Annual MIP Reconciliation Payment History</i>	MIP Payment History
<i>Annual MIP Reconciliation Summary</i>	Annual MIP Reconciliation Report
<i>Provider Procedure Code Rate Data Match</i>	Rate Status Report
<i>Bed Utilization</i>	Bed and Occupancy Report
<i>Medicaid Patient Day Utilization</i>	Bed and Occupancy Report
<i>Cost Report Status Events - Detail and Summary</i>	Cost Report Status Report
<i>Rate Status - Detail and Summary</i>	Rate Status Report
<i>Settlement Status - Detail and Summary</i>	Settlement Planning Report, Settlement Detail Report, GA Status Report
<i>Summary Data - Cost Data Elements</i>	Acceptance Report
<i>Summary Data - Rate Data Elements</i>	Rate Template Rate History Report
<i>Various Provider and/or Organization Owner Summary</i>	Organization Owner Report
<i>Rate History, by Bounty</i>	Rate History Report
<i>Acceptance Report for Filed Cost Reports</i>	Acceptance Report
<i>Intake Report for Filed Cost Reports.</i>	Intake Report
<i>Freedom of Information Act File Summary Report.</i>	FOI Report

6.0 Project Management

EDS will use its proven system development methodology, Systems Life Cycle Version 3 (SLC3), to manage projects and tasks undertaken to meet the requirements of this contract. SLC3 provides a structured approach that recommends a prescribed set of general activities while allowing room for tailoring to meet the needs of specific and unique projects. Using this approach, EDS will involve the Michigan Department of Community Health (MDCH) in the decision-making and approval process throughout the project so that the final result meets or exceeds the expectations of MDCH project managers Brenda Fezatte, John Donaldson, and Jim Hennessey. By applying these guidelines to every system development project, EDS and MDCH can identify and potentially avoid issues, minimize risks, and reduce the need for costly changes late in a development project.

The work plan and the status reports described in Section 5, Project Plan, are keyed to the SLC3 phases illustrated in the following table:

SLC3 Phases	SLC3 Phase Description
Define	<ul style="list-style-type: none"> • Set Project Scope or Boundary • Determine General Requirements of New System or Enhancement • Establish Priority • Establish Initial Estimate • Review and Approval
Analyze	<ul style="list-style-type: none"> • Determine Specific Requirements of New System or Enhancement • Learn Associated Business Policies and Practices • Determine Ramifications for Existing Systems • Revise Project Estimate • Review and Approval
Design	<ul style="list-style-type: none"> • Produce Design Plans • Create Initial Test Plans • Revise Project Estimate • Review and Approval
Produce	<ul style="list-style-type: none"> • Develop New System or Enhancement • Verify Individual Components of the System (Unit Test) • Revise Project Estimate • Review and Approval
Optimize	<ul style="list-style-type: none"> • Revise Test Plans • Verify Interoperability of System Components (Integration Test) • Verify Overall Behavior of New System or Enhancement (System Test) • Verify Conformance to User Expectations (User Acceptance Test) • Review and Approval
Implement	<ul style="list-style-type: none"> • Install new or enhanced software modules • Complete associated hardware or software configurations • Verify Installation (Implementation Test) • Train Users

A complex, interdependent environment will always have issues, risks, and changes. EDS has a plan to address issues, manage risks, and accommodate changes. The following sections describe EDS' approach to Issue Management, Risk Management, and Change Management for the Medicaid Fiscal Review (MFR) contract.

6.1 Issue Management

Prompt problem identification and resolution is critical to ongoing successful project management. To achieve a prompt response, EDS will implement a clear process for problem identification, prioritization, communication, and resolution. We will incorporate continual issues documentation, tracking, and resolution, which will provide a framework for gathering the data necessary to evaluate and resolve areas of concern.

6.1.1 Problem Resolution Log

EDS' approach will use a new *Problem Resolution Log*, which is an issue-tracking database tool that is designed specifically for this project. This tool will be available for update by authorized users. At each project status meeting, a report, showing the most recent actions, will be provided and reviewed. Currently, the EDS project manager, Dave Hemingway, tracks project issues and reports them using the monthly status report described in Section 5, Project Plan. He will continue to be in charge of the revised process.

The new *Problem Resolution Log* will be used to track issues that EDS and MDCH discuss together and agree merit special attention. EDS will use the *Problem Resolution Log* to record additional details about these issues, including the name of the originator, a detailed description, impact to MDCH, root cause, strategy to prevent future occurrences, associated change-request number, and status history. This log will also document in detail the actual resolution of the issue and any decisions made. EDS will use this tool and approach to keep MDCH managers and staff informed.

6.1.2 Problem Resolution Process

EDS' problem resolution process includes ongoing written and verbal communication with MDCH until the issue or problem is resolved. As they are today, the EDS team will continue to be readily accessible to MDCH staff. Because EDS personnel work on site with MDCH staff every day, they are immediately available to step in should a problem arise. Users identifying a problem have the opportunity to contact the EDS on-site staff directly in person, or by e-mail or telephone.

When an EDS staff member receives a problem report, he or she will first determine whether the problem is within the EDS sphere of influence. If not, the EDS staff member will assist the user to identify the appropriate channel to report the problem and will actually describe and report the problem to the Michigan Department of Information Technology (MDIT) help desk, or other entity, if necessary. For problems or questions that are within the EDS sphere of influence, the EDS staff member will determine the urgency of the problem from the user. Urgent problems disrupting the workflow of the affected division will be addressed immediately. Problems that are not urgent, or for which a suitable work-around exists, will be prioritized and added to the work queue with the approval of the responsible MDCH project manager. Most urgent issues can be resolved the day they are reported. For urgent issues that cannot be resolved so quickly, EDS

will create a corrective action plan and present the plan to the affected MDCH project manager for approval.

Every customer request that results in a repair to a program or system configuration will be logged in the EDS Project Management database as a *fix*. EDS will report progress on these tasks using the status and planning reports described in Section 5.

6.2.3 Problem Resolution Escalation

The EDS project team maintains successful working relationships with the Hospital and Health Plan Reimbursement Division (HHPRD), the Long Term Care Reimbursement and Rate Setting Section (LTC), and the Office of Audit (OA) that have been strengthened over many years of successful collaboration. Because the EDS staff works at the MDCH site, issues that arise are resolved quickly and rarely need escalation beyond the teams and managers directly involved.

In the event that identified issues require escalation, EDS and MDCH will employ the escalation process required by the State in its Invitation To Bid (ITB). The affected MDCH project manager will bring the issue to the attention of the EDS project manager, Dave Hemingway. If the EDS project manager cannot resolve the problem, he will bring the issue to the attention of the EDS account manager, Tim Robl. If resolution cannot be agreed upon, the MDCH contract administrator will then address the issue, with final resolution being determined by the Director of Acquisition Services.

6.2.4 Proactive Approach

In a complex environment that comprises diverse software and hardware components, occasional technical issues may arise despite the most careful planning. Some issues may be within EDS' control, such as a minor software bug or a space problem on a server. Other issues may be outside of EDS' control, such as a disruption to the State's network caused by a beaver chewing through a fiber-optic line. While the EDS team cannot control a beaver's appetite, it will work diligently to minimize problems within its control by proactively monitoring servers and systems for signs of trouble.

EDS will make an additional channel available to MDCH to express concerns or raise issues. EDS provides the Service Excellence Dashboard to further facilitate successful communication. This tool gives MDCH the opportunity to express concerns and initiate customer surveys, the results of which are instantly available to higher levels of EDS managers.

Both of these topics are described in more detail in the following paragraphs.

6.2.4.1 System Monitoring

The EDS system, database, and Web administrators will examine daily network, database, and Web server use, traffic, and event logs for signs of performance problems including high or low levels of activity, space constraints, and unexpected errors. Many of the larger or more critical applications, such as Card File, Michigan Medicaid Forms (MMF), Long Term Care Application (LTCA), and Audit Statistics log significant or critical system events. The developers responsible for supporting these applications monitor the event logs daily to watch for signs of trouble. The following table highlights many EDS monitoring activities, their frequency, and the persons responsible.

System	Items Monitored	Monitoring Frequency	Responsible EDS Staff Member
Network	System Traffic	Daily	System Administrator
Servers	Resource Utilization	Daily	System Administrator
Servers	Memory Utilization	Daily	System Administrator
Servers	Disk Space Utilization	Weekly	System Administrator
Web Services	Web Component Utilization	Daily	Web Administrator
Web Services	Memory Utilization	Daily	Web Administrator
Web Services	Log Entries	Daily	Web Administrator
Database	Log Entries	Daily	Database Administrator
Database	Job Completions	Daily	Database Administrator
Applications	Log Entries	Daily	Application Developer

EDS will continually analyze the information learned through this monitoring to evaluate system performance. If we spot trends that can be reversed with system tuning or configuration changes that adhere to State standards, we will implement changes using EDS’ project management methodology. If we determine that a problem is occurring that may affect MDCH system or data integrity or that it has occurred, we will inform the affected MDCH project manager within one business day of identifying the problem. This notification will include the following:

- Date
- Problem
- Impact to MDCH
- Corrective action plan, or target completion date if not immediately available.

After identifying and reporting the problem or issue, we will develop and implement a corrective action plan within five business days of discovery, unless otherwise specified by MDCH.

6.2.4.2 EDS’ Service Excellence Dashboard

EDS implemented the Service Excellence Dashboard to further encourage open, candid, and collaborative relationships with clients. EDS has blended best practices developed over the course of a 40-year history with Web-based technology to manage the unique dynamics involved in IT services relationships.

The Service Excellence Dashboard is a Web-enabled, real-time information system that shows at all times – even at the highest levels of the corporation – the quality of services EDS delivers to clients.

By using a private, customized view of the dashboard, MDCH project managers can check on status and provide real-time feedback directly from their desktops to EDS. MDCH project managers may initiate a survey process whenever they wish and invite any participants they feel deserve a vote on EDS’ performance rating. By using the dashboard, clients can weigh in at any

time about EDS’ performance and their level of satisfaction. This presents EDS with opportunities to improve its performance. In the past, MDCH project managers have used the dashboard to complete surveys annually. EDS has reviewed these results, created action plans, and implemented delivery changes such as the following:

- Verifying that coverage is available when an EDS staff member, such as the systems administrator, will be out of the office
- Taking increased care to align EDS staff working hours with MDCH staff working hours to maximize accessibility and productivity
- Reducing the average number of software enhancements packaged in a single release of LTCA to increase schedule predictability
- Increasing the frequency of status reporting to MDCH stakeholders about larger projects such as Children’s Special Health Care Services (CSHCS) settlement and Subrecipient Audit Report Monitoring Systems (SARMS).

Exhibit 6-1, MDCH Client Survey Result, shows an overview of an MDCH survey result evaluating EDS performance over the past three years taken directly from the Service Excellence Dashboard Web site. The colored bar on the right side represents the rating: Green indicating “good” and blue indicating “excellent.” Over the past three years, the percentage of MDCH respondents rating EDS service as excellent has steadily increased.

No.	Date	Feedback Summary	Media	Language	Status	Initiated By	Primary Client Contact	Action Plan Link	# of Participants	# of Responses	Overall
1.	03 Nov 2003	EDS Client Survey	Web	English	Closed	Client	Hennessey, Jim	Action Plan	19	14	
2.	25 Oct 2002	EDS Client Survey	Web	English	Closed	EDS	Hennessey, Jim	Action Plan	16	8	
3.	08 Sep 2001	E.client	Web	English	Closed	EDS	Hennessey, Jim	Action Plan	16	14	

Exhibit 6-1, MDCH Client Survey Results

Exhibit 6-2, Michigan MFR Client Survey Results, shows more detail about the results from the most recent survey, which was completed on November 3, 2003. The survey results were consolidated into the eleven categories listed in the exhibit. This exhibit was also taken directly from the Service Excellence Dashboard Web site. This example shows that the majority of MDCH respondents rated EDS performance as good or excellent in all categories.

EDS will continue to seriously evaluate all performance feedback provided by MDCH and make every possible adjustment to meet the needs of HHPRD, LTC, and OA.

Summary

By using proven project management methodologies, maintaining clear and open communication, and taking proactive steps to detect system problems before they cause disruptions, EDS will prevent or minimize issues associated with this contract.



Client Survey Results

Client Survey Results by Performance Category For *Michigan MFR*



* Click on each individual Performance Category to view the survey results for that category.

Exhibit 6-2, Michigan MFR Client Survey Results

6.2 Risk Management

EDS will work with the State to implement a formal approach to risk management and will develop and implement a Risk Management Plan. The prime objectives of this plan is to:

- Identify team and individual roles and responsibilities
- Schedule regular risk management activities
- Create methods for tracking and controlling risk mitigation activities
- Create a method for maintaining identification and quantification of outputs
- Identify techniques for implementing contingency plans and allocating reserves
- Assess risk management results.

Risk management is a continual process. As shown in Exhibit 6-3, Risk Management Process, EDS will implement a formal process of identifying, analyzing, and controlling project risks. It will feature documenting and communicating information about risks to all interested or affected parties and the creation of risk prevention and contingency plans. To provide visibility of project risks and the progress made in mitigating them, risks will be reported in biweekly status meetings.



Exhibit 6-3, Project Risk Management Process

Risk management requires time and effort, but the rewards can be significant and the EDS team shares the commitment to effective risk management. EDS’ project management methodology provides tools, templates, and processes that help identify risk. The process provides an early identification of major obstacles to project success. It helps determine and communicate the degree of risk the project faces and details plans to manage that risk. The risk identification process also provides the State with the opportunity to discuss the consequences of performing or not performing specific project activities. We identify major obstacles in a timely, objective manner. This identification provides the State and the EDS team with the opportunity to identify an action plan to resolve risk issues and increase project success. The following table shows a sample of possible risks associated with this contract:

Potential Risks for this Contract - Example								
Risk Item No.	Responsible Team/ Person	Risk Description	Risk Status (O, C)	Risk Level (L, M, H)	Probability (L, M, H)	Potential Impact	Approach (E, A, T, M, S)	Anticipated Mitigation
R1	EDS Project Manager / MDCH Project Managers	Computer equipment damaged due to electrical power fluctuation	O	M	M	Equipment must be repaired or replaced. MDCH services disrupted.	M	<ul style="list-style-type: none"> EDS recommends that the State purchase an uninterruptible power supply (UPS) unit to protect the computer equipment in the MDCH server room in the Capitol Commons Center building. EDS performs back-ups of systems and data and stores this information off-site weekly. EDS will make its development servers available to MDCH to temporarily host production

Potential Risks for this Contract - Example								
Risk Item No.	Responsible Team/ Person	Risk Description	Risk Status (O, C)	Risk Level (L, M, H)	Probability (L, M, H)	Potential Impact	Approach (E, A, T, M, S)	Anticipated Mitigation
								services if the MDCH Web or database production servers supported under this contract are seriously damaged.
R2	EDS Account Manager / EDS Project Manager	An experienced EDS staff member becomes unavailable to continue work on this assignment	O	M	M	Project schedule may slip.	M	<ul style="list-style-type: none"> EDS cross-trains its staff about key support responsibilities under this contract.

6.2.1 Contingency Planning

EDS maintains a comprehensive Business Continuity Plan (BCP) for HHPRD, LTC, and OA with procedures for addressing various contingencies. Copies of the BCP are kept on and off the MDCH work site. Examples of contingencies addressed include loss of data, power failure, hardware failure, loss of building access, and loss of key personnel.

6.2.1.1 Loss of Data

EDS is responsible for recovery of data on the File Server (MDCH-CCC-FS1), the Database Server (MDCH-MFR-W2K1), and the Web Server (MDCH-MFR-W2K2). The State is responsible for recovery of data on all other production servers. Server back-up tapes are stored off-site weekly and kept for three months. Month-end back-up tapes are stored off-site indefinitely.

6.2.1.2 Power Failure

Power failures are usually localized in nature and limited in duration; however, the power fluctuations that occur immediately before power is lost or immediately after power is restored can damage computer equipment. Currently, the Capitol Commons Center building does not have a functional UPS unit to protect the investment the State has made in servers and network equipment. EDS worked with MDCH over several months to assist in identifying and defining its UPS needs and to obtain quotations for UPS equipment. EDS recommends that MDCH move forward in purchasing UPS protection for the Capitol Commons Center building. We remain ready to assist with this project as needed.

6.2.1.3 Hardware Failure

EDS is responsible for repair or replacement of hardware EDS staff uses to develop software in support of this contract, including servers and PC workstations. EDS retains one test laptop PC that may be used as a spare if a developer workstation is taken out of service. After the developer workstation is repaired or replaced, the test laptop PC will be returned to the testing area. If one of the development servers is out of service, its functions can be consolidated on the other development server. EDS maintains a toll-free telephone number for EDS employees to use in

submitting hardware service requests. Replacement parts are delivered directly to the EDS building in Lansing, Michigan, and can be installed by either a service representative or the EDS systems administrator, Tom Sigelko.

The State is responsible for the repair or replacement of hardware used for production, including servers and PC workstations and laptops. EDS will assist the State to configure temporary and permanent replacement workstations for users in HHPRD, LTC, and OA. Repair requests for State-owned equipment should be submitted to the MDIT help desk.

MDIT has indicated that it could replace one of its production Microsoft Windows servers within three to 10 business days of an outage. For this contract, EDS maintains two development servers that are sufficiently powerful to carry production processing in an emergency. An EDS server may be used to fill in temporarily while waiting for the MDIT replacement server to arrive.

6.2.1.4 Loss of Building Access

Loss of access to the workplace may result in temporary or permanent replacement of equipment. The State is responsible for acquiring and preparing an alternate location and obtaining new production servers and user workstations. EDS is responsible for obtaining new development servers and workstations. EDS maintains server configuration instructions with the BCP and will use the information to configure the replacement production and development database and Web servers associated with this contract.

6.2.1.5 Loss of Key Personnel

EDS' MFR account policy is to assign each developer a "back-up" who can step in during planned or unplanned absences. At the minimum, the team leader of each development team regularly reviews the status of each project in progress to minimize the amount of information that may be lost during an employee transition. In addition, the assigned back-up developer for each position participates in review and testing of the developer's work.

The systems administrator also has an assigned back-up who can step in during planned and unplanned absences. The systems administrator functions as part of a team composed of developers and team leaders. This team reviews systems administration project plans and statuses and provides coverage when the systems administrator is unavailable.

Summary

Contingency management is an important part of risk management. EDS already has contingency plans defined in its comprehensive BCP. It will continue to update and maintain the BCP in support of the new contract.

6.3 Change Management

EDS is the only contractor that has previous experience of supporting HHPRD, LTC, and OA by providing and maintaining the settlement, reimbursement, audit, and reporting systems described in the ITB. After carefully analyzing the new system and enhancement requests and combining that analysis with its extensive experience, the EDS team has created a proposal that best meets MDCH's needs. The provisions of this proposal balance the State's need for timely and responsive

service with its need for fiscal prudence. Circumstances, however, may change in the future and attributes of the contract, such as staffing level requirements, may require adjustment.

6.3.1 Contract Scope Changes

EDS will adhere to the State's policy for contract modification. The contract awarded based on this proposal may be modified, provided that changes proposed by either party are requested in writing and mutually agreed to by the EDS account manager, Tim Robl, and the MDIT/MDCH Contract Administrator.

All contract changes that EDS requests will be submitted in writing for approval. We acknowledge that change requests submitted by either party will not be valid until all parties sign and the Issuing Office issues a Contract Change Notice. Over the long history of this contract, EDS and the State have amicably executed several changes to the existing contract including several extensions, addition of support for LTC and OA systems, and rate changes necessitated by State budget constraints. EDS will continue to work closely with the State to meet the needs of HHPRD, LTC, and OA.

6.3.2 Work Plan Scope Changes

Based on its experience in processing health care information, EDS is fully aware that priorities, legislation, and requirements can change. In the time since this ITB was issued, MDCH has identified additional projects that are not included in the ITB, such as the creation of a new interface between the Data Collection and Distribution System (DCDS) and the Audit Statistics Time Tracking System, creation of a revised method to gather paid claims for input to the Hospital Cost Settlement System (HCS), and calculation of payments for a newly defined reimbursement pool for Michigan Access to Care Initiative (MACI) payments. Some or all of these projects may still be in process when the existing contract ends and the new contract begins. EDS will use its proven procedures to effectively manage changes that are requested by MDCH or mandated by legislation.

In addition to using the capabilities provided by Microsoft Project, EDS will maintain a custom project management database specifically for this contract. This database will contain active and completed task information, including the name of the assigned EDS staff member, priority, client requesting the change, date of request, date of completion, and effort hours expended at completion. In this database, EDS also will record each project MDCH requests and will produce management reports as required by the State and described in Section 5, Project Plan.

Below, we list the steps involved in submitting a new project request or a change request for a project already in progress. The MDCH project managers are Brenda Fezatte, John Donaldson, and Jim Hennessey. The EDS project manager is Dave Hemingway.

When MDCH submits a request for a new project or a change request that affects a project already in progress:

- EDS will log new project requests in the project management system and change requests affecting existing projects in the project documentation. When the request is logged, EDS will notify the responsible MDCH Project Manager.

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- EDS will analyze the change request and meet with the responsible MDCH Project Manager, or other MDCH staff as directed, to gather additional information as needed.
- When analysis is complete, EDS will notify the responsible MDCH Project Manager if the new project or change request will affect the work plan or other scheduled activities.
- The responsible MDCH Project Manager will decide whether EDS should continue with the new task or change request and how the task or change should be prioritized. If initiation of this task or change affects the priorities of other, existing tasks, the responsible MDCH Project Manager will direct EDS how to reprioritize existing tasks.
- EDS will record prioritizations as approved by the responsible MDCH Project Manager and update the work plan and other task priorities when necessary.
- The MDCH Manager and the EDS project manager will sign off on work plan changes.
- EDS will take the needed actions to complete the project according to its priority.

By following these procedures, EDS and MDCH will maintain a clear understanding of the status of the work plan and of each individual project contained in it.

7.0 Innovative Solutions for MDCH Consideration

The selection of a contractor under the new contract will serve as the foundation for MDCH to consider additional enhancements for the State of Michigan's Medicaid and public health programs. By selecting EDS, MDCH can take advantage of EDS' experience as the premier provider of information technology (IT) services to the Medicaid market to provide additional technology applications and thought leadership. MDCH can use this type of leadership to better meet the goals of cost settlements, rate setting, and audits for hospitals and nursing homes; it will also help MDCH to continue its success in administering Michigan's Medicaid and public health programs in the future.

In the following subsections, we present several enhancements and potential benefits that are available for MDCH's consideration if it selects EDS to continue as its contractor. Although these suggestions are not included in the pricing for the cost settlement, rate setting, and audit project, the ideas are projects or enhancements MDCH may be interested in pursuing, considering the current Medicaid budget constraints and MDCH's focus on improving Medicaid health care delivery.

7.1 ClaimCheck/ClaimReview

Health care expenditures in the United States exceed \$1 trillion annually, with an estimated \$10 billion, or one percent of total health care expenditures, attributed to inappropriate coding for professional services. The optimal way to address and control this complex situation of overpayment is through automation.

EDS recommends to MDCH that for accurate billing and reimbursement, it consider using McKesson ClaimCheck/ClaimReview software to review certain types of health care claims. Using ClaimCheck/ClaimReview software in conjunction with the Medicaid Management Information System (MMIS) it operates for Medicaid programs, EDS has saved the State of Wisconsin Medicaid program \$5.5 million annually and the State of Arkansas Medicaid program \$2 million annually. Based on these results and the relative size of Michigan's Medicaid program, Michigan could achieve savings of up to \$8 million in Medicaid benefit payments each year by using ClaimCheck/ClaimReview software. As an EDS client, MDCH can take advantage of EDS' buying power to obtain the McKesson software at attractive pricing, using the established contract for cost settlements, rate setting, and audits.

7.1.1 What is ClaimCheck/ClaimReview?

ClaimCheck/ClaimReview is an automated, clinical code auditing software tool that helps to verify consistent and appropriate reimbursements to health care providers and offers a systematic method to evaluate claims submissions for compliance with coding and billing practices. ClaimCheck/ClaimReview provides the following key benefits:

- Reduces administrative expenses through implementation of an integrated clinical editor
- Delivers potential savings of 1 percent to 6 percent of total professional health care payments (for an estimated savings of \$1 million to \$8 million a year for Michigan Medicaid)
- Improves provider relations through the consistent application of medical policy
- Eliminates subjective and costly manual editing

- Uses the ClaimCheck/ClaimReview design flexibility and on-site user-driven utilities to modify database logic to reflect specifically the State of Michigan’s medical policy. (The ClaimCheck/ClaimReview clinical database is 100 percent customizable.)
- Implements timely updates to the clinical knowledgebases that incorporate periodic coding revisions (CPT and ICD9), changes in medical practice, and new reimbursement guidelines and practices.
- Identifies claims and providers requiring a focused review

McKesson’s ClaimCheck/ClaimReview has been recognized as the industry leader in code auditing for more than 14 years; approximately 83 percent of the commercial health care market uses the McKesson solution. It is present in 10 Medicaid states, including three states for which EDS is the fiscal agent, and McKesson is the exclusive vendor for the TRICARE program.

ClaimCheck/ClaimReview is a comprehensive claims auditing software system that automatically audits and adjusts professional billing errors and avoids costly overpayments by detecting common code manipulations. ClaimCheck/ClaimReview provides a complete auditing service package that combines a clinically sound knowledgebase and comprehensive claims auditing features with flexible technology options, detailed reporting, and superior customer service.

Over the past 18 months, EDS and McKesson have held discussions with MDCH staff, including Jay Slaughter and Sue Klein, about the ClaimCheck/ClaimReview software and the potential benefits to the Michigan Medicaid program. We remain available to discuss the options available to MDCH to implement this solution for the Michigan Medicaid program and achieve significant savings in Medicaid benefit payments.

7.2 Post–Pay Identification and Recovery of Payments

As the Medicaid market leader, EDS continually searches for innovative tools and solutions that may be of benefit to its Medicaid clients. Medicaid claims processing is one specific business function for which a number of companies have targeted and developed software solutions to help contain health care costs.

EDS can provide MDCH with a number of solutions that can help identify and recover claims overpayments due to fraud and abuse or other causes. We have implemented Medicaid fraud and abuse systems for the State of Texas and the State of California Medicaid programs, which have been very successful in recovering Medicaid overpayments.

One example of the types of companies and solutions EDS has identified includes the SageSuiteSM software developed by Sagebrush. SageSuite contains the latest artificial intelligence technology for identifying payment patterns. The software can be applied on a post-payment basis — after claims have already been adjudicated and paid. The post-payment approach and technology gives Sagebrush the time and processing power to find claims billing patterns that are designed to pass through adjudication edits.

The Sagebrush approach is to identify and recover only non-controversial, confirmed overpayments resulting from abusive billing schemes and billing and processing errors. The software does not make clinical decisions or attempt to recover based on clinical issues, such as

upcoding of services Sagebrush pursues only the recovery of wasteful and abusive claims from providers.

EDS understands that Sagebrush personnel have been in contact with MDCH leaders to offer information about their products and services and the potential cost-savings and benefits to be realized from such a solution. EDS is available to help bring together systems and software solutions such as SageSuite or others like them to MDCH, using the contract vehicle for the cost settlement, rate setting, and audits project.

7.3 Patient Safety Reporting System

Like many state health care authorities, the MDCH is focused on improving health care delivery to residents. As an example of a program MDCH may wish to consider implementing, EDS presents the following information about the State of Pennsylvania's successful application of technology to meet its goal of improving health care delivery.

The state of Pennsylvania recently established the Patient Safety Authority to improve patient safety and health care delivery for state residents. The Patient Safety Authority is charged with taking steps to reduce and eliminate medical errors by identifying problems and recommending solutions to promote patient safety. Pennsylvania is the first state in the country to require all licensed hospitals, birthing centers, and ambulatory surgical facilities to report actual serious events and "near-misses."

To meet the goals of the Patient Safety Authority a new secure, Web-based system, the Pennsylvania Patient Safety Reporting System (PA-PSRS), was developed under contract with ECRI, a Pennsylvania-based independent, non-profit health services research agency, in partnership with EDS and the Institute for Safe Medication Practices (ISMP), also a Pennsylvania-based, non-profit health research organization.

The PA-PSRS system will receive and tabulate reports and analyze data to identify trends and suggest improvements to enhance patient safety. The Authority will make available to the public aggregate data related to certain geographic regions and the state as a whole, but will not release facility-specific data. An important component of PA-PSRS is a software program that enables facilities to generate reports specific to their individual facility. Facility managers use these reports for their internal quality improvement and patient safety activities.

"For many facilities, this is the first time they have access to an electronic system to track events in their facility." . . . Many personally thanked us for bringing a tracking system into their facility. Others commended us for the comprehensiveness of PA-PSRS."

*Dr. Robert Muscalus, Pennsylvania's Physician General
and Chair of the Authority's Board of Directors.*

In submitting reports, a facility must answer a variety of questions about the circumstances surrounding an event, including the level of actual or potential harm to the patient as well as such factors as staffing or equipment problems that may have contributed to the occurrence. The result is a detailed database that enables the Authority to identify trends among facilities and recommend improvements the individual facilities may adopt.

"I think the most promising aspects of the PA-PSRS program are the analytical features that allow us to focus on events occurring in specific care areas and enable us to get a better view of the overall picture in our facility by comparing ourselves through aggregate statewide data . . . Such an improved picture should help us provide better health care for our patients."

*Dr. Douglas Megill, Patient Safety Officer,
Warren General Hospital.*

For additional information about the Patient Safety Authority or the PA-PSRS program, visit its Web site at www.psa.state.pa.us. If MDCH is interested, EDS is prepared to discuss further the PA-PSRS system capabilities and provide information about how this system might benefit Michigan residents.

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	Vendor Question	State's Response
1.	How does a potential bidder gain access to items in the library containing all reports, input screens and policy manuals?	Capitol Commons Center 400 S. Pine, 5 th Floor Lansing, MI 48913 Contact Brenda Fezatte 517-335-5330
2.	How many concurrent users access the FCID?	At least 40 concurrent users.
3.	What software is currently used by end users to access the database and is the contractor precluded from offering other options?	Custom software is currently being used. Contractor can offer other options.
4.	Is the “comparison output summary” included in the library?	Yes.
5.	Are MIP and CIP calculations performed using only information from the FCID or must other sources of data be included?	MIP and CIP use FCIDS, quarterly report data, paid claims data (claims, case mix and outlier data), payment data from logs.
6.	Under “Hospital Final Settlements” reference is made to “internal paid data reports”. What is the source of these reports? Is production of these reports part of this contract?	Paid claims file/data warehouse files. The contractor will not pull the data, but will work with the data once pulled.
7.	Is it accurate that final settlements may not be done sooner than 3 years after the FYE? There is no end date?	This is true.
8.	What is meant by the following sentence? “The Rate Setting Section for accuracy and formula applications verifies all data used.” It is used twice on page 2.	The data accuracy is crucial in the rate setting process. Verification of the data is of first and foremost importance before the application of formula to produce correct rates. Part of the data verification can be done using comparison reports as produced by the contractor to detect potential data errors from the filed cost reports.
9.	How are rates transferred to the Provider Enrollment table files?	Currently a manual process.
10.	Is the letter dated May, 2003 available?	We do not know what you are referring to.
11.	Does the department intend to continue the practice of not storing inpatient rates and capital amounts in a database?	Page 23 item d states that these rates should be stored in a database.
12.	State Psychiatric settlement also refers to “internal paid data reports” are these the same as the reports identified on page 2?	Yes, these reports are from MMIS and from the data warehouse.
13.	Who accesses the ACID and in what manner?	Hospital & Health Plan Reimbursement Division personnel, plus others that HHPRD authorizes for use for read-only purposes. Contractor may revise but only with HHPRD

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		authorization.
14.	Special Health Plan Cost Settlement is listed as a continuing activity. MDCH recently issued draft policy stating that these programs are ending as of 9/30/04. How does the policy draft affect this contract?	Special Health Plans will terminate on 9/30/04. However, the cost reports are not due until 3/31/05. Final Settlements probably won't be completed at least a year later due to processing of claims, our review of termination costs and verifying the audited financial statements to the cost reports, etc. The cost settlement activity is retroactive. Therefore, it will continue after 9/30/04. The settlement system should be enhanced and maintained by the contractor.
15.	On page 4 the contractor is required to send out "blank cost reports". What is the form and format of these reports?	State staff will send out the cost reports – not the contractor. Some cost reports are in paper format and others are in electronic format (excel spreadsheet).
16.	Item d on page 4 speaks to entering cost report data into an Excel spreadsheet. Who enters the data and how much must be entered for the 525 settlements per year?	State staff will enter information into excel spreadsheet for settlement.
17.	How is data from the state paid claims database transferred to the settlement system?	State staff will manually enter information into the settlement system.
18.	Is the state paid claims database that is mentioned the State's data warehouse?	Yes, the state paid claims database is the State's data warehouse.
19.	Who reviews the paid claims information (item f) on page 4?	State staff.
20.	What is the unit of payment for this contract?	Please refer to section 4.303 for pricing detail.
21.	Is it correct that bidders are required to match the existing staff in terms of FTEs and assignments? Please describe why this does not preclude anyone but the existing contractor from receiving the highest score on personnel as it is extremely unlikely that any other bidder would configure the staff and expertise in the same manner as the current contractor?	Please review section 4.303. This section states, "Bidders may expand upon or delete any of the staffing levels as shown in Appendix B based on the bidder's proposed solution."
22.	The contract describes several new projects and enhancements. Is the bidders work plan expected to specify the tasks and hours necessary to complete these new requirements? If so, is reimbursement limited to what is bid?	No. Reimbursement is limited to the pricing previously referenced.

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23.	Does the bid limit payment to a fixed amount for any of the existing tasks?	Yes.
24.	It appears that this is a bid for 12 staff persons performing a variety of tasks under without any risk to the provider for inefficient performance. Please explain how the contract holds the contractor responsible for completing tasks within the budget since many of the tasks are non-specific in nature.	Please refer to section 1.3, 1.4, and 1.5 of the ITB document.
25.	Section 1.201 specifically lists knowledge of the Medicaid program and hospital and long term care industries as required for all personnel. Appendix B lists the qualifications of the current personnel. Per that list, only the two expert level developers have any industry or Medicaid experience. Please explain the discrepancy.	These are not resumes. They are minimum technical experience requirements met by current vendor.
26.	Is payment for ongoing tasks subject to any limit other than a monthly or hourly rate?	This information is not considered necessary for a bidder to provide a complete response to this ITB.
27.	How is the cost of equipment and supplies to be reflected in the budget for this contract?	Vendor is responsible for hardware and software specified in section 1.103.
28.	Is the Medicare 2552 the same as form CMS-2552?	Yes.
29.	Article 1, Section 1.102 - Out of Scope indicates that every section other than 1.101 - In Scope and 1.104 - Work and Deliverable are "Out of Scope." This statement seems to eliminate critical contractor requirements, including administration of the Technical Environment (Section 1.103), Roles and Responsibilities (Section 1.2) and Project Management (Sections 1.3 and 1.4), as well as some of the desired new enhancements to the current environment that are found in the Background Section 1.02 (or 1.002). May we assume that this statement is in error and that all of the contractor requirements and desired system enhancements included in Article 1- Statement of Work (SOW) should be considered "In Scope" for the resulting	That assumption is correct, the statement was in error.

APPENDIX C, ITB QUESTIONS AND ANSWERS

	contract	
30.	What plans are there for a transition period in the event that a non-incumbent vendor wins this bid?	Please review section 1.02 and section 4.301 for transition information.
31.	How long of a transition do you anticipate?	See question 30.
32.	Can we submit questions even after July 12th?	The State does not anticipate extending the question and answer period at this time.
33.	Is there a pre-bid meeting for this RFP?	No.
34.	Who is the current vendor that has the contract to develop, support this system?	Electronic Data Systems.
35.	When does the current vendor's contract with State of MI expire?	The current contract expires September 30, 2004. There may be a short-term extension provided for a transition period if deemed necessary and appropriate by the State.
36.	<ul style="list-style-type: none"> • What are the business drivers to issue a new ITB for these services? • Why is the State of Michigan not extending this contract with current vendor? • Have the State of Michigan been satisfied with performance of current vendor? 	This information is not considered necessary for a bidder to provide a complete response to this ITB.
37.	Please confirm that the current vendor is providing 12 resources on-site as described in Appendix B? If current vendor is not providing 12 resources as described in Appendix B, please provide current vendor staffing information.	Yes, current vendor provides 12 resources on site.
38.	Section 1.6 of the RFP states that this is a unit price contract. Does the State want vendors to propose hourly rates for proposed staff OR one monthly rate for entire team?	Monthly rate for team.
39.	<p>Section 4.303 of the RFP asks vendors to provide monthly rate for entire team vendor proposes.</p> <ul style="list-style-type: none"> • Please confirm that vendor's team proposal should be based on 12 resources as described in Appendix B • Should vendors propose monthly rates 	Vendor needs to bid based on number of team needed to get the job done. A flat amount will be paid per month. If it takes the vendor twice the time to get the work done, there will be no additional reimbursement or "overtime." If the State requests additional staff, the change process will be followed and the contractor may be allowed additional compensation

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	<p>based on normal 8-hour working days OR</p> <ul style="list-style-type: none"> • Should monthly rates be inclusive of all “overtime” hours worked? • Please confirm that for months where state holidays exist, state will pay vendor normal monthly rate and will not deduct / reduce payment because a state holiday exists in a particular month. <p>If state wishes vendor to add additional staff once contract has been awarded, please confirm that state and vendor will mutually agree upon revised monthly rate to be paid to vendor to compensate vendor for additional staffing and service levels.</p>	<p>depending on the circumstances and reason for the request.</p>
40.	<p>Is the State of MI looking to award this contract to one single vendor OR multiple vendors?</p>	<p>While the State would prefer a single vendor, the State reserves the right to award this contract in whole or in part.</p>
41.	<p>For modules that require systems enhancements and/or development, please confirm that State is seeking vendor to provide custom software development solutions AND NOT a COTS solution (Commercial Off The Shelf Product)</p>	<p>Yes.</p>
42.	<p>Please confirm that scope of this RFP is for on-site services and that State will provide vendors with on-site workspace, pc’s, necessary development software/hardware and all normal office facilities</p>	<p>State provides workspace. Vendor provides PCs, necessary development software/hardware including software and servers as specified in the Technical Environment Section 1.103.</p>
43.	<p>The RFP states that vendor’s team may have to travel occasionally to field site offices. Assuming travel to state office is requested by State, please confirm that State will reimburse vendor for travel related expenses per state policy.</p>	<p>That is correct.</p>
44.	<p>RFP mentions that there are currently 12 members in the team. Is this team currently performing the ‘In Scope’ requirements of the RFP or is the RFP Scope different from the current responsibilities of the 12-member team?</p>	<p>The purpose of this contract is to continue current work and complete new work as specified in sections 1.0 & 1.1.</p>
45.	<p>Is the current team able to adequately service the system administration</p>	<p>Vendor provides 1 full-time and 2 partial FTEs that provides system administration,</p>

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	<p>requirements (detailed in the technical Requirements section) without any assistance from State personnel? In other words, is the current team addressing the technical requirements (in particular the system administration responsibilities including network administration, backup/recovery functions, laptop/PC support, hardware/software installation etc.) using its own team members or is the State assisting the team. Please provide details of number of personnel from current contractor team and State team addressing the system administration requirements as described above.</p>	<p>database administration, web administration, back up, recovery, laptop & pc support hardware & software installation for systems covered under the contract.</p> <p>The state supplies general support for State applications and user PC/laptop operating systems and GroupWise.</p>
46.	<p>The RFP provides requirements In the Scope section and the Work and Deliverables sections. However, it is not very clear as to what are contractor responsibilities and what are State responsibilities in relation to Scope and Work and Deliverables. Can the State provide a concise list of contractor responsibilities for each of the divisions and functions? It would be beneficial for all bidders to clearly understand what they need to do as part of this contract. As a suggestion, the contractor tasks can be categorized into ‘Operation Support – data Extraction, data Preparation and Report Generation & Distribution’, ‘Application Bud Resolution’, ‘Application New Enhancements’, ‘Infrastructure management & Support’.</p>	<p>Refer back to Article 1. The State believes the RFP is clear as to responsibilities, scope and deliverables.</p>
47.	<p>What is the process for changing the team size and monthly rates after the contract commences as in the following scenarios:</p> <ul style="list-style-type: none"> • During the contract period, if the Contractor Project Manager assesses that in order to satisfy the operational requirements of the business units in accordance with the time requirements, it becomes necessary to add additional resources to the team, will the State allow the contractor to add resources to the team? 	<p>The bidder is expected to provide sufficient staffing based on the information provided in this RFP. During the contract period, request for changes will be handled per the steps described in Sections 1 and 2 regarding modifications and change management. The State will consider any requested changes on an individual basis. The Contractor may be held responsible for timely completion of deliverables if such requests for additional resources are not approved by the State, as the State may not be in agreement with the</p>

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	<ul style="list-style-type: none"> • If the enhancements and changes to be made to the existing systems, exceed the capacity of existing developers in the contractor team, will the state allow the contractor to add resources to address the resource requirements? • What is the process for requesting such additional resources? • What is the process for State reviewing and approving such requests? • Will the contractor be held responsible for timely completion of deliverables if such requests for additional resources are not approved by the State? 	Contractor regarding the need for additional resources.
48.	Considering the amount of work involved in Network/System Administration, it appears that the current team is understaffed to meet the operation requirements. Can you please comment on this?	Staff is meeting current needs.
49.	Does the state currently supplement the contractor team with its own IT resources towards meeting the requirements in the RFP? If so, please provide details as to number of resources etc. Does State IT staffs provide any assistance with respect to IT infrastructure, server, network administration?	<p>No – The state does not supplement the vendor team with IT resources.</p> <p>Network administration under this contract is done in coordination and cooperation with the State’s IT staff.</p>
50.	Please provide quantitative information with respect to number of users to be supported in each functional area across the three divisions stated in the RFP. How many users, how many laptops, PCs and servers are to be supported?	<p>This is covered in 1.103.</p> <p>At a minimum: 60 PCs 40 laptops 10 servers</p>
51.	Does the state possess any automated backup/recovery infrastructure currently? If so, please provide details?	MIPC has an automated tape system.
52.	Can the state provide current metrics in man-hours with respect to effort expended towards various operational support, development and infrastructure support activities?	Current contract has 12 people whose roles are noted in appendix B.
53.	Is there a disaster recovery plan in place	Vendor provided.

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	already or should one be developed from scratch?	
54.	Is there a help desk that receives all inquiries and help calls from the users of the systems included in the RFP? Can we assume that the contractor team will receive requests through a state managed help desk facility?	No.
55.	RFP requires that the backups must be stored in a secure offsite facility. Will the State provide the facility or should the vendor provide the same?	Vendor currently provides.
56.	Can we assume that the State will provide to the contractor team members all hardware and software necessary to perform the job functions under the contract?	Vendor is responsible for hardware and software as specified in section 1.103.
57.	In the Work and Deliverables section of the RFP, there are several descriptions with respect system functionality requirements. However, it is not clear as to whether or not those functions and features are already in place or they have to be developed/enhanced. Can you please provide a clarification as to what are the requirements for which new development/enhancement work needs to be undertaken?	Please review the work and deliverables section. The selected vendor may want to change current programs.
58.	Which CMS approved 2552 cost report editing software is currently used by the State? Can you please specify the manufacturer name, software name and version number? Does the State have a preference as to which certified CMS system vendor uses?	The current contractor provides Klynveld Peat Marwick Goerdeler Compu-MAX Micro System: 2552-85 Version 92.01 2552-89 Version 95.01 2552-92 Version 96.02 2552-96 Version 2004.01 The State prefers the above listed system vendor.
59.	The scope of the work seems fairly technical in nature. What level of importance does the State feel regarding vendor's cost settlement and Medicaid experience?	Highly important.