



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
Department of Technology, Management, and Budget  
320 S. WALNUT ST., LANSING, MICHIGAN 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **4**  
to  
Contract Number **200000000038**

<b>CONTRACTOR</b>	BLUE CARE NETWORK MICHIGAN
	20500 Civic Center Drive
	Southfield, MI 48076
	Patricia Soyemi
	313-448-6943
	psoyemi@bcbsm.com
	CV0027690

<b>STATE</b>	<b>Program Manager</b>	Courtney Landon	DTMB
		517-284-4593	
	<b>Contract Administrator</b>	landonc2@Michigan.gov	
		Mary Ostrowski	DTMB
		(517) 249-0438	
		ostrowskim@michigan.gov	

CONTRACT SUMMARY				
HEALTH MAINTENANCE ORGANIZATION (HMO) SERVICES FOR MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM'S (MPSERS) PLANS				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
October 23, 2019	December 31, 2020	4 - 1 Year		December 31, 2023
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
P-Card	PRC	<input checked="" type="checkbox"/> Other		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	1-Year	<input type="checkbox"/>		December 31, 2024
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$136,000,000.00	\$41,156,441.20	\$177,156,441.20		
DESCRIPTION				
Effective January 1, 2024, this Contract is exercising the fourth option year and is increased by \$41,156,441.20. The revised Contract expiration date is December 31, 2024. In addition, the following updates are made: 1) Schedule B Pricing, MPSERS HMO Premium Rates Effective: 1/1/2024 – 12/31/2024 are incorporated.  All other terms, conditions, specifications, and pricing remain the same. Per Contractor and agency agreement, and DTMB Central Procurement Services approval.				

**SCHEDULE B  
PRICING**

<b>MPSERS HMO Premium Rates</b> Effective: 1/1/2024 - 12/31/2024	
<b>Without Medicare</b>	
Self	\$770.67
Spouse	\$638.55
Per Child	\$204.46
<b>With Medicare</b>	
Self	\$39.96
Spouse	\$36.13
Per Child	\$35.61

**Note:** Non-Medicare rates include Insured Provider Assessment (IPA) Tax.



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**CONTRACT CHANGE NOTICE**

Change Notice Number **3**  
 to  
 Contract Number **200000000038**

<b>CONTRACTOR</b>	BLUE CARE NETWORK MICHIGAN
	20500 Civic Center Drive
	Southfield, MI 48076
	Patricia Soyemi
	313-448-6943
	psoyemi@bcbsm.com
	CV0027690

<b>STATE</b>	<b>Program Manager</b>	Courtney Landon	DTMB
		517-284-4593	
	<b>Contract Administrator</b>	LandonC2@Michigan.gov	
		Mary Ostrowski	DTMB
		(517) 249-0438	
		ostrowskim@michigan.gov	

CONTRACT SUMMARY				
HEALTH MAINTENANCE ORGANIZATION (HMO) SERVICES FOR MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM'S (MPSERS) PLANS				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
October 23, 2019	December 31, 2020	4 - 1 Year		December 31, 2022
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card		<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	1 - Year	<input type="checkbox"/>		December 31, 2023
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$99,000,000.00	\$37,000,000.00	\$136,000,000.00		
DESCRIPTION				
Effective January 1, 2023, this Contract is exercising the third option year and is increased by \$37,000,000.00. The revised Contract expiration date is December 31, 2023. In addition, the following updates are made: 1) Schedule B Pricing, MPSERS HMO Premium Rates Effective: 1/1/2023 – 12/31/2023 are incorporated. 2) State Program Manager on the Contract Cover Page and Schedule A, Section 3.3 is updated to Courtney Landon, LandonC2@michigan.gov, 517.284.4593  All other terms, conditions, specifications, and pricing remain the same. Per Contractor and agency agreement, and DTMB Central Procurement Services approval.				

**SCHEDULE B  
PRICING**

<b>MPSERS HMO Premium Rates</b> Effective: 1/1/2023 - 12/31/2023	
<b>Without Medicare</b>	
Self	\$768.67
Spouse	\$638.09
Per Child	\$204.45
<b>With Medicare</b>	
Self	\$53.04
Spouse	\$46.65
Per Child	\$46.05

**Note:** Non-Medicare rates include Insured Provider Assessment (IPA) Tax.



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 Department of Technology, Management, and Budget  
 525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
 P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **2**  
 to  
 Contract Number **200000000038**

<b>CONTRACTOR</b>	BLUE CARE NETWORK MICHIGAN
	20500 Civic Center Drive
	Southfield, MI 48076
	Patricia Soyemi
	313-448-6943
	psoyemi@bcbsm.com
	CV0027690

<b>STATE</b>	<b>Program Manager</b>	Sarah Humphreys	DTMB
		517-284-4584	
		humphreyss@Michigan.gov	
	<b>Contract Administrator</b>	Mary Ostrowski	DTMB
		(517) 249-0438	
		ostrowskim@michigan.gov	

**CONTRACT SUMMARY**

HEALTH MAINTENANCE ORGANIZATION (HMO) SERVICES FOR MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM'S (MPSERS) PLANS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
October 23, 2019	December 31, 2020	4 - 1 Year	December 31, 2021
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

N/A

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	One Year	<input type="checkbox"/>		December 31, 2022
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$64,000,000.00	\$35,000,000.00	\$99,000,000.00		

**DESCRIPTION**

Effective January 1, 2022, this Contract is exercising the second option year and is increased by \$35,000,000.00. The revised Contract expiration date is December 31, 2022.  
 In addition, Schedule B Pricing, MPSERS HMO Premium Rates Effective: 1/1/2021 – 12/31/2021 on this Contract is deleted and replaced per attached Schedule B Pricing, MPSERS HMO Premium Rates Effective: 1/1/2022 – 12/31/2022. Pricing is firm for the second option year.  
 All other terms, conditions, specifications, and pricing remain the same. Per Contractor and agency agreement, and DTMB Central Procurement Services approval.

**SCHEDULE B  
PRICING**

<b>MPSERS HMO Premium Rates</b> Effective: 1/1/2022 - 12/31/2022	
<b>Without Medicare</b>	
Self	\$676.40
Spouse	\$561.24
Per Child	\$180.12
<b>With Medicare</b>	
Self	\$101.76
Spouse	\$88.89
Per Child	\$87.78

**Note:** Non-Medicare rates include Insured Provider Assessment (IPA) Tax.



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 Department of Technology, Management, and Budget  
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 P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **1**  
 to  
 Contract Number **200000000038**

<b>CONTRACTOR</b>	BLUE CARE NETWORK MICHIGAN
	20500 Civic Center Drive
	Southfield, MI 48076
	Patricia Soyemi
	313-448-6943
	psoyemi@bcbsm.com
	CV0027690

<b>STATE</b>	<b>Program Manager</b>	Sarah Humphreys	DTMB
		517-284-4584	
		humphreyss@Michigan.gov	
	<b>Contract Administrator</b>	Mary Ostrowski	DTMB
		(517) 249-0438	
		ostrowskim@michigan.gov	

CONTRACT SUMMARY				
HEALTH MAINTENANCE ORGANIZATION (HMO) SERVICES FOR MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM'S (MPSERS) PLANS				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
October 23, 2019	December 31, 2020	4 - 1 Year		December 31, 2020
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
P-Card	PRC	<input checked="" type="checkbox"/> Other		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	One Year	<input type="checkbox"/>		December 31, 2021
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$32,000,000.00	\$32,000,000.00	\$64,000,000.00		
DESCRIPTION				
Effective January 1, 2021, this Contract is exercising the first option year and is increased by \$32,000,000.00. The revised Contract expiration date is December 31, 2021.				
In addition, Schedule B Pricing, MPSERS HMO Premium Rates Effective: 1/1/2020 – 12/31/2020 on this Contract is deleted and replaced per attached Schedule B Pricing, MPSERS HMO Premium Rates Effective: 1/1/2021 – 12/31/2021. Pricing is firm for the first option year.				
All other terms, conditions, specifications, and pricing remain the same. Per Contractor and agency agreement, and DTMB, Central Procurement Services approval.				

**SCHEDULE B  
PRICING**

<b>MPSERS HMO Premium Rates</b> Effective: 1/1/2021 - 12/31/2021	
<b>Without Medicare</b>	
Self	\$727.62
Spouse	\$603.54
Per Child	\$193.48
<b>With Medicare</b>	
Self	\$109.29
Spouse	\$95.54
Per Child	\$94.35

**Note:** Non-Medicare rates include Insured Provider Assessment (IPA) Tax.





# STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48933

P.O. BOX 30026, LANSING, MICHIGAN 48909

## NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **200000000038**

between

THE STATE OF MICHIGAN

and

<b>CONTRACTOR</b>	Blue Care Network Michigan
	20500 Civic Center Drive
	Southfield, MI 48076
	Patricia Soyemi
	313-448-6943
	<a href="mailto:psoyemi@bcbsm.com">psoyemi@bcbsm.com</a>
	CV0027690

<b>STATE</b>	Program Manager	Sarah Humphreys	DTMB
		517-284-4584	
		<a href="mailto:humphreyss@michigan.gov">humphreyss@michigan.gov</a>	
	Contract Administrator	Mary Ostrowski	DTMB
		517-249-0438	
		<a href="mailto:ostrowskim@michigan.gov">ostrowskim@michigan.gov</a>	

CONTRACT SUMMARY			
<b>DESCRIPTION: Health Maintenance Organization (HMO) Services for Michigan Public School Employees' Retirement System's (MPSERS) Plans</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 23, 2019	December 31, 2020	4 – One Year	December 31, 2020
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input checked="" type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
<b>THIS IS NOT AN ORDER:</b> This Contract Agreement is awarded on the basis of our inquiry bearing RFP No. 190000002803. Orders for delivery will be issued directly by the Department of Technology, Management and Budget through the issuance of a Delivery Order.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			<b>\$32,000,000.00</b>

CONTRACT NO. **200000000038**

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**FOR THE CONTRACTOR:**

\_\_\_\_\_  
**Company Name**

\_\_\_\_\_  
**Authorized Agent Signature**

\_\_\_\_\_  
**Authorized Agent** (Print or Type)

\_\_\_\_\_  
**Date**

**FOR THE STATE:**

\_\_\_\_\_  
**Signature**

**Jared Ambrosier, Director, Sourcing Operations**  
Name & Title

**DTMB, Central Procurement Services**  
Agency

\_\_\_\_\_  
**Date**



**STATE OF MICHIGAN**  
**Department of Technology, Management and Budget—Procurement**

**Health Maintenance Organization (HMO) Services for Michigan Public School Employees' Retirement System's (MPERS) Plans**  
**Contract No. 200000000038**

Contract Administrator: Mary Ostrowski  
Direct Phone: (517) 249-0438  
Email: [ostrowskim@michigan.gov](mailto:ostrowskim@michigan.gov)  
Main Phone: 1-855-MI-PURCH 1-855-647-8724



# STATE OF MICHIGAN

## STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Blue Care Network of Michigan ("**Contractor**"), a Michigan corporation. This Contract is effective on October 23, 2019 ("**Effective Date**"), and unless terminated, expires on December 31, 2020. October 23, 2019 through December 31, 2019 is the implementation period, and services are to begin without interruption on January 1, 2020 ("**Plan Effective Date**"). No payment will be made to the Contractor during the implementation period. The implementation period begins with Contract execution date through the Plan Effective Date.

This Contract may be renewed for up to four additional one-year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

**1. Definitions.** For the purposes of this Contract, the following terms have the following meanings:

"**Accept**" has the meaning set forth in **Section 20**.

"**Acceptance**" has the meaning set forth in **Section 20**.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" (including the terms "controlled by" and "under common control with") means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of a Person.

"**Allegedly Infringing Materials**" has the meaning set forth in **Section 33**.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which the State is authorized or required by Law to be closed for business.

"**Business Owner**" is the individual appointed by the agency buyer to (a) act as the agency's representative in all matters relating to the Contract, and (b) co-sign off on notice of Acceptance. The Business Owner will be identified in the Statement of Work.

"**Change**" has the meaning set forth in **Section 5**.

"**Change Notice**" has the meaning set forth in **Section 5**.

"**Change Proposal**" has the meaning set forth in **Section 5**.

"**Change Request**" has the meaning set forth in **Section 5**.

"**Confidential Information**" has the meaning set forth in **Section 38.a**.

"**Configuration**" means State-specific changes made to the Software without Source Code or structural data model changes occurring.

"**Contract**" has the meaning set forth in the preamble.



**“Contract Activities”** refers to the includes the Services, Deliverables, delivery of commodities, or other contractual requirements set forth in **Schedule A – Statement of Work**, including any subsequent Statement(s) of Work, that the Contractor agrees to provide and the State agrees to purchase pursuant to the terms of this Contract.

**“Contract Administrator”** is the individual appointed by each party to (a) administer the terms of this Contract, and (b) approve any Change Notices under this Contract. Each party’s Contract Administrator will be identified in the Statement of Work.

**“Contractor”** has the meaning set forth in the preamble.

**“Contractor’s Bid Response”** means the Contractor’s proposal submitted in response to the State’s requests to obtain Contract Activities.

**“Contractor Personnel”** means all employees of Contractor or any Permitted Subcontractors involved in the performance of Services hereunder.

**“Deliverables”** means all materials, including, but not limited to Software, Documentation, written materials and commodities, that Contractor is required to or otherwise does provide to the State under this Contract and otherwise in connection with any Services, including all items specifically identified as Deliverables in **Schedule A - Statement of Work**.

**“Dispute Resolution Procedure”** has the meaning set forth in **Section 55**.

**“Documentation”** means all generally available documentation relating to the Software, including all user manuals, operating manuals and other instructions, specifications, documents and materials, in any form or media, that describe any component, feature, requirement or other aspect of the Software or Hosted Services, including any functionality, testing, operation or use thereof.

**“DTMB”** means the Michigan Department of Technology, Management and Budget.

**“Effective Date”** has the meaning set forth in the preamble.

**“Fees”** means collectively all fees collected by the Contractor pursuant to the terms of this Contract.

**“Financial Audit Period”** has the meaning set forth in **Section 42**.

**“Force Majeure”** has the meaning set forth in **Section 54**.

**“HIPAA”** has the meaning set forth in **Section 47**.

**“Intellectual Property Rights”** means all or any of the following: (a) patents, patent disclosures, and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, together with all of the associated goodwill; (c) copyrights and copyrightable works (including computer programs), mask works and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable Law in any jurisdiction throughout the world.

**“Key Personnel”** means any Contractor Personnel identified as key personnel in **Schedule A – Statement of Work**.

**“Law”** means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

**“Loss or Losses”** means all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.



**"Maintenance Release"** means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

**"New Version"** means any new version of the Software that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

**"Permitted Subcontractor"** has the meaning set forth in **Section 13**.

**"Person"** means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

**"Pricing"** means any and all fees, rates and prices payable under this Contract, including pursuant to any Schedule or Exhibit hereto.

**"Pricing Schedule"** means the schedule attached as **Schedule B**, setting forth the Fees, rates and Pricing payable under this Contract.

**"Program Manager"** is the individual appointed by each party to (a) monitor and coordinate the day-to-day activities of this Contract, and (b) for the State, to co-sign off on its notice of Acceptance of the Deliverables. Each party's Program Manager will be identified in the Statement of Work.

**"Representatives"** means a party's employees, officers, directors, partners, shareholders, agents, attorneys, successors and permitted assigns.

**"RFP"** means the State's request designed to solicit responses for Contract Activities under this Contract.

**"Software"** means Contractor's software set forth in the Statement of Work, and any Maintenance Releases or New Versions provided to the State and any Configurations made by or for the State pursuant to this Contract, and all copies of the foregoing permitted under this Contract and the License Agreement.

**"Services"** means any of the services Contractor is required to or otherwise does provide under this Contract, **Schedule A - Statement of Work and Schedule K – Contractor Hosted Software and Services**.

**"Source Code"** means the human readable source code of the Software to which it relates, in the programming language in which the Software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to develop computer programs compatible with, the Software.

**"Site"** means the physical location designated by the State in, or in accordance with, this Contract or the Statement of Work for delivery or installation of the Contract Activities.

**"State"** means the State of Michigan.

**"State Data"** has the meaning set forth in **Section 37.a**.

**"State Materials"** means all materials and information, including equipment, documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

**"Statement of Work"** means any statement of work entered into by the parties and attached as a schedule to this Contract. The initial Statement of Work is attached as **Schedule A**, and subsequent Statements of Work shall be sequentially identified and attached as Schedules A-1, A-2, A-3, etc.



**“Stop Work Order”** has the meaning set forth in **Section 27**.

**“Term”** has the meaning set forth in the preamble.

**“Third Party”** means any Person other than the State or Contractor.

**“Transition Period”** has the meaning set forth in **Section 31**.

**“Transition Responsibilities”** has the meaning set forth in **Section 31**.

**“Unauthorized Removal”** has the meaning set forth in **Section 15**.

**“Unauthorized Removal Credit”** has the meaning set forth in **Section 15**.

**“Warranty Period”** means the period set forth in Schedule A, the Statement of Work, commencing on the date of acceptance of all Deliverables purchased pursuant to the terms of this Contract.

**“Work Product”** means all State-specific deliverables that Contractor is required to, or otherwise does, provide to the State under this Contract including but not limited to written materials, computer scripts, software configuration, software customization, APIs, macros, user interfaces, reports, project management documents, forms, templates, and other State-specific documents and related materials together with all ideas, concepts, processes, and methodologies developed in connection with this Contract whether or not embodied in this Contract. Work Product does not include software.

2. **Duties of Contractor.** Contractor must perform the Services and provide the Deliverables described in **Schedule A – Statement of Work**. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in **Schedule A**.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

3. **Statement(s) of Work.** Contractor shall provide the Contract Activities pursuant to Statements of Work entered into under this Contract. No Statement of Work shall be effective unless signed by each party's Contract Administrator. The term of each Statement of Work shall commence on the parties' full execution of the Statement of Work and terminate when the parties have fully performed their obligations. The terms and conditions of this Contract will apply at all times to any Statements of Work entered into by the parties and attached as a schedule to this Contract. The State shall have the right to terminate such Statement of Work as set forth in **Sections 28 and 29**. Contractor acknowledges that time is of the essence with respect to Contractor's obligations under each Statement of Work and agrees that prompt and timely performance of all such obligations in accordance with this Contract and the Statements of Work is strictly required.
4. **Statement of Work Requirements.** Each Statement of Work may include the following: (a) names and contact information for Contractor's Contract Administrator, Program Manager and Key Personnel; (b) names and contact information for the State's Contract Administrator, Program Manager and Business Owner; (c) a detailed description of the Services to be provided under this Contract, including any training obligations of Contractor; (d) a detailed description of the Deliverables to be provided under this Contract; (e) a description of all liquidated damages associated with this Contract, if any; and (f) a detailed description of all State Resources, if any, required to complete the Implementation Plan, if such a Plan is necessary.
5. **Change Control Process.** The State may at any time request in writing (each, a “Change Request”) changes to the Statement of Work, including changes to the Contract Activities (each, a “Change”). Upon the State's submission of a Change Request, the parties will evaluate and implement all Changes in accordance with this **Section 5**. No Change will be effective until the parties have executed a Change Notice. Except as the State may request in its Change Request or otherwise in writing, Contractor must continue to perform its obligations in accordance with the Statement of Work pending negotiation and execution of a Change Notice. Contractor will use its best efforts to limit any delays or Fee increases from any Change to those necessary to perform the Change in accordance with the applicable Change Notice. Contractor may, on its own initiative and at its own expense,



prepare and submit its own Change Request to the State. However, the State will be under no obligation to approve or otherwise respond to a Change Request initiated by Contractor.

6. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Mary Ostrowski 525 W Allegan St., 1 <sup>st</sup> Flr NE Lansing MI 48909 ostrowskim@michigan.gov 517-249-0438	Patricia Soyemi 600 E. Lafayette Blvd. Detroit, MI 48226 Email: psoyemi@bcbsm.com Phone: 313-448-6943

7. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.
8. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
<b>Commercial General Liability Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations  <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04.
<b>Umbrella or Excess Liability Insurance</b>	
<u>Minimum Limits:</u> \$5,000,000 General Aggregate	Contractor must have their policy follow form.
<b>Automobile Liability Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Per Accident	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
<b>Workers' Compensation Insurance</b>	
<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	





Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
<u>Minimum Limits:</u> \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate  <u>Deductible Maximum:</u> \$50,000 Per Loss	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

**9. Reserved.**

**10. Reserved.**

**11. Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

**12. Intellectual Property Rights.** Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Work Product produced as part of the Contract Activities, and all associated intellectual property rights, if any. In general, Work Product constitutes works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Work Product, and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Work Product, including all intellectual property rights therein. Contractor also irrevocably waives any and all claims Contractor may have now or hereafter have in any jurisdiction to so called "moral rights" or rights of *droit moral* with respect to the Work Product.

**13. Subcontracting.** Contractor will not, without the prior written approval of the State, which consent may be given or withheld in the State's sole discretion, engage any Third Party to perform Services. The State's approval of any such Third Party (each approved Third Party, a "**Permitted Subcontractor**") does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will: (a)



be responsible and liable for the acts and omissions of each such Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees; (b) name the State a third party beneficiary under Contractor's Contract with each Permitted Subcontractor with respect to the Services; (c) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and (d) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States.

14. **Staffing.** Contractor is solely responsible for all Contractor Personnel and for the payment of their compensation, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits. The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
15. **Key Personnel.** If, in the sole discretion of the State, Key Personnel are required to complete the Contract Activities, such Key Personnel shall be identified in **Schedule A - Statement of Work**. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms.

It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will pay to the State the corresponding liquidated damages set forth below (each, an "**Unauthorized Liquidated Damages**"):

⓪ For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount will be \$3,300 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.

⓪ If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$3,300 liquidated damages specified above, Contractor will pay the State \$110.00 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$3,300 maximum per individual. The total Unauthorized Removal Liquidated Damages that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$6,600 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Liquidated Damages assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be payable to the State under this Contract.

16. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal



government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

17. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
18. **Change of Control.** Contractor will notify within 30 days of any public announcement, or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

19. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.
20. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with **Section 28**, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

21. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging become the State's exclusive property upon acceptance.
22. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.



23. **Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in **Schedule A**. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.
24. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in **Schedule A**. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

25. **Payment Disputes.** The State may withhold from payment any and all payments and amounts the State disputes in good faith, pending resolution of such dispute, provided that the State: (a) timely renders all payments and amounts that are not in dispute; notifies Contractor of the dispute prior to the due date for payment, specifying in such notice: (i) the amount in dispute; and (ii) the reason for the dispute set out in sufficient detail to facilitate investigation by Contractor and resolution by the parties; (b) works with Contractor in good faith to resolve the dispute promptly; and (c) promptly pays any amount determined to be payable by resolution of the dispute.

Contractor shall not withhold any Contract Activities or fail to perform any obligation hereunder by reason of the State's good faith withholding of any payment or amount in accordance with this **Section 25** or any dispute arising therefrom.

26. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in **Sections 15, 48 and Schedule K**. Amounts due the State as liquidated damages will be billed to Contractor on a quarterly basis as a separate item and Contractor will promptly make payments on such bills.
27. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
28. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in **Section 29**, Termination for Convenience.



The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 29. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 30, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 30. Effect of Termination.** Upon and after the termination or expiration of this Contract or one or more Statements of Work for any or no reason: (a) Contractor will be obligated to perform all Transition Responsibilities specified in **Section 31**; (b) all licenses granted to Contractor in State Data will immediately and automatically also terminate. Contractor must promptly return to the State all State Data not required by Contractor for its Transition Responsibilities, if any; (c) Contractor will: (i) return to the State all documents and tangible materials (and any copies) containing, reflecting, incorporating, or based on the State's Confidential Information; (ii) permanently erase the State's Confidential Information from its computer systems; and (iii) certify in writing to the State that it has complied with the requirements of this **Section 30** in each case to the extent such materials are not required by Contractor for Transition Responsibilities, if any.
- 31. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 180 calendar days, "**Transition Period**"), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 32. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.





Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

33. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against 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.
34. **Limitation of Liability and Disclaimer of Damages.** THE STATE WILL NOT BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.
35. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
36. **Reserved.**
37. **State Data.** If the Contract Activities includes the hosting of State Data with Contractor or Permitted Subcontractors, Contractor must also comply with **Schedule L – Data Security Requirements** of this Contract.
- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.



- c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. Backup and Recovery of State Data. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 37** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.
- f. State's Governance, Risk and Compliance (GRC) platform, if applicable. If the Contract Activities includes the purchase, use, or access to software, Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform, and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

**38. Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or



documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; 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 or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

### 39. Data Privacy and Information Security.

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.





- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

**40. Reserved.**

**41. Reserved**

- 42. Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 43. Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) Contractor will perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (c) Contractor will meet or exceed the performance and operational standards, and specifications of the Contract; (d) Contractor will provide all Contract Activities in good quality, with no material defects; (d) Contractor will not interfere with the State's operations; (e) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (f) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (g) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (h) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (g) the Contract signatory has the authority to enter into this Contract; (h) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (i) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (j) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under **Section 28**, Termination for Cause.
- 44. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State



employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

45. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
46. **ADA Compliance.** The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. Contractor's Service Software must comply, where relevant, with level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.
47. **HIPAA Compliance.** The State and Contractor must comply with all obligations under HIPAA and its accompanying regulations, including but not limited to entering into a business associate agreement, if reasonably necessary to keep the State and Contractor in compliance with HIPAA.
48. **Service Level Requirements**

In addition to any service level requirements/agreements provided in any Schedules or Exhibits hereto Contractor agrees to the following: Contractor Performance Evaluation

a. Contractor Performance Evaluation

Refer to **Schedule E – Account Management Satisfaction Survey**. The State's satisfaction with Contractor performance must be rated an average of 4.00 or above on a scale of 1 to 5. The Contractor will be measured using the State's annual survey to assess the Contractor's Performance within the following categories:

- Senior Account Manager Performance
- Member Communications
- Data Reporting
- Customer Service
- Administrative Support

The Contractor's total Performance score will be determined by weighting equally the overall satisfaction scores of each of the five categories. This evaluation will be completed on an annual basis. Failure to meet an overall score of 4.00 will result in a liquidated damages amount of \$1,000.00. Failure to score at least 3.50 will result in an additional liquidated damages amount of \$500.00

b. Eligibility Uploads

100% of all accurate records that pass the Contractor's validation edits must be uploaded according to the State's schedule within one Business Day of receipt.

Any records that do not pass the Contractor's validation test must be reported to the State within two Business Days after the file has been uploaded in a format specified by the State.

The Contractor must measure its performance on this service level requirement on a monthly basis and report on a quarterly basis. The quarterly report must show weekly activity defined as the number of records uploaded, number of records not accepted, and the timeframe for presenting the discrepancy reports to the State.

Failure to meet this service level requirement will result in a liquidated damages amount of \$1,000.00 for each month missed.

49. **Reserved.**
50. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#), Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.



- 51. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 52. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
- 53. Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 54. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
- 55. Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.
- Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.
- 56. Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
- 57. Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
- 58. Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

<b>Schedule A</b>	Statement of Work
<b>Schedule B</b>	Pricing and Fees
<b>Schedule C</b>	Mandatory Requirements
<b>Schedule D</b>	Definitions
<b>Schedule E</b>	Account Management Satisfaction Survey
<b>Schedule F</b>	Reserved
<b>Schedule G</b>	Dependent Coverage
<b>Schedule H and H2</b>	834 File Layout



<b>Schedule I</b>	Medical Claim Layout
<b>Schedule J</b>	Reserved
<b>Schedule K</b>	Contractor Hosted Software and Services
<b>Exhibit 1 to Schedule K</b>	Support Services and Service Level Agreement for Hosted Services
<b>Schedule L</b>	Data Security Requirements
<b>Exhibit 1 to Schedule L</b>	Contractor's Disaster Recovery Plan

- 59. Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ITS AUTHORIZED USERS FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.
- 60. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 61. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 62. Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.



## SCHEDULE K CONTRACTOR HOSTED SOFTWARE AND SERVICES

**1. Definitions.** In addition to the definitions found in the Contract Terms, for the purposes of this Contract, the following terms have the following meanings:

**“Authorized Users”** means all Persons authorized by the State to access and use the Software under this Contract, subject to the maximum number of users specified in the applicable Statement of Work.

**“Harmful Code”** means any: (a) virus, trojan horse, worm, backdoor or other software or hardware devices the effect of which is to permit unauthorized access to, or to disable, erase, or otherwise harm, any computer, systems or software; or (b) time bomb, drop dead device, or other software or hardware device designed to disable a computer program automatically with the passage of time or under the positive control of any Person, or otherwise prevent, restrict or impede the State's or any Authorized User's use of such software.

**“Hosted Services”** means the hosting, management and operation of the Software and other services for remote electronic access and use by the State and its Authorized Users as described in one or more written, sequentially numbered, statements of work referencing this Contract, including all Specifications set forth in such statements of work, which, upon their execution will be attached as **Schedule A** to this Contract and by this reference are incorporated in and made a part of this Contract.

**“Integration Testing”** has the meaning set forth in **Section Error! Reference source not found.**

**“Open-Source Components”** means any software component that is subject to any open-source copyright license agreement, including any GNU General Public License or GNU Library or Lesser Public License, or other obligation, restriction or license agreement that substantially conforms to the Open Source Definition as prescribed by the Open Source Initiative or otherwise may require disclosure or licensing to any third party of any source code with which such software component is used or compiled.

**“Open-Source License”** has the meaning set forth in **Section Error! Reference source not found.**

**“Operating Environment”** means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in the Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

**“Service Error”** means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

**“Specifications”** means the specifications for the Software set forth in the applicable Statement of Work and, to the extent consistent with and not limiting of the foregoing, the Documentation.

**“State Materials”** means all materials and information, including documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

**“Support Services”** means the Software maintenance and support services Contractor is required to or otherwise does provide to the State pursuant to this **Schedule E** and **Exhibit 1** to this **Schedule E**.

**“Technical Specification”** means, with respect to any Software, the document setting forth the technical specifications for such Software and included in the Statement of Work.

**“User Data”** means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored, processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Software by or on behalf of the State under this Contract, except that User Data does not include the Software or data, information or



content, including any GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Software without additional user input.

**“Warranty Period”** means the ninety (90) calendar-day period commencing on the date of the State's Acceptance of the Software.

## 2. Hosted Software License Grant and Source Code Escrow

2.1 Contractor License Grant. Contractor hereby grants to the State, exercisable by and through its Authorized Users, a nonexclusive, royalty-free, irrevocable (except as provided herein) right and license during the Term and such additional periods, if any, as Contractor is required to perform Services under this Contract or any Statement of Work, to:

(a) access and use the Hosted Services, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for Processing State Data;

(b) generate, print, copy, upload, download, store and otherwise Process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Hosted Services;

(c) prepare, reproduce, print, download and use a reasonable number of copies of the Specifications and Documentation for any use of the Hosted Services under this Contract; and

(d) access and use the Hosted Services for all such non-production uses and applications as may be necessary or useful for the effective use of the Hosted Services hereunder, including for purposes of analysis, development, configuration, integration, testing, training, maintenance, support and repair, which access and use will be without charge and not included for any purpose in any calculation of the State's or its Authorized Users' use of the Hosted Services, including for purposes of assessing any Fees or other consideration payable to Contractor or determining any excess use of the Hosted Services as described in **Section** Error! Reference source not found..

2.2 License Restrictions. The State will not: (a) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the Hosted Services available to any third party, except as expressly permitted by this Contract or in any Statement of Work; or (b) use or authorize the use of the Hosted Services or Documentation in any manner or for any purpose that is unlawful under applicable Law.

2.3 Use. The State will pay Contractor the corresponding Fees set forth in the Statement of Work for all Authorized Users access and use of the Hosted Services or Software. Such Fees will be Contractor's sole and exclusive remedy for use of the Hosted Services or Software, including any excess use.

2.4 Open-Source Licenses. For Contractor Hosted Software only (and not for the provision of Software-as-a-Service), any use hereunder of Open-Source Components shall be governed by, and subject to, the terms and conditions of the applicable open-source license (“Open-Source License”). Contractor shall identify and describe in an exhibit to the Statement of Work each of the Approved Open-Source Components of the Software, and include an exhibit attaching all applicable Open-Source Software Licenses or identifying the URL where these licenses are publicly available.

2.5 Source Code Escrow. The parties may enter into a separate intellectual property escrow agreement. Such escrow agreement will govern all aspects of Source Code escrow and release. Contractor hereby grants the State a license to use, reproduce, and create derivative works from the deposit material, provided the State may not distribute or sublicense the deposit material or make any use of it whatsoever except for such internal use as is necessary to maintain and support the Software. Copies of the deposit material created or transferred pursuant to this Contract are licensed, not sold, and the State receives no title to or ownership of any copy or of the deposit material itself. The deposit material constitutes Confidential Information of Contractor pursuant to **Section 38.a** of this Contract (provided no provision of **Section 38.e** calling for return of Confidential Information before termination of this Contract will apply to the deposit material).

## 3. Hosted Services Testing and Acceptance.

3.1 Hosted Service Preparation. Promptly upon the parties' execution of a Statement of Work, Contractor will take all steps necessary to make the Hosted Services procured thereunder ready and available for the State's use in





accordance with the Statement of Work and this Contract, including any applicable milestone date or dates set forth in such Statement of Work.

### 3.2 Testing and Acceptance.

(a) When Contractor notifies the State in writing that the Hosted Services are ready for use in a production environment, the State will have thirty (30) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the notice to test the Hosted Services to determine whether they comply in all material respects with the requirements of this Contract and the Specifications.

(b) Upon completion of the State's testing, the State will notify Contractor of its acceptance ("**Accept**" or "**Acceptance**") or, if it has identified any noncompliance with the Specifications, rejection ("**Reject**" or "**Rejection**") of the Hosted Services. If the State Rejects the Hosted Services, the State will provide a written list of items that must be corrected. On receipt of the State's notice, Contractor will promptly commence, at no additional cost or charge to the State, all reasonable efforts to complete, as quickly as possible and in any event within twenty (20) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the State's notice, such necessary corrections, repairs and modifications to the Hosted Services to bring them into full compliance with the Specifications.

(c) If any corrective measures are required under **Section 3.2(b)**, upon completion of all such measures, Contractor will notify the State in writing and the process set forth in **Section 3.2(a)** and **Section 3.2(b)** will be repeated; provided that if the State determines that the Hosted Services, as revised, still do not comply in all material respects with the Specifications, the State may, in its sole discretion:

- (i) require the Contractor to repeat the correction, repair and modification process set forth in **Section 3.2(b)** at no additional cost or charge to the State; or
- (ii) terminate any and all of the relevant Statement of Work, this Contract and any other Statements of Work hereunder.

(d) The parties will repeat the foregoing procedure until the State Accepts the Hosted Services or elects to terminate the relevant Statement of Work as provided in **Section 3.2(c)(ii)** above. If the State so terminates the relevant Statement of Work, Contractor must refund to the State all sums previously paid to Contractor under such Statement of Work within ten (10) Business Days of the State's written notice of termination, and the State will be relieved of all obligations thereunder.

## 4. **Support Services.**

4.1 **Maintenance and Support Services.** Contractor will provide Hosted Service maintenance and support services (collectively, "**Support Services**") in accordance with the provisions set forth in this **Schedule E** and in the Service Level Agreement, attached as **Exhibit 1** to this **Schedule E** (the "**Support Services and Service Level Agreement**").

4.2 **Maintenance Services.** Contractor will provide Hosted Service maintenance and support services (collectively, "**Software Support Services**") in accordance with the provisions of this **Schedule E**, including **Exhibit 1** to this **Schedule E**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services. Contractor will continuously maintain the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement as defined in **Exhibit 1** to this **Schedule E**. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, new releases, new versions and other improvements to the Hosted Services, including the Software, that Contractor provides at no additional charge to its other similarly situated customers; and

(b) all such services and repairs as are required to maintain the Hosted Services or are ancillary, necessary or otherwise related to the State's or its Authorized Users' access to or use of the Hosted Services, so that the Hosted Services operate properly in accordance with the Contract and this **Schedule E**.

### 4.3 **Support Service Responsibilities.** Contractor will:



(a) correct all Service Errors in accordance with the Support Service Level Requirements as defined in **Exhibit 1** to this **Schedule E**, including by providing defect repair, programming corrections and remedial programming;

(b) provide unlimited telephone support between the hours of 7 am and 7 pm, EST;

(c) provide unlimited online support 24 hours a day, seven days a week;

(d) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

(e) respond to and Resolve Support Requests as specified in **Exhibit 1** to this **Schedule E**.

## 5. Software and Service Warranties.

5.1 Contractor represents and warrants to the State that:

(a) Contractor has, and throughout the Term and any additional periods during which Contractor does or is required to perform the Services, including Hosted Services, will have, the unconditional and irrevocable right, power and authority, including all permits and licenses required, to provide the Services and grant and perform all rights and licenses granted or required to be granted by it under this Contract;

(b) neither Contractor's grant of the rights or licenses hereunder nor its performance of any Services or other obligations under this Contract does or at any time will: (i) conflict with or violate any applicable law, including any law relating to data privacy, data security or personal information; (ii) require the consent, approval or authorization of any governmental or regulatory authority or other third party; or (iii) require the provision of any payment or other consideration by the State or any Authorized User to any third party, and Contractor shall promptly notify the State in writing if it becomes aware of any change in any applicable law that would preclude Contractor's performance of its material obligations hereunder;

(c) as accessed and used by the State or any Authorized User in accordance with this Contract and the Specifications, the Hosted Services, Documentation and all other Services and materials provided by Contractor under this Contract will not infringe, misappropriate or otherwise violate any Intellectual Property Right or other right of any third party;

(d) there is no settled, pending or, to Contractor's knowledge as of the Effective Date, threatened action, and it has not received any written, oral or other notice of any action (including in the form of any offer to obtain a license): (i) alleging that any access to or use of the Services, Hosted Services, or Software does or would infringe, misappropriate or otherwise violate any Intellectual Property Right of any third party; (ii) challenging Contractor's ownership of, or right to use or license, any software or other materials used or required to be used in connection with the performance or receipt of the Services, or alleging any adverse right, title or interest with respect thereto; or (iii) that, if decided unfavorably to Contractor, would reasonably be expected to have an actual or potential adverse effect on its ability to perform the Services, including Hosted Services, or its other obligations under this Contract, and it has no knowledge after reasonable investigation of any factual, legal or other reasonable basis for any such litigation, claim or proceeding;

(e) the Software, Services (including Hosted Services) will in all material respects conform to and perform in accordance with the Specifications and all requirements of this Contract, including the Availability and Availability Requirement provisions set forth in Exhibit 1 to this **Schedule E**;

(f) all Specifications are, and will be continually updated and maintained so that they continue to be, current, complete and accurate and so that they do and will continue to fully describe the Hosted Services in all material respects such that at no time during the Term or any additional periods during which Contractor does or is required to perform the Services will the Hosted Services have any material undocumented feature;

(g) the Contractor Systems and Services (including Hosted Services) are and will remain free of Harmful Code;





(h) Contractor will not advertise through the Hosted Services (whether with adware, banners, buttons or other forms of online advertising) or link to external web sites that are not approved in writing by the State;

(i) Contractor will perform all Services in a timely, professional and workmanlike manner with a level of care, skill, practice and judgment consistent with generally recognized industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, and will devote adequate resources to meet Contractor's obligations (including the Availability Requirement and Support Service Level Requirements) under this Contract;

(j) During the term of this Contract, any audit rights contained in any third-party software license agreement or end user license agreement for third-party software incorporated in or otherwise used in conjunction with the Services, will apply solely to Contractor's (or its subcontractors) facilities and systems that host the Services (including any disaster recovery site), and regardless of anything to the contrary contained in any third-party software license agreement or end user license agreement, third-party software providers will have no audit rights whatsoever against State systems or networks; and

(k) Contractor acknowledges that the State cannot indemnify any third parties, including but not limited to any third-party software providers that provide software that will be incorporated in or otherwise used in conjunction with the Services, and that notwithstanding anything to the contrary contained in any third-party software license agreement or end user license agreement, the State will not indemnify any third party software provider for any reason whatsoever.

5.2 DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES IN THIS CONTRACT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE UNDER OR IN CONNECTION WITH THIS CONTRACT OR ANY SUBJECT MATTER HEREOF.



**SCHEDULE K, EXHIBIT 1**  
**Support Services and Service Level Agreement for Hosted Services**

**6. Definitions.** For purposes of this **Exhibit 1 to Schedule E**, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract or its associated respective Schedules.

**“Actual Uptime”** means the total minutes in the Service Period that the Hosted Services are Available.

**“Availability”** has the meaning set forth in **Section 3(a)**.

**“Availability Requirement”** has the meaning set forth in **Section 3(a)**.

**“Available”** has the meaning set forth in **Section 3(a)**.

**“Contractor Service Manager”** has the meaning set forth in **Section 2.1**.

**“Corrective Action Plan”** has the meaning set forth in **Section 4.3**.

**“Critical Service Error”** has the meaning set forth in **Section 4**.

**“Exceptions”** has the meaning set forth in **Section 3.2**.

**“Force Majeure Event”** has the meaning set forth in **Section 5.1**.

**“High Service Error”** has the meaning set forth in **Section 4**.

**“Hosted Services”** has the meaning set forth in **Schedule K**.

**“Low Service Error”** has the meaning set forth in **Section 4**.

**“Medium Service Error”** has the meaning set forth in **Section 4**.

**“Resolve”** has the meaning set forth in **Section 4.1(a)**.

**“Scheduled Downtime”** has the meaning set forth in **Section 3.3**.

**“Scheduled Uptime”** means the total minutes in the Service Period.

**“Service Availability Liquidated Damages”** has the meaning set forth in **Section 3.6(a)**.

**“Service Level Liquidated Damages”** has the meaning set forth in **Section 4.2**.

**“Service Level Failure”** means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

**“Service Period”** has the meaning set forth in **Section 3(a)**.

**“Software”** has the meaning set forth in the Contract.

**“Software Support Services”** has the meaning set forth in **Section 4.1**.

**“State Service Manager”** has the meaning set forth in **Section 2.2**.

**“State Systems”** means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.



“**Support Request**” has the meaning set forth in **Section 4**.

“**Support Service Level Requirements**” has the meaning set forth in **Section 4**.

“**Term**” has the meaning set forth in the Contract.

## 7. Personnel

7.1 Contractor Personnel for the Hosted Services. Contractor will appoint a Contractor employee to serve as a primary contact with respect to the Services who will have the authority to act on behalf of Contractor in matters pertaining to the receipt and processing of Support Requests and the Software Support Services (the “**Contractor Service Manager**”). The **Contractor Service Manager** will be considered Key Personnel under the Contract.

7.2 State Service Manager for the Hosted Services. The State will appoint and, in its reasonable discretion, replace, a State employee to serve as the primary contact with respect to the Services who will have the authority to act on behalf of the State in matters pertaining to the Software Support Services, including the submission and processing of Support Requests (the “**State Service Manager**”).

## 8. Service Availability and Service Availability Liquidated Damages.

(a) Availability Requirement. Contractor will make the Hosted Services Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a “**Service Period**”), at least 99.98% of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions (the “**Availability Requirement**”). “**Available**” means the Hosted Services are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. “**Availability**” has a correlative meaning. The Hosted Services are not considered Available in the event of a material performance degradation or inoperability of the Hosted Services, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows:  $(\text{Actual Uptime} - \text{Total Minutes in Service Period Hosted Services are not Available Due to an Exception}) \div (\text{Scheduled Uptime} - \text{Total Minutes in Service Period Hosted Services are not Available Due to an Exception}) \times 100 = \text{Availability}$ .

8.2 Exceptions. No period of Hosted Service degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following (“**Exceptions**”):

- (a) failures of the State’s or its Authorized Users’ internet connectivity;
- (b) Scheduled Downtime as set forth in **Section 3.3**.

8.3 Scheduled Downtime. Contractor must notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Hosted Services in whole or in part (“**Scheduled Downtime**”). All such scheduled outages will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

8.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

8.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Hosted Services during that calendar month as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Hosted Services relative to the Availability Requirement; and (b) if Hosted Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.



#### 8.6 Remedies for Service Availability Failures.

(a) If the actual Availability of the Hosted Services is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following liquidated damages during the Service Period ("**Service Availability Liquidated Damages**"):

Availability	Liquidated Damages
≥99.98%	None
<99.98% but ≥99.0%	\$2,500
<99.0% but ≥95.0%	\$7,500
<95.0%	\$15,000

(b) Any Service Availability Liquidated Damages due under this **Section 3.6** will be payable to the State in accordance with payment terms of the Contract.

(c) If the actual Availability of the Hosted Services is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

8.7 Service Monitoring and Management. Contractor will continuously monitor and manage the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Service functions, servers, firewall and other components of Hosted Service security;

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Hosted Service or any Hosted Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

- (i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;
- (ii) if Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 4**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and
- (iii) notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

9. Support Service Level Requirements. Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 4** ("**Support Service Level Requirements**"), and the Contract.

9.1 Support Requests. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a "**Support Request**"). The State Service Manager will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.



Support Request Classification	Description: Any Service Error Comprising or Causing any of the Following Events or Effects
Critical Service Error	<ul style="list-style-type: none"> <li>• Issue affecting entire system or single critical production function;</li> <li>• System down or operating in materially degraded state;</li> <li>• Data integrity at risk;</li> <li>• Declared a Critical Support Request by the State; or</li> <li>• Widespread access interruptions.</li> </ul>
High Service Error	<ul style="list-style-type: none"> <li>• Primary component failure that materially impairs its performance; or</li> <li>• Data entry or access is materially impaired on a limited basis.</li> </ul>
Medium Service Error	<ul style="list-style-type: none"> <li>• Hosted Service is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.</li> </ul>
Low Service Error	<ul style="list-style-type: none"> <li>• Request for assistance, information, or services that are routine in nature.</li> </ul>

(a) Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. **“Resolve”** (including **“Resolved”**, **“Resolution”** and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Liquidated Damages (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Liquidated Damages (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
Critical Service Error	One (1) hour	Three (3) hours	\$5,000 for the month in which the initial Service Level Failure begins and \$250 for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	\$5,000 for the month in which the initial Service Level Failure begins and \$250 for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.



High Service Error	One (1) hour	Four (4) hours	\$3,000 for the month in which the initial Service Level Failure begins and \$175 for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	\$3,000 for the month in which the initial Service Level Failure begins and \$175 for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

(b) Escalation. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Service Manager and Contractor's management or engineering personnel, as appropriate.

9.2 Support Service Level Liquidated Damages. Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will pay to the State the corresponding liquidated damages set forth in **Section 4.1(a)** ("**Service Level Liquidated Damages**") in accordance with payment terms set forth in the Contract.

9.3 Corrective Action Plan. If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State's review, comment and approval, which, subject to and upon the State's written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties' corrective action plan (the "**Corrective Action Plan**"). The Corrective Action Plan must include, at a minimum: (a) Contractor's commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor's preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

## 10. Force Majeure.

10.1 Force Majeure Events. Subject to **Section 5.3**, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached the Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of the Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

10.2 State Performance: Termination. In the event of a Force Majeure Event affecting Contractor's performance under the Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate the Contract by written notice to Contractor if a Force Majeure Event affecting Contractor's performance hereunder continues substantially uninterrupted for a period of five (5) Business



Days or more. Unless the State terminates the Contract pursuant to the preceding sentence, any date specifically designated for Contractor's performance under the Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

10.3 Exclusions; Non-suspended Obligations. Notwithstanding the foregoing or any other provisions of the Contract or this Schedule:

- (a) in no event will any of the following be considered a Force Majeure Event:
  - (i) shutdowns, disruptions or malfunctions of Contractor Systems or any of Contractor's telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to the Contractor Systems; or
  - (ii) the delay or failure of any Contractor Personnel to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event.



## SCHEDULE L

### Data Security Requirements

**1. Definitions.** For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract.

**“Contractor Security Officer”** has the meaning set forth in **Section 2** of this Schedule.

**“Contractor Systems”** has the meaning set forth in **Section 5** of this Schedule.

**“FedRAMP”** means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

**“FISMA”** means the Federal Information Security Modernization Act of 2014 (44 U.S.C. § 3551 et seq.).

**“Hosted Services”** means the hosting, management and operation of the computing hardware, ancillary equipment, Software, firmware, data, other services (including support services), and related resources for remote electronic access and use by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

**“NIST”** means the National Institute of Standards and Technology.

**“PSP”** means the State’s IT Policies, Standards and Procedures located at:

[http://michigan.gov/dtmb/0,4568,7-150-56355\\_56579\\_56755---,00.html](http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html)

**“PCI”** means the Payment Card Industry.

**“SSAE”** means Statement on Standards for Attestation Engagements.

**2.** Contractor will appoint a Contractor employee to respond to the State’s inquiries regarding the security of the Contractor Systems who has sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto (**“Contractor Security Officer”**). The Contractor Security Officer will be considered Key Personnel under the Contract.

**3. Protection of the State’s Confidential Information.** Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

3.1. the Software must be hosted in a government cloud solution, and Contractor must maintain an annual SSAE 16 SOC 2 Type 2 audit for the Hosted Services throughout the Term maintain FedRAMP certification for the Hosted Services throughout the Term, and in the event the contractor is unable to maintain FedRAMP certification, the State may move the Software to an alternative provider, at contractor’s sole cost and expense;

3.2. ensure that the Software and State Data is securely hosted, supported, administered, and accessed in a data center and backup data center that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards ([www.uptimeinstitute.com](http://www.uptimeinstitute.com)), or its equivalent;

3.3. maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State’s Confidential Information that comply with the requirements of the State’s data security policies as set forth in the Contract, and must, at a minimum, remain compliant with FISMA and the NIST Special Publication 800.53 (most recent version) MOD Controls using minimum control values as established in the applicable PSP, and must, at a minimum, remain compliant with FISMA and the NIST Special





Publication 800.53 (most recent version) HIGH Controls using minimum control values as established in the applicable PSP;

3.4. provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of the State's Confidential Information and the nature of such Confidential Information, consistent with best industry practice and standards;

3.5. take all reasonable measures to:

- (a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against "hackers" and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use Contractor Systems or the information found therein; and
- (b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) the State's Confidential Information from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State's Confidential Information;

3.6. ensure that State Data is encrypted in transit and at rest using AES 256bit or higher encryption;

3.7. ensure that State Data is encrypted in transit and at rest using currently certified encryption modules in accordance with FIPS PUB 140-2 (as amended). *Security Requirements for Cryptographic Modules*;

3.8. ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML) or comparable mechanisms;

3.9. ensure the Hosted Services have multi-factor authentication for privileged/administrative access; and

3.10. assist the State, at no additional cost, with development and completion of a system security plan using the State's automated governance, risk and compliance (GRC) platform.

**4. Unauthorized Access.** Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through Contractor's Systems or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this **Section 4**. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

**5. Contractor Systems.** Contractor will be solely responsible for the information technology infrastructure, including all computers, software, databases, electronic systems (including database management systems) and networks used by or for Contractor in connection with the Services ("**Contractor Systems**") and shall prevent unauthorized access to State systems through the Contractor Systems.

**6. Security Audits.** During the Term, Contractor will:

6.1. maintain complete and accurate records relating to its data protection practices, IT security controls, and the security logs of any of the State's Confidential Information, including any backup,



disaster recovery or other policies, practices or procedures relating to the State's Confidential Information and any other information relevant to its compliance with this Schedule;

6.2. upon the State's request, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Contractor Systems and their housing facilities and operating environments; and

6.3. if requested by the State, provide a copy of Contractor's SSAE 16 SOC 2 Type 2 audit report to the State within thirty (30) days after Contractor's receipt of such report. Any such audit reports will be recognized as Contractor's Confidential Information.

6.4. if requested by the State, provide a copy of Contractor's FedRAMP System Security Plan. The System Security Plan will be recognized as Contractor's Confidential Information.

**7. Nonexclusive Remedy for Security Breach.** Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.

## **8. PCI Compliance.**

8.1. Contractors that process, transmit, store or affect the security of credit/debit cardholder data, must adhere to the PCI Data Security Standard. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.

8.2. The Contractor must notify the State's Contract Administrator (within 48 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the card associations (e.g. Visa, MasterCard, and Discover) and state acquirer representative(s), or a PCI approved third party, to conduct a thorough security review. The Contractor must provide, at the request of the State, the results of such third party security review. The review must validate compliance with the PCI Data Security Standard for protecting cardholder data. At the State's sole discretion, the State may perform its own security review, either by itself or through a PCI approved third party.

8.3. The Contractor is responsible for all costs incurred as the result of the breach. Costs may include, but are not limited to, fines/fees for non-compliance, card reissuance, credit monitoring, and any costs associated with a card association, PCI approved third party, or State initiated security review.

8.4. Without limiting Contractor's obligations of indemnification as further described in this Contract, Contractor must indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the breach.



8.5. The Contractor must dispose of cardholder data when it is no longer needed in compliance with PCI DSS policy. The Contractor must continue to treat cardholder data as confidential upon contract termination.

8.6. The Contractor must provide the State's Contract Administrator with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standard. The Contractor must notify the State's Contract Administrator of all failures to comply with the PCI Data Security Standard.



**SCHEDULE L, EXHIBIT 1**  
**Contractor's Disaster Recovery Plan**

Contractor has provided the State with a copy of its Disaster Recovery Plan (DR Plan), which is incorporated herein by reference. The DR Plan is statutorily exempt from disclosure through FOIA request for security reasons.



# STATE OF MICHIGAN

HMO Services for MPSERS

## **SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES**

### **BACKGROUND**

The Office of Retirement Services (ORS) administers the Michigan Public School Employees' Retirement System's (MPSERS) Plans, which provide post-employment health coverage to Non-Medicare eligible and Medicare eligible Members, including Retirees, beneficiaries and their Dependents enrolled in the health plans. Health coverage is provided to retired employees of local school districts, intermediate school districts, tax-supported community or junior colleges, and certain universities. Financing for MPSERS is provided through public school employer contributions and Contract Holder premiums. ORS currently manages health coverage for approximately 233,500 Members in the MPSERS health plans. This includes approximately 201,000 members in the self-funded plan and approximately 32,500 participants in the HMOs. Approximately 16% of the Members in the self-funded plan are not Medicare eligible and 84% are Medicare eligible. Approximately 32% percent of HMO members are not Medicare eligible and approximately 68% are Medicare eligible.

MPSERS is a governmental entity and therefore not subject to the federal Employee Retiree Income Security Act (ERISA). MPSERS obligations are statutory, and the Contractor's obligations will be pursuant to this Contract.

All words capitalized in this document indicate a defined word. Please refer to Schedule D for all definitions.

### **SCOPE**

The Contractor must be able to provide and administer both a Non-Medicare and a Medicare product inclusive of pharmacy coverage to Eligible Members who elected enrollment in an HMO and pursuant to the requirements listed herein.

### **REQUIREMENTS**

#### **1. General Requirements**

##### **1.1. Services and Deliverables**

The Contractor must provide Deliverables/Services and staff, and must do all things necessary for or incidental to the performance of work, as set forth below:

##### **A. Plan Design**

1. Except as otherwise specified herein, the only benefit requirement is that in-network coverage must be Actuarially Equivalent to or exceed the coverage offered under MPSERS' self-funded Plan.
2. The Contractor must provide an accurate and complete comparison of its benefits with those of the Retirement System by September 1 of each subsequent contract year.
3. Plan Sponsor requires annually a signed Actuarial Equivalence Attestation from a certified actuary or a demonstration of actuarial equivalence from an underwriter. (Comparison of Benefits). This deliverable is due by September 1 of each subsequent contract year.



4. All service categories covered by the self-funded Plan must be covered by the HMO Contract.
5. Contractor must provide an accurate listing of its service area, separated by zip code, by September 1 of each subsequent contract year.
6. Many MPSERS retirees travel outside of Michigan, in some instances for three to six months of the year. Where a Member's primary residence remains in Michigan, the Contractor must provide comprehensive benefits to members when they travel outside of the service area.

## **B. Member Support**

### **1. Member Satisfaction**

- a. The Contractor must share with Plan Sponsor its annual Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey results or book of business customer service satisfaction results. Results must be separated by Non-Medicare and Medicare populations. These results will be shared with Plan Sponsor at the earliest practical opportunity following completion of the survey.
- b. The Contractor must notify the Plan Sponsor of any known or suspected system issues that may impact operations or service to Members.

### **2. Customer Services**

- a. The Contractor must provide a Customer Service call center, where it will maintain staff dedicated to supporting the needs of the Plan Sponsor's Members. The State prefers that the call center is located in Michigan. The Contractor's call center must be available to receive inbound calls Monday through Friday 8:00 AM to 5:00 PM Eastern Standard Daylight Time.
  - i. Separate, toll-free numbers for Members and Providers are required
- b. Contractor must provide phone, secure email / messaging, and written correspondence options for customer contacts. Contractor must provide a phone service system, for both Members and Providers, that includes (at minimum) the following components:
  - i. The system must be toll-free
  - ii. An Integrated Voice Response (IVR) system with a user-friendly menu
  - iii. Methods for logging calls, recording call data and content; the recorded calls must be attached to the customer account
  - iv. Methods to report metrics, standards, and ad hoc report generation
  - v. Methods to monitor calls for quality
- c. Secure email / Message Service: Contractor must provide a secure email / messaging service, for both Members and Providers, which include(s) (at minimum) the following components:
  - i. Methods for receiving and transmitting messages
  - ii. Methods for routing messages to properly trained responders
  - iii. Methods for logging messages, recording message data and content; the message must be attached to the customer account
  - iv. Methods for reporting metrics, standards, and ad hoc report generation
  - v. Methods to monitor messaging for quality
- d. Contractor must provide written correspondence services, for both Members and Providers, which include (at minimum) the following components:
  - i. Methods for storing, tracking and routing correspondence to properly trained responders
  - ii. Methods for logging correspondences, recording correspondence data and content; it is highly preferred that the correspondence be attached to the customer account
  - iii. Methods to report metrics, standards, and ad hoc report generation
  - iv. Methods to monitor responses for quality



- e. If the Contractor provides chat services, the Contractor must include all of the following:
  - i. Methods for storing, tracking and routing chats to properly trained responders
  - ii. Methods for logging chats, recording chat data and content; the recorded chat must be attached to the customer account
  - iii. Methods to report metrics, standards and ad hoc report generation
  - iv. Methods to monitor chats for quality
- f. Contractor must provide web-based (Internet) support to the Plan Sponsor and its Members. This must be a Plan-specific website dedicated solely to the Plan Sponsor and Members. The web-based system must include, but not be limited to, the following:
  - i. Capabilities to provide Members with information specific to their own Claims and enrollment
  - ii. Ability to list Providers based on accessibility to Member's home address
  - iii. Capabilities to answer Member questions about the Plan
  - iv. Capability to provide quality-of-care information about Providers
  - v. Contractor must be able to provide Members access to designated electronic Plan-specific documents on the Contractor's Plan-specific website
- g. Contractor must have the capabilities of addressing special needs of Members, including Text Telephone (TTY) or relay services for the hearing impaired.
- h. Contractor's Customer Service staff must have complete on-line access to all computer files and databases that support the system for applicable programs.
- i. Information on how to access Customer Services must be clearly communicated in all Plan-specific booklets, enrollment / welcome kits, claim kits, newsletters and other Member Materials
- j. For those issues not resolved immediately, Contractor must contact Members about their issues within seven Days of receipt of Member contact. This response must either resolve the outstanding issue(s) or inform the Member as to when resolution can be expected.
  - i. Written Member inquiries must be responded to in writing

### **C. Member Communications and Member Meetings**

#### **1. Member Communication Materials**

- a. All communication materials must be approved by the Plan Sponsor in advance of distribution. This applies to all information developed, provided, and/or distributed by Contractor to Members about the Plan – including those placed on the Contractor's Plan Sponsor – specific website.
- b. Contractor must provide a communication plan, no later than November 1<sup>st</sup> each year, which must include the description of the communication, the due date to the Plan Sponsor for prior approval, and the final targeted publication date.
- c. The Contractor must prepare and distribute, at its own cost, announcements, letters, notices, brochures, forms, postage-paid response envelopes, and other supplies and Services for distribution to Members. This includes but is not limited to:
  - i. CMS required mailings for Medicare members
  - ii. Summary of Benefits
  - iii. Explanation of Benefits
  - iv. Plan update notifications



- d. All communications must be customizable to better address the specific needs of the Plan Sponsor and its members. This includes co-branding materials with the name of the Contractor and the Plan Sponsor, where desired by the Plan Sponsor.
- e. The Contractor must submit for approval by Plan Sponsor, no later than 30 days prior to distribution, any material which will be distributed to Members and their Dependents during or in conjunction with enrollment/ marketing opportunities.
  - i. All enrollment or marketing activities must be approved by Plan Sponsor to assure equal access to all Members who reside in the HMO's licensed service area. This applies to all information placed on the Contractor's MPSERS-specific website relative to the Members and the Plan.
- f. Contractor is expected to coordinate messaging with ORS, CMS, and with other carriers such that members are not confused by multiple messages from different sources.

#### D. Enrollment and Eligibility

##### 1. Eligibility

Plan Sponsor is responsible for determining eligibility and transmitting enrollment information for Members. Plan Sponsor has the sole authority to determine the effective date of the Member including retroactive adjustments. Enrollment information for Members will be transferred to the Contractor from Plan Sponsor by electronic medium including all necessary information with respect to current enrollees at a date to be determined by the Plan Sponsor. Payment of premiums is predicated on the enrollment records of the Plan Sponsor.

- a. Coverage for Non-Medicare Eligible Members:  
Coverage for individuals who have not reached Medicare eligibility will be in the form of a traditional HMO contract. **IMPORTANT: See Continuity of Coverage in (c) below.**
- b. Coverage for Medicare Eligible Members:  
Coverage for Medicare eligible individuals must be in the form of a Medicare Advantage plan.
- c. Continuity of Coverage:
  - i. If a Member aging into Medicare resides in a county that the HMO does not offer Medicare Advantage, the Members on that Contract are no longer eligible for coverage under that HMO.
  - ii. The HMO must notify ORS prior to the Member's Medicare eligibility date that the Member will lose plan eligibility upon becoming eligible for Medicare.
  - iii. HMO must also communicate termination of coverage to the Members.
- d. Where the Contractor is informed by the Centers for Medicare and Medicaid Services (CMS) that a Member has been dis-enrolled from the HMO Medicare Advantage Plan, the Contractor must notify Plan Sponsor.
  - i. The Contractor must report this each week in a format approved by Plan Sponsor.
- e. Contractor must support Plan Sponsor in confirming Member Eligibility. This includes, but is not limited to:
  - i. Contractor must perform Dependent eligibility verifications as defined in Section D.2.f – Coverage Rules
  - ii. Contractor must conduct additional eligibility verifications as mutually agreed upon by the Contractor and Plan Sponsor.





## 2. Coverage Rules

To avoid unacceptable administrative complexity, there are several rules for who may be covered by which health plan. The primary rule is that:

- a. If the Retirant elects to be covered by an HMO, then all Members of that Unit must be covered by the same HMO.
- b. If one or more Members of a Unit is Non-Medicare-eligible and one or more is Medicare eligible, then the Non-Medicare-eligible(s) must be covered by the Non-Medicare HMO plan and the Medicare-eligible(s) must be covered by the Medicare plan of the same HMO.
- c. In cases where two members of a Unit are both Non-Medicare-eligible at the beginning of their HMO coverage, and one attains Medicare eligibility, that individual must become covered by the Medicare plan of the HMO that covers the Non-Medicare Member.
- d. In the case of those families where both Members are MPSERS Retirants, each may be treated as an individual Contract Holder if they so elect. Thus, either, or both, may elect HMO coverage without regard to any election by the other.
- e. The Contractor must follow Dependent coverage rules in Schedule G.
- f. Contractor is required to verify dependent eligibility on an annual basis. This process requires Contractor to send out certification letters to Plan Sponsor's Members who have a Dependent(s) ages 19-25. Contractor must request proofs of dependency and school enrollment that meet the requirements specified in Schedule G.

## 3. Population

Population data is available via the Plan Sponsor upon request. Population is reported by individual enrollee type and includes the following indicators:

- Contract Owner Zip Code
- Enrollee Gender
- Medicare Indicator
  - MEDI indicates the individual is a Medicare member,
  - NMED indicates the member is a non-Medicare member
- Relationship
  - Self is the primary contract holder.

Additional relationships include: spouse, child (including adopted and step-), and parent (mother / father).

## 4. Enrollment

- a. The Contractor's system, processes, subcontractors, and partners must comply with all applicable requirements of HIPAA. Contractor must provide Plan Sponsor with an annual attestation that it meets this requirement.
- b. The Plan Sponsor is the source for all demographic and enrollment data. The Contractor must store and use the Member information provided by the Plan Sponsor.
  - i. Plan Sponsor will maintain a record of each Member's election in a format that can be easily, accurately and quickly reproduced, upon written request, by Contractor and/or CMS, as necessary.
  - ii. Any changes, additions or terminations of the Member enrollment information or changes or additions to the Member demographic information (including email addresses and phone numbers) must originate from the Plan Sponsor. This includes Members responding to optout notifications for Medicare eligible Members.



- i. The Contractor must not make any changes to the Member information that would lead to the Contractor and the Plan Sponsor having different information for the same Member.
  - i. The Contractor must provide the Plan Sponsor with all enrollment and eligibility information about the Plan Sponsor's members received from affiliate sources such that the Plan Sponsor remains the enrollment and eligibility system of record. Information must be provided in a method determined by the Plan Sponsor.
  - ii. Contractor should provide reports provided by CMS that affect Medicare eligibility to the Plan Sponsor within one week of receipt from CMS. These reports will be processed by the Plan Sponsor and any enrollment changes that result from those reports will be transmitted to the Contractor.
- c. The Contractor must support the Plan Sponsor as needed via telephone and email anytime during business hours for immediate contact to confirm the enrollment status of a Member at any given time. Responses surrounding the enrollment status of a member must not exceed 48 hours.
- d. The Contractor must have the capability to accept digital transmission on a weekly basis from the Plan Sponsor, in a HIPAA compliant 834 format, inclusive of all fields contained in the Schedule H and Schedule H2, 834 File Layout, and which is provided through a State of Michigan provided DEG. Each weekly transmission will include two files – one containing Medicare members, and the second, non-Medicare members.
  - i. The Contractor must work with the Plan Sponsor on the implementation of secure data transfers for all exchanges.
  - i. All files that include HIPAA-protected information must be transmitted using the State's DEG.
- e. The Contractor must participate in reconciliations of the full membership as scheduled by the Plan Sponsor, at minimum, two times per calendar year.
- f. The Contractor is responsible for any changes, and any associated costs therein, to their systems or processes required to support the receipt and processing of the Plan Sponsor's enrollment files.
  - i. The Contractor must work with the Plan Sponsor to develop a timeline for implementation and testing of any changes to either the Plan Sponsor or the Contractor processing systems.
  - i. The Contractor must maintain a testing environment for such purposes.
- g. The Contractor must have validation edits in place to ensure, for each data load, that all fields are properly populated and readable.
  - i. 100% of all accurate records that pass the Contractor's validation edits must be uploaded according to the Plan Sponsor's schedule within one Business Day with confirmation of changes submitted to the Plan Sponsor.
  - i. Any records that do not pass the Contractor's validation tests must be reported to the Plan Sponsor within two Business Days after the file has been uploaded.
  - ii. All discrepancy reporting must be in the format defined by the Plan Sponsor.
- h. The Contractor must have the ability to adjust an enrollment record real-time upon the request of an authorized Plan Sponsor employee.
- i. The Contractor must provide to the Plan Sponsor, by means of a secured Internet portal, read-only access to the system used to maintain Enrollment.
  - i. All access must be controlled with a user-specific User ID and password. Generic or shared passwords will not be permitted.



- j. The Contractor must provide to the Providers, by means of a secured Internet portal, access to Enrollment.
- k. Communication involving any identifiable Member information must be transmitted to the State through a secure channel defined by the Plan Sponsor.
- l. It is anticipated the Contractor will begin enrolling new members for coverage effective January 1, 2020. All enrollments will originate with the Plan Sponsor, who will forward enrollment information to the Contractor by digital transmission using the standard 834 format.
  - i. The Plan Sponsor currently uses a common insurance application which must be completed by all new enrollees. The form indicates whether Members are enrolling in the standard plan or an HMO plan. Enrollment is considered complete once the common insurance application has been certified by the Plan Sponsor. The Contractor must work to achieve the Member's effective date provided by Plan sponsor.
  - ii. All enrollments and enrollment changes will be submitted electronically. Note: Plan Sponsor reserves the right to submit hard-copy enrollments (or enrollment changes) in certain (rare) circumstances.
- m. Member Identification (ID) Cards must be mailed within 10 days of the Contractor's receipt of an eligibility record from the ORS for Non-Medicare members, and CMS-approved enrollment for Medicare members.
  - i. Contractor is encouraged to provide online access to printable, temporary Member ID cards.
- n. Plan Sponsor acknowledges that final enrollment in Contractor's MA plan is contingent upon a Member: (1) being entitled to Medicare Part A and enrolled in Part B; (2) not being enrolled in any other MAPD or Prescription Drug Plan; (3) residing in the Contractor's MA plan service area; and (4) and being approved by CMS.

#### **E. Medicare Advantage Requirements**

1. Plan Sponsor will notify Contractor of any Member that will be enrolled in Contractor's MA Plan through a group enrollment process utilizing electronic procedures and formats for the transfer of enrollment data.
2. Contractor must advise eligible Members that Plan Sponsor intends to enroll them into the Contractor's MA plan through an automatic enrollment process unless the Member affirmatively opts out of such enrollment. Contractor must ensure that all such Members will be provided enrollment information at least 21 days prior to the effective date of the Member's enrollment in the MA plan, along with a copy of the summary of benefits offered under the selected plan, an explanation of how to get more plan information, and an explanation of how to contact Medicare for information on other Medicare health plans that might be available to the Member. The Plan Sponsor's enrollment information submitted to Contractor must comply with CMS requirements
3. Contractor must submit the enrollment data received from Plan Sponsor to CMS for enrollment or dis-enrollment in the Plan within the time frame specified by CMS. Upon receipt of confirmation of acceptance, denial or rejection of an individual from CMS, Contractor must load the accepted Members into the Plan within three business days and report the rejected or denied members back to



- the Plan Sponsor within two business days for correction or other action. Plan Sponsor will provide Contractor with any corrections to the rejected or denied members within 14 days of Plan Sponsor's receipt of the report from Contractor.
4. Contractor must reconcile any terminations (including retroactive terminations made by CMS) at least once each year.
  5. Member Communications. All Member communication materials are subject to the terms and requirements of the Contract, provided that such terms and requirements do not conflict with CMS requirements. If there is a disagreement concerning the interpretations of CMS requirements regarding Member communication materials by either party, both parties will negotiate in good faith to reach a mutually acceptable resolution. Plan Sponsor acknowledges that CMS mandates that Contractor send Member communications by certain dates and that Contractor will be constrained to send CMS model language if an agreement cannot be reached.
  6. Opt-Out Notices. Pursuant to the foregoing, the Contractor must identify new Eligible Participants and mail the Opt-Out Notices to those Eligible Participants. If an Eligible Participant chooses to opt-out, such Eligible Participant will contact Plan Sponsor (or if the Contractor is notified, the Contractor must provide to Plan Sponsor) and Plan Sponsor will process the Opt-Out request and promptly update the eligibility file. Each Party will comply with the Opt-Out Notice Requirements applicable to the Opt-Out Notice functions each are providing. Further, due to the fact that the Contractor has delegated certain Opt-Out Notice functions to Plan Sponsor, Plan Sponsor will provide to the Contractor documentation of its compliance with applicable Opt-Out Notice Requirements upon request by the Contractor or CMS.
  7. Retroactive Disenrollment. If CMS determines that a Member was not eligible for Contractor's MA plan and requires that Contractor retroactively disenroll such Member, Contractor must comply with requirements set forth by CMS.
  8. Contractor, or its subcontractor, must submit to CMS the enrollment data transfers that it receives from Plan Sponsor for verification and final enrollment in Contractor's MA plan. CMS will review such enrollment data and determine if a Member will be enrolled in the Contractor's MA plan. Plan Sponsor certifies to the best of its knowledge and understanding to Contractor, that all enrollment data transfers submitted to Contractor are accurate, complete and truthful. Plan Sponsor acknowledges that Contractor is relying upon Plan Sponsor's accuracy of its enrollment data transfers because Contractor must certify the accuracy of such enrollment information to CMS.
  9. The Contractor's MA plan must not deny, limit, or condition the coverage or furnishing of benefits to Members eligible to enroll on the basis of any factor that is related to health status, including, but not limited to a medical condition, including mental as well as physical illness; Claims experience; receipt of health care; medical history, genetic information, evidence of insurability, including conditions arising out of acts of domestic violence; or a disability.
  10. Required Disclosures. At the time of enrollment, and at least annually thereafter, and in compliance with the timeframes as set forth by CMS, Contractor must disclose the following to Members:
    - a. Service area. Contractor's service area and any enrollment continuation area and any out-of-area coverage provided under the plan
    - b. Benefits. An evidence of coverage document and summary of benefits offered under Contractor's MA plan, including applicable conditions and limitations, premiums and cost-sharing (such as copayments, deductibles, and coinsurance) and any other conditions associated with the receipt or use of benefits; and for purposes of comparison:
      - i. The benefits offered under Original Medicare, and



- i. the availability of the Medicare hospice option and any approved hospices in the service area, including those that Contractor owns, controls, or has a financial interest in, if any.
  - c. Emergency coverage. Contractor's MA plan must cover emergencies in accordance with 42 CFR 422.113 and discloses to Members the appropriate use of emergency services; Prior Authorization is not required for services; the process and procedures for obtaining emergency services; and the use of the 911 telephone system
  - d. Prior Authorization and review rules. Contractor must disclose any Prior Authorization rules and other review requirements that must be met in order to ensure payment for the services and instructions to Members that, in cases where non-contracting providers submit a bill directly to the Member, the Member should not pay the bill, but submit it to Contractor for processing and determination of Member liability, if any.
11. Grievance and appeals procedures. Contractor must provide to Members all grievance and appeals rights and procedures as required by CMS regulations.
12. Disenrollment rights and responsibilities. Contractor must provide all disenrollment rights and responsibilities to Members as defined by CMS.
13. Changes in Contractor's MA Plan Rules. If changes are made to the rules for Contractor's MA plan, Contractor must:
- a. For changes that take effect on January 1, notify all Members at least 15 days before the beginning of the Annual Coordinated Election Period defined in section 1851 (e)(3)(B) of the Social Security Act.
  - b. For all other changes, notify all Members at least 30 days before the intended effective date of the changes.
14. Required disenrollment. Contractor must disenroll Members under the following circumstances:
- a. The Member loses entitlement to Medicare Part A or Part B benefits.
  - b. Death of the Member.
  - c. Member is no longer eligible for Plan Sponsor's coverage.
  - d. Member no longer resides within the designated approved service area.
  - e. Member is enrolled in another MA plan, MAPD plan, or Individual Part D plan.
  - f. The Plan Sponsor terminates its contract with Contractor.
  - g. CMS terminates its contract with Contractor.
- Notice. Before disenrollment, Contractor must provide the Member with notice of disenrollment in accordance with CMS Enrollment Guidance.
15. Disclosures upon request. Upon the request of a Member eligible to elect Contractor's MA plan, Contractor must provide to the Member the following information:
- a. Benefits under original Medicare, including covered services, Member cost-sharing, such as deductibles, coinsurance, and copayment amounts and any Member liability for balance billing.
  - b. Contractor's procedures to control utilization of services and expenditures.
  - c. The number of disputes, and the disposition in the aggregate, in manner and form described by the Secretary of the Department of Health and Human Services. Such disputes must be categorized as grievances according to 42 CFR 422.564 and appeals according to 42 CFR 422.578.
  - d. A summary description of the method of compensation for physicians.
  - e. Contractor's financial conditions, including the most recently audited information regarding, at least, a description of the financial condition of Contractor.
  - f. Medicare Advantage plan quality and performance indicators to the extent they are available.



## **F. Financial Administration**

### **1. Premiums**

Insured rate quotations from any HMO must meet the following requirements:

a. Premium Rates:

Premiums for the initial contract term are outlined in Schedule B, Pricing. By August 1 of each subsequent Contract year, the Contractor will be notified of the maximum allowable premium. At that time, the Contractor may adjust the benefit design, subject to Plan Sponsor approval, and as long as the value of the plan remains actuarially equivalent to or exceeds the value of the self-insured Plan.

b. Renewals:

Not later than September 1 of each subsequent Contract year, the Contractor must notify the Program Manager and Plan Sponsor of its willingness to continue participation and specify any adjustments it intends to make to the benefit plan design to Plan Sponsor for their review and approval. This deliverable is satisfied via the completion of the Insurance Options Summary document by September 1 of each subsequent Contract year. The Plan Sponsor reserves the right, at its sole discretion, to accept or reject any benefit design adjustment. An updated service area listing, sorted by zip code, is also due with the renewal, by September 1 of each subsequent Contract year.

c. Low Income Subsidy:

Contractor must have the capability to administer all aspects related to the Low Income Subsidy (LIS) process including the Low Income Premium Subsidy (LIPS) and Low Income Cost Sharing CMS components. This includes, but is not limited to:

- i. Identify members based on Medicare reports.
- ii. Determine how much of a premium subsidy eligible members should receive.
- iii. Pass-back of applicable subsidy amounts. The Contractor must pass-back applicable subsidy amounts directly to members.
- iv. Pass through of remaining subsidy amounts to Plan Sponsor.
- v. Administer Low Income Cost Share for eligible members.
- vi. Provide robust reporting to Plan Sponsor, as requested.

d. Late Enrollment Penalty:

Contractor must have the capability to administer the Late Enrollment Penalty (LEP) for members where applicable. This includes, but is not limited to:

- i. Identify members based on Medicare reports.
- ii. Determine the LEP applicable members should receive.
- iii. Provide robust reporting to Plan Sponsor as requested.
- iv. Invoice the Plan Sponsor on a monthly basis for applicable amounts.





## G. Data

### 1. Data Transfer

Contractor must agree to work with the Plan Sponsor-chosen data management contractor (hereafter referred to as the “data vendor”) in a manner inclusive of, but not limited to the following:

- a. Contractor must deliver Member data files to Plan Sponsor data vendor in agreed-upon format that meets the data vendor’s functionality specifications for file layout and submission. Refer to Schedule I Medical Claim Layout.
  - i. Delivery of data files with all required fields correctly populated must be completed within 15 Days after the close of each month.
- b. Contractor is responsible for all expenses, including the cost of any subcontractors, related to producing the data and providing it to the data vendor. This includes any costs associated with resubmissions and processing costs incurred by the data vendor due to the transmittal of incomplete, inaccurate, or unreadable data files belonging to the Plan Sponsor.
- c. Contractor must work with the data vendor, including developing any process improvement procedures needed, to correct all issues that impede or prevent accurate data reporting from the database.
- d. Member data must be securely maintained for the duration of this Contract, in compliance with State policy, Schedule L of the Standard Contract Terms, Data Security Requirements
- e. Upon termination or expiration of the Contract, the Contractor must deliver all data to the data vendor within ten Days of request for the same (see Section 31 of Standard Contract Terms).
- f. The Contractor must be able to provide summary enrollment statistics by various categories, along with other enrollment data, upon the Plan Sponsor request.
- g. If the Plan Sponsor adds additional contractors, the Contractor must provide data feeds to these contractors without additional costs.

## H. Provider Network

### 1. Geographic Regions

HMOs may only be offered in the State of Michigan. An HMO must be made available and marketed to all Members who reside in the HMO’s licensed service area in Michigan. **An HMO may not be offered in only a portion of the Contractor’s Michigan service area.**

### 2. Coverage Area

The Contractor’s rules for coverage outside its service area, especially outside of Michigan are as follows:

A pre-65 out-of-area enrollee is someone who meets full-time requirements as specified in the group enrollment and coverage agreement and resides in a county where BCN is not offered but is adjacent to a BCN service area. This individual must agree to obtain all health care, except for emergencies, in the BCN service area. BCN will accept out-of-area members if they select a BCN network-contracted primary care physician.



Residents of Indiana counties (Elkhart, LaGrange, Steuben, St. Joseph), Lucas County in Ohio and Windsor, Ontario, Canada will be accepted by BCN as long as they seek services with BCN network providers.

Residents of counties that are not adjacent to the BCN service area are not eligible for coverage.

When a subscriber ceases to be eligible to continue membership because of a change of residence to outside the BCN service area and the subscriber does not qualify for an out-of-area waiver, the subscriber's contract will be terminated effective the date of change of residence. NOTE: The subscriber is required to notify BCN within 30 days of any event resulting in loss of eligibility, including change of residence outside the BCN service area.

BCN pre-65 members are eligible for routine, follow-up, urgent and emergency care when traveling in the United States outside of Michigan through BlueCard, a program of the Blue Cross and Blue Shield Association. Emergency and urgent care are available to BCN commercial members when traveling outside of the U.S. Members must seek services through the BlueCard® program with participating Blues physicians and hospitals.

Out-of-area dependents are covered through BlueCard.

A group subscriber must live in the BCN service area at least nine months out of the year.

The BCN Advantage network is available in 66 counties: Allegan, Barry, Ionia, Kalamazoo, Kent, Mason, Muskegon, Newaygo, Oceana, Ottawa, Branch, Calhoun, Eaton, Gratiot, Hillsdale, Ingham, Jackson, Monroe, Montcalm, St. Joseph (Partial zip codes), Van Buren, Alcona, Alpena, Arenac, Bay, Charlevoix, Cheboygan, Clare, Crawford, Gladwin, Huron, Iosco, Kalkaska, Montmorency, Ogemaw, Oscoda, Presque Isle, Roscommon, Saginaw, Sanilac, Shiawassee, Tuscola, Antrim, Benzie, Clinton, Emmet, Genesee, Grand Traverse, Isabella, Lake, Lapeer, Leelanau, Lenawee, Livingston, Manistee, Mecosta, Midland, Missaukee, Osceola, Otsego, St. Clair, Wexford, Macomb, Oakland, Washtenaw, Wayne

BCN Advantage members must be residents of Michigan at least six months of the year. The Medicare beneficiary's address as listed with Medicare must also reflect Michigan residency.

BCN Advantage members are always covered for urgent and emergency care no matter where they go in the world.

Members may go to any emergency room if there is reason to believe emergency care is necessary. Members will pay \$65 or a lower ER benefit selected by the group. This amount is waived if admitted to the hospital within one day for the same condition.

For urgently needed care (non-emergency) from a non-BCN Advantage provider anywhere in the world, members pay \$35 or the urgent care benefit selected by the group for each Medicare-covered urgently needed care visit.





Members may be required to pay for services up front and then seek reimbursement from BCN. To expedite repayment, members should submit an itemized bill and any medical records.

Members may also use the BlueCard program when traveling.

Other than for emergency and urgent care, if members choose to go to a doctor outside the BCN Advantage network, the member must pay for those services. Neither BCN Advantage nor the original Medicare plan will pay for these services.

Members must seek services from BCN Advantage's network of doctors, specialists and hospitals for routine care.

#### **I. Claims Processing**

1. Contractor must undertake responsibility for providing Organization Determinations, including full and fair review of Claims Appeals by Members, in compliance with CMS requirements
2. The Contractor must be able to provide Members with an Explanation of Benefits that accurately reflects the approved listed items in a format that is easily understood by members.
3. Contractor must maintain confidentiality of all data collected by the Contractor, according to all applicable laws, rules and regulations.
4. Contractor must have a process in place to detect, prevent, and correct fraud, waste, and abuse. Contractor's employees and Members must be made aware of how to report suspected fraud, waste, and abuse.
5. If there are administrative changes in the Contractor's systems, processes, or procedures that impact the Plan Sponsor or Members, the Contractor must notify the Plan Sponsor as soon as possible and provide written notification explaining the change, the impact to the Plan Sponsor and/or to Members and the related timeline, in writing, 60 days prior to the change (or as soon as the Contractor is aware).

#### **J. Comparison of Benefits**

The Contractor must provide an accurate and complete comparison of its benefits with those of the Retirement System's Master Health Care Plan.

### **1.2. Training**

- A. The Contractor must provide an ad hoc reporting tool that Plan Sponsor can use to directly access utilization and other Plan-specific data. This includes training for a limited number of Plan Sponsor representatives.
- B. The Contractor must provide to the Plan Sponsor, by means of a secured Internet portal, read-only access to the system used to maintain Enrollment. This includes training for a limited number of Plan Sponsor representatives.

The Contractor must provide documentation and training materials.

## **2. Acceptance**

### **2.1. Acceptance, Inspection and Testing**

The acceptance process is defined in Section 20. of the Standard Contract Terms, unless otherwise defined in this section.

## **3. Staffing**

The Contractor must provide sufficient staff to provide the services as required in this Contract.



### 3.1. Contractor Representative

The Contractor must appoint a single point of contact, who is specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative"). The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

Contractor Representative:

Patricia Soyemi  
600 E. Lafayette Blvd.  
Detroit, MI 48226  
Email: [psoyemi@bcbsm.com](mailto:psoyemi@bcbsm.com)  
Phone: 313-448-6943

### 3.2 Contract Administrator

The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a "**Contract Administrator**"):

State:	Contractor:
Mary Ostrowski 525 W Allegan St., 1 <sup>st</sup> Flr NE Lansing MI 48909 <a href="mailto:ostrowskim@michigan.gov">ostrowskim@michigan.gov</a> 517-249-0438	Patricia Soyemi 600 E. Lafayette Blvd. Detroit, MI 48226 Email: <a href="mailto:psoyemi@bcbsm.com">psoyemi@bcbsm.com</a> Phone: 313-448-6943

### 3.3 Program Manager

The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Sarah Humphreys 530 W. Allegan St. Lansing, MI 48909 <a href="mailto:humphreyss@michigan.gov">humphreyss@michigan.gov</a> 517-284-4584	Patricia Soyemi 600 E. Lafayette Blvd. Detroit, MI 48226 Email: <a href="mailto:psoyemi@bcbsm.com">psoyemi@bcbsm.com</a> Phone: 313-448-6943

### 3.4. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to contact the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8 am to 5 pm EST.

**Blue Care Network Non-Medicare Customer Service Toll-Free Number:**

800-662-6667

**Medicare Blue Care Network Customer Service Toll Free Number:**

877-396-2025

Patricia Soyemi may be reached at 313-448-6943 (office) or via cell phone at 248-302-0036.

### 3.5. Technical Support, Repairs and Maintenance



The Contractor must specify its toll-free number for the State to contact the Contractor for technical support, repairs and maintenance. The Contractor must be available for calls and service during the hours of 8 am to 5 pm EST.

**Technical Support, Repairs and Maintenance Toll Free Number:**

800-662-6667

**3.6. Work Hours**

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

**3.7. Key Personnel**

1. The Contractor must appoint a Senior Account Manager (SAM) who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable of the contractual requirements, and respond to State inquiries within 24 hours.

Additional functions of the SAM include, but are not limited to:

- A. Supporting resolution of Enrollment and Membership issues with Plan Sponsor and Contractor's internal units.
- B. Presenting on at least a quarterly basis unless mutually agreed upon by Contractor and Plan Sponsor.
  - 1. Presentation to include: Plan experience, trends, Member issues, and Contractor's Healthcare Effectiveness Data and Information Set (HEDIS) measurements. Reporting and comparative analysis that is specific to the Plan Sponsor enrollment with Contractor is required for overall cost-use metrics, but not for HEDIS metrics.
- C. Attendance at annual Member meetings (if requested) within the State of Michigan. These meetings are intended to provide Members the opportunity to become educated on their coverage for the following year. The Contractor is responsible for their proportional costs of all expenses related to the meetings and Contractor's own travel expenses.
- D. Attendance at Plan Sponsor bi-monthly Board meetings (as requested)
- E. Keeping primary work location and assignment at the Contractor's Michigan office
- F. Serving as the single point of accountability for all projects initiated between the Contractor and Plan Sponsor for management of the Contractor's Account Team
- G. Availability onsite at Plan Sponsor' location within 48 hours of a request of the same by Plan Sponsor
- H. Authority and ability to make day-to-day decisions regarding service issues and to escalate issues which need to be escalated above the SAM
- I. Ability within the Contractor's organization to obtain the use of Contractor's resources, both direct and indirect, as necessary.
- J. Designating one qualified back-up to the SAM, whose role and responsibilities must include involvement in account management and who is capable of performing the responsibilities of the SAM in the event that the SAM is unavailable. The Contractor's SAM back-up must be familiar with all specific requirements of this Contract. This back-up role may be filled by another key-staff person.

**Contractor's SAM:**

Patricia Soyemi  
600 E. Lafayette Blvd.  
Detroit, MI 48226  
Email: [psoyemi@bcbsm.com](mailto:psoyemi@bcbsm.com)



Phone: 313-448-6943  
Cell Phone: 248-302-0036

2. The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological resumés.

Contractor's Key Personnel must be on-site at Plan Sponsor's location during the following times: monthly work plan meetings (if requested), quarterly performance review meetings, annual performance review meeting, bi-monthly Board meetings (if requested), and at other times as requested by the Plan Sponsor.

KEY PERSONNEL		
<b>Senior Account Management</b>		
Contact	Location	Contact information
Patricia Soyemi - Senior Account Manager	600 Lafayette East (Ren Cen) Detroit, MI 48226	Office: (313) 448-6943 Cell: (248) 302-0036 Email: <a href="mailto:psoyemi@bcbsm.com">psoyemi@bcbsm.com</a>
Joseph Johnson - Back-up Senior Account Manager	86 Monroe Center NW Grand Rapids, MI 49503	Office: (616) 389-2019 Cell - (313) 820-2887 Email: <a href="mailto:jjohnsonf10@bcbsm.com">jjohnsonf10@bcbsm.com</a>
<b>Member Communications</b>		
Contact	Location	Contact information
Marcia Alexander - Senior Communications Analyst	600 Lafayette East (Ren Cen) Detroit, MI 48226	Office: (313) 448-0542 Cell: (313) 820-9301 Email: <a href="mailto:malexander2@bcbsm.com">malexander2@bcbsm.com</a>
<b>Group Rep</b>		
Contact	Location	Contact information
Courtney McCants - Group Representative	232 S Capitol Ave Lansing, MI 48933	Office: (517) 325-4011 Email: <a href="mailto:cmcants@bcbsm.com">cmcants@bcbsm.com</a>
<b>Administrator</b>		
Contact	Location	Contact information
Nilajah Alonzo - Administrator	600 Lafayette East (Ren Cen) Detroit, MI 48226	Office: (313) 448-7370 Cell - (313) 319-3676 Email: <a href="mailto:nalonzo@bcbsm.com">nalonzo@bcbsm.com</a>

3. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including



reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

### **3.8. Organizational Chart**

The Contractor's overall organizational chart that details staff members, by name and title, and subcontractors, is included below:



Proprietary and Confidential

## Blue Care Network Board of Directors

# Organizational Chart

June 29, 2019

Blue Care Network  
Audit Committee

Michele Samuels  
Senior Vice President  
General Auditor &  
Corporate Compliance

Rhoda Jones  
Director  
Human Resources  
Business Partner

Raj Vunnam  
Senior Director  
BCN IT, Interim  
Chief Information Officer

James Kallas  
Vice President  
Finance & Treasurer

Marc Keshishian, MD  
Senior Vice President &  
Chief Medical Officer

Phillip Gillespie  
Vice President  
Business and Program  
Development &  
Regional Executive

Lisa Hardy  
Vice President

Sheela Manyam  
Senior Director  
Corporate Performance  
and Administration &  
Corporate Secretary

Open  
Senior Director  
Business Optimization and  
Outcome Management

Scott Priebe  
Director  
HMO Medicare  
Government Programs  
Administration

Sue Berletich  
Director  
Operations and  
Application Analysis

Max Glowacki  
Director  
BCN Finance &  
Accounting Resolution

Jeniene Edwards  
Vice President  
Utilization Management

Nancy Dewan  
Director  
Business Development  
and Product Support

Sharon Heath  
Director  
Member Engagement &  
Satisfaction

Nadine Alfano  
Director  
Operations Performance  
Management

Carl Siebers  
Vice President  
Claims Operations

Omar Malouhi  
Director  
Systems Development

Chris Keller  
Director  
Membership and Billing

William Beecroft,  
MD  
Medical Director

Matt Forney  
Director  
BCN Market Relations

Kathy Wilson  
Director  
Business Support &  
Administration

Joe Gzel  
Director  
Planning and Project  
Management Services

Kathryn Wilson  
Senior Director  
Customer Service

Open  
Director  
Application Integration

Jerry Johnson,  
MD  
Medical Director

Andrew Jurcisin  
Director  
Health and Clinical  
Affairs

Open  
Director  
Administrative Services

Open  
Director  
Business Configuration  
Unit

### Additional BCN Executive Staff Team Members:

Robert Coscione, VP – Provider Network

Scott O'Neal, Attorney Senior – Office of the General Counsel

Glen Perry, Director II – Pharmacy Contracting and Sales

Udhay Ratnasamy, Director – Underwriting Systems

Juanita Savage  
Director  
Medical Affairs

Felecia Williams,  
MD  
Medical Director

**3.9. Disclosure of Subcontractors**

The Contractor intends to utilize the following Subcontractors to fulfill the requirements of this Contract. The Contractor must provide prior written notice of all of the following:

1. The Subcontractor's legal business name, address and telephone number;
2. A description of subcontractor's organization;
3. A description of the Contract Activities to be performed and information concerning the Subcontractor's ability to provide the Contract Activities;
4. Whether the Contractor has a previous working experience with the Subcontractor. If yes, provide the details of that previous relationship.



## ***Disclosure of Subcontractors***

***(as of June 2019)***

SUBCONTRACTOR'S NAME	RELATIONSHIP OF SUBCONTRACTOR TO BCN	ADDRESS	START YEAR	SUBCONTRACTOR'S HOURS OF OPERATION
<b>AIM Specialty Health</b>	AIM Specialty Health is an independent company not associated with Blue Care Network. BCN contracts with AIM Specialty Health to manage the authorization process for cardiology and high-tech radiology procedures BCN and BCN Advantage members.	8600 West Bryn Mawr Avenue South Tower, Suite 800 Chicago, IL 60631	2018	Normal business hours
<b>Alacura</b>	Alacura is an independent company not associated with Blue Care Network. BCN contracts with Alacura to perform prior authorization for non-emergent air ambulance flights.	3100 Monticello Ave, Ste. 340, Dallas, TX 7520	2018	24 hours
<b>AMC Health</b>	AMC Health is an independent company not associated with Blue Care Network. BCN contracts with AMC Health for a congestive heart failure monitoring program to help manage selected high risk BCN members and COPD monitoring for BCNA members.	AMC Health 39 Broadway, Suite 540 New York, NY 10006	2016	Seven days a week:  9 a.m. to 5:30 p.m. Monday through Friday;  9 a.m. to 1 p.m. Saturday and Sunday
<b>American Well Corp.</b>	American Well Corp. is an independent company not associated with Blue Care Network. Blue Cross Blue Shield of Michigan contracts with American Well to offer our white-labeled Blue Cross Online Visits solution which includes the BCBSM Online Visits app and the BCBSMOnlineVisits.com website for medical, therapy, and psychiatry online visits.	75 State Street 26th Floor Boston, MA 02109	2016	24 hours a day, seven days a week
<b>AxisPoint Health</b>	AxisPoint is an independent company not associated with Blue Care Network. BCN contracts with AxisPoint for a free 24-hour Nurse Line for all commercial, Medicare and Medicare Supplemental members.	One Post Street San Francisco, CA 94104	2015	24 hours a day, seven days a week



<b>Change Healthcare</b>	InterQual for medical management, ClaimCheck and PAM for clinical editing	3055 Lebanon Pike, Suite 1000 Nashville, TN 37214	2004	Routine business hours
<b>Cognizant</b>	Cognizant is an independent company not associated with Blue Care Network. BCN contracts with TriZetto to offer IT solutions.	9655 Maroon Circle Englewood, CO 80112	2004	24 hours a day, seven days a week
<b>Cotiviti</b>	Cotiviti is an independent company not associated with Blue Care Network. It provides clinical editing and claims recovery services.	The South Terraces 115 Perimeter Center Place Suite 700 Atlanta, GA 30346	2009	Routine business hours
<b>Eliza Corporation</b>	Eliza Corporation is an independent company not associated with Blue Care Network. It provides telephone reminder calls to members in the Healthy Blue Living plan.	75 Sylvan Street Danvers, MA 01923	2011	9 a.m. to 5:30 p.m. Monday through Friday
<b>eviCore Healthcare</b>	eviCore Healthcare is an NCQA-credentialed vendor and an independent company not associated with Blue Care Network. BCN contracts with eviCore to handle initial and follow-up authorization requests for physical, occupational and speech therapy, or for physical medicine services by chiropractors.	400 Buckwater Place Blvd. Bluffton, SC 29910	2014	Normal business hours (web portal 24/7)
<b>Express Scripts, Inc.</b>	Express Scripts, Inc. is an independent company not associated with Blue Care Network. BCN contracts with Express Scripts, Inc. to provide members with pharmacy benefits.	1 Express Way St. Louis, MO 63121	2009	24 hours a day, seven days a week
<b>Fitbit, Inc</b>	Fitbit, Inc. is an independent company not associated with Blue Care Network. It provides activity tracking devices to qualified members in the Healthy Blue Living plan.	199 Fremont Street 14th Floor San Francisco, CA 94105	2016	24 hours a day, seven days a week
<b>Genesys Physician Hospital Organization</b>	Genesys Physician Hospital Organization is an NCQA-credentialed PHO and an independent company not associated with Blue Care Network. BCN contracts with Genesys Physician Hospital Organization for referral management approvals, review and approval of inpatient and continued stay at Genesys Hospital (Flint, Mich).	307 E. Court Street Flint, MI 48502	1992	Normal business hours; cell phone voice mail available 24 hours a day, seven days per week

<b>Global Response North Corp.</b>	Global Response North Corp. is an independent company not associated with Blue Care Network. BCN and BCNA contract with Global Response to assist with enrollment processing.	411 3rd St, Gwinn, MI 49841	2013	8 a.m. to 5 p.m. or as client requires
<b>HealthEquity, Inc.</b>	HealthEquity, Inc. is an independent company not associated with Blue Care Network. HealthEquity is a non-bank health savings trustee.	HealthEquity, Inc. 15 W. Scenic Pointe Drive, Suite 100 Draper, UT 84020	2011	24 hours a day, seven days a week
<b>Integrated Health Partners</b>	Integrated Health Partners is an NCQA-certified provider organization and an independent company not associated with Blue Care Network. BCN contracts with Integrated Health Partners for referral management, clinical review, review and approval of admission and continued stay, discharge planning.	77 Michigan Ave E, Suite 200 Battle Creek, MI 49017	1999	8 a.m. to 5 p.m. Monday through Friday, with weekend coverage as needed
<b>J&amp;B Medical Supply Company, Inc.</b>	J&B Medical Supply Company, Inc. is an independent company not associated with Blue Care Network. BCN contracts with J&B for diabetes-related supplies for members, based on their health care provider's prescription.	50496 W Pontiac Trail, Suite 500 Wixom, MI 48393	2009	8 a.m. to 5 p.m. Monday through Friday, and on-call staff member after hours to address urgent requests
<b>Joint Venture Hospital Laboratories</b>	Joint Venture Hospital Laboratories is an independent company not associated with Blue Care Network. BCN contracts with JVHL to provide members with outpatient lab services.	1633 Fairlane Circle Allen Park, MI 48101	2000	24 hours a day, seven days a week
<b>Medical Network One</b>	Medical Network One is an independent company not associated with Blue Care Network. BCN contracts with Medical Network One for referral management.	4986 Adams Road, # D Rochester, MI 48306	2002	Normal business hours; Fax, email, SMS and telephone voice mail after business hours

<b>Northwood, Inc.</b>	Northwood, Inc. is an independent company not associated with Blue Care Network. BCN contracts with Northwood, Inc. to offer DME and prosthetic/orthotic equipment.	7277 Bernice St. Center Line, MI 48015	2002	8:30 a.m. to 5 p.m. Monday through Friday; On-call service and on-call staff members after hours to address urgent requests
<b>NovoLogix</b>	NovoLogix is an independent company not associated with Blue Care Network. BCN contracts with NovoLogix for management of drugs covered under the medical benefit.	800 Norman Center Drive Bloomington, MN 55437	2015	8 a.m. to 5 p.m. Monday through Friday
<b>Relation Insurance Services</b>	Relation Insurance Services is an independent company not associated with Blue Care Network. It is a contracted vendor which handles enrollment, billing and consultation for the student health plan business.	Relation Insurance Services PO Box 240042 Los Angeles, CA 90024	2016	9 a.m. to 5 pm Pacific time Monday through Friday.
<b>Walgreens Specialty Pharmacy</b>	Walgreens Specialty Pharmacy is an independent company not associated with Blue Care Network. BCN contracts with Walgreens Specialty Pharmacy to provide members with specialty pharmacy services.	41460 Haggerty Circle, South Canton, MI 48188	2007	24 hours a day, seven days a week
<b>Weight Watchers Group</b>	Weight Watchers Group is an independent company not associated with Blue Care Network. BCN contracts with Weight Watchers Group to provide qualified members in the Healthy <i>Blue</i> Living plan with weight loss services.	28555 Orchard Lake Road PO Box 9072 Farmington Hills, MI 48333-9072	2010	Seven days a week
<b>Weight Watchers International</b>	Weight Watchers International is an independent company not associated with Blue Care Network. BCN contracts with Weight Watchers International to provide qualified members in the Healthy <i>Blue</i> Living plan with weight loss services.	999 Stewart Avenue Suite 215 Bethpage, NY 11714	2010	Seven days a week
<b>WebMD</b>	WebMD is an independent company not associated with Blue Care Network. BCN contracts with WebMD for online health assessment and wellness.	1201 Peachtree Street NE Suite 2100 Atlanta, GA 30361	2016	24 hours a day, seven days a week



### 3.10. Security

The Contractor will be subject the following security procedures

- A. Contractor's work and deliverables must comply with all applicable State information technology policies and standards including the Michigan Department of Technology, Management and Budget (DTMB) Data Security Requirements (Schedule L of the Standard Contract Terms) including that:
1. Contractor must develop a security plan that includes physical security, business continuity, change management, and that identifies all controls for confidentiality, integrity, and availability.
  2. Contractor must have written policies and procedures addressing the use of any protected health data and information that falls under the Health Insurance Portability and Accountability Act (HIPAA) requirements. The policies and procedures must meet all applicable federal and State requirements including the HIPAA requirements. These policies and procedures must include restricted access to the protected health data and information by the Contractor's employees.  
Note: Plan Sponsor makes no warranty or representation that compliance by Contractor with this Section, HIPAA, the HIPAA Rules, or other applicable laws pertaining to Protected Information will be adequate or satisfactory for Contractor's own purposes. Contractor is solely responsible for all decisions made by Contractor regarding the safeguarding of Protected Information.
  3. The Contractor must have, in place, a security plan that details the security requirements of the information system, identifies security controls that satisfy those requirements, and enables periodic reviews and/or timely revisions responsible to system and provide to the Program Manager updates and organizational changes.
  4. The Contractor must comply with the compliance requirements of all State and federal Laws, including but not limited to:
    1. Health Insurance Portability and Accountability Act (HIPAA);
    2. Financial Modernization Act of 1999 (Gramm-Leach-Bliley)
    3. Michigan Identity Theft Protection Act, MCL 445.61 et seq;
    4. Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
  5. The Contractor must annually conduct assessments of risks and threats for unauthorized access, use, or disruption on information systems that support the Plan Sponsor.
  6. The Contractor must have authentication controls and account management (for end-user and administrator accounts) for the application / system.
  7. The Contractor must have a system of controls in place when changes (including emergency / non-routine and configuration) to existing IT resources are logged, authorized, tested, approved, and documented.
  8. The Contractor must have, in place, a contingency plan to detect and respond to incidents including those involving potential unauthorized access, use, or disclosure of protected information.
  9. The Contractor must have a system of controls in place to restrict physical access to their organization's facilities and data centers to authorized personnel.
  10. The Contractor must provide security awareness training required for their employees at minimum on an annual basis.
  11. The Contractor must have security controls employed for web application(s) to provide a high level of security to protect confidentiality of data transmitted over the public internet.
  12. The Contractor must have a copy on file of their personnel security policy and related documents describing hiring practices that include mandatory background checks.



All BCN employees have a company-issued identification badge with their photograph. When BCN employees visit state facilities, they are required to sign in to those facilities. It is Blue Care Network's policy to perform background checks on all new hires. The background checks include criminal, academic, professional and drug screening of all applicants. The BCN corporate ethics policy includes the provision, "The company will not delegate substantial discretionary authority to individuals whom it knows or through exercise of due diligence should have known, have a propensity to engage in inappropriate, improper or illegal conduct."

BCN and Blue Cross have a comprehensive corporate information security policy that is reviewed yearly. The information security program is led by a senior director and includes security operations and governance areas.

#### **4. Project Management**

##### **4.1. Project Plan**

- A. The Contractor will carry out this project under the direction and control of the Plan Sponsor. All transition and implementation plans for use during the Implementation Period are subject to the approval of the Plan Sponsor and the Program Manager.
- B. There must be continuous liaising between the Plan Sponsor and Contractor during the Implementation Period and over the course of this Contract. The Program Manager and Plan Sponsor will meet with the Contractor's SAM for initial review and updated status of the Contractor's work plan periodically and in person during the Implementation Period. The meetings will provide for reviewing progress and providing necessary guidance to the Contractor regarding the timing of activities and solving issues or problems.
- C. The Contractor must provide an Implementation Plan in order to commence Services, which will begin on January 1, 2020. The Implementation Plan and the corresponding timeline or calendar must describe in detail:
  1. All major project milestones; the anticipated outcomes for each milestone; and, all tasks, duties, or responsibilities to be completed during the Implementation.
  2. Contractor's project management approach, and discuss in detail any identifying methods, tools, and processes, intended for oversight and completion of the implementation.
  3. Any anticipated issues/changes, when they may arise, and how those issues will be conveyed to the Plan Sponsor and include suggested resolution or risk mitigation strategies to the issue(s).
  4. A detailed protocol and escalation communication process; the plan must also provide escalation procedures and contact information for issues that may need to be escalated above the Senior Account Manager (SAM).
  5. Any additional information or considerations for Services to begin January 1, 2020 and continue thereafter for the life of this Contract.
- D. The Contractor must submit a final implementation plan to the Program Manager and Plan Sponsor within five State-business days from contract execution date, including Contractor's project plan management approach and detailed explanation of any identifying methods, tools, and processes, intended for oversight and completion of



the implementation for January 1, 2020. The Program Manager will provide final approval of implementation plan within 14-days after submission.

#### **4.2. Meetings**

The Contractor must attend the following meetings:

- A. Work plan meeting (if requested). This meeting is in person onsite at the Plan Sponsor's office, at a frequency determined by the Plan Sponsor. The purpose is to review operational concerns and provide status updates on ongoing projects. The Plan Sponsor must create the work plan agenda, facilitate the meeting, and maintain notes.
- B. Quarterly Performance Review meeting. This meeting will be held in person and onsite at Plan Sponsor's location, unless otherwise specified by Plan Sponsor. The purpose of this meeting will be to walk-through the Quarterly Review Report (5.3.A). The Contractor must create the agenda, facilitate the meeting, and maintain notes.
- C. Annual Performance Review meeting. This meeting will be held in person and onsite at the Plan Sponsor's location, unless otherwise specified by the Plan Sponsor. The purpose of this meeting will be to walk-through the Annual Review Report (5.3.B). The Contractor must create the agenda, facilitate the meeting, and maintain notes.
- D. Once-per-contract Site Visit. This meeting is onsite at the Contractor's facility. Contractor must host up to six representatives from the Plan Sponsor for a site visit to tour the facility and meet with Contractor's staff. Contractor must create the agenda and facilitate the tour. Tour must include, but is not limited to:
  - 1. Call Center
  - 2. Claims Processing Center
  - 3. Mail Processing
  - 4. Enrollment Processing

Any travel and accommodations and meal expenses for State employees and/or other Plan Sponsor representatives must be covered by the Contractor

- E. Additional meetings may be requested by the Plan Sponsor on an as-needed basis at the Plan Sponsor's sole discretion. Plan Sponsor will determine the location of these meetings. Contractor must make the account team and all necessary subject matter experts available for these meetings.
- F. Contractor may be required to attend and/or participate in all Michigan Public School Employees' Retirement System board and committee meetings.
- G. In addition to the Plan Sponsors' designated meetings, the Contractor may receive requests for speakers from the Member support organizations. A reasonable effort must be made to accommodate the request for in-state meetings at no charge to the retiree support organizations or the Plan Sponsor. Reporting on meeting requests and meetings actually attended must be provided to the Plan Sponsor on a quarterly basis.

The State may request other meetings, as it deems appropriate.

#### **4.3. Reporting**

The Contractor must submit, to the Plan Sponsor, the following written reports:

- A. Quarterly Review Report. This report should include Contractor's comprehensive review of the cost and utilization experience of the Plan, including but not limited to:
  - 1. Trend analysis
  - 2. Comparison to benchmarks
  - 3. Opportunity analysis for low performing areas
  - 4. Contractor initiatives
  - 5. General industry update

The Quarterly Review Report should also include a detailed Customer Service Update, including:



1. Call Center Activity Summary
  - a. Number of inquiries
  - b. Summary of call issues
  - c. Description of top complaints
- B. Annual Performance Review Report. This report should be an annualized version of the Quarterly Review Report (5.3 A) listed above.
- C. Meeting Activity Report. Contractor must provide meeting activity reports in response to meetings requested under Section 5.2 G. The reports must be submitted within two weeks of the close of each calendar quarter. The reports must contain the date, location, and size of the meetings as well as the sponsoring organization and contact person.
- D. Contractor must perform ad hoc reporting upon the request and specification of the Plan Sponsor including:
  1. Follow up reporting on reports listed above where additional information and analysis is required
  2. Reports requested by the Plan Sponsor that provide further information and analysis to services not encompassed by the specified reports above
- E. The Contractor must provide an ad hoc reporting tool that Plan Sponsor can use to directly access utilization and other Plan-specific data. This includes training for a limited number of Plan Sponsor representatives.
- F. The Contractor must provide the ORS with copies of the Michigan-specific HEDIS reports according to the most current National Committee for Quality Assurance (NCQA) specifications and timelines.
- G. Internal Controls Validation and Reporting
  1. The Contractor must have either a Type II Statement of Auditing Standards ("SAS") 70 or a Statement on Standards for Attestation Engagements (SSAE) No. 16 SOC 2 Type 2 audit conducted annually.
  2. Contractor must provide the State with a copy of their current year SSAE 16 report once the Contract is effective.
  3. If the Contractor's current SSAE-16 or SAS-70 has qualifications, the Contractor must provide the Plan Sponsor with the corrective action plan, in a timeframe mutually agreed upon by the Contractor and the Plan Sponsor and provide regular updates until issues have been corrected.
  4. The Contractor must supply the Plan Sponsor with an annual electronic copy of the results of this audit within 45 Days of completion of the report.
  5. The Contractor must provide, to the Plan Sponsor, additional information pertaining to internal controls, upon request.
  6. The Contractor must provide the Plan Sponsor with a corrective action plan on all actionable items within 30 days from delivery of the report to the Plan Sponsor (or as mutually agreed upon between Contractor and Plan Sponsor) and provide regular updates on those items until they are resolved.

## **5. Pricing**

### **5.1. Price Term**

Pricing provided in Schedule B Pricing is firm for the initial (1) year Contract term, through December 31, 2020.

### **5.2 Price Changes**

After the initial one year Contract term, the State will provide the Contractor with new premium rates under Schedule B Pricing for each of the four one-year options, as specified in Section 1.1 Services and Deliverables, F. Financial Administration, 1. Premiums. Renewal of option years is at the sole option of the State and will be documented via Contract Change Notice.

**6. Ordering****6.1. Authorizing Document**

The appropriate authorizing document for the Contract will be a signed Master Agreement.

**7. Invoice and Payment****7.1. Late Enrollment Penalty Invoice Requirements**

All invoices submitted to the State must include: (a) date; (b) quantity; (c) description of the Contract Activities; (d) unit price; and (e) total price. Overtime, holiday pay, and travel expenses will not be paid.

**7.2. Payment Methods**

The State will make payment for Contract Activities by EFT. Payment is predicated on the enrollment records of the Plan Sponsor.

**8. Records Management and Retention**

The Contractor must have a records management policy in place to securely store and maintain physical and electronic records. In addition, the Contractor must:

- 1) Ensure that only authorized staff has access to records.
- 2) Ensure that all staff or other personnel that handles records are trained on the policies and procedures for keeping the records secure and that retention and disposal is handled appropriately.
- 3) Perform routine self-audit and monitoring activities of their records management program, including monitoring policies and procedures to ensure compliance.
- 4) Have a disaster recovery plan as specified in the Standard Contract Terms, Schedule L, Exhibit 1 Contractor's Disaster Recovery Plan.





## SCHEDULE B PRICING

MPSERS HMO Premium Rates Effective: 1/1/2020 - 12/31/2020		
Without Medicare		
	Assuming Waiver of ACA Health Insurer Fee	With ACA Health Insurer Fee
Self	\$682.32	\$686.00
Spouse	\$566.04	\$569.10
Per Child	\$171.04	\$171.97
With Medicare		
	Assuming Waiver of ACA Health Insurer Fee	With ACA Health Insurer Fee
Self	\$131.21	\$143.94
Spouse	\$113.68	\$126.22
Per Child	\$128.04	\$140.59

**Note:** Two sets of rates have been developed which takes into consideration whether the HMO will be subject to a fee pursuant to Section 9010 of the Patient Protection and Affordable Care Act (ACA). If the fee is in place, Plan Sponsor will pay the rates in the "With ACA Health Insurer Fee" column in order to cover the cost of the fee. If at any point the fee is waived, Plan Sponsor will pay the rates in the "Assuming Waiver of ACA Health Insurer Fee" column. This includes correcting rate payments going forward as well as recovering from Contractor overpayments made in order to cover the expected fee.



**SCHEDULE C**  
**HMO Services for MPSERS**  
**Mandatory Requirements**

1. The Contractor must provide services exactly as written in Schedule A – Statement of Work of the Contract and in strict accordance with the Plan Design.
2. The Contractor is a HMO licensed in the State of Michigan and accredited by the National Council for Quality Assurance (NCQA), a national organization that evaluates HMO quality. The coverage offered to Members must be authorized under the Bidder's HMO license.
3. The Contractor must provide services in all locations that they are currently approved by the Michigan Department of Insurance and Financial Services (DIFS) to service.
4. The Contractor must provide comprehensive benefits to members when they temporarily reside outside of the service area.
5. The Contractor must provide all services at or below the 2020 premium rates as listed in Schedule B - Pricing of the Contract.



# STATE OF MICHIGAN

## HMO Services for MPSERS

### **SCHEDULE D - DEFINITIONS**

24x7x365 means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

Actuarial Equivalences/Actuarially Equivalent means the financial value of the coverage and the cost sharing provisions are the same for a given population and spending pattern.

Additional Service means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

Appeal means any of the procedures that deal with the review of adverse Organization Determinations on the health care services an enrollee believes he or she is entitled to receive, including delay in providing, arranging for, or approving the health care services (such that a delay would adversely affect the health of the enrollee), or on any amounts the enrollee must pay for a service as defined in 42 CFR 422.566(b). These procedures include reconsideration by the Medicare health plan and if necessary, an independent review entity, hearings before Administrative Law Judges (ALJs), review by the Medicare Appeals Council (MAC), and judicial review.

Audit Period means the seven-year period following Contractor's provision of any work under the Contract.

Bidder(s) are those companies that submit a proposal in response to this RFP.

Master Agreement is an alternate term for Contract and is used in the Plan Sponsor's computer system.

Breach means the acquisition, access, Use or Disclosure of Protected Health Information or Personal Identifying Information in a manner not permitted under the Privacy Rule or the Michigan identify Theft Protection Act, as applicable, which compromises the security or privacy of such information.

CAHPS means Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey(s).

Center for Medicare and Medicaid Services (CMS) means the federal agency that administers and oversees the Medicare and Medicaid programs.

Claim means a submission for payment of a Service.



Claimant means a Member who demands payment for Covered Services.

Claims Processing means the procedures that the Contractor uses to review a Claim for Member Eligibility, coverage determination, Provider payment, and Member obligation.

Community Rates mean premium rates filed with State of Michigan that vary by benefit plan and by demographics but not by an individual's or group's claims experience.

Contract means a binding agreement entered into by the State of Michigan and an HMO for health care coverage for Retirement System Members.

Contract Holder means a Retiree, pension beneficiary or COBRA participant who satisfies all of the Eligibility criteria necessary to receive hospital/medical/pharmacy coverage through the Retirement System.

Contractor means the organization selected to administer the Plan for both non-Medicare and Medicare Eligible Members.

Coordination of Benefits (COB) means claims administration when Members are covered by more than one Plan.

Copayment means a fixed dollar portion of the charge for Covered Services which must be paid by Members pursuant to the Plan Design.

Covered Product or Services means the hospital and medical services covered under the Plan Design.

Customer Service means a web based and / or telephonic system by which Members can make inquiries about the Plan and the Contractor can answer or resolve them.

Data (Management) Vendor means a third-party administrator of the Plan Sponsor's database and reporting systems.

Days means calendar days unless otherwise specified.

Deductible means a predetermined amount of money that a Member must pay before Covered Products and Services are eligible for payment as stated in the Plan Design.

DEG means Data Exchange Gateway. This is the State of Michigan standard for sharing data with external partners. The DEG provides a web-based https Secure Internet File Transfer mechanism between agencies within the State of Michigan and their external partners, using an Internet browser without the need for external software.

Reserved means that section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.

Dependent means an individual who satisfies, through a Contract Holder, all of the eligibility criteria necessary to receive hospital/medical/pharmacy coverage under the Plan Sponsor's Plan and is identified by the Plan Sponsor to the Contractor.



Direct Member Reimbursement (DMR) means a request for reimbursement of one or more Covered Products and / or Services submitted for payment by a Member.

Eligibility means the status of an individual with respect to their coverage under the Plan as determined by Plan Sponsor.

Eligibility System means the database maintained by the Contractor that contains information on the effective dates of coverage for all Members that can be accessed by authorized individuals.

ERISA means the Employee Retirement Income Security Act of 1974.

Explanation of Benefits (EOB) means a written statement sent to a Member, from the Contractor, after a claim has been reported, indicating the benefits and charges covered or not covered by the Plan.

Fully Insured means a plan where an entity contracts with another organization to assume financial responsibility for the group's member claims and for all incurred administrative costs.

Grievance means any complaint or dispute, other than one involving an Organization Determination, expressing dissatisfaction with the manner in which a Medicare health plan or delegated entity provides health care services, regardless of whether any remedial action can be taken. Grievances may include complaints regarding the timeliness, appropriateness, access to, and/or setting of a provided item or service. An enrollee or their representative may make the complaint or dispute, either orally or in writing, to a Medicare health plan, provider, or facility. An expedited grievance may also include a complaint that a Medicare health plan refused to expedite an organization determination or reconsideration or invoked an extension to an organization determination or reconsideration time frame.

Healthcare Effectiveness Data and Information Set (HEDIS) is a tool used to measure health care plans in terms of performance and service.

Health Maintenance Organization (HMO) means a type of managed care organization (MCO) that provides a form of health care coverage that is fulfilled through hospitals, doctors, and other Providers with which the HMO has a contract.

Health Plan means a plan that provides health coverage for the Plan Sponsor's Members.

HIPAA means the Health Insurance Portability and Accountability Act of 1996.

Identification (ID) Card means the card produced by the Contractor that documents the Member's coverage under the plan.

Identity Theft Protection Act means Public Act 452 of 2004, MCL 445.61, et.seq.



Implementation Period means the period of time between when Contractor is selected, and Services are commenced on January 1, 2020.

Incident means any interruption in any function performed for the benefit of the Plan Sponsor.

Inquiry means any oral or written request to the Contractor, one of its subcontractors, or received by Plan Sponsor and forwarded on to Contractor, that does not involve a request for Organization Determination / exception request.

Low Income Premium Subsidy means the premium paid by the low-income subsidy beneficiary for basic prescription drug coverage after the premium subsidy is applied.

Late Enrollment Penalty means the amount a beneficiary owes for enrolling in coverage when first eligible.

Medicare Advantage (MA) Plan means any plan which is available to Medicare beneficiaries and that is operated by an entity that has been approved by CMS.

Medicare-Eligible Member means a Member who is eligible, as determined by CMS, for Medicare Parts A, B and D benefits.

Member means each Contract Holder and eligible Dependent.

Member Communication Materials means those materials published by the Contractor for distribution to Members.

MPSERS means the Michigan Public School Employees Retirement System; also referred to as the "Retirement System".

NCQA means the National Committee for Quality Assurance, a private, not-for-profit organization which provides tools for the measurement, analysis, and improvement of health care systems.

Network Provider means a Provider who has an agreement with the Contractor to provide Covered Products or Services to Members.

New Work means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, such that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.

Non-Medicare Member means a member who is not a Medicare-Eligible Member.

Organization Determination means any decision made by the Contractor on behalf of the Plan regarding payment or benefits to which a Member believes he or she is entitled.

ORS means the Office of Retirement Services.



Personal Identifying Information or PII has the same meaning as the term Section 3(q) of the Identify Theft Protection Act.

Plan means the Plan Sponsor's program which provides hospital/medical/pharmacy coverage to Members.

Plan Design means a description of the Plan Sponsor's Plan related to medical coverage and limitations thereto, including the framework of policies, interpretations, rules, practices and procedures applicable to such coverage, required and signed by the Plan Sponsor and submitted to the Contractor.

Plan Sponsor means the Office of Retirement Services.

Plan Year means a calendar year, from January 1st through December 31st.

MPPM means Per Member Per Month.

Practitioner means a licensed physician or other licensed health care provider authorized to provide health care services.

Premium means the periodic payment made on an insurance policy.

Prior Authorization (PA) means an advance verification or confirmation that certain criteria are satisfied for specific Covered Services and Products before processing the Claim for Covered Services or Products.

Privacy Rule means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

Protected Health Information means individually identifiable health information related to the past, present, or future physical or mental health or condition of a Member; the provision of health care to a Member; or the past present or future payment for the provision of health care to a Member, as more fully defined in 45 CFR §164.501 or otherwise considered confidential under federal or State law.

Provider means a health care professional or a health care facility that provides medical services to Members.

Provider Network means that set of Providers with which the Contractor has contracted to provide services to Members.

Retiree means a member who retires with a retirement allowance payable from reserves of the retirement system. The Public School Employees Retirement Act. MCL 38.1307(4).

Self-Insured means that the Plan Sponsor has financial responsibility for providing the funds used to pay Eligible Claims.

SLA means Service Level Agreement.



State Location means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

Subcontractor means a company selected by the Contractor who is chosen to perform a portion of the Services but does not include independent contractors engaged by Contractor solely in a staff augmentation role. It also means a person or entity that creates, maintains, or transmits Protected Information on behalf of Contractor.

Unit means a Contract Holder and their Dependent(s).

Work in Progress means a Deliverable that has been partially prepared but has not been presented to the Plan Sponsor for Approval.

834 File is the standard electronic process in the industry.





## **SCHEDULE E – ACCOUNT MANAGEMENT SATISFACTION SURVEY**

### **MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM CONTRACTOR PERFORMANCE EVALUATION FOR (YEAR)**

The following survey gauges your Account Management satisfaction level. For each section, rate your satisfaction level using the 5 point scale provided, Strongly Agree (5) to Strongly Disagree (1). Provide comments at the end of each section for any statement you rate "3" or below. To comply with the Service Level Agreement, an overall score of 4.00 must be achieved.

#### **Section I: Please rate your agreement with the following statements about your Senior Account Manager.**

Statement	Strongly Agree 5	Somewhat Agree 4	Neutral 3	Somewhat Disagree 2	Strongly Disagree 1	Not Applicable
<b>My Account Manager....</b>						
• is making a positive contribution to my business						
• is a good listener						
• is professional and pleasant to work with						
• is reliable						
• is good at establishing rapport with others						
• returns my calls/emails promptly						
• can be reached when needed						
• addresses urgent issues in a timely manner						
• makes my needs a priority						
• is knowledgeable about industry trends						
• is knowledgeable about MPSERS-related operations						
• is a good problem solver						
• tries to anticipate my needs						
• proactively recommends solutions						
• follows through on issues until they are resolved						
• makes competent decisions to effectively administer the contract						
• is supported by the Contractor organization to effectively administer the contract						
• leverages the Contractor's resources to effectively administer the contract						
• presents information professionally, clearly and concisely						



• writes professionally, clearly and concisely						
• clearly communicates meeting objectives in advance of meetings						
• provides meaningful status updates and follows up on assignments until they are complete						
• treats me like a long-term valued partner						
<b>Total:</b>						
<b>Overall rating (average):</b>						
<b>Comments for ratings 3 or below:</b>						

**Section II: Please rate your agreement with the following statements about Member Communications.**

Statement	Strongly Agree 5	Somewhat Agree 4	Neutral 3	Somewhat Disagree 2	Strongly Disagree 1	Not Applicable
<b>Member Communications are...</b>						
• developed in a manner that meet the ORS' business needs						
• well written, relevant, innovative, accurate and informative						
• developed in a manner that is consultative, dynamic, flexible and adaptive to the needs of the ORS and its membership						
• submitted to the ORS with sufficient review time to avoid mailing delays						
<b>Total:</b>						
<b>Overall rating (average):</b>						
<b>Comments for ratings 3 or below:</b>						


**Section III: Please rate your agreement with the following statements about Data Reporting**

Statement	Strongly Agree 5	Somewhat Agree 4	Neutral 3	Somewhat Disagree 2	Strongly Disagree 1	Not Applicable
• Routine and ad hoc reports add value and meet the ORS' business needs						
• Report management promotes collaboration with the ORS's business partners						
• Report management is consultative, transparent, and solution-driven						
• Reports are delivered on time based on Contract language and business needs						
<b>Total:</b>						
<b>Overall rating (average):</b>						
<b>Comments for ratings 3 or below:</b>						

**Section IV: Please rate your agreement with the following statements about Member Services Management (Customer Service)**

Statement	Strongly Agree 5	Somewhat Agree 4	Neutral 3	Somewhat Disagree 2	Strongly Disagree 1	Not Applicable
<b>I see evidence that...</b>						
• MPSERS membership consistently receives excellent customer services						
• member issues are escalated appropriately to ensure timely and accurate handling, including advisement of rights afforded under the Plan						
• MPSERS messaging and directives are accurately delivered in member seminars, retiree organization meetings, etc.						
• the Member Services team works effectively with ORS in problem resolution						
• the onsite Group Representative is courteous and willing to work with ORS in resolving issues						NA
• the Contractor correctly routes member issues to the appropriate resources						



<b>Total:</b>						
<b>Overall rating (average):</b>						
<b>Comments for ratings 3 or below:</b>						

**Section V: Please rate your agreement with the following statements about Product Management and Administrative Support**

Statement	Strongly Agree 5	Somewhat Agree 4	Neutral 3	Somewhat Disagree 2	Strongly Disagree 1	Not Applicable
<b>The Contractor...</b>						
• focuses on improving member health and reducing total member cost in a manner that is consistent with plan design and board intent						NA
• effectively manages the Plan's medical/clinical aspects to maximize savings to the System						NA
• addresses ORS financial inquiries timely and accurately (invoices, settlements, SLA penalties, etc.)						
• exhibits a sense of urgency to correct financial discrepancies						
• improves internal processes to better meet performance standards						
• provides robust and responsive administrative support from all departments within its organization (Finance, IT, Communications, etc.)						
• presents Strategic initiative proposals and strategies to improve quality, increase member satisfaction and/or lower Plan cost						NA
• takes appropriate actions to complete projects and other activities on schedule						
<b>Total:</b>						
<b>Overall rating (average):</b>						
<b>Comments for ratings 3 or below:</b>						

**Overall Score**

Section	Rating
I. Account Management	
II. Member Communications	



III. Data Reporting	
IV. Member Services Management	
V. Product Management and Administrative Support	
<b>Total:</b>	
<b>Overall rating (average):</b>	



**SCHEDULE F – RESERVED**



## SCHEDULE G – DEPENDENT COVERAGE

ORS Public School Employees - Dependent Coverage

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**MICHIGAN OFFICE OF  
RETIREMENT SERVICES**  
Public School Employees Retirement System

ORS PUBLIC SCHOOL EMPLOYEES / YOUR INSURANCE BENEFITS / DEPENDENT COVERAGE

## Dependent Coverage

Eligible dependents for health, prescription drug, dental, and vision insurance plans include:

- Your spouse. If he or she is an eligible public school retiree, you will be covered together on one contract.
- Your unmarried child by birth or legal adoption until December 31 of the year in which he or she turns age 19. In the case of legal adoption, a child is eligible for coverage as of the date of placement. Placement occurs when you become legally obligated for the total or partial support of the child in anticipation of adoption.
- Your unmarried child by legal guardianship until age 18.
- Your unmarried child by birth or legal adoption who is a full-time student and dependent on you for support, until December 31 of the year in which he or she reaches age 25 or the end of the graduation month, whichever comes first. See Affordable Care Act below for more information.
- Your unmarried child by birth or legal adoption who is totally and permanently disabled, dependent on you for support, and unable to self-sustain employment. See coverage for disabled dependents below for more information.
- Either your parent(s) or parent(s)-in-law residing in your household - one set of parents or the other, but not both.

Coverage for your eligible dependents is the same as yours.

You are responsible for immediately notifying ORS of any change in your status or that of your dependents that would affect insurance eligibility. If it is discovered that an ineligible person is covered by you, that person will be terminated retroactively and you may be responsible for repaying any claims made on their behalf.

### Required proof(s) for coverage

You will be asked to provide photocopies of the following:

- marriage certificate if you're adding a spouse,
- birth certificates as proof of age and relationship,
- IRS form 1040 that identifies the child as your dependent or a letter from your tax preparer (on letterhead) declaring your dependent is eligible but files their own taxes.



- school records as proof of full-time attendance, which must include:
  - dependent's name,
  - dates enrolled,
  - name of institution,
  - and number of credit hours or deemed full time
- court orders to prove legal guardianship (if applicable),
- and driver's license or tax returns as proof of residence for your parent(s) or parent(s)-in-law.

These documents are referred to as *proofs*, proving your eligibility for coverage. Learn more here about the required proofs you may need to submit to enroll a dependent in insurance. You can also view this short dependent eligibility proofs e-learning module.

**Note:** The timeframe to submit enrollment request and proofs for dependents is the same as enrolling yourself in insurances.

### Coverage for disabled dependents

To ensure coverage for your incapacitated child, you will need to provide:

- a current letter from the attending physician **detailing the disability**, stating the child is:
  - totally and permanently disabled, and
  - incapable of self-sustaining employment
- and the IRS form 1040 that identifies the child as your dependent

Coverage for a disabled dependent can begin the first of the month after ORS approves his or her eligibility, so it is important to provide documentation early as possible. In some cases we may ask for additional information to determine medical eligibility. This may delay enrollment.

**Note:** The timeframe to submit enrollment request and proofs for dependents is the same as enrolling yourself in insurances.

### Additional notes about insurance for your dependents.

#### Affordable Care Act

Federal law changes in 2010 extended coverage to adult children up through the age of 26; however, the federal government has determined that this provision of the law does not apply to non-federal governmental retiree only plans, like the Michigan Public School Employees Retirement System. Because of this, your dependents are not automatically eligible for the health plan until age 26 as they were under your active employer insurance plan.

#### COBRA insurance





A federal law known as *COBRA (Consolidated Omnibus Budget Reconciliation Act)*, allows your spouse or child the option of paying for continued health insurance coverage for up to 36 months after a qualifying event that results in the loss of eligibility. Your health insurance carrier may also offer a conversion policy for the dependents. Your dependents will be notified of these options by the health insurance carrier. Contact the insurance carrier for more information.

### Survivor coverage

If you choose a survivor option for your pension and you have the Premium Subsidy benefit, your designated pension beneficiary can enroll in or continue group insurances after your death. If you choose your spouse as your survivor pension beneficiary, your eligible dependents who were covered at the time of your death will also continue to receive insurance benefits, as long as they remain eligible.

If you choose a survivor option for your pension and you have the Personal Healthcare Fund, any eligible beneficiaries and dependents who were already enrolled in insurance plans at the time of your death may continue to be enrolled in those insurance plans and they will continue to be responsible for the entire premium. If they terminate the plan at any time, they will not be able to re-enroll.

### Divorce

If you divorce, your former spouse's coverage ceases as of the end of the month in which the divorce occurs. He or she may be eligible for COBRA continuation, however.

If you are covered under your spouse's plan at the time of divorce, and lose coverage, it is considered a qualifying event. Find more information about qualifying events and enrollment time frames [here](#).

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The retirement plan information that appears on this website is intended to summarize basic provisions of Public Act 300 of 1980, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between the information reflected here and the actual law, the provisions of the law govern.

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## SCHEDULE H – 834 Example

Schedule H  
834 Example

ISA\*00\* \*00\* \*30\*386000134 \*30\*<Vendor Tax ID#>  
\*120504\*2359\*^\*00501\*000000001\*0\*P\*~  
GS\*BE\*386000134\*<Vendor Tax ID#>\*20120504\*2359\*1\*X\*005010X220A1~  
ST\*834\*0235\*005010X220A1~  
BGN\*00\*235\*20120504\*2359\*\*\*\*2~  
DTP\*007\*D8\*20120504~  
N1\*P5\*MICHIGAN OFFICE OF RETIREMENT SERVICES\*FI\*386000134~  
N1\*IN\*<Vendor Name>\*FI\*<Vendor Tax ID#>~  
INS\*Y\*18\*021\*28\*A\*E\*\*RT\*N\*N~  
REF\*0F\*123456789~  
REF\*6O\*123456789~  
REF\*ZZ\*2&MIPG&20040501~  
REF\*F6\*123456789A~  
DTP\*286\*D8\*20040501~  
DTP\*356\*D8\*20120701~  
NM1\*IL\*1\*DOE\*JANE\*L\*\*\*34\*123456789~  
PER\*IP\*\*HP\*1234567890~  
N3\*123 FIRST ST~  
N4\*BELLEVUE\*MI\*49021~  
DMG\*D8\*19500101\*F~  
HD\*021\*\*HLT\*\*SPO~  
DTP\*348\*D8\*20120701~  
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DTP\*338\*D8\*20080401~  
NM1\*IL\*1\*DOE\*JOHN\*H\*\*\*34\*987654321~  
PER\*IP\*\*HP\*1234567890~  
N3\*111 MAIN ST~  
N4\*SALINE\*MI\*48176~  
DMG\*D8\*19450401\*M~  
HD\*001\*\*HLT\*\*ESP~  
DTP\*303\*D8\*20120501~  
COB\*P\*987654321A\*1~  
DTP\*344\*D8\*20080424~  
NM1\*IN\*2\*MEDICARE PART A~  
COB\*P\*987654321A\*1~  
DTP\*344\*D8\*20080424~  
NM1\*IN\*2\*MEDICARE PART B~  
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PER\*IP\*\*HP\*6164539312~  
N3\*987 FRONT ST~  
N4\*GRAND BLANC\*MI\*49534~  
DMG\*D8\*19481212\*M~  
HD\*001\*\*HLT\*\*ESP~  
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COB\*P\*123456789A\*1~  
DTP\*344\*D8\*20131201~  
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COB\*P\*123456789A\*1~  
DTP\*344\*D8\*20131201~  
NM1\*IN\*2\*MEDICARE PART B~  
INS\*Y\*18\*024\*07\*A\*C\*\*TE\*N\*N~  
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REF\*F6\*162406896A~  
DTP\*286\*D8\*20100701~  
DTP\*356\*D8\*20130831~  
DTP\*338\*D8\*20130501~  
DTP\*338\*D8\*20130501~  
NM1\*IL\*1\*SMITH\*JOE\*M\*\*JR\*34\*987654321~  
PER\*IP\*\*HP\*1234567890~  
N3\*9999 TEST DRIVE~  
N4\*LANSING\*MI\*48075~  
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DTP\*349\*D8\*20130831~  
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DTP\*344\*D8\*20130501~  
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COB\*P\*9876543216A\*1~  
DTP\*344\*D8\*20130501~  
NM1\*IN\*2\*MEDICARE PART B~  
SE\*86\*0235~  
GE\*1\*1~  
IEA\*1\*000000001~



## **Batch Program**

### **Extract Health Care Data File**

#### ***Description:***

This batch program is run on a scheduled basis each week and is used to extract data to populate the Health Care Enrollment Data File in order to capture new health care enrollment member information to be sent to each respective health care vendor. When this batch program is requested to run as a resubmission, the data extract is the same as a previous file to a vendor on a specified date.

#### ***Data Rules:***

##### **Selection Criteria:**

##### **Scheduled Job Stream (original file sent to vendors)**

###### ***Health Care Enrollment Data Tape***

Rule 1: This data file must capture and transmit all change instances of a health care plan. Once a record of the modification has been sent, it will not be sent again in a future batch run of this data file.

###### **Examples:**

1. If a dependent is added to the coverage of an existing contract, then send the information of the new dependent only.
2. If a dependent was dropped from the coverage, then send the information of the dependent who was dropped from the coverage.
3. If a new contract has been added, then the information on all the dependents covered in the health care contract will be sent to the vendor.
4. If a contract was ended, then the information on all the dependents will be sent to the vendor.

Rule 2: Once a record which represents a modification (an add, end, or update) is included in the batch, a flag field will be set (i.e. turned on) to indicate that the modification has been sent. This will prevent the record from being selected in a future batch run and prevent the health care plan from being deleted.

Rule 3: Whenever a change is made to existing contract policy to update missing contract person information, using a reason code as "updating data", the batch process should not send the information to the vendor.

- **Selection Criteria:**
  - Select records which have been modified (added, terminated, updated) on and before the date of the current batch run and where the 'Sent' indicator (see Rule 2 above) is set to 'off' (0) and also the 'Rdy\_in' is set to 1. This indicator can be set to true (1) or false (0) from Tab Health Care. This will include records where the 'Change Effective Date' field may have been set for any date during the week or any time in the past. After conclusion of the batch, set the 'Sent' indicator to 'on' (1) for all records which were picked up in the selection. Set the sent date to the business date of the batch run.
  - Include in this selection, records where the 'Change Effective Date' field has been set for a future date up to and including sixty (60) days beyond the date of the batch

run. After conclusion of the batch, set the 'sent' indicator to 'on' (1) for all records which were picked up in the selection. Set the sent date to the business date of the batch run.

- Do not include records where the 'Change Effective Date' of the modification is set more than sixty (60) days beyond the date of the batch run.
- Select records which have had an address change on and before the date of the current batch run from the end of the previous batch run. This will include records where be\_addr.addr\_ln1\_nm or be\_addr.addr\_ln2\_nm has been modified for any person owning a health care contract (subscribers). Any address changes made to non-health care owners will not be selected. Additionally, only address information will be selected for health care contract owners who only have changes made to their address information and not their health care contract information. Should a member have an address change and also health care information changes, all relevant address and health care data will be selected and written to the data file.
- Select records which have had a name, birth date or SSN change on and before the date of the current batch run from the end of the previous batch run. This will include records where be\_prsn.fst\_nm, be\_prsn.last\_nm, be\_prsn.mid\_nm, be\_prsn.dsgtn.cd, be\_prsn.sfx.cd, be\_prsn.brth\_dt or be\_prsn.ss\_nr has changed for any person owning a health care contract. Any name or SSN changes made to non-health care owners will not be selected. Additionally, only name and SSN information will be selected for health care contract owners and covered related individuals who only have changes made to their name, birth date and SSN and not their health care contract information. Should a member have a name, birth date or SSN change and also health care information changes, all relevant name, birth date, SSN and health care data will be selected and written to the data file.

### **Requested Job Stream (for file resubmission to vendors)**

Rule 1: This data file must recapture and transmit all change instances of a health care plan based on specific input parameters. The parameters are as follows:

Vendor – Vendor for which the file will be resubmitted

Original Run Date – Date of the original file run date for a chosen vendor

- Selection Criteria:
  - Select records where the sent date equals the original run date entered by the user.

### **Data Population Rules:**

#### *Segment ISA*

- This is a fixed length segment.

#### **1. Authorization Information Qualifier**

00 – No Authorization Information Present

#### **2. Authorization Information**

Fill with spaces. File is not reporting authorization information.

#### **3. Security Information Qualifier**

00 – No Security Information Present

#### **4. Security Information**

Fill with spaces. File is not reporting security information.

#### **5. Interchange ID Qualifier**

30 – U.S. Federal Tax Identification Number

#### **6. Interchange Sender ID**

Retirement System Tax ID number (be\_org.tax\_id\_nr) with trailing spaces

#### **7. Interchange ID Qualifier**

30 – U.S. Federal Tax Identification Number

#### **8. Interchange Receiver ID**

Tax ID number of the receiver/health care vendor (be\_org.tax\_id\_nr) with trailing spaces

#### **9. Interchange Date**

Denotes the date that the file is created and will always be the business date on which the job is run in YYMMDD format.

#### **10. Interchange Time**

Denotes the time that the file is created and will always be the time on the business date on which the job is run in HHMM format.

#### **11. Interchange Control Standards Identifier**

^ – U.S. EDI Community of ASC X12, TDCC, and UCS

#### **12. Interchange Control Version Number**

00501 – Draft Standards for Trial Use Approved for Publication by ASC X12 Procedures Review Board through October 1997

#### **13. Interchange Control Number**

Unique system-defined number given to each file. This number will start with '000000001' and increase by an increment of 1 for each respective file produced.

#### **14. Acknowledgement Requested**

0 – No Acknowledgement Requested

#### **15. Usage Indicator**

Indicates whether the file produced is a test file or a real production submission (be\_834\_file\_typ.file\_typ\_cd)

P – Production Data

T – Test Data

## **16. Component Element Separator**

: - Component element separator (if needed)

*Segment GS*

## **17. Functional Identifier Code**

BE – Benefit Enrollment and Maintenance (834)

## **18. Application Sender's Code**

Retirement System Tax ID number (be\_org.tax\_id\_nr)

## **19. Application Receiver's Code**

Tax ID number of the receiver/health care vendor (be\_org.tax\_id\_nr)

## **20. Date**

Denotes the date that the file is created and will always be the business date on which the job is run in CCYYMMDD format.

## **21. Time**

Denotes the time that the file is created and will always be the time on the business date on which the job is run in HHMM format.

## **22. Group Control Number**

Unique system-defined number given to each group. This number will start with '000000001' and increase by an increment of 1 for each respective group submitted in a file.

## **23. Responsible Agency Code**

X – Accredited Standards Committee X12

## **24. Version/Release/Identifier Code**

005010X220A1 – Draft Standards Approved for Publication by ASC X12 Procedures Review Board through October 1997, as published in this implementation guide.

Implementation guide used – National Electronic Data Interchange Transaction Set Implementation Guide, Benefit Enrollment and Maintenance, 834, ASC X12N 834 (005010X2201) from the Washington Publishing Company August 2006.



*Segment ST***25. Transaction Set ID Code**

834 - Benefit Enrollment and Maintenance

**26. Transaction Set Control Number**

Unique system-defined number given to each record in the file and signifies the beginning of a transaction set with this control number. This number will start with '0001' and increase by an increment of 1 for each respective vendor file produced.

**27. Implementation Convention Reference**

005010X220A1 – Draft Standards Approved for Publication by ASC X12 Procedures Review Board through October 1997, as published in this implementation guide.

Implementation guide used – National Electronic Data Interchange Transaction Set Implementation Guide, Benefit Enrollment and Maintenance, 834, ASC X12N 834 (005010X2201) from the Washington Publishing Company August 2006.

*Segment BGN***28. Transaction Set Purpose Code**

00-Original; Used only in the scheduled batch; Number will increase by 1 for each vendor file created  
15-Re-Submission; Used only in the JS-Request Health Care Data File Resubmission; Number will increase by 1 for each vendor file created

**29. Reference ID #**

System generated number which denotes the beginning of a transaction set; Stored in tp\_cntrct\_prsn\_enroll\_dtls. This number will increase by 1 for each vendor file created. This number will start with '1' and increase by an increment of 1 for each respective vendor file produced.

**30. Date**

Denotes the date that the file is created and will always be the business date on which the job is run in CCYYMMDD format.

**31. Time**

Denotes the time that the file is created and will always be the time on the business date on which the job is run in HHMM format.

**32 Action Code**

2 – Change; Denotes type of file  
4 – Full File

*Segment DTP***33. Date/Time Qualifier**

007 – Effective

**34. Date Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**35. Date Time Period Format Qualifier**

Date of file generation

*Loop 1000A, Segment N1***36. Entity ID Code**

P5 Plan Sponsor; Designates entity within the Sponsor segment

**37. Name**

Retirement System Name: 'Michigan Office of Retirement Services' (be\_org.org\_nm)

**37. Identification Code Qualifier**

FI – Federal Taxpayer's ID number

**38. Identification Code**

Retirement System Tax ID number (be\_org.tax\_id\_nr)

*Loop 1000B, Segment N1***39. Entity Identifier Code**

'IN' – Insurer

**40. Name**

Vendor name (be\_org.org\_nm)

**41. Identification Code Qualifier**

FI – Federal Taxpayer's ID number

**42. Identification Code**

Vendor Tax ID number (be\_org.tax\_id\_nr)

*Loop 2000, Segment INS*

**43. Yes/No Condition Code**

N = No; If member = non-subscriber, insert 'N' (where be\_cnrct\_prsn.hc\_reln\_typ\_cd <> 'SLF')

Y = Yes; If member = subscriber, insert 'Y' (where be\_cnrct\_prsn.hc\_reln\_typ\_cd = 'SLF')

**44. Individual Relationship**

From be\_prsn\_reln.reln\_typ\_cd

01 Spouse – 'SPOS' (Spouse)

05 Grandson or Granddaughter – 'GNDC' (Grand Child)

07 Nephew or Niece – 'NEPH' (Nephew) or 'NIEC' (Niece)

09 Adopted Child – 'ADCH' (Adopted Child)

13 Mother-in-law or Father-in-law – 'MILW' (Mother-in-Law) or 'FILW' (Father-in-Law)

14 Brother or Sister – 'BRO' (Brother) or 'SIS' (Sister)

17 Stepson or Stepdaughter – 'STCH' (Step Child)

18 Self – 'SLF' (Self from be\_hc\_cnrct.hc\_reln\_typ\_cd)

19 Child – 'CHLD' (Child)

32 Mother – 'MTHR' (Mother)

33 Father – 'FTHR' (Father)

**45. Maintenance Type Code**

001-Change; Use when changes to plan

021-Addition; Use when adding a new enrollment

024-Cancellation or Termination; Use when suspending a plan

025-Reinstatement; Use when activating a suspended plan

030-Audit or Compare (Full File)

Specific code to use will be determined by the maintenance reason code in the next field

**46. Maintenance Reason Code**

Map reason codes to the maintenance type codes (maintenance type codes in parenthesis):

Existing reason codes:

01- Divorce (024)

02- Birth (021)

03- Death (024)

05-Adoption (021)

07-Termination of Benefits (024)

10 – COBRA / Pays-us Premium Paid

11-Surviving Spouse ( 021)

14 Voluntary Withdrawal (024)

18-Suspended (024)

25-Change in Identifying Data Elements (001); This code will be used for name, DOB, phone, e-mail, etc

28-Initial Enroll (021)

32-Marriage (021)

41-Re-Enrollment (025)

43-Change of Location (001); This code will be used for address changes;

59-Non-Payment (024)

**47. Benefit Status Code**

A – Active; Select from be\_hc\_ctrct where end\_dt = '2999-12-31 00:00:00.000'; All health care contract owners and their covered dependents will be listed as 'Active' if the owner is not deceased and reason code is not 'Survivor Activation'.

C – COBRA; This value is set if be\_ctrct\_policy\_elctn.cobra\_in = 1

S – Surviving Insured; This value is set if the reason code is Survivor Activation and no death date is populated for the contract owner.

#### 48. Medicare Plan Code

A – If Medicare Part A exists;

Select where be\_ctrct\_prsn.medicare\_in = 1 and

Part\_A\_eff\_dt is not null and

Part\_B\_eff\_dt is null;

B – If Medicare Part B exists;

Select where be\_ctrct\_prsn.medicare\_in = 1 and

Part\_B\_eff\_dt is not null and

Part\_A\_eff\_dt is null;

;

C – If Medicare Part A and B exists;

Select where be\_ctrct\_prsn.medicare\_in = 1 and

Part\_A\_eff\_dt is not null and

Part\_B\_eff\_dt is not null;

E – No Medicare; Select where be\_ctrct\_prsn.medicare\_in = 0

Determines if the member is a Medicare recipient

#### 49. Employment Status Code

RT – Retired

TE – Terminated; this code will be populated for all records that are terminated.

#### 50. Student Status Code

F – Full-time (where be\_ctrct\_prsn.student\_in = 1)

N – Not a Student (where be\_ctrct\_prsn.student\_in = 0)

Determines if the member is a student

#### 51. Yes/No Condition Response Code

N = No

Y = Yes

Determines if the member is disabled (be\_ctrct\_prsn.disabled\_in)

#### 52. Date Time Period Format Qualifier

- Populate only if Date of Death exists;

Constant – 'D8' (Date Expressed in Format CCYYMMDD)

#### 53. Date Time Period

- Populate only if Date of Death exists;

Date of Death (CCYYMMDD) (be\_prsn.deth\_dt)

*Loop 2000, Segment REF*

#### **54. Reference Identification Qualifier**

0F – Subscriber Number

#### **55. Reference Identification**

Subscriber SSN (be\_prsn.ss\_nr)

*Loop 2000, Segment REF*

#### **56. Reference Identification Qualifier**

6O – Cross Reference SSN

#### **57. Reference Identification**

Cross Reference Owner's SSN

*Loop 2000, Segment REF*

#### **58. Reference Identification Qualifier**

ZZ – Mutually Defined

#### **59. Reference Identification**

Combination of system (be\_pln.pln\_id), benefit structure type (be\_bene\_struc\_ref. bene\_struc\_cli\_cd) and retirement effective date (be\_bene\_acct.rtrmt\_dt) concatenated

Ex) SERS, SERS DB Classified, 01/01/2004 would write to the file as '1&SDBC&20040801'; The Ampersand is the delimiter used to separate the three attributes.

*Loop 2000, Segment REF*

- Populate only if HIC number is available.

#### **60. Reference Identification Qualifier**

F6 – Medicare HIC number

#### **61. Reference Identification**

Medicare HIC number - (be\_ctrct\_prsn.HIB is not null)

*Loop 2000, Segment DTP*

**62. Date/Time Qualifier**

286 – Retirement

**63. Date/Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**64. Date Time Period**

Retirement Effective Date (be\_bene\_acct.rtrmt\_dt; CCYYMMDD)

*Loop 2000, Segment DTP*

**65. Date/Time Qualifier**

356 – Reason date

**66. Date/Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**67. Date Time Period**

Reason Date (be\_cntrct\_prsn.reason\_dt; CCYYMMDD)

*Loop 2000, Segment DTP*

- Only if Benefit status Code = C (COBRA)

**68. Date/Time Qualifier**

340 – COBRA Begin

**69. Date/Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**70. Date Time Period**

COBRA Start Date

*Loop 2000, Segment DTP*

- Only if Benefit status Code = C (COBRA)

**71. Date/Time Qualifier**

341 – COBRA End

**72. Date/Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**73. Date Time Period**

COBRA End Date

*Loop 2000, Segment DTP*

- Only if Medicare plan code (field #45) is A or C

**74. Date/Time Qualifier**

338 – Medicare Begin

**75. Date/Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**76. Date Time Period**

Populate with the Medicare A effective date (be\_cnrct\_prsn.part\_a\_eff\_dt); (CCYYMMDD)

*Loop 2000, Segment DTP*

- Only if Medicare plan code (field #45) is B or C

**77. Date/Time Qualifier**

338 – Medicare Begin

**78. Date/Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**79. Date Time Period**

Populate with the Medicare B effective date (be\_cnrct\_prsn.part\_b\_eff\_dt); (CCYYMMDD)

*Loop 2100A, Segment NM1*

**80. Entity Identifier Code**

IL – Insured or Subscriber; Used when identifying information of a new health care policy owner  
74 – Corrected Insured; Used in correcting the identifying information of a member who is already enrolled, including name and SSN changes

**81. Entity Type Qualifier**

1 – Person

**82. Name Last or Organization Name**

Member's last name (be\_prsn.last\_nm)

**83. Name First**

Member's first name (be\_prsn.fst\_nm)

**84. Name Middle**

Member's middle name (be\_prsn.mid\_nm)

**85. Name Prefix**

Member's name prefix (be\_prsn.dsgtn\_cd)

**86. Name Suffix**

Member's name suffix (be\_prsn.sfx\_cd)

**87. Identification Code Qualifier**

34 – SSN

**88. Identification Code**

Member's SSN (be\_prsn.ss\_nr)

*Loop 2100A, Segment PER*

- Populate only if a Home phone number is available for the subscriber

**89. Contact Function Code**

IP – Insured Party

**90. Communication Number Qualifier**

HP – Home Phone Number

**91. Communication Number**

The subscriber's home phone number (be\_tel.tel\_nr)

**92. Communication Number Qualifier**

EM – Electronic Mail

**93. Communication Number**

The subscriber's E-mail address

*Loop 2100A, Segment N3*

- Populate Member's Physical Address

**94. Address Information**

The member's physical address line 1 (be\_addr.addr\_ln1\_nm)

**95. Address Information**



The member's physical address line 2;

*Loop 2100A, Segment N4*

- Populate member's Physical Address

**96. City Name**

The member's physical address city of residence (be\_addr.city\_nm)

**97. State or Province Code**

The member's physical address state or province code of residence (be\_addr.st\_cd or be\_addr.frgn\_prov\_cd)

**98. Postal Code**

The member's physical address postal code of residence (be\_addr.zip\_cd)

**99. Country Code**

The member's physical address country of residence (be\_addr.ctr\_cd); The country code is required by 834 format guidelines to be a two character code derived from the ISO 3166 list of country codes. This list is found at:

<http://www.iso.org/iso/en/prods-services/iso3166ma/02iso-3166-code-lists/list-en1.html>

**100. Location Qualifier**

- Only populates when State or Province Code is equal to MI

CY – County

**101. Location Identifier**

Populates the MI County

*Loop 2100A, Segment DMG*

**102. Date Time Period Format Qualifier**

D8 – (Date Expressed in Format CCYYMMDD)

**103. Date Time Period**

Member's (be\_prsn.brth\_dt) (Date Expressed in Format CCYYMMDD)

**104. Gender Code**

F – Female (select where be\_prsn.sex\_cd = 'F')

M – Male (select where be\_prsn.sex\_cd = 'M')

U – Unknown (select where be\_prsn.sex\_cd = 'UKNW')

*Loop 2100C, Segment NM1***105. Entity Identifier Code**

31 – Postal Mailing Address

**106. Entity Type Qualifier**

1 – Person

**107. Entity Identifier Code**

31 – Postal Mailing Address

*Loop 2100C, Segment N3***108. Address Information**

Member Mailing Address Line 1

**109. Address Information**

Member Mailing Address Line 2

**110. Address Information**

Member Mailing Address Line 1

*Loop 2100C, Segment N4***111. City Name**

The member's Mailing address city

**112. State or Province Code**

The member's mailing address state or province code

**113. Postal Code**

The member's mailing address postal code of residence

**114. Country Code**

The member's mailing address country of residence (be\_addr.ctry\_cd); The country code is required by 834 format guidelines to be a two character code derived from the ISO 3166 list of country codes. This list is found at:

*Loop 2100G, Segment NM1***115. Entity Identifier Code**

GD = Guardian

J6 = POA

LR = Conservator

**116. Entity Type Qualifier**

1 - Person

**117. Name Last or Organization Name**

Responsible Person Last Name or Organization name

*Loop 2100G, Segment N3*

**118. Address Information**

Responsible Person Address Line 1

**119. Address Information**

Responsible Person Address Line 2

*Loop 2100G, Segment N4*

**120. City Name**

The Responsible Person's City

**121. State or Province Code**

The Responsible Person's address state or province code

**122. Postal Code**

The Responsible Person's postal code of residence

**123. Country Code**

The Responsible Person's country of residence (be\_addr.ctrtry\_cd); The country code is required by 834 format guidelines to be a two character code derived from the ISO 3166 list of country codes. This list is found at:

*Loop 2200, Segment DSB*

- Populate only if the subscriber is a disability retiree

**124. Disability Type Code**

3 – Permanent or Total Disability (where be\_ctrct\_prsn.disabled\_in = 1)

*Loop 2200, Segment DTP*

- Populate only if the subscriber is a disability retiree

**125. Date/Time Qualifier**

360 – Disability Begin

**126. Date Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

### **127. Date Time Period**

Retirement Effective Date (CCYYMMDD)

*Loop 2300, Segment HD*

### **128. Maintenance Type Code**

Similar to Loop 2000, Segment INS, Maintenance Type Code.

### **129. Insurance Line Code**

The following values will be populated for different vendors

DEN – Dental Vendors

HLT – Health Vendors

HMO – Health Maintenance Organization

PDG- Prescription Drug

VIS – Vision Vendors

AK-Mental Health Vendors

### **130. Coverage Level Code**

The following values will be populated based on the coverage level code

EMP – Employee only

ESP – Employee and Spouse

ECH – Employee and Children

FAM – This will be used in the case of Self, Spouse and Children coverage

SPO – Spouse Only

SPC – Spouse and Children

E5D – Employee and one or more dependents – This will be used when parents are covered

CHD – Children Only.

DEP – Dependent Only.

*Loop 2300, Segment DTP*

### **131. Date/Time Qualifier**

303 – Maintenance effective date

348 – Benefit Begin. This denotes the effective date of the coverage. This code should always be send when adding coverage.

349 – Benefit End. This denotes the subscriber's or dependent's benefit end.

543 – Last Premium Paid Date

### **132. Date Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

### **133. Date Time Period**

Change Effective Date (CCYYMMDD)

*Loop 2320, Segment COB**To supply information on coordination of benefits***134. Payer Responsibility Sequence Number Code**

This is the code identifying the insurance carrier's level of responsibility for payment of a claim.

P – Primary  
S – Secondary  
T – Tertiary  
U – Unknown

For Medicare retiree this field will have 'P'.

**135. Reference Identification**

Always supply the policy number when it is available. For Medicare retiree this field will have the HIB number.

**136. Coordination of Benefits Code**

Code identifying whether there is coordination of benefits.

1 – Coordination of Benefits  
5 – Unknown  
6 – No Coordination of Benefits.

For Medicare Retiree this field will have 1.

*Loop 2320 Segment REF – To specify the identifying information.*

The REF segment will not be populated for the Medicare retiree or if the group number is empty.

**137. Reference Identification Qualifier**

6P – Group Number

**138. Reference Identification**

Member Group or Policy Number

*Loop 2320 Segment DTP -*

This segment will not be sent if the cob effective date is not available.

**139. Date/Time Qualifier**

344 – Coordination of Benefits Begin

**140. Date Time Period Format Qualifier**

D8 – Date Expressed in Format CCYYMMDD

**141. Date Time Period**

Coordination of benefits date.

*Loop 2320 Segment NM - To identify the party by type of organization, name and code.*

**142. Entity Identifier Code**

IN – Insurer

**143. EntityType Qualifer**

2 – Non-Person Entity

**144. Name**

Send the insurance company name.

For Medicare retiree, if the Medicare plan code is A or C this field will have the value 'Medicare Part A'. If the Medicare plan code is B this field will have the value 'Medicare Part B'.

*Segment SE*

**145. Number of Included Segments**

Calculated; Sum of all segments included in respective vendor file

**146. Transaction Set Control Number**

Unique system-defined number given to each record in the file and signifies the end of a transaction set with this control number. This number will start with '0001' and increment by 1 for each respective vendor file produced. Should be the same number as the Transaction Set Control Number listed in the Transaction Set Header segment (Data Element number 2 above).

*Segment GE*

**147. Number of Transaction Sets Included**

Count of the number of ST segments included in the file.

**148. Group Control Number**

Identical to the control number used in data element 22 (GS06)

*Segment IEA*

**149. Number of Included Functional Groups**

Count of the number of GS segments included in the file.

**150. Interchange Control Number**

Identical to the control number used in data element 13 (ISA13)



**SCHEDULE H2 – 834 Use Case**



### SCHEDULE I – MEDICAL CLAIM LAYOUT

#### Detail Layout

Field Number	Field Name	Start	End	Length	Type	Data Element Description	Data Dictionary Needed	Data Supplier Instructions/Notes
<b>Fixed-Record Length</b>								
1	Adjustment Type Code	1	1	1	Character	Client-specific code for the claim adjustment type	Yes	Adjustment Type values will be identified in the Data Dictionary.
2	Admit Source Code UB	2	2	1	Numeric	The UB standard code for the admission source.		
3	Admit Type Code UB	3	3	1	Character	The UB standard code for the type of admission, indicating the priority of the admission or visit.		





4	Allowed Amount	4	13	10	Numeric	The maximum amount allowed by the plan for payment.		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.
5	Bill Type Code UB	14	17	4	Character	The UB-04 standard code for the billing type, indicating type of facility, bill classification, and frequency of bill. Length expanded from 3 to 4 for future use.	Yes	Bill Type values will be identified in the Data Dictionary.
6	Capitated Service Indicator	18	18	1	Character	An indicator that this service (encounter record) was capitated		Applicable field values are "Y" for Capitated services and "N" for non-cap services.
7	Charge Submitted	19	28	10	Numeric	The submitted or billed charge amount		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.
8	Claim ID	29	43	15	Character	The client-specific identifier of the claim.		



9	Claim Type Code	44	45	2	Character	Client-specific code for the type of claim to differentiate facility, professional and dental for example.	Yes	Claim Type Codes will be identified in the Data Dictionary.
10	Co-Insurance	46	55	10	Numeric	The coinsurance paid by the subscriber as specified in the plan provision.		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.
11	Copayment	56	65	10	Numeric	The copayment paid by the subscriber as specified in the plan provision.		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.
12	Date of Birth	66	75	10	Date	The birth date of the person.		MM/DD/CCYY format The four-digit year is required for date of birth. The century cannot be accurately assigned based on a two-digit year.
13	Date of First Service	76	85	10	Date	The date of the first service reported on the claim or authorization record.		MM/DD/CCYY format



14	Date of Last Service	86	95	10	Date	The date of the last service reported on the claim or authorization record.		MM/DD/CCYY format
15	Date of Service Facility Detail	96	105	10	Date	The date of service for the facility detail record.		MM/DD/CCYY format
16	Date Paid	106	115	10	Date	The date the claim or data record was paid.		MM/DD/CCYY format This is the check date.
17	Days	116	121	6	Numeric	The number of inpatient days for the facility claim.		
18	Deductible	122	131	10	Numeric	The amount paid by the subscriber through the deductible arrangement of the plan.		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.
19	Diagnosis Code Principal	132	139	8	Character	The first or principal diagnosis code for a service, claim or lab result. Length expanded from 5 to 8 for future use.		No decimal point.



20	Diagnosis Code 2	140	147	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
21	Diagnosis Code 3	148	155	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
22	Diagnosis Code 4	156	163	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
23	Diagnosis Code 5	164	171	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
24	Diagnosis Code 6	172	179	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.



25	Diagnosis Code 7	180	187	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
26	Diagnosis Code 8	188	195	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
27	Diagnosis Code 9	196	203	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
28	Diagnosis Code 10	204	211	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
29	Diagnosis Code 11	212	219	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.



30	Diagnosis Code 12	220	227	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.	No decimal point.
31	Diagnosis Code 13	228	235	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.	No decimal point.
32	Diagnosis Code 14	236	243	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.	No decimal point.
33	Diagnosis Code 15	244	251	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.	No decimal point.
34	Diagnosis Code 16	252	259	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.	No decimal point.



35	Diagnosis Code 17	260	267	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
36	Diagnosis Code 18	268	275	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
37	Diagnosis Code 19	276	283	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
38	Diagnosis Code 20	284	291	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
39	Diagnosis Code 21	292	299	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.



40	Diagnosis Code 22	300	307	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
41	Diagnosis Code 23	308	315	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
42	Diagnosis Code 24	316	323	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
43	Diagnosis Code 25	324	331	8	Character	A secondary diagnosis code for the claim. Length expanded from 5 to 8 for future use.		No decimal point.
44	Discharge Status Code UB	332	333	2	Character	The UB-04 standard patient status code, indicating disposition at the time of billing.		





45	Family ID	334	342	9	Character	The unique identifier for the Subscriber (contract holder) and their associated dependents.		If Member ID includes a suffix differentiating family members (see Member ID field), it may not be necessary to also provide Family ID.
46	Member ID	343	357	15	Character	Unique member identifier.		Often this identifier contains a suffix differentiating family members and the beginning is identical across families. If this is a unique number without a common portion for a family, family identifier should be included in addition to Member ID.
47	Gender Code	358	358	1	Character	The member's gender code.		M or "F"
48	Line Number	359	360	2	Numeric	The detail line number for the service on the claim		
49	Net Payment	361	370	10	Numeric	The actual check amount for the record		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.



50	Network Paid Indicator	371	371	1	Character	An indicator of whether the claim was paid at in-network or out-of-network level		Y or "N"
51	Network Provider Indicator	372	372	1	Character	Indicates if the servicing provider participates in the network to which the patient belongs		Y or "N"
52	Ordering Provider ID	373	385	13	Character	The ID number of the provider who referred the patient or ordered the test or procedure.		The ID should be the plan specific identifier.
53	Ordering Provider Name	386	415	30	Character	The Name of the provider who referred the patient or ordered the test or procedure.		
54	Ordering Provider Zip Code	416	420	5	Character	The zip code of the provider who referred the patient or ordered the test or procedure.		



55	PCP Responsibility Indicator	421	421	1	Character	An indicator signifying that the PCP is the physician considered responsible or accountable for this claim.		
56	Place of Service Code	422	423	2	Character	Client-specific code for the place of service.	Yes	Place of Service values will be identified in the Data Dictionary.
57	Procedure Code	424	430	7	Character	The procedure code for the service record. Length expanded from 5 to 7 for future use.		CPT/HCPCS codes.
58	Procedure Code UB Surg 1	431	437	7	Character	The primary surgical procedure code (1) on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
59	Procedure Code UB Surg 2	438	444	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.



60	Procedure Code UB Surg 3	445	451	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
61	Procedure Code UB Surg 4	452	458	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
62	Procedure Code UB Surg 5	459	465	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
63	Procedure Code UB Surg 6	466	472	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.



64	Procedure Code UB Surg 7	473	479	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
65	Procedure Code UB Surg 8	480	486	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
66	Procedure Code UB Surg 9	487	493	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
67	Procedure Code UB Surg 10	494	500	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.



68	Procedure Code UB Surg 11	501	507	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
69	Procedure Code UB Surg 12	508	514	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
70	Procedure Code UB Surg 13	515	521	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
71	Procedure Code UB Surg 14	522	528	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.



72	Procedure Code UB Surg 15	529	535	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
73	Procedure Code UB Surg 16	536	542	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
74	Procedure Code UB Surg 17	543	549	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
75	Procedure Code UB Surg 18	550	556	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.



76	Procedure Code UB Surg 19	557	563	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
77	Procedure Code UB Surg 20	564	570	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
78	Procedure Code UB Surg 21	571	577	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
79	Procedure Code UB Surg 22	578	584	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.





80	Procedure Code UB Surg 23	585	591	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
81	Procedure Code UB Surg 24	592	598	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
82	Procedure Code UB Surg 25	599	605	7	Character	The secondary surgical procedure code on the facility claim. Length expanded from 5 to 7 for future use.		ICD-9 or 10 Surgical procedure codes.
83	Procedure Modifier Code 1	606	607	2	Character	The 2-character code of the first procedure code modifier on the professional claim		
84	Procedure Modifier Code 2	608	609	2	Character	The 2-character code of an additional procedure code modifier on the professional claim		



85	Procedure Modifier Code 3	610	611	2	Character	The 2-character code of an additional procedure code modifier on the professional claim		
86	Procedure Modifier Code 4	612	613	2	Character	The 2-character code of an additional procedure code modifier on the professional claim		
87	Provider ID	614	626	13	Character	The unique identifier for the provider of service.		The Provider ID should be specific to the individual provider and not a group.
88	Provider Name	627	656	30	Character	The description or name corresponding to the Provider ID.		The Provider Name should be specific to the provider and not a group name.
89	TIN	657	665	9	Character	The federal tax ID of the provider.		Federal Tax ID is required to assign the standard hospital identifier (UNIHOSP).
90	Provider Type Code Claim	666	668	3	Character	Client-specific code for the provider type on the claim record	Yes	Provider Type codes are further defined in the Data Dictionary



91	Provider Taxonomy Code	669	678	10	Character	The Healthcare Provider Taxonomy code specific to the professional servicing provider associated with the claim. (Note: This is not a standard field in the database, but is used in the mapping of Provider Type Code Claim to standardized values.)		The National Uniform Claim Committee standard taxonomy code for the provider.
92	Provider Zip Code	679	683	5	Character	The 5-digit zip code corresponding to the Provider ID		Provider Location zip code
93	Referral Indicator	684	684	1	Character	Indicates if the service resulted from a referral.		Applicable field values are "Y" for referred services and "N" for non-referred services.
94	Referral Type Code	685	685	1	Character	Client-specific code of the type of referral.	Yes	Referral Type values will be identified in the Data Dictionary.
95	Revenue Code UB	686	689	4	Character	The CMS standard revenue code from the facility claim		This field must be at the service/detail level.



96	Risk Withhold Amount	690	699	10	Numeric	The amount of the net payment retained or withheld from the servicing provider and placed in a risk-sharing pool for future distribution.		Format 9(8)v99 (2 - digit, implied decimal)
97	Third Party Amount	700	709	10	Numeric	The amount saved due to integration of third party liability (Coordination of Benefits) by all third party payers (including Medicare).		Format 9(8)v99 (2 – digit, implied decimal) On facility records, this field must be at the service/detail level as opposed to the header/claim level.
98	Units of Service	710	713	4	Numeric	Client-specific quantity of services or units		
99	Group ID	714	721	8	Character	Client-specific code for the group number.	Yes	Group ID values will be identified in the Data Dictionary. Additional fields may be added to the layout if there is more than one component of the account structure.
100	Provider NPI Number	722	731	10	Character	The National Provider ID number for the provider.		



101	DRG MS Payment Code	732	734	3	Numeric	The Diagnosis Related Group (MS-DRG) code under which the claim was paid.		
102	Present on Admission Principal	735	735	1	Character	<p>The principal POA code for the facility claim. Indicates whether the principal diagnosis was present on admission.</p> <p>Standard Values:</p> <p>1 – Unreported/Not Used</p> <p>N – No, not present at admission</p> <p>U – Unknown</p> <p>W – Clinically Undetermined</p> <p>Y – Yes, present at admission</p>	See Notes	If standard values are not used, define in the Data Dictionary.



103	Present on Admission 02	736	736	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
104	Present on Admission 03	737	737	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
105	Present on Admission 04	738	738	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



106	Present on Admission 05	739	739	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
107	Present on Admission 06	740	740	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
108	Present on Admission 07	741	741	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



109	Present on Admission 08	742	742	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
110	Present on Admission 09	743	743	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
111	Present on Admission 10	744	744	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.





112	Present on Admission 11	745	745	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
113	Present on Admission 12	746	746	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
114	Present on Admission 13	747	747	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



115	Present on Admission 14	748	748	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
116	Present on Admission 15	749	749	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
117	Present on Admission 16	750	750	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



118	Present on Admission 17	751	751	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
119	Present on Admission 18	752	752	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
120	Present on Admission 19	753	753	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



121	Present on Admission 20	754	754	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
122	Present on Admission 21	755	755	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
123	Present on Admission 22	756	756	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



124	Present on Admission 23	757	757	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
125	Present on Admission 24	758	758	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.
126	Present on Admission 25	759	759	1	Character	A secondary POA code for the facility claim. Indicates whether the secondary diagnosis was present on admission. Standard Values listed in principal field.	See Notes	If standard values are not used, define in the Data Dictionary.



127	ICD Version	760	760	1	Character	The ICD version or qualifier code that identifies either ICD-9 (9) or ICD-10 (0) diagnosis and procedure codes on the facility claim.	See Notes	If 0 and 9 not used, values defined in the Data Dictionary.
128	Tax Amount	761	770	10	Numeric	The amount charged by some states per drug claim.		Format 9(8)v99 (2 – digit, implied decimal)
129	Tax Type Code	771	771	1	Character	Health Plan specific code identifying the state or type of tax.	Yes	Tax Type Code values will be identified in the Data Dictionary.
130	NDC Number Code	772	782	11	Character	The FDA (Food and Drug Administration) registered number for the drug, as reported on the prescription drug claims. Please include for any drugs dispensed in the medical setting.		Please leave out the dashes.
131	CUSTOM FIELD # (if applicable)	783	783	1	TBD	Additional Rows/Fields to be added as Custom Fields	TBD	TBD
132	Filler	784	999	216	Character	Reserved for future use		Fill with blanks

133	Record Type	1000	1000	1	Character	Record type identifier		Hard Code to "D"
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End of Layout - Do not remove this row - All field additions to be inserted above the Filler row



## Trailer Layout

Field Number	Field Name	Start	End	Length	Type	Data Element Description	Data Supplier Instructions/Notes
<b>Fixed-Record Length</b>							
1	Data Start Date	1	10	10	Date	Data Start Date	MM/DD/CCYY format – i.e. 09/01/2014  This will represent the 1st day of the month for which data is provided.
2	Data End Date	11	20	10	Date	Data End Date	MM/DD/CCYY format – i.e. 09/30/2014  This will represent the last day of the month for which data is provided.
3	Record Count	21	30	10	Numeric	Number of Records on File	The count of records provided in the data including the Trailer Record.
4	Total Net Payments	31	44	14	Numeric	Total net payments on the file	The sum of net payments provided in the file
5	Filler	45	999	955	Character	Reserved for future use	Fill with Blanks
6	Record Type	1000	1000	1	Character	Record Type Identifier	Hard Code 'T'

End of Layout - Do not remove this row - All field additions to be inserted above the Filler row





**SCHEDULE J – RESERVED**