Addendum #2 (March 22, 2013)

- **To revise Section 10.050, Estimated Schedule of RFP Activities, Table 1**

Addendum #1 (March 7, 2013)

- **To correct the Procurement Library Weblink**

Attachment A

NEW

The Kentucky Reciprocal Preference Law and Disabled Preference Law are now in effect.

New requirements and affidavits have been added as attachments to this RFP. See Section 70, Cost Proposal Evaluation.

COMMONWEALTH OF KENTUCKY

Medicaid Enterprise Management System and Fiscal Agent Replacement

Request for Proposal (RFP)

For
Cabinet of Health and Family Services
Division of Medicaid Services
Solicitation # RFP 758 1300000287

Date of Solicitation Release
March 6, 2013

Issued by
The Finance and Administration Cabinet
On Behalf Of
Cabinet of Health and Family Services
Division of Medicaid Services

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Section 10—Administrative Overview

Section 10.000—Purpose

This Request for Proposal (RFP) is being issued by the Commonwealth of Kentucky, hereinafter referred to as the Commonwealth or State, and the Cabinet for Health and Family Services (CHFS), to procure the services of a qualified Vendor regarding the following options:

1. Option 1 - Design, Development, Implementation (DDI), and ongoing maintenance of a new Medicaid Enterprise Management System (MEMS) and Fiscal Agent (FA) services as defined in Section 30.060 of this RFP. In addition to the system and FA services, the MEMS System Hosting and Disaster Recovery services, a Decision Support System (DSS), and Utilization Management (UM) Services are included as "Options to Buy." This provides the Commonwealth the option to award those services to the prime Vendor or to pursue alternative solutions (Replacement). See Attachment S for Option 1 Timeline.
2. Option 2 - Planning, migration and operations necessary to assume the operation of the current Medicaid Management Information System (MMIS) and FA services as defined in Section 30.070 (Takeover). See Attachment S for Option 2 Timeline.
3. Option 3 - Providing of all services necessary for Options 1 & 2 (Takeover and Replacement). Price proposals for Option 3 must include separate pricing for each embedded offering as well as a total cost if both are awarded to the Vendor. See Attachment S for Option 3 Timeline.

A Vendor may submit a proposal for Option 1, Option 2, or Option 3. Should a Vendor propose Option 3, the Commonwealth may choose to select only Option 1 or Option 2, or both, depending on how the Vendor scores against the evaluation criteria.

In order to provide a flexible and innovative framework within the CHFS, Department for Medicaid Services (DMS), and other departments' health systems and functionality initiatives, the MEMS will become a key component to a fully-integrated Kentucky Medicaid program.

CHFS has developed a technological roadmap for the Kentucky Quality Health Information (QHI) framework (see Attachment H - Quality Health Information). The QHI facilitates the implementation of technology standards and approaches for the development of an interoperable, scalable and easily adaptable cross-sector technology framework.

Most of the legacy systems implemented in the past were on independent platforms creating individual monolithic architectures. Communication between systems is difficult as is aggregation and correlation of data in the enterprise. Kentucky is embracing the Medicaid Enterprise Solution (MES) architecture (see Attachment I – Operating Model)

and will transition the existing system to align with this new system architecture. This new approach will promote interoperability, reusability, and sharing information throughout the enterprise as well as across organizational boundaries.

The components of the QHI will be described in further detail in Section 30.060.240.030 including:

1. Portals.
    a. Citizens Portal.
    b. Electronic Medical Record (EMR) Interfaces.
2. Common Technical Services.
    a. Document Management (DM).
    b. Business Rules Engine (BRE).
    c. Enterprise Service Bus (ESB).
    d. Security Framework.
    e. Master Data Management (MDM).
    f. Data/Fraud Analytics framework.
    g. Notification Fulfillment Service.
3. Applications.
    a. Kentucky Health Information Exchange (KHIE).
    b. All Payer Claims Database (APCD).
    c. Kentucky Department for Public Health (KDPH).
    d. Support Programs (i.e. Child welfare, Childcare, Child Support etc.).
    e. Health Benefit Exchange (HBE).
    f. Kentucky Medicaid Management Information System (KYMMIS).

The new MEMS will replace the current KYMMIS and will interface with the KHIE, APCD and HBE. The MEMS will send claim/encounter data to KHIE and utilize clinical data received from KHIE. The MEMS will send Medicaid claims and Managed Care Organizations' (MCO) encounter data to the APCD. Eligibility and enrollment data which is determined in the HBE will be supplied to the MEMS. All of these applications will provide data to the DSS which will "marry up" clinical data with MCO encounters and MEMS claims via an Enterprise Master Person Index (EMPI). This will provide UM with a 365-degree picture of the Medicaid member's clinical data, medical services and costs.

This RFP is for the procurement of the MEMS, DSS and UM services. An Implementation Advanced Planning Document (IAPD) has been submitted to cover the costs of obtaining these systems and services. The funding for the KHIE and APCD was obtained through the Health Information Technology (HIT) grants and the HBE funding has also been secured separately.

The selected MEMS Vendor **shall** operate the services and system in a manner that fulfills the certification requirements set out by the Centers for Medicare and Medicaid Services (CMS) and the Federal government in response to the Affordable Care Act (ACA) and enhance the MEMS, as required by the DMS.

With a challenging goal of managing skyrocketing healthcare costs while continually providing the highest level of quality of services and benefits to eligible Medicaid

members, the Commonwealth of Kentucky's Medicaid Modernization vision will become reality with the selected MEMS Vendor that understands and can deliver an innovative new MEMS supporting the following Commonwealth business imperatives:

1. Support Medicaid's dynamic environment and rapid policy changes by utilizing a flexible, modular, real-time MEMS system easily accessed and maintained by the Commonwealth or its designee.
2. Ensure smooth healthcare systems integration and/or implementations that are innovative, flexible, secured, CMS certifiable, Health Insurance Portability and Accountability Act (HIPAA)-compliant, Medicaid Information Technology Architecture (MITA)-aligned, and process driven.
3. Deliver technologically-advanced MEMS functionality for operational effectiveness, real-time interoperability capabilities, and cost savings.
4. Maximize web-based technology delivery to further reduce administrative costs and improve operational effectiveness.
5. Support systematically the administration of defined clinical processes and programs, provider requirements and processes, and member requirements and processes.
6. Provide management of quality-focused business processes, staffing, training, and documentation and ensure the best resources are always in place.
7. Identify and manage cost containment opportunities effectively.
8. Surveillance and Utilization Review Module (SUR) – Monitoring, detecting and managing fraud, waste, and abuse effectively.
9. Improve provider and member satisfaction and communication by leveraging technology and effectively managing related processes.
10. Leverage healthcare management of multiple DMS programs within single MEMS functionality.

The Commonwealth anticipates awarding a contract(s) by July 1, 2013 to allow maximum time for the development and transition period. The expectation is that the new MEMS will be implemented no later than December 1, 2015.

The Commonwealth desires a Vendor which demonstrates innovative approaches, knowledge, experiences, and/or recommendations to systematically assist the Commonwealth with improving the quality of healthcare delivery for eligible Kentucky Medicaid members. Qualified Vendors are those that:

1. Have a good financial health and proven longevity.
2. Can supply the products, maintenance and services.
3. Demonstrate an understanding of the CHFS customer and the strategic priorities identified in section 30.000 Scope of Work.

Section 10.010—Issuing Office

The Commonwealth of Kentucky, Finance and Administration Cabinet, Office of Procurement Services, is issuing this RFP on behalf of Cabinet of Health and Family Services Division of Medicaid Services. The Finance and Administration Cabinet is the

only office authorized to change, modify, amend, alter, or clarify the specifications, terms and conditions of this RFP.

A contract, based on this RFP, may or may not be awarded. Any contract award from this RFP is invalid until properly approved and executed by the Finance and Administration Cabinet.

Section 10.020—Restrictions on Communications

The Commonwealth Buyer named below shall be the sole point of contact throughout the procurement process. All communications, oral and written (regular, express, or electronic mail, or fax), concerning this procurement shall be addressed to:

Commonwealth Buyer:
Stephanie R. Williams, CPPO, CPPB, MPA
Assistant Director
COMMONWEALTH OF KENTUCKY
FINANCE AND ADMINISTRATION CABINET
Office of Procurement Services
New Capitol Annex
702 CAPITOL AVE RM 096
FRANKFORT KY 40601
(502) 564-4510
Fax: (502) 564-6013
Stephanier.williams@ky.gov

From the issue date of this RFP until a Contractor is selected and the selection is announced, Offerors shall not communicate with any Commonwealth Staff concerning this RFP except:

-The Commonwealth Buyer cited in this RFP;
-Commonwealth representatives during the Vendors' Conference; or
-Via written questions submitted to the Commonwealth Buyer.

For violation of this provision, the Commonwealth shall reserve the right to disqualify the vendors' proposal response.

Section 10.030—RFP Terminology

For the purpose of this RFP, the following terms may be used interchangeably:

Proposer, Offeror, Contractor, Provider, or Vendor
Commonwealth Buyer, Buyer, Purchaser, or Contract Officer
RFP, Solicitation, or Procurement
Bid, Proposal, or Offer
Commonwealth of Kentucky, Commonwealth, or State

Fiscal Year will be defined as the Commonwealth fiscal year: July 1 through June 30
Biennium will be defined as the Commonwealth biennium: July 1 of each even numbered year through June 30 of the next even numbered year

Section 10.040—RFP Organization

This RFP is organized in the following manner:

Section 10--Administrative Overview--General information on the objectives of this RFP, procurement schedule, and procurement overview.

Section 20--Present System Summary--Summary information on the history of the program and the current system of operation.

Section 30--Scope of Work--Description of activities to be performed, contractor responsibilities, deliverables, performance criteria, technology standards, and system requirements.

Section 40--Terms and Conditions--Terms and Conditions under which the Contractor shall perform this Contract.

Section 50--Procurement Process and Requirements--Procurement requirements and general format and submission requirements.

Section 60--Technical Proposal Evaluation--Technical evaluation criteria.

Section 70--Cost Proposal Evaluation--Cost evaluation criteria.

Section 80--Oral Presentations/Demonstrations--General requirements and evaluative criteria for oral presentations/demonstrations.

Section 90--Negotiations--Elements of the RFP that may be negotiable.

Section 100--Ranking of proposals and award of Contract.

This RFP and any Addenda thereto shall become part of the Contract with the successful Contractor. It shall be incorporated into the Contract by reference.

Titles of paragraphs used herein are for the purpose of facilitating ease of reference only and shall not be construed to infer a contractual construction of language.

Section 10.050—Estimated Schedule of RFP Activities

The following table presents the anticipated schedule for major activities associated with the RFP distribution, proposal submission, proposal evaluation process, and contract

award. The Commonwealth reserves the right at its sole discretion to change the Schedule of Activities, including the associated dates and times.

Table 1 - Procurement Dates (REVISED 3-22-13)

Release of RFP	March 6, 2013
1st Set Of Vendors' Written Questions due by 12:00 PM EST **(Each vendor shall submit no more than ten (10) questions during this round of questions)**	**March 26, 2013**
Commonwealth's Response to 1st Set of Vendors' Written Questions	**March 29, 2013**
2nd Set Of Vendors' Written Questions due by 12:00 PM EST	**April 3, 2013**
Commonwealth's Response to 2nd Set of Vendors' Written Questions	**April 24, 2013**
Vendors' Conference Location: Frankfort, KY	May 14, 2013
Commonwealth's Response to Oral Questions from Vendors' Conference	June 3, 2013
Proposals due by 3:30 PM EST Notice to Vendors: All bidders are cautioned to be aware of security in the Capitol Annex in Frankfort. In-person or courier delivered bids/proposals in response to a Commonwealth Solicitation should be delivered a minimum of thirty (30) minutes to one (1) hour earlier than the published closing time to allow for a security check-in. Delays due to building security checks shall not be justification for acceptance of a late bid or proposal. Vendor attention to this advisory is encouraged.	June 24, 2013

~~Release of RFP~~	~~March 6, 2013~~
~~1st Set Of Vendors' Written Questions due by 12:00 PM EST~~	~~April 1, 2013~~
~~Commonwealth's Response to 1st Set of Vendors' Written Questions~~	~~April 22, 2013~~
~~Vendors' Conference~~ ~~Location: Frankfort, KY~~	~~May 14, 2013~~
~~Commonwealth's Response to Oral Questions from Vendors' Conference~~	~~June 3, 2013~~
~~Proposals due by 3:30 PM EST~~ ~~Notice to Vendors:~~ ~~All bidders are cautioned to be aware of security in the Capitol Annex in Frankfort. In-person or courier~~	~~June 24, 2013~~

~~delivered bids/proposals in response to a Commonwealth Solicitation should be delivered a minimum of thirty (30) minutes to one (1) hour earlier than the published closing time to allow for a security check-in. Delays due to building security checks shall not be justification for acceptance of a late bid or proposal. Vendor attention to this advisory is encouraged.~~	

Section 10.060—Vendors' Conference

The Vendors' Conference will be held as cited in this RFP. Attendance is highly encouraged, as this will be the only opportunity to ask oral questions. The Commonwealth shall not be bound by oral answers to the questions presented at the Conference or oral statements made at any other time by any member of the Commonwealth's staff. Salient questions asked at the Vendors' Conference and the responses will be reduced to writing and issued in an Addendum that shall be posted to the eProcurement Page.

Section 10.070—Questions Regarding this RFP

In addition to the opportunity to present oral questions at the Vendors' Conference, Vendors are encouraged to submit written questions pursuant to Section 10.050 of this RFP. Written questions shall be submitted to the Commonwealth Buyer via email at Stephanier.williams@ky.gov or via fax at 502-564-6013. No questions shall be accepted after the date(s) listed in Section 10.050. Vendors are responsible for submitting their questions using Attachment R – Vendor Questions and should include the following:

1. RFP/Section/Requirement Number.
2. Document.
3. Document Page Number.
4. Vendor Question.

Questions related to the vendor's ability to meet a functional or technical requirement should be submitted as part of the written questions. It is understood that it may not be possible for a vendor to meet every functional requirement.

Oral questions shall not be accepted at any time other than the Vendors' Conference. The Commonwealth shall respond to salient questions in writing by issuing an Addendum to the Solicitation. The Addendum shall be posted to the Kentucky Vendor Self Service site.

Section 10.080—Access to Solicitation, RFP, and Addenda

The Commonwealth wants each prospective Vendor to have full and complete information on which to base a proposal response. Only information presented or referred to in this RFP and any additional written information that is supplied by the Commonwealth Buyer shall be used by Vendors in preparing this response.

The solicitation, addenda, and attachments shall be posted to the Kentucky Vendor Self Service site at https://emars.ky.gov/online/vss/AltSelfService.

The Procurement Library shall be posted at ~~https://finance-edit.ky.gov/services/eprocurement/Pages/MEDICAIDENTERPRISEMANAGEMENTSYSTEMFISCALAGENTREPLACEMENT.aspx~~

http://finance.ky.gov/services/eprocurement/Pages/MEDICAIDENTERPRISEMANAGEMENTSYSTEMFISCALAGENTREPLACEMENT.aspx

It is not necessary to register to access the solicitation. Unregistered Vendors can access the solicitations by clicking on public access. The Vendor will be taken directly to business opportunities where they can locate the solicitation, addenda, and attachments. Vendors can search for the solicitation title or number in the keyword search field. Click on the details link of the solicitation and view the solicitation and all attachments under the attachments tab. It is the Vendors' responsibility to assure they have obtained copies of all information and forms.

Notice to Vendors:

Vendors are cautioned that changes made to the solicitation other than in the designated fields for response shall render the response invalid and result in a non-responsive bid. Any exceptions to the item description or extended description shall be indicated only in the space reserved for those exceptions.

Unless the exceptions are noted as instructed, the Vendor will be expected to deliver as specified in the solicitation. Responses that include terms and conditions not in conformity with the terms and conditions of the Solicitation as issued or the Statutes of the Commonwealth of Kentucky may be rejected.

In the event of any conflict or variation between the solicitation or modification as issued by the Commonwealth and the Vendor's response, the version as issued shall prevail.

Acknowledgment of Addenda to Solicitations

It is the Vendor's responsibility to check the web site for any modifications to this Solicitation. If modifications have been made, the Vendor's signature is required on the latest addendum. Acknowledgment shall be received prior to the hour and

date specified for receipt of offers. Verbal acknowledgment shall not be accepted.

Failure to acknowledge the latest addendum of this Solicitation shall cause the bid to be deemed non-responsive if the latest addendum is material to the procurement.

Section 10.090—Notification of Award of Contract

To view the award of contract(s) and the contractor(s) receiving the award(s) for this solicitation, access the Kentucky Vendor Self Service site at https://emars.ky.gov/online/vss/AltSelfService. Vendors can search for the solicitation title or number in the keyword search field, or can filter their search for only awarded solicitations by clicking on Advanced Search and changing the status to 'awarded'. The award(s) information can be accessed by clicking on the details button of the solicitation and clicking the "Notice of Award" tab. It is the Vendor's responsibility to review this information in a timely fashion. No other notification of the results of an Award of Contract will be provided.

Section 10.095—Additional Requirements

Vendors should review and comply with the general bidding requirements listed under **"Procurement Laws, Preference, Regulations and Policies"** and **"Response to Solicitation"** located on the eProcurement Web page at http://eprocurement.ky.gov and http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx respectively.

END OF SECTION 10

Section 20—General Information

CHFS DMS is the Medicaid provider for Kentucky's member population. The Commonwealth provides services through Managed Care Organizations (MCOs) and special programs for those eligible. Currently, eighty five (85) percent of Kentucky's Medicaid eligible population is enrolled in an MCO. Additionally, Kentucky special programs are:

1. Early Periodic Screening, Diagnosis and Treatment Services (EPSDT) Program – EPSDT is a federally mandated Medicaid program for children. In Kentucky, it is divided into two components:
    a. EPSDT Screenings.
    b. EPSDT Special Services.
2. Kentucky Children's Health Insurance Plan (KCHIP) – KCHIP is for children younger than 19 who do not have health insurance and whose family income is less than 200 percent of the Federal Poverty Level.
3. Kentucky Transitions – Money Follows the Person (MFP) Grants facilitate transition and provide sustainable community-based services to individuals who choose to move from Medicaid-funded long-term care settings Intermediate Care Facilities (ICFs) and nursing facilities) into the community.
4. Kentucky Women's Cancer Screening Program – Uninsured women screened by the Kentucky's Women's Cancer Screening Program, administered by the Department for Public Health through local health departments and found to need treatment for breast, cervical, or a precancerous condition can receive services through Kentucky Medicaid.
5. Medicaid Works – Program for people with disabilities who work. Under this program, workers with disabilities who earn less than 250 percent of the Federal poverty level can pay a monthly premium and buy into the Medicaid program.
6. Medicare Savings Plan Program -- Kentucky Medicaid provides partial financial assistance with Medicare premiums, deductibles, or coinsurance through the Medicare Savings Program to certain low-income Medicare beneficiaries (i.e., qualified Medicare beneficiaries, specified low-income Medicare beneficiaries, and qualifying individuals) who are not entitled to full Medicaid benefits.
7. Presumptive Eligibility (PE) – PE is a program for pregnant women who have not yet applied for Medicaid. Coverage includes out-patient prenatal care.
8. Title V - Program provided through Department for Community Based Services (DCBS) serving children younger than 21 who are in the custody of the Cabinet, under the supervision of the Cabinet, or at risk for Cabinet custody.

All documents and reference materials associated with the development of this MEMS Replacement RFP are housed in the Kentucky Vendor Self Service site. Refer to Section 10.080 of this RFP for instructions to gain access to the site.

Section 20.010—DMS Program Overview

The Commonwealth of Kentucky provides comprehensive medical assistance, through the Kentucky Medicaid Program and the Kentucky Children's Health Insurance Program (KCHIP – Title XXI), to approximately 815,000 eligible members under Title XIX of the Social Security Act. Administered by the Commonwealth's CHFS DMS, Medicaid is jointly funded by the Federal and Commonwealth of Kentucky governments.

CHFS DMS has been charged with administering the Kentucky Medicaid Program over the past four decades and has a two-fold mission in delivering Medicaid services:

1. To provide innovative opportunities to our members that will promote healthy lifestyles, personal accountability, and responsible program governance for a healthier Kentucky.
2. To serve as a national model for achieving excellence in Medicaid by increasing the quality of benefit services, transforming care management, updating relevant technology, providing support for an outstanding workforce, and preventing, detecting, and reducing fraud, waste, and abuse.

The DMS, and its designees, are responsible for Medicaid program management, policy-making and issuance, provider enrollment, member eligibility determination, financial analysis, UM and control, program integrity, clinical programs, continuous improvement, and contractor auditing and monitoring. The DMS operates under the direction of the Commissioner of Medicaid Services, who reports directly to the Secretary of CHFS. DMS is organized into nine (9) divisions, each of which has one or more functional areas of responsibility:

1. Administration and Financial Management.
2. Provider Operations.
3. Community Alternatives.
4. Medical Management.
5. Member Services.
6. Healthcare Facilities.
7. Information Services.
8. Program Integrity (PI).
9. Managed Care Oversight.

Technical support is provided to DMS by the Office of Administrative and Technology Services (OATS). OATS administers a broad range of CHFS programs and services, from information technology to facilities management.

The primary method of payment for the Kentucky Medicaid Program is now through Managed Care Organizations (MCOs). The traditional fee-for-service (FFS) method, in which providers submit claims for services provided to eligible Medicaid members based on covered benefits and/or authorized services requirements, in accordance with DMS policy, only accounts for 15 percent of the Medicaid population. The

Commonwealth contracts with five MCOs that provide care to 85 percent or 692,000 members. The MCOs receive a capitated rate for each eligible member enrolled in the managed care plan, regardless of the services provided.

The Commonwealth has contracted with a Fiscal Agent (FA) since 1983, to administer the claims payment process and perform related health operations functions. The current FA is Hewlett-Packard Enterprise Services (HPES). In 2004, DMS embarked on a plan to modernize the Kentucky Medicaid Program, which included development of a new, technologically advanced MMIS. In addition to the MMIS, the modernization initiative targeted Pharmacy Benefit Management (PBM) and care management. More recently, the Commonwealth has contracted with MCOs to administer services to eligible Medicaid participants.

Medicaid modernization remains a high priority today for DMS. Advances in HIT, including the deployment of Electronic Health Records (EHRs), a Health Information Exchange (HIE), coupled with the need for interoperability across systems to support patient safety and quality of care, are driving forces in health reform and other efforts to improve care and reduce unnecessary costs. Alignment with national health initiatives, such as the Nationwide Health Information Network (NHIN), makes the potential for using business data to develop performance metrics for evaluating health outcomes at all levels of health care delivery systems extremely viable.

CHFS has issued an RFP and has contracted with a Vendor to design, develop, and implement an integrated multi-layer HBE solution that fulfills the certification requirements set out by the CMS and the Federal Government in response to the ACA. The end-to-end Enrollment & Eligibility (E&E) solution of the HBE determines eligibility for both Medicaid and Insurance Affordability programs and will interface with the MEMS providing member eligibility information.

Section 20.010.010—MITA and the SMHP

The Commonwealth is carefully reviewing it's current technology and formulating plans for the future incorporating MITA and the State Medicaid Health Information Technology Plan (SMHP). The DMS re-assessed and updated the As Is component of the MITA State Self-Assessment (SS-A) that was completed in 2008. The MITA Business Process Model V2.01 was used to conduct the re-assessment and the MITA Maturity Levels (MMLs) were assessed. A new To-Be assessment was also completed. A Gap Analysis has provided areas to focus on when creating the MEMS Replacement System. A Transition Plan was also completed which will drive the implementation of new requirements when the replacement MEMS is implemented, resulting in increased MITA levels. A five year plan was developed as a result of the MITA Assessment and Transition Plan.

During the SMHP planning phase for the implementation of the Medicaid Provider Incentive Plan, DMS business area stakeholders reviewed each SMHP business process to determine if the standard MITA business process would apply to the

development of a concept of operations for the Kentucky Electronic Health Record (EHR) Incentive Program. All MITA business processes were reviewed and, where feasible, the approach adopted was to integrate the Kentucky EHR Incentive Program business process into DMS's corresponding standard MITA business process.

The MITA SS-A documents are located in the Procurement Library and the KY SMHP is available at: http://chfs.ky.gov/NR/rdonlyres/E4DCE858-3C6F-443F-92E5-92453393D043/0/KY_SMHP_110410web.pdf.

The Procurement Library shall be posted at ~~https://finance-edit.ky.gov/services/eprocurement/Pages/MEDICAIDENTERPRISEMANAGEMENTSYSTEMFISCALAGENTREPLACEMENT.aspx~~

http://finance.ky.gov/services/eprocurement/Pages/MEDICAIDENTERPRISEMANAGEMENTSYSTEMFISCALAGENTREPLACEMENT.aspx

Section 20.020—Description of Current KYMMIS

The KYMMIS is a claims processing and retrieval system. The current KYMMIS is comprised of the HPES interChange (iC) system. The iC system is a rules-based, real-time system that supports both FFS reimbursement as well as Managed Care programs.

The system is hosted on a combination of UNIX and Windows environments. The UNIX environment comprises SUN e25k with SPARC processors operating on Sun Solaris platform. The Windows environment runs on HP Blade servers with Windows Server 2003 and 2008 R2 operating systems.

Medicaid modernization remains a high priority for the Commonwealth. Kentucky's vision is to implement a Web-based, flexible and modular, real-time MMIS that aligns with MITA and QHI framework in the near future. This RFP is for a replacement system to build a future MMIS that will process claims and interface in real-time with other systems like HBE, HIE, and PBM etc. The expectation is for the prospective Vendor to leverage the QHI framework for shared services as applicable.

As the current FA, HPES is responsible for operations, maintenance, modifications, and maintaining CMS certification of the KYMMIS. (Additional information about the KYMMIS can be found at: http://www.kymmis.com.)

The Commonwealth relies on the Kentucky Automated Management Eligibility Systems (KAMES) for eligibility determinations. Staff from the DCBS uses this system to maximize the use of technology in the public assistance application process, eligibility determination, compensation and issuance of benefits, case tracking, reporting on critical success factors, and management of all income maintenance, Medicaid, and Supplemental Nutrition Assistance Program (SNAP).

DMS currently contracts for PBM services with Magellan Medicaid Administration, Inc. and uses the First Rx PBM System to provide Medicaid pharmacy services to approximately 124,000 members, over 3,000 pharmacies, and over 30,000 prescribers. The KYMMIS accepts, and ensures the integrity of, electronic pharmacy claim records submitted by the contracted PBM, including adjustments and reversals.

The following are more detailed descriptions of the current functional areas.

Section 20.020.010—Member Management

The Kentucky Medicaid Program provides access to quality healthcare for approximately 815,000 eligible members.

Individuals are considered to be eligible if they meet the eligibility criteria for an appropriate category of assistance. The various categories of eligibility groups covered under the Kentucky Medicaid Program are listed below:

1. Family-related categories.
2. Aged, blind, or disabled categories.
3. Other categories:
    a. Breast and Cervical Cancer Treatment Program (BCCTP).
    b. Kentucky Children's Health Insurance Program (KCHIP).
    c. Presumptive eligibility.
    d. Medicaid for Workers with Disabilities.
    e. Spenddown.

The Commonwealth Kentucky Medicaid program expanded its managed care coverage to all areas of the Commonwealth on Nov. 1, 2011. Approximately 705,000 Medicaid members are enrolled in MCOs. The remaining 125,000 remain fee-for-service.

Of the members directly managed by DMS, approximately 79,500 of them are dual-eligible, Medicare Part D members, for which DMS only pays for "wrap-around" coverage with Medicare. Additionally, approximately 59,000 other members qualify for Qualified Medicare Beneficiary (QMB), Specified Low-income Medicare Beneficiary (SLMB), and Qualifying Individual (QI1) coverage. The KCHIP covers approximately 30,000 members.

Section 20.020.020—Member Covered Services

The Kentucky Medicaid Program covers all Federal mandatory services and a number of optional services. The services are provided in response to need and in accordance with established policy. A complete list of covered services can be found on the DMS website at http://chfs.ky.gov/dms/services.htm.

Certain medical services are limited, not covered, or require an approval or "authorization" prior to the service being rendered. The limitations on covered services are defined in Kentucky's State Plan, which is also available on the DMS website at http://chfs.ky.gov/dms/state.htm.

Section 20.020.030—Provider Management

Each medical provider must enroll and meet the requirements for that provider type in order to be reimbursed under the Fee For Service (FFS) system. The requirements and policies that apply to each provider type are in the policies and procedure manuals unique to each provider type.

For Managed Care, regional MCOs enroll and credential all providers participating in their network. Certain provider types, such as hospitals and nursing facilities, are currently enrolled and certified by the current vendor, on behalf of the Commonwealth, to reduce duplication of effort by the regions. All MCO providers must be entered into the MMIS and meet Commonwealth requirements.

FFS providers are currently enrolled in-house at DMS. There are more than 35,000 enrolled medical professionals providing medical services to Kentucky Medicaid members. Kentucky Medicaid provider types include, but are not limited to:

1. Hospitals.
2. Nursing facilities.
3. Clinics, labs, and others.
4. Commercial Vendors.
5. Physicians.
6. Practitioners.
7. Physical health managed care organizations.

Section 20.020.040—Provider Management Fee-for-Service Reimbursement

In order to be considered for reimbursement for medical services rendered to an eligible Medicaid member, a medical professional must be an enrolled provider in the Kentucky Medicaid Program and submit the claim within one year of the date the service was rendered. The only exceptions to the one-year limitation are:

1. Crossover claims, if they are received by the Medicaid Program within six (6) months of the Medicare adjudication date.
2. Claims with appropriate documentation attached showing timely receipt by the Medicaid Program and subsequent billing efforts, with no more than 12 months elapsed between each receipt by the Medicaid Program.
3. Claims with circumstances beyond the provider's control that prevented timely billing, for example, retroactive eligibility determination, provided the claim is

forwarded directly to DMS with a written explanation and appropriate documentation attached.

Section 20.020.050—Managed Care Programs

KY Medicaid has contracted with five MCOs to coordinate health care for 85 percent of the Medicaid members. The five contracted MCOs are: 1) CoventryCares of Kentucky, 2) Kentucky Spirit Health Plan, 3) WellCare of Kentucky, 4) Humana, and 5) Passport Health Care Plan.

The MCOs are paid a monthly capitation rate applicable to each enrolled member's eligibility criteria. The Commonwealth establishes capitation rates for specific member eligibility categories based on factors, such as member program code (basis of eligibility). The MCOs are risk-bearing entities, which fund the medical care provided by their network providers from the capitation payments. Each month, each MCO is issued a payment through the KYMMIS. In addition, Brokers and Service Providers are paid a monthly capitation rate. A new ACA rule requires a medical professional be an enrolled provider in the Kentucky Medicaid Program in order to be considered for reimbursement for medical services rendered to an eligible Medicaid member.

The MEMS Vendor may be required to issue capitation payments on a special request basis. Monthly volumes will vary, based on the nature of a special request.

Section 20.020.060—Organizational Structure

The DMS Commissioner is responsible for the overall administration of the Kentucky Medicaid Program. The Commissioner's Office is also responsible for directing and coordinating program activities with related programs of other Commonwealth and Federal agencies.

The CHFS and DMS Organizational Charts are located in the Procurement Library for this RFP. The DMS organizational structure is subject to change. See Section 10.080 for access instructions.

Section 20.020.070—KY Medicaid Management Information System Technical Environment

The KYMMIS technical architecture information can be found on the Procurement Library. See Section 10.080 for access instructions.

Section 20.030—Fiscal Agent (Business Services)

Currently, the KYMMIS FA plays a significant role in the Kentucky Medicaid Program. Responsibilities of the FA include:

1. Operations of the KYMMIS, including, but not limited to:
    a. Acceptance, processing, and distribution of mail including imaging.
    b. Enrollment of FFS and MCO providers.
    c. Enrollment and credentialing of certain provider types, such as hospitals and nursing homes.
    d. Editing of all claims, adjustments, and mass adjustments.
    e. Correction of suspended claims.
    f. Distribution of Remittance Advices (RAs) and Explanations of Medicaid Benefits (EOMBs).
    g. Determining and resolving Third Party Liability (TPL) discrepancies and recoveries.
    h. FFS Prior Authorization (PA) processing.
    i. Imaging provider documentation, prior authorizations, checks, etc.

Section 20.040—System Hosting, Operations, Maintenance and Modification (Technical Services)

The MMIS Vendor technical support staff performs the following activities:

1. Daily processing including:
    a. All claims, adjustments, and mass adjustments.
    b. Reprocessing of suspended claims.
    c. Production and distribution of RAs and EOMBs.
    d. Managed care processing including loading of encounter claims from MCOs.
2. Maintenance of all the KYMMIS support files, including, but not limited to:
    a. Member eligibility file.
    b. Reference file.
    c. Provider file.
    d. Claim suspense file.
    e. Mass adjustment parameters.
3. KYMMIS software maintenance and modification.
4. Performance of special projects related to the KYMMIS.
5. Make KY EHR incentives program payments to eligible providers and hospitals.

Section 20.050—Background and Documentation

Prospective Vendors should review the KYMMIS documentation, as well as other material attached to the RFP. A Procurement Library has been provided that contains system documentation pertaining to the current KYMMIS. Section 10.080 of this RFP provides instructions to access the Kentucky Vendor Self Service site.

Efforts have been made to ensure that the information is complete and current, however, due to the dynamic and changing nature of both Federal and State health

programs, DMS cannot warrant that the information in the Procurement Library as complete or current. Refer to Section 10.080 of this RFP for instructions to gain access to the Kentucky Vendor Self Service site.

END OF SECTION 20

Section 30—Scope of Work

In this RFP, the word "shall" means mandatory.

If a vendor does not comply with the directives contained in the various provisions of this RFP as noted by the word "shall", then the vendor's entire Response shall be deemed "non-responsive" and not be further considered or evaluated by the Commonwealth.

In this RFP, the word "should" means non-mandatory.

If a vendor omits or does not fully respond to a provision in the RFP as noted by the word "should", the specific omission or incomplete response will NOT be deemed to render the entire Response "non-responsive" so as to eliminate the vendor from further consideration and evaluation by the Commonwealth. By not responding to a provision noted by the word "should", the vendor will not be awarded any points for that provision. If the vendor does respond to a provision noted by the word "should", that vendor will be evaluated in accordance with the evaluation criteria set forth in the RFP.

Vendors please note that the scoring methodology that will be utilized by the Commonwealth in evaluating all proposals is based upon the Commonwealth's understanding of the current market.

In provisions noted by the word "should", vendors may propose equipment, software, or services available in the market which further the goals of the Commonwealth previously expressed in this paragraph. Thus, Vendors will be rewarded with points for proposals that achieve these goals for the Commonwealth.

Scope of Work Section Description

The CHFS, Department of Medicaid Services (DMS) desires to select a Vendor(s) to perform a specific set of activities to support:

1. Design, development, implementation and maintenance of the Kentucky MEMS andFA services as defined in Section 30.060 of this RFP. In addition to the system and FA services, the MEMS System Hosting and Disaster Recovery services, a Decision Support System (DSS), and UM Services are included as "Options to Buy". This provides the Commonwealth the option to award those services to the prime Vendor or to pursue alternative solutions (Replacement). The timeline for the MEMS Replacement can be found in Attachment S.

2. Planning, migration and operations necessary to assume the operation of the current MMIS and FA services as defined in Section 30.070. (Takeover) The timeline for the KYMMIS Takeover can be found in Attachment S.
3. Providing of all services necessary for Options 1 & 2. (Takeover and Replacement) The timeline for the MEMS Replacement and KYMMIS Takeover can be found in Attachment S.

This section identifies the scope of work (SOW) requirements for Options 1 and 2. It is important to note that this Solicitation reflects current knowledge. Vendors should be prepared to adapt and respond to changes that arise from Federal updates, future regulations, and associated policy decisions on behalf of the Commonwealth. Such changes should not be considered a change in the overall scope of work.

Option 1 – Replacement System

A. The replacement system should meet all of the requirements for performing MMIS activities and ongoing maintenance as indicated in this RFP, in addition to the functional and technical requirements detailed in Attachment F - MEMS Functional Requirements and Attachment G - MEMS Technical Requirements as well as those FA requirements identified in Attachment Q. Detailed requirements gathering as part of this SOWshould further refine/define the requirements for this solution. These requirements should be the basis for the selected Vendor to create usage scenarios and detailed business process workflows. However, at the conclusion of the detailed requirements phase, the Commonwealth expects the selected Vendor to work with the Commonwealth team to prioritize requirements and if necessary, identify possible phases for implementation of the overall requirements. The selected Vendor's Project Work Plan should be updated to identify all possible phases of implementation.

B. As part of the Replacement option, the Commonwealth requests Vendors to respond to "Options to Buy" which may or may not be exercised within the contract. The Commonwealth requests that the Vendor propose a solution for each "Option to Buy" and include the costs for each item separately in the Cost Schedules detailed in Section 70. The "Options to Buy" are identified within the subsections of the RFP, as indicated below:

    1. Section 30.060.260.010 – System Hosting and Disaster Recovery Services
    2. Section 30.060.260.020 – Decision Support System (DSS)
    3. Section 30.060.260.030 – UM system

C. The Commonwealth seeks a best of breed approach for procuring the overall solution for the MEMS and understands this may include products offered in a variety of ways as part of an integrated solution. In order to provide a flexible and innovative framework, the MEMS is a key component to a fully-integrated Kentucky Medicaid program.

CHFS has developed a technological roadmap for the QHI framework. The QHI facilitates the implementation of technology standards and approaches for the development of an interoperable, scalable and easily adaptable cross-sector technology framework.

Kentucky views the QHI as a house built on a solid foundation of a sharable technical services and a common ESB with various applications as pillars. Details regarding the QHI can be found in Section 30.060.240.030.

D. In its proposal, the Vendor should clearly demonstrate understanding of the division of functions in the MEMS Operating Model, Attachment I to this RFP.

   The Operating Model represents the combined vision for the operation of the interdependent functions of the MEMS Solution. Included in the operating model are: administrative functions to support oversight and operations; financial management functions to ensure financial viability of the MEMS and to support the administration of financial programs and the processing of financial transactions.

E. Stakeholders foresee an environment that utilizes advanced technology and multiple channels to reach an array of users. The MEMS channels should include online capabilities offering MEMS functions via an online portal that is accessible through a standard or mobile web browser. The Self Service Portal supports communications between customers and the MEMS, including web chat and, email. A toll free hotline should provide customers with the opportunity to access information via an Interactive Voice Response (IVR) or direct conversation with a Medicaid worker. This interfaces with the Contact Center which is being developed as part of the HBE. Paper publications that provide education and access to the MEMS may be mailed on request or printed directly from the Self Service Portal. The MEMS is also considering using outbound text messaging for notifications or alerts and voicemail functions for outbound call campaigns. Finally the MEMS should support channels for direct system-to-system communication, including support for service-enabled devices through web services interfaces that enable data exchange between third parties and regulatory bodies like HHS, IRS, and other State Agencies. Where required, communication channels should be accessible to people with disabilities in accordance with the Americans with Disabilities Act and section 508 of the Rehabilitation Act and should provide meaningful access for persons with limited English proficiency.

F. The MEMS solution should adhere to architecture guidance and the seven conditions and standards for enhanced Federal funding as provided by CMS. In alignment with this guidance, the technical solution architecture should employ a modular design, based on Service Oriented Architecture design principles and the MITA framework. The following sections address this solution approach and

identify the technical requirements by each layer in the application architecture design.

G. The timeline for the MEMS Replacement project can be found in Attachment S.

Option 2 – Takeover of KYMMIS System

A. Takeover includes the activities required to successfully transfer, configure, install, test, and implement KYMMIS for the Commonwealth and assume responsibility for its ongoing operations and maintenance.
B. The awarded vendor should conduct a detailed survey and analysis of the current KYMMIS, including the operation and maintenance of the KYMMIS, current procedures, work in progress, outstanding work, and user requirements in finalizing the Work Breakdown Structure (WBS) required as part of the Vendor's technical proposal.
C. The KYMMIS takeover activities should include, but not be limited to, processing tests and an operational readiness review sufficient to demonstrate that the awarded vendor is ready to begin operations for each and every function.
D. DMS must approve the awarded vendor's operational readiness test before the initiation of the KYMMIS production operations. In the event DMS does not approve the start of the awarded vendor's production operations, the awarded vendor should be responsible for making arrangements to continue the FA and IT operations. The awarded Vendor will operate and maintain a federally-certified MMIS. The awarded Vendor shall be liable for damages incurred by the Commonwealth.
E. The timeline for the KYMMIS Takeover project can be found in Attachment S.

Option 3 – Combination Replacement MEMS and Takeover of KYMMIS System

A. Vendors may choose to propose both the Takeover of the current KYMMIS and the DDI of the Replacement MEMS. The proposals for each option are scored separately. Price proposals for Option 3 must include separate pricing for each option as well as a total cost if both are awarded to the Vendor. The Commonwealth may choose to award Option 1, Option 2, or both depending on the final scoring of all Vendor proposals. The timeline for the combination MEMS Replacement & KYMMIS Takeover project can be found in Attachment S.

Section 30.005—Commonwealth Information Technology Forms

The awarded Vendor and any subcontractors shall be required to adhere to and sign all applicable Commonwealth policies and standards related to technology use and security.

Section 30.010—Compliance with Commonwealth IT Enterprise Architecture and Standards

The Commonwealth IT Enterprise Architecture and Standards reflect a set of principles for information, technology, applications, and organization. These standards provide guidelines, policies, directional statements and sets of standards for information technology. It defines, for the Commonwealth, functional and information needs so that technology choices can be made based on business objectives and service delivery. The awarded Vendor shall stay knowledgeable and should abide by these standards for all related work resulting from this RFP.

Web link: **http://technology.ky.gov/governance/Pages/architecture.aspx**

Section 30.020—Compliance with Commonwealth Security Standards

The software deployment and all Vendor services shall abide by security standards as outlined in the Commonwealth's Enterprise Information Technology Policies.

http://technology.ky.gov/ciso/Pages/InformationSecurityPolicies,StandardsandProcedures.aspx

Section 30.030—Privacy, Confidentiality and Ownership of Information

DMS is the designated owner of all data and shall approve all access to that data. The awarded Vendor shall not have ownership of Commonwealth data at any time. The awarded Vendor shall be in compliance with privacy policies established by governmental agencies or by State or Federal law. Privacy policy statements may be developed and amended from time to time by the Commonwealth and should be appropriately displayed on the Commonwealth portal (Ky.gov). The Vendor shall provide sufficient security to protect the Commonwealth and DMS data in network transit, storage, and cache.

Section 30.040—Software Development

Source code for software developed or modified by the Vendor specifically for the Commonwealth shall become property of the Commonwealth.

Section 30.050—License Agreements

Software provided by the Vendor to the Commonwealth should contain a provision for perpetual licensing with all upgrade options. The Commonwealth may decide to maintain the software in escrow; therefore the agreements shall also contain a provision for maintaining a version of the software in escrow in the event the Vendor is unable to continue the business for financial or other business reasons.

Section 30.055—Identity Theft Prevention and Reporting Requirements

The awarded vendor is responsible any mitigation, cleanup and reporting costs from Identity Theft, system breach or breach as defined under the HIPAA Privacy Rule. For even a single knowing violation of these Identity Theft Prevention and Reporting Requirements, the vendor agrees that the Commonwealth may terminate for default the contract(s) and may withhold payment(s) owed to the Vendor in an amount sufficient to pay the cost of notifying Commonwealth customers of unauthorized access or security breaches. The awarded Vendor must attest/certify to CHFS that it has established and will share a breech notification policy and program.

In the delivery and/or provision of Information Technology hardware, software, systems, and/or services through a contract/s established as a result of this solicitation, the awarded Vendor shall prevent unauthorized access to "Identity Information" of Commonwealth citizens, clients, constituents and employees. "Identity Information" includes, but is not limited to, an individual's first name or initial and last name in combination with any of the following information:

1. Social Security Number;
2. Driver's License Number;
3. System Access ID's and associated passwords; and
4. Account Information –such account number(s), credit/debit/ProCard number(s), and/or passwords and/or security codes.

The awarded Vendor shall also immediately notify the contracting agency, the Office of Procurement Services, and the Commonwealth Office of Technology upon learning of any unauthorized breach/access, theft, or release of Commonwealth data containing "Identity Information."

Section 30.058—Vendor Selection

The CHFS seeks to award a Contract to a knowledgeable and responsive Vendor having experience in the development and implementation of statewide web-based multi-layered integrated Health Care Systems. The selected Vendor should provide innovative, cost-efficient and appropriate business management and technology solutions for designing, developing and implementing the envisioned software.

The Commonwealth is seeking a Vendor that is responsible for providing a complete software solution and all requested services required for a successful implementation, plus post-implementation support, and possible long term operational support for the MEMS. The Vendor may team with multiple firms in its proposal, but there can be only one Vendor that executes the Contract expected to result from this RFP. This does not preclude the State from executing a separate contract with a Software Provider for software licenses and software maintenance i.e. MicroSoft Office products, database software, asset management software, etc.. However, the Vendor is responsible

contractually for all services, including those services performed by a sub-contracted software provider.

The Vendor should coordinate, integrate, and be accountable for all products and services proposed.

Submitting multiple proposals in different forms shall result in the disqualification of all Vendors knowingly involved.

Section 30.058.010—Vendor Experience Requirements (Sections 60.010.010.030; 60.010.010.040; 60.020.010.030)

The Vendor or subcontractor selected for this initiative should have:

1. A clear, complete, and comprehensive vision for the direction of the business.
2. Evidence of fiscal stability, including being able to demonstrate that this project will not have a material impact on the Vendor organization's financial status.
3. Recent experience (past five years) designing, developing and implementing a large enterprise system.
4. Recent experience providing FA services. This experience may be provided through a sub-contracted vendor.

CHFS may require substitution/replacement of any key personnel assigned to the Project if it determines that person does not possess the skills necessary to satisfactorily complete the activities assigned.

The successful Vendor should have a minimum of five prior years experience in the delivery of services on projects involving the design, development, and implementation of large systems. Experience preferably should be within the last five years, although earlier experience may be submitted if it demonstrates continuity of services over a broad span of years. The Vendor identifies any experience with Federal requirements for Medicaid programs and/or MMIS, or other Federal programs such as HIPAA, Food and Drug Administration (FDA), HBE, or related service areas.

Section 30.058.020 – Value Added Services (Section 60.010.010.140)

Value-added services provide additional functionalities and capabilities that enhance a Vendor's solution

Section 30.059 – Independent Verification and Validation

The selected Vendor should cooperate with any Third Party Vendor(s) that the Commonwealth engages for the purposes of Independent Verification and Validation (IV&V) of the Program or system at any point in the program life cycle. The selected Vendor should, upon request and as required, provide documentation to CHFS and the IV&V Vendor to facilitate the independent verification process. The MEMS Vendor should support the IV&V Vendor in its objective verification and validation activities. The

IV&V Vendor should have access to all deliverables and visibility into the MEMS Vendor's processes to produce those deliverables, including on-site visits.

The most significant contribution expected of the IV&V consultant is performing project oversight and acting in the role of a contract monitor to oversee the contractual obligations, performance, and compliance of the Vendor awarded the RFP for the new MEMS. CHFS views the function of the IV&V consultant as literally independent, and not a part of the DDI process. The IV&V consultant should be able to sample, review, and critique all parts of the Vendor's DDI activities and the CHFS's oversight of those activities.

CHFS and the IV&V consultant will review all deliverables of the selected Vendor. The deliverables should be defined in the RFP along with a description of the formal process to be used in the submission and review of the deliverables. The implementation Vendor should produce and submit to CHFS/IV&V deliverables based on the dates that are agreed upon in the project schedule.

The IV&V will independently produce status reports on the progress of the project and submit them simultaneously to CHFS and CMS. This action should ensure a check and balance approach to assessment and allow the IV&V consultant to maintain the independence it needs to do the job for which they were contracted. It should also ensure that CMS is getting necessary information in a timely and unedited manner. CHFS will also initiate a standing monthly status update call with CMS the week following the status report to discuss the findings, recommendations, and corrective action, if required.

Section 30.060—Replacement System Scope of Work

The Scope of Work (SOW) for the implementation of the new MEMS calls for the Vendor to:

1. Propose and develop a system using a modular design and interoperable enterprise architecture employing a collaborative teaming approach. The Vendor should provide services required to maintain, enhance and operate the new MEMS over the Project Life Cycle (PLC). The replacement system will meet the applicable Medicaid Enterprise Certification Toolkit (MECT) requirements, align with MITA, and comply with the CMS Seven Conditions and Standards. Kentucky's functional and technical requirements are identified in Attachment F – MEMS Functional Requirements and Attachment G-MEMS Technical Requirements. The Vendor should meet these objectives by executing the following activities:
    a. Activity 1 – Project Management.
    b. Activity 2 – Detailed Requirements Analysis.
    c. Activity 3 – Design.
    d. Activity 4 – Development.
    e. Activity 5 – Data Conversion.
    f. Activity 6 – Business Process Transition.
    g. Activity 7 – Acceptance Testing.

    h. Activity 8 – Training.
    i. Activity 9 – Implementation.
    j. Activity 10 – Operations – Fiscal Agent.
    k. Activity 11 – Certification.
    l. Activity 12 – Software Maintenance and Modification.
    m. Activity 13 – Turnover.
2. Recommend the integration of best-of-breed existing and proven products rather than the traditional approach to new systems development that includes a state-of-the-art modular framework and supporting services, e.g., rules engine and workflow management, from best-of-breed Vendors. (Activities 1, 2, 3, 4, 5, 7, 9).
3. Prepare the MEMS for Federal certification and to conduct planning activities to assure the new MEMS is developed and enhanced to meet MITA in Activity 11.
4. Provide FA Services to operate the MEMS for an 8-year period (5 base years and 3 optional years) to meet the operations requirements identified in Activity 10.
5. Software maintenance and modification should be provided as part of the base contract for an 8 year period (5 base years and 3 optional years) to meet the operations requirements identified in Activity 12.
6. The timeline for the MEMS Replacement can be found in Attachment S.

The scope of the MEMS requirements includes the major functionality/modules and system components that are defined in Attachment F – MEMS Functional Requirements and Attachment G – MEMS Technical Requirements.

The SOW defines the activities to be performed by the Vendor to develop and implement a new MEMS that meets DMS requirements including the activities for FA Operations (Activity 10) and Software Maintenance and Modifications (Activity 12) of the MEMS after implementation. The SOW assumes the following:

1. The Vendor should provide/develop a system to meet the functional requirements defined in Attachment F – MEMS Functional Requirements and as specified in Activities 1 through 12.
2. The Vendor should assist DMS in the development and implementation of new business processes and workflows as defined in Activities 3 & 6.
3. The Vendor should provide DMS training as defined in Activity 8.
4. The Vendor should provide FA services as defined in Attachment F –MEMS Functional Requirements, and as specified in Activity 10.
5. The Vendor should assist the Commonwealth in the Certification Readiness Effort with planning and expertise defined in Activity 11.
6. The Vendor should provide Software Maintenance and Modification following MEMS Implementation as defined in Activity 12.
7. The Vendor should provide Turnover services as defined in Activity 13.

Section 30.060.010—CHFS General Responsibilities

CHFS general responsibilities are:

1. Provide overall project direction and management.
2. Provide input and clarifications to the Vendor for developing the Deliverables.
3. Provide access to CHFS policies and procedures related to Vendor Deliverables. When applicable, provide access to appropriate staff to clarify requirements consistent with the MEMS Requirements Definition Report.
4. Attend deliverable walk-throughs to enhance understanding and facilitate the approval process.
5. Review and provide comments on draft Deliverables.
6. Review and approve Deliverables.
7. Ensure that technical assistance and support are provided in capacity planning, network planning, database and dictionary requirements, and software requirements of any existing (package) or developed systems.
8. Establish project organization by meeting with Vendor project management to finalize and document areas of responsibility, personnel reporting relationships, and administrative procedures.
9. Establish evaluation mechanisms by setting up procedures for day-to-day control of the Project as defined by the combined CHFS and Vendor project management team.
10. Coordinate other CHFS resources as needed to support the development and implementation process.
11. Provide information and answer questions at Vendor request.
12. Assist the Vendor in closing out action items.
13. Provide a project team consisting of a Program Director, technical staff, and business analysts representing the business areas throughout DMS. In addition, part-time participation from other CHFS staff should be available as defined in Attachment M – Commonwealth Responsibilities and MEMS Project Team Composition. The Vendor should consider these staffing levels when developing the resource management portion of the Project Plan.
14. The CHFS Program Director ensures that the Project is in compliance with the Contract and satisfies the requirements stated in the RFP. The CHFS Program Director will consult with the Project Sponsor on a continuing basis on every activity of the Project. This coordination should ensure that the new MEMS is properly designed, tested and implemented, supports the defined functional and technical requirements contained in the RFP, and is properly documented.
15. The standard turnaround for CHFS review of deliverables should be 15 work days and may be modified if CHFS determines in its sole discretion that it is necessary. CHFS encourages early submission of draft documents to expedite CHFS review. If the deliverable is not accepted, the Vendor is allowed 10 days to make necessary corrections and resubmit. CHFS will have 15 days to re-review.
16. Monitor Vendor performance.

Section 30.060.020—MEMS Vendor General Responsibilities

MEMS Vendor general responsibilities are:

1. Provide/develop a system to meet the functional requirements defined in Attachment F – MEMS Functional Requirements and Attachment G – MEMS Technical Requirements.
2. Provide training services for Vendor and DMS users and Providers as defined in Activity 8.
3. Provide FA and quality management support services to DMS and the new MEMS that ensure, and maintain the integrity of customer and stakeholder relationships and program performance as defined in Activity 10.
4. Provide Operations and Maintenance Support for the new MEMS system components as defined in Activity 12.
5. Submit written status reports to the CHFS Program Manager as defined in Attachment L – Deliverables.
6. Obtain CHFS written approval of the Project Plan.
7. Obtain CHFS approval on deliverable formats prior to completing deliverables.
8. Ensure that deliverables submitted to CHFS meet the deliverable requirements.
9. Obtain written approval from CHFS on deliverables before it is considered complete.
10. Perform internal quality control on deliverables before submission for CHFS review and maintain records of those activities.
11. Provide information and support to the IV&V Vendor involved in the quality assessment of the MEMS development and implementation activities.
12. Attend meetings and present Project status as directed by CHFS.
13. Provide facilities and equipment as defined in Attachment L- Deliverables.

Section 30.060.030—Project Staffing (Section 60.010.010.130)

A key factor in the success of the project is the degree of collaboration between Project staff, CHFS participants, and Vendor staff. The Vendor's Project team is responsible for performing and supporting the project with quality-related activities described throughout this Section of the SOW. CHFS expects the Vendor to staff the project team with individuals who have expertise to perform or administer the activities. Key Staff designated by the awarded Vendor will be approved by CHFS.

In addition, the Vendor should provide qualified, highly skilled project staff. The composition of the project staff should be at the Vendor’s discretion. However, the Vendor should ensure that project staff meet and retain the performance standards defined in the Project Plan (Deliverable 1.1 and 1.2). For pricing purposes, please cost all positions. Actual staffing can be discussed during final negotiations.

The CHFS Program Director works closely with the Vendor’s Project Manager on day-to-day project activities. The Vendor should have full responsibility for providing adequate staff to complete the project in the required timeframe.

Section 30.060.030.010—Staffing Plan

The selected Vendor submits a plan for Project Staffing prior to the commencement of any work, to be approved by CHFS. The Staffing plan should describe the selected Vendor's staffing approach and team organizational structure for the prime Vendor, and all subcontracted Vendors, to complete all phases of work, functions, requirements, roles, and duties associated with this Project. The Vendor is to maintain staffing levels throughout the project at ninety percent (90%) or more of the staffing plan agreed to during project planning. All MEMS Vendor staff in key roles should have recent (in the last three years) experience with implementing and/or supporting Medicaid systems.

The Project Staffing Plan includes resumes for each of the selected Vendor's proposed staffing choices for the Key Roles described below:

1. Program Manager: Primary point of contact with MEMS's Program Director for activities related to contract administration, project management, scheduling, correspondence with MEMS staff, and deliverable reviews. Should have a Bachelor's Degree, a current Project Management Professional (PMP) Certification, and at least ten (10) years of management experience.

2. Project Manager: Responsible for planning, directing, managing and overseeing the overall Vendor Project Management activities. The primary focus is on providing an integrated view of all project and related program activities. Should have a Bachelor's Degree, a current Project Management Professional (PMP) Certification, and at least five (5) years of management experience.

3. Deputy Project Manager/Project Management Office (PMO) Manager: Also responsible for planning, directing, managing and overseeing day-to-day Vendor PMO and Project Management activities. The primary focus is on providing an integrated view of all project and related program activities. Should have a Bachelor's Degree, and at least three (3) years of management experience.

4. Core Medicaid Enterprise Systems: Primary point of contact with MEMS Technical Staff. Should serve as the Technical SME over the selected Vendor's team. Should have a Bachelor's Degree and at least seven (7) years of similar experience.

5. Systems Development Manager for DDI: Responsible for the overall functional design of all system components, functional procedures, program applications, and functional documentation. Also responsible for liaising with business SMEs on any functional decisions. Should have similar experience in MEMS Solution Development of similar size and complexity. Should have a Bachelor's Degree and at least seven (7) years of similar experience.

6. System and Web Architect: Responsible for the design, maintenance, procedures, and architecture related to data, program applications, and systems documentation. Should have similar experience in MEMS Solution Development of similar size and complexity. Should have a Bachelor's Degree and at least seven (7) years of similar experience.

7. Systems Integration Manager: Manages the integration of MEMS System Components. The number of System Manager positions corresponds to the number of MMIS modules/contracts.

   Potential Positions:

   i. Core System Project Manager
   ii. DSS Project Manager
   iii. Care Management Project Manager
   iv. UM Project Manager

   System Project Managers (PMs) are accountable for all the MEMS-related activities, reviewing and ensuring that all contractual terms and deliverables are met throughout the project and communicating project-level PM information to the Program Director.

8. Implementation Manager: Primary point of contact with Commonwealth staff regarding system implementation. Should have a Bachelor's Degree and at least five (5) years of similar experience.

9. Help Desk Manager: Responsible for internal staff User Support and Contact Center Help Desk operation. Should have a Bachelor's Degree and at least five (5) years of similar experience.

10. Operations and Maintenance Manager: Responsible for system operations and ongoing maintenance after implementation. Should have a Bachelor's Degree and at least five (5) years of similar experience.

11. Data Conversion Manager: Responsible for overall data architecture of the system including MDM planning and implementation, data exchange planning and implementation and data migration to new system. Should have a Bachelor's Degree and at least five (5) years of similar experience.

12. Quality Assurance Manager: Responsible for the Vendor's implementation of their Quality Plan. Performs audits and reviews identifying areas for improvement. Should have a Bachelor's Degree and at least five (5) years of relevant experience.

Lead roles should be filled by selected Vendor staff with appropriate levels of experience.

1. System Test Lead: Responsible for overall effort involved in system testing, including test strategy, planning, execution and status reporting. Should have a Bachelor's Degree and at least seven (7) years of similar experience.

2. Training Lead: Responsible for overall effort involved in end-user training, including training strategy, schedule, planning, training materials, delivery and status reporting. Should have a Bachelor's Degree and at least seven (7) years of similar experience.

3. Organizational Change Lead: Responsible for the creation, implementation and coordination of the Business Process Transition strategy and plan for the MEMS. Should have a Bachelor's Degree and at least five (5) years of similar experience.

4. Infrastructure Lead: Responsible for the assessment, planning, procurement, installation, configuration, maintenance and monitoring of all infrastructure components required for the MEMS. Responsible for the MEMSs server, network and data center operations for all environments including test, production, and disaster recovery sites. Should have a Bachelor's Degree and at least five (5) years of similar experience.

5. Security Lead: Responsible for the assessment, planning and implementation of all security standards, practices and components required for the MEMS. Responsible for adherence to CHFS security standards, communications with CHFS ISO, compliance with HIPAA requirements, and IRS Federal Tax Information. Should have a Bachelor's Degree, CISM, GIAC or CISSP certification and at least five (5) years of similar experience.

6. Application Development Lead: Responsible for the planning, coordinating, and supervising of all activities related to system design and development. Should have a Bachelor's Degree and at least seven (7) years of similar experience.

7. Technical and Business Writing Quality Assurance Lead: Responsible for providing standards to be adhered to for technical and business documents and all deliverables. Responsible for enforcing and tracking compliance with quality standards and procedures including peer review processes, quality checks and remediation actions. Should have five (5) years experience in technical and business writing.

Other key positions that should be provided by the Vendor include the following:

1. Fiscal Agent Manager.
2. A minimum of one Business Analyst for each of the business areas
3. DSS Systems Engineers for ad hoc reporting.
4. Financial staff.
5. Third Party Liability staff.

6. Provider Relations representatives.
7. Provider Call Center staff.
8. EDI Staff (including EDI call center).

Modifications, Changes and Maintenance Staffing

CHFS is requiring 25,000 hours of Vendor categorized staff time per contract year to apply towards system modification, changes and enhancements to the MEMS once the system has been fully implemented for the life of the contract. Vendor should analyze the change request, provide an estimate to CHFS and receive approval prior to expending any of these hours. Any hours remaining at the end of a contract year are to be rolled over to the next year. The Vendor is responsible for full-time staff support comprised of professional systems engineers (programmer/analysts) for all system maintenance change categories. This staff should be in addition to Vendor staff performing routine and general system maintenance activities. The Vendor should identify staff to be assigned to system modification, change and enhancement projects. Additionally, the staff can be assigned to support routine and general maintenance activities with the approval of the CHFS.

Other non-programming categorized staff should support routine and general maintenance activities that include: workflow analysis, system testing, documentation updates, and program procedure activities may consist of architects, testers, business analysts, security experts, Database Analysts (DBAs), change management personnel, and/or administrative staff. The mix should be left up to the Vendor, as long as the required level of service is met.

Vendor staff responsibilities for all system maintenance activities are prioritized by the CHFS, with input from the Vendor. Within these priorities, the Systems Manager is responsible for directing the work of Vendor staff to ensure that all maintenance and modification efforts proceed in a timely manner. All module and system component functions should be covered by at least one Vendor systems/programming staff with extensive knowledge and experience in the corresponding technical area. Team members should be sufficiently cross-trained to support temporary changes in priorities and/or responsibilities.

The selected Vendor should explain in its Staffing Plan how each individual meets the requirements of the proposed role. All proposed Vendor staffing for Key Roles is subject to approval by CHFS. CHFS reserves the right to reject the Vendor's proposed individuals for Key Roles. In such a case the selected Vendor should be required to provide an alternative staffing proposal for that Key Role. CHFS reserves the right to interview individuals proposed to Key Roles, if desired, prior to approval of any staffing.

CHFS and its stakeholders should be interacting with the selected Vendor's staff on an ongoing basis, and as such the selected Vendor should submit in its plan an organizational chart for Staffing that describes how the selected Vendor's team should interact with CHFS staff and key Commonwealth stakeholders.

In addition, the selected Vendor may need to interact with other Vendors associated with the delivery of the MEMS including the IV&V Vendor. The selected Vendor should

cooperate with all resources involved in the MEMS project to ensure the successful integration of all components of the solution and the overall delivery of operationally efficient and effective MEMS.

CHFS recognizes that changes in the selected Vendor's level of Staffing may happen due to a variety of unforeseen factors. However, the selected Vendor is responsible for ensuring the appropriate experienced staffing level is maintained throughout the project to ensure the objectives of this Project are met on time.

To mitigate risks associated with changes in Vendor staffing, CHFS requires the awarded Vendor to include a contingency plan with the Project Staffing Plan.l. The contingency plan should address staffing changes to include: replacement of key personnel or other proposed staff, staff augmentation plans in the event of an inability to meet performance standards, and a method for deploying and bringing new team members up to date with the project.

Section 30.060.030.020—Onsite Staffing Requirement

During the DDI Phase, CHFS will provide office space for Vendor staff onsite in Frankfort, KY. This includes the following Key Vendor staff:

1. Program Manager, as required.
2. Project Manager (at least 80% of the time).
3. Deputy Project Manager (100% commitment).
4. Project Management Office (PMO) Manager (100% commitment).
5. Core Medicaid Enterprise Systems Manager (100% commitment).
6. Systems Development Manager for Design and Development (100% commitment).
7. Systems Integration Manager (100% commitment).
8. Implementation Manager (100% commitment).
9. Data Conversion Manager (100% commitment)
10. Quality Assurance Manager (100% commitment).

The Commonwealth and Key Vendor staff should work very closely together on this project. This requires an onsite presence. It is vital for the Vendor project manager and key staff to play an active role in the project and be visible and accessible.

Once the new MEMS are implemented, the key technical staff should continue to be housed at the CHFS facility throughout five year operational period. These staff include:

1. Core Medicaid Enterprise Systems Manager.
2. System Analysts/Engineers.
3. Network staff.
4. Configuration Manager
5. DSS Systems Engineer for maintenance.

6. Privacy/Security Compliance Management.

The key FA staff should be located in a Vendor supported facility within ten (10) miles of the Kentucky Department of Human Resources Building. Staff that should be located there are:

1. Fiscal Agent Manager.
2. A minimum of one Business Analyst for each of the business areas
3. DSS Systems Engineers for ad hoc reporting.
4. Financial staff.
5. Third Party Liability staff.
6. Provider Relations representatives.
7. Provider Call Center (some in Frankfort; can have additional sites).
8. EDI Staff (including EDI call center).
9. Trainers.

Section 30.060.030.030—Offsite Project Work

The Commonwealth will permit development project work to be performed offsite. For offsite work, the Commonwealth requires strong management of the resources and assigned activities; adequate, timely and accurate communications and completion of assigned work by specified deadlines. This is important to any offsite relationship.

Section 30.060.040—Systems Development Life Cycle Methodology (Section 60.010.010.060)

Prior to the commencement of work, the selected Vendor should submit a description of the system development life cycle (SDLC) Methodology that it plans to use for the MEMS, for review, comment, and approval by CHFS.

The selected Vendor should deliver the solution using a phased development approach that supports the Commonwealth's requirement to review and test iterations of development of logical functional groups of system components, before proceeding to the System Test phase. Therefore, the plan for the Development Phase should account for durations of Commonwealth testing and feedback, and system updates by the Vendor, prior to the completion of the Development phase for each iteration.

Section 30.060.050—Project Deliverables and Milestones (Section 60.010.010.060)

For each project deliverable, a required minimum specification has been defined and is included in Attachment L – Deliverables. All deliverables should be delivered and maintained online in the SharePoint Project Repository that is required in Activity 1 (Deliverable 1.5). The SharePoint Project Repository is the central location for the delivery, management and maintenance of all artifacts of the Project, including all deliverables. CHFS will provide an area on its SharePoint portal for the Vendor to organize and utilize for its repository. The CHFS Project Team should have continuous access to the SharePoint Project Repository to review and accept deliverables and to

provide ongoing management of the project. The schedule for the submission of deliverables should be based on the Vendor's approved Project Plan.

In the process of developing deliverables, the Vendor should involve the CHFS Project Team and the IV&V Vendor in a review of a draft version of the deliverable. Prior to submission of the draft document, the Vendor's review process should incorporate the Vendor's Internal Quality Management review steps described in the Vendor's Project Plan. As each deliverable is formally submitted, the Vendor should provide evidence to show that the Vendor's review and corrective action has been followed through the versioning process.

All deliverables should be delivered to the CHFS Program Director. A cover letter should be included with an electronic copy of the Deliverable and placed on the SharePoint Project Repository in a specified area. Additional versions may be required by CHFS in different formats.

Upon receipt of a deliverable, CHFS will log the deliverable and convene a review panel to initiate the review process. CHFS will simultaneously provide Contract deliverables to the IV&V Vendor for its independent review. As necessary, the Vendor may be asked to provide a walk-through of each deliverable to aid the review panel and the IV&V Vendor in understanding the document. CHFS and the IV&V Vendor should review deliverables to determine their readiness for use and compliance with content requirements specified in Attachment L – Deliverables. CHFS will complete its review and provide review results in writing to the Vendor within 15 days. If CHFS finds deficiencies in deliverables, it will formally communicate them in writing to the Vendor. The Vendor should correct deficiencies and resubmit corrected deliverables for review within 10 days from receipt of CHFS notification of deficiencies (which begins a new 15-day CHFS review cycle). Deliverables are to be approved in writing by CHFS to be considered final.

The table below provides a summary list of all the required deliverables. The table indicates the Activity number and description and the Deliverable number and description.

Table 2 – Summary of Deliverables

Activity	Activity Description	Deliverable Number	Deliverable
1	Project Management		
		1.1	Project Plan
		1.2	Project Plan Updates
		1.3	Configuration Management/Change Management Plan
		1.4	Software Development Methodology
		1.5	SharePoint Project Repository
		1.6	Project Status Reports
		1.7	Security Policies and Procedures
		1.8	Business Continuity Plan – V1: Development

Activity	Activity Description	Deliverable Number	Deliverable
2	Detailed Requirements Analysis		
		2.1	Detailed Requirements System Design (RSD)
		2.2	General System Design (GSD)
3	Design		
		3.1	Detailed System Design (DSD) Version 1
		3.2	Implementation Plan – Version 1
		3.3	System Architecture and Design Documents a) Interface Detail Design (IDD) and Integration Specification document b) Interface Control Document (ICD) c) Logical Data Model d) Physical Data Model e) Data Dictionary
		3.4	Architectural Review Board
		3.5	Test Management Plan
		3.6	Network Upgrade Requirement
		3.7	Data Conversion Strategy
4	Development		
		4.1	Development Environment*
		4.2	Code Library – Version 1: Test Environment*
		4.3	Development Test Results*
		4.4	User Manual – Version 1*
		4.5	Operating Procedures – Version 1*
		4.6	DSD - Version 2
		4.7	Implementation Plan – Version 2
5	Data Conversion		
		5.1	Data Conversion Plan
		5.2	Conversion Test Results*
6	Business Process Transition		
		6.1	Comprehensive Behavior Process Transition and Communication Plan
		6.2	Business Process Re-engineering (BPR) Modeling of Future Processes
		6.3	Training of Staff on New Processes
		6.4	New Process Rollout
		6.5	BPR Results Report
7	Acceptance Testing		

Activity	Activity Description	Deliverable Number	Deliverable
		7.1	Test Environment*
		7.2	Acceptance Test Plan*
		7.3	Acceptance Test Results*
		7.4	Operational Test Plan*
		7.5	Operational Acceptance Test Results*
		7.6	Source Code (applicable only for Commonwealth hosted and as applicable) Library – Version 2: Acceptance Testing Environment*
		7.7	Business Continuity Plan for Systems Operations and Maintenance
		7.8	DSD Version 2
8	Training	8.1	Training Strategy*
		8.2	Training Plan*
		8.3	Training Environment*
		8.4	Training Materials*
		8.5	Training Report*
9	Implementation		
		9.1	Implementation Plan – Version 3*
		9.2	Production Environment*
		9.3	Source Code (applicable only for Commonwealth hosted and as applicable) Library – Version 3: Production Environment*
		9.4	User Manual – Version 2
		9.5	Operating Procedures – Version 2*
		9.6	Final System Documentation DSD - Version 3 (Sysdoc)
		9.7	Implementation Certification Letter
10	Operations		
		10.1	Quality Management Plan
		10.2	FA Staffing Requirements Capability Report
		10.3	Bi-weekly Status Report for Operations
		10.4	Annual Status Report for Operations
11	Certification		
		11.1	Certification Checklist
		11.2	Certification Review Package
12	Systems Operation and Maintenance Support		
		12.1	Systems Support Plan
		12.2	Staffing Requirements Capability Report

Activity	Activity Description	Deliverable Number	Deliverable
		12.3	Biweekly Status Report
		12.4	Annual Status Report
		12.5	System Documentation Updates
		12.6	Operations & Maintenance Procedures Manual
13	Turnover		
		13.1	Turnover Plan
		13.2	Resource Requirements Statement
		13.3	Systems Documentation
		13.4	Source Code (applicable only for Commonwealth hosted and as applicable) Library
		13.5	Turnover Results Report

Deliverables noted with an asterisk (*) should be approved prior to commencement of other systems development activities.

The activities/deliverables above are assigned to milestones in the table below as follows:Table 3 – Milestones, Activities and Deliverables

Milestone	Activity Description	Deliverable
Design	Project Management	
		Project Plan
		Project Plan Updates
		Configuration Management Plan
		Software Development Methodology
		SharePoint Project Repository
		Project Status Reports
		Security Policies and Procedures
		Business Continuity Plan – V1: Development
Design	Detailed Requirements Analysis	
		Detailed Requirements (RSD)
Design	Design	
		DSD Version 1
		Implementation Plan – Version 1
		System Architecture and Design Documents a) (IDD)and Integration Specification document b) ICD c) Logical Data Model d) Physical data Model e) Data Dictionary
		Architectural Review Board
		Test Management Plan

Milestone	Activity Description	Deliverable
		Network Upgrade Requirement
		Data Conversion Strategy
Development/Testing	Development	
		Development Environment*
		Code Library – Version 1: Test Environment*
		Development Test Results*
		User Manual – Version 1*
		Operating Procedures – Version 1*
		DSD Version 2
Conversion	Data Conversion	
		Data Conversion Plan
		Conversion Test Results*
Acceptance Testing	Acceptance Testing	
		Test Environment*
		Acceptance Test Plan*
		Acceptance Test Results*
		Operational Test Plan*
		Operational Acceptance Test Results*
		Source Code (applicable only for Commonwealth hosted and as applicable) Library – Version 2: Acceptance Testing Environment*
		Business Continuity Plan for Systems Operations and Maintenance
		DSD Version 2
Implementation	Implementation	
		Implementation Plan – Version 3*
		Production Environment*
		Source Code (applicable only for Commonwealth hosted and as applicable) Library – Version 3: Production Environment*
		User Manual – Version 2
		Operating Procedures – Version 2*
		DSD Version 3 (Sysdoc)
		Implementation Certification Letter
Certification	Certification	
		Certification Checklist
		Certification Review Package

Deliverables noted with an asterisk (*) should be approved prior to commencement of other systems development activities.

Section 30.060.060—Facilities and Equipment

During the DDI phases, the awarded Vendor's project team will be provided space at the Commonwealth. It has been CHFS's experience that having the Vendor and Commonwealth project teams housed together facilitates more open communication and lends itself to a more successful project. Following the MEMS implementation, key technical staff should remain housed with CHFS in its support of the system operations, maintenance, and modifications.

Commencing with the FA operations phase, the Vendor is to maintain its facility in Kentucky within a radius of 10 miles from the Frankfort, Kentucky Department of Human Resources Building, located at 275 East Main Street, with access for designated CHFS staff. The Vendor is to provide access 24x7x365 to all Vendor Medicaid Enterprise facilities and operations in Kentucky and to each Medicaid employee designated by the Commonwealth, without prior notice, admission, escort, or other requirements. All Vendor and Commonwealth staff and visitors should wear identification badges at all times while in the facility. The Commonwealth and the Vendor will establish appropriate protocols to ensure that physical property/facility security and data confidentiality safeguards are maintained. Access to any non-Kentucky facility used to support the Medicaid Enterprise are to be granted within five workdays of the request.

Section 30.060.070—Activity 1 – Project Management (Section 60.010.010.060)

This Section presents the requirements for Project Management to be completed over the Contract period for Activities 1 through 13. Project Management activities span the duration of the Project. Project Management activities that support the use of the Project Plan are the primary control elements on the Project.

Section 30.060.070.010—Objectives

The specific objectives of the Project Management Activity are to ensure that the MEMS meets Kentucky's specific requirements defined in Attachment F – MEMS Functional Requirements, Attachment G – MEMS Technical Requirements, and the current CMS functional equivalency and reporting requirements identified in the State Medicaid Manual (SMM), Part 11.

The Project Management Activities are designed to ensure that the Project progresses according to the approved detailed Project Plan. The activities and associated activities related to Project management are in the following sections. The Vendor's project methodology should align within the Commonwealth's overall project management framework.

The Vendor should develop an initial Project Plan with CHFS input within 20 days of Project initiation. Once the Project Plan is approved by CHFS, the approved Project Plan should be maintained by the Vendor. The Vendor should modify the Project Plan throughout the Project, with CHFS approval, by updating it to reflect the evolving schedule, priorities, and resources.

As part of the Project Management Activity, the Vendor should also provide documentation of systems development processes and controls to be used to ensure a quality MEMS development and implementation. The documentation of processes and controls should include a Software Development Plan, Security Policies and Procedures, and the Business Continuity Plan. An implementation plan is to be included in the Project Plan as well.

CHFS will provide an area on its SharePoint portal for the Vendor's use. The Vendor should organize this SharePoint Project Repository which should provide access to all Contract Deliverables. The CHFS Project Team will have continual access to the SharePoint Project Repository.

Section 30.060.070.020—CHFS Project Management Responsibilities

CHFS Project Management responsibilities in this activity are to:

1. Manage the MEMS Project Risk Management Plan and process including periodic input from the Vendor and the IV&V Vendor.
2. Conduct periodic meetings of the MEMS Requirements Management Change Control Board (CCB) in order to manage project change requests.

Section 30.060.070.030—Vendor Project Management Responsibilities

Vendor Project Management responsibilities are to:

1. Prepare, submit, gain approval, and execute the Project Plan as defined in Attachment L – Deliverables (Deliverables 1.1 & 1.2). The Vendor is to obtain CHFS approval of the Project Plan before commencing work on the activity. The Vendor should submit updates to the Project Plan monthly, at a minimum.
2. Maintain staffing levels throughout the project at ninety percent (90%) or more of the staffing plan agreed to during project planning.
3. Present the Software Development Plan and the Change Management Plan to the CHFS Project Team. Utilize the plans during project execution.
4. Prepare and submit Project Status Reports. The Status Reports should be in the format approved by CHFS and include accomplishments, critical issues, personnel utilized, and items planned for the next reporting period. The Status Reports should report identified issues and risks and associated mitigation strategies in support of the MEMS Project Risk Management Plan. The Status Reports should conform to the requirements described in Attachment L – Deliverables and should be presented to the CHFS Program Director and the IV&V Vendor weekly.
5. Establish and begin using the approved SharePoint Project Repository (Deliverable 1.5) as the control system for all Project Deliverables and other artifacts. Deliverables are expected to be delivered, managed, and controlled through the SharePoint Project Repository.
6. Participate in the MEMS Requirements Management Change Control Board (CCB) as needed.

7. Develop, submit, and utilize the Security Policies and Procedures in Attachment L – Deliverables (Deliverable 1.7) and the Business Continuity Plan in Attachment L – Deliverables (Deliverable 1.8).
8. Attend meetings and present Project status as directed by the CHFS Program Director.
9. Support the IV&V process as defined in RFP.
10. Prepare and submit final deliverables.

Section 30.060.070.040—Milestones

The critical milestones that affect the schedule or impact progress during the Project Management activity are:

1. CHFS approval of the Project Plan deliverables and the Software Development Plan deliverable.
2. CHFS approval of the SharePoint Project Repository deliverable.
3. CHFS approval of the Security Policies and Procedures deliverable and the Business Continuity Plan deliverable.
4. CHFS approval of monthly Project Plan updates.
5. CHFS approval of weekly Status Reports.

Section 30.060.070.050—Deliverables

This section defines the Vendor deliverables related to the Project Management Activity. Preparation, maintenance, and use of quality deliverables are critical to the success of the Project Management process and should be used to assess the Vendor's overall understanding of requirements and expectations of CHFS. Documents prepared during the Project Management Activity are the foundation for the definition of work to be completed in subsequent Project activities. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables. The deliverables to be provided during the Project Management activity are:

Table 4 – Activity 1 Deliverables

NUMBER	DELIVERABLE	SECTION
1.1	Project Plan*	L.1.1
1.2	Project Plan Updates	L.1.1
1.3	Configuration Management Plan/Change Management Plan	L.1.2
1.4	Software Development Methodology*	L.1.3
1.5	SharePoint Project Repository Organization	L.1.4
1.6	Project Status Reports	L.1.5
1.7	Security Policy and Procedures	L.1.6
1.8	Business Continuity Plan – Version 1: Development	L.1 .7

Deliverables noted with an asterisk (*) should be approved prior to commencement of other systems development activities.

CHFS review of the Services and Deliverables of this activity should ensure that:

1. The Project is managed on schedule, within scope, and within budget.
2. Integrated plans are established and maintained to coordinate a comprehensive list of activities and tasks to handle the breadth of system requirements and the involvement of a large number of MEMS stakeholders.
3. Facilities and equipment are procured and established or installed.
4. Integrated plans are established to ensure quality systems development processes are in place to create quality system components.
5. An infrastructure is established to assure that the development, testing, training, and production environments are adequately secure to protect MEMS and data.
6. The SharePoint Project Repository is the means of access and review of MEMS documentation during development and maintenance.
7. Communications are established and maintained that provide adequate progress reporting, problem and risk identification and resolution and Contract management information.
8. The development process allows for internal Vendor quality processes and external independent Quality Assurance activities.
9. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.080—Activity 2 – Detailed Requirements Analysis

The Detailed Requirements Analysis Activity requires analyzing, defining, and further developing business, technical and functional requirements that are included in the base system for the new MEMS. The requirements should be further refined to arrive at the detailed design requirements that should be traced throughout the DDI process via the Requirement Traceability Matrix (RTM) and to the requirements specified in the RFP (Attachment L – Deliverables).

The products of this analysis should serve as the foundation for DSD documents and the draft version of the System Architecture and Design that is generated in Activity 4. The Requirements Analysis documentation becomes the initial version of the System documentation and should be updated as subsequent activities are completed.

Section 30.060.080.010—Objectives

The objective of this activity is to validate and finalize the requirements for this Project. The outcome of this activity is a requirements baseline that should be reviewed and revised throughout the change management process on a continuing basis as requirements are addressed. The Vendor is required to identify and document the system business rules to be supported by the new MEMS. This activity includes the on-going management of the requirements identified in this activity.

Section 30.060.080.020—CHFS Detailed Requirements Analysis Responsibilities

CHFS responsibilities for the Detailed Requirements (Functional and Technical) Analysis activity are:

1. Provide an Implementation Team of full-time individuals with duties that include working with the Vendor to help design the MEMS during the Design Phase.
2. Participate in Joint Application Design (JAD) sessions to assist the Vendor in understanding the CHFS role, Vendor role, and requirements for each business function.
3. Review all prototypes, window designs, architecture designs, work plans, requirements documents, and all deliverables and provide quick response and comment.
4. Monitor the MEMS Requirements Management process and conduct MEMS Requirements Change Control Board Meetings as needed.

Section 30.060.080.030—Vendor Detailed Requirements Analysis Responsibilities

Vendor responsibilities for the Detailed Requirements Analysis activity are:

1. Perform a detailed review and analysis of all requirements provided in the RFP and should develop the detailed specifications required to construct and implement the MEMS solution. The Vendor should thoroughly review all appropriate Kentucky Medicaid programs and policies and legacy MMIS documentation. The Vendor should work with CHFS staff to fully understand the scope, purpose, and implications of each requirement.
2. Plan and conduct JAD sessions, whose form, structure, timeframe, and schedule are prior approved by the CHFS.
3. Validate and refine the requirements specified in this RFP with CHFS staff.
4. Verify that the capabilities described in the Vendor proposal actually align with and meet the RFP requirements.
5. Validate that the capabilities described in the Vendor proposal meet MITA requirements.
6. Document the purpose and results of each JAD session.
7. Produce agendas and subject matter expert (SME) rosters for approval by the CHFS prior to distribution.
8. Prepare session minutes for approval by the CHFS prior to distribution.
9. Document Use Cases.
10. Document and track all action items during sessions through the project management portal.
11. Document the rules in the existing legacy system that are available for incorporation into the new MEMS rules engines including benefit plan assignment, pricing rules, and the edit and audit rules.
12. Elaborate and document architectural, and business and technical functional requirements described in this RFP and in attachments for the new MEMS.
13. Document and model each business process.

14. Develop acceptance criteria. This measurement should be used to generate the necessary test cases for system and acceptance testing.
15. Support and participate in requirements management.
16. Construct and update the Requirements Traceability Matrix (RTM).
17. Document the requirements validation.
18. Participate with the CHFS Requirements Change Control Board and process as needed.
19. Support the IV&V process as defined in the RFP.
20. Prepare and submit final Deliverables for approval.

Section 30.060.080.040—Milestones

The critical milestones that affect the schedule or impact progress during the Detailed Requirements Analysis (both Functional and Technical) activity are:

1. Complete the review of documentation pertaining to the legacy MMIS and related processes.
2. Complete the review of business, system, and user requirements documented by CHFS.
3. Complete the detailed requirements analysis meetings with appropriate CHFS staff. This activity should be done in parallel with the workflow and process engineering activities in Activity 3. Prepare the requirements baseline document and completion of walk-through with appropriate CHFS staff.
4. Prepare updated requirements documentation reflecting CHFS comments.
5. Obtain CHFS approval of the Detailed Requirements Document (DRD) deliverable.

Section 30.060.080.050—Deliverables

This section defines the Vendor Deliverables related to the Detailed Requirements Analysis (both Functional and Technical) Activity. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 5 – Activity 2 Deliverables

NUMBER	DELIVERABLE	SECTION
2.1	Detailed Requirements – Requirements System Design*	L.2.1
2.2	General System Design	L.2.2

Deliverables noted with an asterisk (*) should be approved prior to commencement of other systems development activities.

CHFS' review of the Services and Deliverables of this activity should ensure that:

1. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.090—Activity 3 – Design

The goal of the Design Activity is to develop the logical architecture of the system and support development of detailed programming specifications. Design activities should be consistent with the technical approach presented in the Vendor's Detailed Requirements Analysis.

Implementation plans should be developed during the Design Activity to clearly articulate *who* should be responsible, *what* are the various activities involved, and *how* they are to be delivered on time and on budget to meet project expectations. More importantly, the plan should explicitly identify and address implementation challenges and risks and be updated concurrently with each project phase as the project evolves.

Early in the Design Activity, the number and scope of test plans should also be determined and be approved by the CHFS prior to the start of testing. As applicable, test scenarios, test scripts, and test cases within each phase of testing should align with the Requirements Traceability Matrix (RTM) to verify all requirements are accounted for. Successful test results should confirm all requirements have been thoroughly tested.

Section 30.060.090.010—Objectives

The objective of the Design Activity is to define the blueprints for the new MEMS. Utilizing the detailed requirements deliverable, the Vendor should identify, change if necessary, obtain DMS approval, and finalize the business and technical functional requirements in a design document for the MEMS. The design should be used by programming staff to further analyze and construct the services for the new MEMS. The Vendor should be responsible for presenting changes to model prototypes for CHFS staff to review throughout the design process. The Vendor should be responsible for conducting a walk-through of the DSD with CHFS to enhance CHFS's understanding and to facilitate the approval process. Application Programming Interfaces (APIs) used to communicate between components and modules or with external systems should also be defined in the DSD document.

Implementation planning has a strong management focus which requires best practice approaches, skills and experience. The Vendor should prepare an implementation plan (Deliverables 3.2, 4.7, 9.1) to execute its implementation strategy for successful deployment of the MEMS on schedule, on scope and on budget.

The Vendor should complete the Architecture Review Board (ARB) (Deliverable 3.4) requirement and CHFS must approve the deliverable documents in order to complete the Design Phase. Portions of the DSD approved by CHFS may be used to satisfy ARB standards and deliverable requirements. The Vendor should also include a preliminary system network architecture draft diagram for each proposed environment in the proposal until architecture diagrams can be finalized.

The Vendor should prepare a Test Management Plan (Deliverable 3.5) to ensure all requirements are addressed and system modules, system components, and system interfaces operate as designed within the MEMS SOA framework including:

1. Modules are integrated using the defined technology and follow the prescribed method of governance.
2. Medicaid business rules perform as documented.
3. Business modules perform as described in the design phase.
4. The MEMS performs as expected during load and stress testing.
5. A safe environment is available for users to test the system.
6. All tests have been completed, documented, and passed by the Commonwealth, and interfaces comply with the ICD.

The Vendor should prepare a Data Conversion Strategy (Deliverable 3.7) to be delivered as part of the proposal for which its primary purpose is to document and communicate the data conversion scope, objectives, approach, and requirements.

Section 30.060.090.020—CHFS Design Responsibilities

CHFS responsibilities for the Design activity are:

1. Modify the CHFS network and desktops to meet the requirements using the Network Upgrade Requirements Deliverable.

Section 30.060.090.030—Vendor Design Responsibilities

Vendor responsibilities for the Design activity are:

1. Prepare the Detailed System Design document.
2. Prepare the Implementation Plan (Version 1.0).
3. Prepare the System Architecture and Design document.
4. Prepare the Architectural Review Board documents.
5. Prepare the Test Management Plan.
6. Prepare the Network Upgrade Requirements Deliverable.
7. Prepare the Date Conversion Strategy Document.
8. Support the IV&V process as defined in the RFP.
9. Prepare and submit Deliverables for approval.

Section 30.060.090.040—Milestones

The critical milestones that affect the schedule or impact progress during the Design activity are:

1. Preparation of the DSD document and draft System Architecture and Design document and walk-through with appropriate CHFS staff.
2. CHFS approval of the DSD and System Architecture and Design documents.
3. CHFS approval of the Architectural Review Board documents.
4. Completion and CHFS approval of the Implementation Plan (version 1.0) and the Test Management Plan.
5. Completion and CHFS approval of the Network Upgrade Requirements Deliverable.
6. Completion and CHFS approval of the Data Conversion Strategy document.

Section 30.060.090.050—Deliverables

The table below identifies the Deliverable number and description and the section where further information can be found in Attachment L – Deliverables. The Vendor should meet the requirements for Deliverables presented in Attachment L – Deliverables:

Table 6 - Activity 3 Deliverables

NUMBER	DELIVERABLE	SECTION
3.1	Detailed System Design Version 1	L.3.1
3.2	Implementation Plan – Version 1	L.3.2
3.3	System Architecture and Design Documents (SADD) a) IDD and Integration Specification document b) ICD c) Logical Data Model d) Physical Data Model e) Data Dictionary	L.3.3
3.4	Architectural Review Board Documents	L.3.4
3.5	Test Management Plan	L.3.5
3.6	Network Upgrade Requirement	L.3.6
3.7	Data Conversion Strategy	L.3.7

CHFS review of the Services and Deliverables of this activity should ensure that:

1. The DSDs correlate and accurately reflect business processes and workflows and technical function requirements.
2. The System Architecture and Design addresses the defined functional, performance and security requirements of the system and assures the required data interfaces with other systems.
3. The Architectural Review Board documents are in compliance with CHFS standards and are compatible with the CHFS Enterprise architectural framework.
4. The Systems design is compatible with the CHFS network/computing environment and with the network upgrade requirements, should adequately meet the MEMS requirements.
5. The implementation plan is iteratively developed to identify additional risks and issues while executing the defined scope and schedule of the plan.
6. The Testing Plan allows CHFS to track testing of the MEMS during development, and deliverables meet the minimum requirements defined in Attachment L – Deliverables.
7. The data migration strategy used to transfer system data from the legacy MMIS to the new MEMS provides a sustainable roadmap yielding complete, accurate, successful results.

Section 30.060.100—Activity 4 – Development

This activity addresses system development activities related to the new modular MEMS that complies with all of the requirements of this RFP. The Vendor should ensure that development is based on the CHFS-approved DSDs and System Architecture and Design and complies with all current State and Federal requirements.

Section 30.060.100.010—Objectives

The major objectives for this activity are the development and testing of the new MEMS to achieve the functional and technical requirements established during activity 2, the Detailed Requirements Analysis and Design Activities. Development and testing work should be completed according to the CHFS approved Implementation Plan.

It is important to point out that those areas where the system may not meet the functional requirement in its entirety that a decision needs to be made as to which is more efficient; to align the business process with the standard or the system. This is part of the construction process and should also tie into Activity 6.

Section 30.060.100.020—CHFS Development Responsibilities

CHFS responsibilities for the development activity are:

1. Facilitate the testing processes by providing test data and test files to the Vendor.
2. Perform testing activities.

Section 30.060.100.030—Vendor Development Responsibilities

Vendor responsibilities for the Development activity are:

1. Provide the Development Environment that consists of the system hardware, software, networks and workstations to develop and implement the new MEMS.
2. Execute and report on planned development activities.
3. Develop the Test Plan that consists of the plans to conduct unit, system, integration, stress and acceptance testing.
4. Develop MEMS documentation including the User's Manual – Version 1 and Operating Procedures – Version 1.
5. Complete Test Plans and conduct testing as planned.
6. Support the IV&V process as defined in RFP.
7. Document test results.
8. Conduct walk-through of Deliverables as needed.
9. Prepare and submit Deliverables for approval.

Section 30.060.100.040—Milestones

The critical milestones that affect the schedule or impact progress during the Development activity are:

1. CHFS acceptance of the development environment.
2. Completion of unit, system, integration, stress and acceptance testing.

3. CHFS approval of test plan and Development Test Results.
4. CHFS approval of new and updated systems documentation (e.g., User Manual, Operating Procedures, DSDs) and code library deliverables.
5. Walk-through of draft deliverables.

Section 30.060.100.050—Deliverables

This section defines the Vendor Deliverables related to the Development Activity of the Project. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 7- Activity 4 Deliverables

NUMBER	DELIVERABLE	SECTION
4.1	Development Environment*	L.4.1
4.2	Code Library – Version 1: Test Environment*	L.4.2
4.3	Development Test Results*	L.4.3
4.4	User Manual – Version 1*	L.4.4
4.5	Operating Procedures – Version 1*	L.4.5
4.6	Detailed System Design Version 2	L.4.6
4.7	Implementation Plan – Version 2	L.4.7

Deliverables noted with an asterisk (*) should be approved prior to commencement of the Acceptance Testing Activity.

CHFS review of the Services and Deliverables of this activity should ensure that:

1. A development environment is established that provides a mature process to support the extension of the proposed Base System to meet CHFS requirements and to support future maintenance and enhancement activities.
2. Planned development activities and methodologies are executed and reported.
3. The MEMS is developed while maintaining version control integrity.
4. MEMS error identification and closure is tracked and reported.
5. CHFS approves the MEMS for transition to the Acceptance Testing and the Training activities based on an agreement that defines the level of open system errors.
6. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.110—Activity 5 – Data Conversion (60.010.010.100)

An integral part of the project should be to integrate into the new system, historical data from the existing CHFS MMIS.

Conversion controls, especially the monitoring and proof of initial conversion results, are very important to ensure that the transactional source data converted into the system is accurate prior to implementation. Initial and ongoing conversion controls and balancing procedures should be described. The Vendor should make every effort to maintain data integrity and validity as data is converted to support the new MEMS. The Vendor should

develop a plan that outlines the process to be used to ensure that the entire conversion activity results in accurate migration of system data to the new MEMS and should execute the plan upon approval from CHFS.

Section 30.060.110.010—Objectives

The conversion process, which precedes the Implementation Activity of the Project, should be error free and completed before acceptance testing can proceed. The planning and execution of the conversion activities should be comprehensive and well documented. The new databases should be able to distinguish converted data from new data and all converted data should be date sensitive. Data mapping and conversion modules should be well documented in order to support research of conversion problems uncovered during the implementation and operations activities.

Section 30.060.110.020—CHFS Conversion Responsibilities

CHFS responsibilities for the Data Conversion activity are:

1. Respond to Vendor inquiries related to data mapping, system conversion requirements, and CHFS policies and procedures.
2. Assist with resolution of Data Conversion issues.
3. Respond to Vendor inquiries related to MEMS interfaces.

Section 30.060.110.030—Vendor Data Conversion Responsibilities

Vendor responsibilities for the Data Conversion activity are:

1. Develop a Data Conversion Plan that defines:
    a. A complete list of data, files, and tables to be converted, including the sources of the data.
    b. A list of default data values and new data requirements as needed.
    c. A data mapping between current systems and the future systems and provide a conversion plan, including a description of how full conversion should be completed and validated.
    d. Data cleansing approach
2. Conduct data conversion according to the Data Conversion Plan.
3. Identify, track, and resolve data anomalies during data conversion.
4. Develop and test conversion programs.
5. Handle all required manual data conversion or data entry activities needed.
6. Prepare conversion test results document.
7. Conduct walk-through of Deliverables.
8. Obtain CHFS comments on draft Deliverables.
9. Support the IV&V process as defined in the RFP.
10. Prepare and submit final documents for approval.

Section 30.060.110.040—Milestones

The critical milestones that affect the schedule or impact progress during the Data Conversion activity are:

1. CHFS approval of Data Conversion Plan Deliverable.
2. CHFS approval of Data Conversion Testing Results Deliverable.

Section 30.060.110.050—Deliverables

This section defines the Vendor Deliverables for the Data Conversion Activity. The table below identifies the Deliverable number and description; and the section where further information can be found in Attachment L – Deliverables.

Table 8 – Activity 5 Deliverables

NUMBER	DELIVERABLE	SECTION
5.1	Data Conversion Plan	L.5.1
5.2	Conversion Test Results*	L.5.2

Deliverables noted with an asterisk (*) should be approved prior to commencement of the Acceptance Testing Activity.

CHFS review of the Services and Deliverables of this activity should ensure that:

1. The source of data is properly mapped into the new MEMS database.
2. Data anomalies are identified and closure is tracked and reported.
3. CHFS approves the System for transition to the Acceptance Testing and Training Activity based on an agreement that defines the closure of open data anomalies.
4. The accuracy of data conversion is validated.
5. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.120—Activity 6 – Organization Change Management (Section 60.010.010.080)

The purpose of the Organization Change Management activity is to successfully support DMS in the transition from the current business processes and organizational structure, to the future business practices and organizational structure surrounding the new MEMS in a controlled way. The Vendor should be expected to strive to integrate these change efforts with any ongoing CHFS-wide Organizational Change program at the time of the development effort.

Section 30.060.120.010—Objectives

The change management activity is directed at maximizing positive response to the new MEMS by effectively managing stakeholder expectations and helping to ensure smooth adoption of the new system. It incorporates effective communication and highlights impacts on affected business processes. At a minimum, the activity limits disruption of staff and minimizes impact to the Medicaid members. CHFS is looking to move forward along the MITA maturity continuum in its business processes. The Vendor should work with the Commonwealth to achieve MML increases from its current MML 1.

The Organizational Change Management Plan includes business process reengineering (BPR), which is a strategy focusing on the analysis and design of workflows and processes within an organization. BPR aims to help the organization improve its

business processes in order to improve customer service, become more efficient, and potentially cut operational costs. The Vendor should accomplish the BPR goals by completing all requirements and delivering all deliverables identified as part of the BPR tasks:

1. Assess and reengineer the business processes of the core business areas that make-up and drive the MEMS.
2. Identifying BPR objectives.
3. Identifying performance problems.
4. Demonstrate opportunities for improvements.
5. Reengineer, redesign, and model business processes.
6. Set and/or assist in setting performance improvement goals.
7. Implement reengineered business processes.
8. Train designated Medicaid staff on BPR.

Section 30.060.120.020—CHFS Organizational Change Management Responsibilities

1. Identify Commonwealth lead for management and execution of the Organizational Change Management Plan.
2. Provide direction on the organization change management strategy.
3. Collaborate on the identification of leaders and power users.
4. Collaborate on the schedule.
5. Recruit and schedule leaders and power users.
6. Execute cultural change activities as identified and agreed upon.

Section 30.060.120.030—Vendor Organizational Change Management Responsibilities

1. Plan, schedule, and conduct meetings with appropriate Commonwealth staff to collaborate on strategies for change management and communication with all stakeholders, which includes internal project staff.
2. Develop organizational change strategy and the plan for communication based on meetings and feedback from Commonwealth staff.
3. Set business process performance standards and capture baseline metrics.
4. Provide design templates and documentation on developing effective and efficient business processes.
5. Define, document, and map a complete set of business processes for all MEMS business areas to show efficiencies, logical, physical and resource transitions from the existing business processes to new business processes.
6. Create new streamlined and efficient business processes based new features and functions of MEMS.
7. Improve or create performance improvements that contribute to reducing administrative cost and promote efficient use of resources.
8. Reengineer and streamline inefficient and ineffective business processes into efficient and effective business processes, achieving dramatic improvements in performance.

9. Provide training and mentoring for Medicaid staff to a level of proficiency in the development of efficient business processes, the business processes design methodology, mapping and implementation strategies.
10. Implement reengineered business processes, monitor performance, and rework unproductive reengineered business processes.
11. Support the IV&V process as defined in the RFP.

Section 30.060.120.040—Milestones

1. Deliverable 6.1: Comprehensive Organizational Change Management and Communication Plan.
2. Documentation of the Comprehensive Organizational Change Management and Communication Plan as described in this RFP.
3. Inclusion of organizational charts to integrate the Commonwealth and Vendor team.
4. Completion of the Business Process Mapping.
5. Creation of a map of the locations for the demonstrations and training.
6. Inclusion of enough detail to implement the change management and communication plan.
7. Completion of the Report of BPR Implementation – Success and/or opportunities for improvement.

Section 30.060.120.050—Deliverables

This section defines the Vendor Deliverables for the Organizational Change Management Activity. The table below identifies the Deliverable number and description; and the section where further information can be found in Attachment L – Deliverables.

Table 9 – Activity 6 Deliverables

NUMBER	DELIVERABLE	SECTION
6.1	Comprehensive Behavior Process Transition and Communication Plan	L.6.1
6.2	BPR Modeling of Future Processes	L.6.2
6.3	Training of Staff on New Processes	L.6.3
6.4	New Process Rollout	L.6.4
6.5	BPR Results Report	L.6.5

As a result of this activity, the Comprehensive Organizational Change Management and Communication Plan describes the Vendor's approach to integrating the Commonwealth and Vendor Project staffing teams and a plan to manage the expectations of varying groups of stakeholders who have different information needs. At a minimum, the plan should include:

1. The rebranding and marketing strategies for the MEMS and how to prepare end users for the changes to come.

2. The objectives, goals, and activities to be completed as well as the timeframe for completion.
3. Needs, expectations, and roles and responsibilities of stakeholders.
4. Identification and creation of leaders and power users throughout the end-user community and the roles these leaders should have with the business transition.
5. Communication change management methods and tools.

Section 30.060.130—Activity 7 – Acceptance Testing

The Vendor is responsible for facilitating Acceptance Testing of the entire MEMS to ensure that the new system meets the functional, technical, and operational requirements of CHFS. CHFS is responsible for participating in Acceptance Testing and for system sign-off and acceptance. CHFS sign-off on Acceptance Testing is a prerequisite to Activity 9, Implementation. Acceptance testing should focus on structured system testing, and operations readiness and load testing. Critical deficiencies identified during Acceptance Testing may require the Vendor to conduct rework defined in Activities 2 through 5 and modification of the associated deliverables before CHFS sign-off of the Acceptance Testing Activity and deliverables. Based on the Vendor's phased implementation plan, Acceptance Testing may be conducted in phases. Completion of this activity is the first step in CHFS's acceptance of the System.

Section 30.060.130.010—Objectives

1. The objective of the acceptance testing is to ensure that all requirements and related system functions are complete and accurate. Testing should assure the operations and hardware/software/telecommunications aspects of the new MEMS are functioning as designed. Testing should demonstrate that the new MEMS is ready to perform all functions including but not limited to processing inputs, paying and adjusting claims correctly, meeting reporting requirements, utilizing the State data communication network, and having a stable back-up and recovery capacity. Testing should include actual claims processing in a full operational environment from receipt of claims through financial processing, history update, and reporting.
2. The new MEMS should be tested under maximum operational load conditions and should include production of output files and reports. Claim volume testing and new MEMS interface transactions volume testing should also be conducted to demonstrate the systems production capacity. Production and test data should not be co-mingled.
3. All data interfaces to other applications and systems (incoming and outgoing) are to be thoroughly tested in order to facilitate a successful transition to the MEMS system.
4. Operational Readiness testing should measure the competency, skill level, and proficiency of the FA Vendor staff and operations during workflow simulations and testing while demonstrating Medicaid business outcomes.
5. The Vendor should deliver a testing environment that simulates the production environment including workstations, telecommunications, a security layer, hardware and MEMS application software, and the use of representative test

data. The test environment should utilize separate data files from the production system. The Vendor should schedule and provide access to the test environment for CHFS staff and the Quality Assurance Vendor.

Section 30.060.130.020—Letter Certifying that the MEMS Is Ready for User Acceptance Testing (UAT)

The Vendor is to issue a letter to CHFS certifying that: all data, user manuals, testing facilities, and security accesses necessary to perform UAT have been provided and CHFS must approve of the content of the letter. As stated in the Conversion Plan, the data used for UAT should be based on converted data. The CHFS approved letter is the authorization for the Vendor to proceed to the next testing phase.

Section 30.060.130.030—CHFS Acceptance Test Responsibilities

CHFS responsibilities for the Acceptance Test activity are:

1. Conduct Acceptance Testing of MEMS requirements. CHFS will designate a sign-off authority and provide SME staff for each part of the Acceptance Test checklist and will conduct acceptance testing activities.
2. Document and report testing abnormalities.

Section 30.060.130.040—Vendor Acceptance Test Responsibilities

Vendor responsibilities for the Acceptance Test activity are:

1. Establish the Test Environment including implementation of an automated testing and defect/issue tracking tool. Provide an interface with sufficient capacity to allow the State network to provide CHFS access to the Test Environment.
2. Execute testing according to the Test Plan.
3. Facilitate acceptance testing as defined in the Test Plan.
4. Provide training to CHFS staff on the tools and methodology to support this activity.
5. Monitor and record testing results.
6. Document problem conditions discovered in testing requiring corrective action and resolution.
7. Correct identified problems, document modifications, and conduct re-testing.
8. Update system, user, and operations documentation and other activity deliverables as needed.
9. Prepare and submit draft test results and other deliverables for review.
10. Conduct walk-through of test results deliverables.
11. Submit updated Source Code (applicable only for Commonwealth hosted and as applicable) Library.
12. Submit the Business Continuity Plan for Systems Operations and Maintenance.
13. Support the IV&V process as defined in the RFP.
14. Prepare and submit final deliverables for approval.

Section 30.060.130.050—Milestones

The critical milestones that affect the schedule or impact progress during the Acceptance Testing activity are:

1. CHFS approval of test environment.
2. CHFS approval of test results, including corrective action taken.
3. CHFS approval of updated user, system and operations documents.
4. CHFS approval of Source Code (applicable only for Commonwealth hosted and as applicable) Library for acceptance testing.
5. CHFS approval of the Business Continuity Plan for Systems Operations and Maintenance.
6. CHFS approval of DSD Version 2.
7. CHFS approval of Acceptance Test completion. Acceptance test approval should be complete before proceeding to Activity 9 – Implementation.

Section 30.060.130.060—Deliverables

This Section defines the Vendor Deliverables related to the Acceptance Testing Activity. The table below identifies the Deliverable number and description; and the section where further information can be found in Attachment L – Deliverables.

Table 10 – Activity 7 Deliverables

NUMBER	DELIVERABLE	SECTION
7.1	Test Environment*	L.7.1
7.2	Acceptance Test Plan*	L.7.2
7.3	Acceptance Test Results*	L.7.3
7.4	Operational Test Plan*	L.7.4
7.5	Operational Acceptance Test Results*	L.7.5
7.6	Source Code (applicable only for Commonwealth hosted and as applicable) Library - Version 2: Acceptance Testing Environment*	L.7.6
7.7	Business Continuity Plan for Systems Operations and Maintenance	L.7.7
7.8	Detailed System Design Version 2	L.7.8

Deliverables noted with an asterisk (*) should be approved prior to commencement of the Acceptance Testing Activity.

CHFS review of the Services and Deliverables of this activity should ensure that:

1. The acceptance test results are sufficient verification that system capabilities fulfill the requirements identified in Attachment F – MEMS Functional Requirements and Attachment G – MEMS Technical Requirements.
2. Designated CHFS representatives review and accept assigned MEMS requirements.
3. All detected critical errors are adequately addressed and testing is re-accomplished to assure the system meets requirements.

4. The DSD is updated to Version 2 to reflect any system changes that occurred as result of acceptance testing.
5. CHFS approves the system for transition to the Implementation Activity based in an agreement that defines open system errors.
6. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.140—Activity 8 – Training (Section 60.010.010.070)

Training is a critical Vendor responsibility. The Vendor should provide training to all staff using the new MEMS including the Provider community. The strategy and plans prepared in this activity should demonstrate an understanding of CHFS training requirements, the Vendor's role in the training activity, and the training-related activities that are needed to support the Data Conversion (Activity 5), Acceptance Testing (Activity 7), and Implementation (Activity 9) activities of the Project. A discussion of the methods proposed to develop and deliver training necessary to ensure effective use and reliable operation of the new MEMS should be included.

The Vendor should evaluate the effectiveness of the training to support CHFS staff capabilities and should recommend and support improvements during the first year of FA and IT operations.

Section 30.060.140.010—Objectives

The objective of the Training activity is to ensure that both CHFS and Vendor staff and DMS Providers have the appropriate level of knowledge and skill to effectively interface with the MEMS and to perform and execute all operating, maintenance, and business functions related to job responsibilities.

The Vendor should develop Training Plans and training support materials, including handouts, instructions or training outlines, classes, presentations and initial login administration to meet the individual knowledge and skill needs for CHFS staff (including Vendors and community-based partners). Training and training support materials should be based on approved user and operations manuals as well as procedures manuals developed by the Vendor in previous activities. All documentation should be available for use during acceptance testing to verify accuracy, comprehensiveness, understandability, and usability.

MEMS training needs to be provided for three identified groups:

1. CHFS Trainers.
2. MEMS users across CHFS including Providers and MCOs.
3. Technical staff that support the MEMS.

CHFS should assist in the identification of specific individuals to be included in the types of training based on the training strategy defined in the Vendor Training Strategy. Training for each group should encompass the following:

1. CHFS Trainers Group Training – Prior to conducting User and Provider Training, the Vendor provides training to the CHFS Training Group. This training should

enable the CHFS Training Group to participate in Enterprise-wide training as needed and eventually assume full responsibility for on-going training beginning the second full year of operations.

2. MEMS User Training – The MEMS User Training includes a basic MEMS overview that provides a system orientation and basic operation for all CHFS MEMS users including Providers and MCO's. User training should be required in Vendor-provided locations throughout the State.
3. Technical Staff Training – Technical training emphasizes the understanding and skills needed to perform assigned duties in support of the new MEMS. Technical training is provided to all designated CHFS systems staff. Technical training includes Third Party Software basic training (e.g., third party database basic programming curriculum).

Login administration includes developing a plan for initially distributing passwords to CHFS users in conjunction with the training process. The Vendor should support login administration until the end of the Implementation Activity.

The Vendor is encouraged to use a combination of classroom and distance learning techniques (including Computer Based Training (CBT) and self-paced/self-guided Web-Based training modules) to implement training for CHFS staff and providers. The training requirements include access to a training room provided by the Vendor with the necessary equipment to train State and Vendor staff on the operation of the system. The Vendor should also address methodologies and tools for evaluation of training effectiveness.

Section 30.060.140.020—CHFS Training Responsibilities

CHFS responsibilities for the new MEMS training activity are:

1. Provide access to the list of participating providers for provider training activities.
2. Identify and assign CHFS staff to training. Manage CHFS staff attendance and participation.
3. Participate in user training sessions.
4. Participate in technical training sessions.
5. Assume responsibility for login administration after the completion of the Implementation Activity.

Section 30.060.140.030—Vendor Training Responsibilities

The Vendor responsibilities for the new MEMS training activity are:

1. Prepare the Training Plan including training schedule (including dates, times, locations, participants).
2. Prepare and establish training environment and facility and remote training capabilities. Provide an interface (100 MB Ethernet interface) with the State network to provide CHFS access to the training environment.
3. Prepare Training Materials.
4. Complete MEMS Login Administration activities.

5. Ensure that CHFS standards for security and training (including the American Disabilities Act) standards are adhered to.
6. Conduct walk-through of deliverables as needed.
7. Conduct training.
8. Assess and track learning by students.
9. Prepare and submit the Training Report.
10. Support the IV&V process as defined in the RFP.

Section 30.060.140.040—Milestones

The critical milestones that affect the schedule or impact progress during the Training activity are:

1. CHFS approval of Training Strategy Deliverable.
2. CHFS approval of Training Plan Deliverable.
3. CHFS approval of Training Materials (for each type of training).
4. CHFS approval of the Training Environment.
5. CHFS approval of completion the Training Report.

Section 30.060.140.050—Deliverables

This section defines the Vendor deliverables related to the training activity. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 11 – Activity 8 Deliverables

NUMBER	DELIVERABLE	SECTION
8.1	Training Strategy*	L.8.1
8.2	Training Plan*	L.8.2
8.3	Training Environment*	L.8.3
8.4	Training Materials*	L.8.4
8.5	Training Report*	L.8.5

Deliverables noted with an asterisk (*) should be approved prior to commencement of the Acceptance Testing Activity.

CHFS review of the services and deliverables of this activity should ensure that:

1. Training facilities and remote training capabilities are established well in advance of training events and provide a production like environment.
2. Training and user login administration is accomplished as planned and that training attendee feedback on the quality of the training is rated as level 4 or greater on a five-level rating system.
3. Training includes coverage of MEMS interfaces and reports.
4. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.150—Activity 9 – Implementation

The Vendor should plan and prepare for all aspects of the MEMS to be at full functionality on the go-live date. Before the start of the Implementation activity, all requirements should have been met through successful testing and should satisfy the functional and technological requirements and conversion tasks specified in the RFP and as documented during the requirements analysis and systems design activities.

The Vendor should describe its overall approach to implementation, ensuring that the MEMS is ready to be implemented and that CHFS approvals have been obtained to begin operations, system, user, and security documentation should be complete. System response time and user and automated interfaces should be clearly assessed and operational.

The Implementation Phase should end upon successful implementation of the MEMS and resolution of start-up issues. CHFS acceptance of this activity should complete the acceptance of the system.

Section 30.060.150.010—Objectives

The objectives of the Implementation Activity are to install the new MEMS and to conduct operational tests of the system in production. The Vendor completes implementation activities in such a way that there is limited disruption to client and provider services. All functions should work efficiently, in a timely manner, and as designed.

Section 30.060.150.020—CHFS Implementation Responsibilities

CHFS responsibilities for the Implementation Activity are:

1. Provide approval to implement the new MEMS.
2. Implement and support the updated business processes that support the new MEMS.

Section 30.060.150.030—Vendor Implementation Responsibilities

Vendor responsibilities for the Implementation Activity are:

1. Establish the production environment as defined in the Implementation Plan, including software installation, site preparation, and installation schedule.
2. Conduct final data and file conversion activities.
3. Conduct final system interface tests.
4. Update and produce final system documentation including Source Code (applicable only for Commonwealth hosted and as applicable) Library – Version 3, User Manual – Version 2, Operating Procedures Version 2, Implementation Plan – Version 3 and other documentation as needed.
5. Conduct walk-through of deliverables. Obtain CHFS comments on draft deliverables.
6. Coordinate implementation efforts with the MCO’s.

7. Implement and support the operation of the new MEMS, including providing Help Desk support (Level 1, 2, and 3) and connectivity issues.
8. Support the IV&V process as defined in the RFP.
9. Prepare and submit final deliverables for approval.
10. Obtain approval from CHFS to implement the system.
11. Implement the MEMS.
12. Ensure the optimal processing of the new MEMS, including production monitoring, emergency maintenance, and assistance in computer resource management and data resource management activities during the first 90 calendar days of operation.
13. Monitor system processing and performance to ensure that all functions and features are operating correctly, and correct any errors identified during the initial operations period.

Section 30.060.150.040—Milestones

The critical milestones that affect the schedule or impact progress during the Implementation activity are:

1. Documentation demonstrating that the production environment is established.
2. Documentation demonstrating that the final data and file conversion activities have been completed and tested.
3. Documentation demonstrating that the final system interface testing has been completed and documented.
4. Walk-through of final system, user, and operations documentation with CHFS staff.
5. Approval of final documents by CHFS staff.
6. CHFS approval of Final Implementation Plan deliverable.
7. CHFS approval of Source Code (applicable only for Commonwealth hosted and as applicable) Library for Production Environment deliverable.
8. Delivery of the Implementation Certification Letter.
9. CHFS approval to proceed with Implementation.

Section 30.060.150.050—Deliverables

This Section defines the Vendor deliverables related to the new MEMS Implementation. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 12 – Activity 9 Deliverables

NUMBER	DELIVERABLE	SECTION
9.1	Implementation Plan – Version 3*	L.9.1
9.2	Production Environment*	L.9.2
9.3	Source Code (applicable only for Commonwealth hosted and as applicable) Library – Version 3: Production Environment*	L.9.3
9.4	User Manual – Version 2	L.9.4
9.5	Operating Procedures – Version 2*	L.9.5
9.6	Final System Documentation DSD Version 3 (Sysdoc)	L.9.6
9.7	Implementation Certification Letter	L.9.7

Deliverables noted with an asterisk (*) should be approved prior to commencement of the Acceptance Testing Activity.

CHFS review of the services and deliverables of this activity should ensure that:

1. For the implementation period, the Vendor demonstrates that the MEMS meets the performance standards identified in section 40.075.
2. All functions and features are operating to meet requirements and are available to all MEMS users.
3. The DSD Version 2 is updated to reflect any resolution of non critical defects and transition to Final System Documentation (DSD Version 3).
4. Based on proven operations, the system is accepted by CHFS.
5. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.160—Activity 10 – Operations – Fiscal Agent Services

This section describes the Vendor's FA responsibilities and performance expectations for business and program functions related to the core MEMS, its modules, and system components. The Vendor should provide on-going FA services for up to 5 base years and three, 1-year option periods to be exercised by DMS.

The Vendor should perform all business functions described in Attachment F – MEMS Functional Requirements and Attachment Q – MEMS FA Responsibilities from the date of implementation of each component until each business function is turned over to a successor FA at the end of the Contract, including any optional additional periods or extensions. CHFS will monitor and review FA operations activities for enforcement of Contract provisions, accurate timely processing of fee for service claims, quality of call customer service, and other activities as described in the master SLA (Section 40. – Contract Terms and Conditions). The Vendor is responsible for executing the FA operations of the MEMS on behalf of the State and has the authority to pay claims and execute other financial management functions of the Kentucky Medicaid Program.

Section 30.060.160.010—Objectives

The objective of this activity is to ensure that the Vendor provides the proper level of operational support for all critical business areas to meet or exceed the Commonwealth's performance expectations and performance standards identified in the SOW. In conjunction with ensuring the proper level of support, the Vendor should show its commitment by providing staff resources that are skilled, experienced, competent and capable of delivering: Client Management Services, Provider Management Services, and Financial Management Services.

In addition, the Vendor should maintain consistent quality standards. The Vendor should deliver a Quality Management Plan to CHFS 90 days before the scheduled start of operations. The plan should address the Vendors commitment to retaining the personnel skills, and competency levels originally proposed for project operation as well as explain the philosophy and approach to the organizational operating quality culture that together should drive the efficient delivery of all MEMS services and meet performance expectations.

Section 30.060.160.020—CHFS Responsibilities

CHFS responsibilities for the Operations Activity are:

1. Provide contract and administrative oversight.
2. Negotiate all contract amendments and changes to the Contract.
3. Make policies, rules, and establish procedures for all DMS programs and communicate changes to the Vendor.
4. Oversee the correction of errors and discrepancies resulting in file update processes.
5. Define benefit packages for all State health care programs within the MEMS and provide support to assist the Vendor enroll/disenroll clients into a managed care program; and any other health management programs.
6. Determine which individuals are eligible to receive benefits in accordance with assigned eligibility coverage groups, eligibility spans, and special program codes.
7. Approve rules and schedule for automated processes to identify Medicaid clients eligible for Medicare and buy-in, and to properly enroll and pay premiums:
8. Provide monitoring and oversight to provider and recipient call centers operated by the Vendor.
9. Monitor the quality of all key performance metrics and SLAs Performance through the use of reporting systems, audits, reports, sampling, and onsite inspection at any time
10. Approve all provider issuances, billing instructions, handbooks, bulletins, and/or notices developed by the Vendor.
11. Define the content, distribution and schedule for all communications to providers and clients.
12. Define content, format, frequency, and media for all reports.
13. Provide to the Vendor the drug codes, procedure codes, diagnosis codes, and categories of services requiring service authorization.

14. Authorize the collection of third party resource information from outside sources and prepare and initiate agreements with insurance companies, governmental agencies, and other entities for performing data matches between their files and the MEMS client file.
15. Establish all policy regarding claims administration.
16. Establish and provide rules governing the adjudication of all claims and encounters.
17. Provide additional Medicaid Quality Control (MQC) and review procedures.
18. Release funds for deposits made to the Kentucky Medicaid Disbursement account for funding provider payments.
19. Use reports to account for payments and payment recoveries and to monitor banking activities.
20. Approve design, development, work plans, policies, and procedures for all data administration activities.

Section 30.060.160.030—Vendor Responsibilities

FA operations responsibilities can be found in Attachment Q – MEMS Fiscal Agent Responsibilities. The support activities for the Vendor include, but are not limited to:

1. Contract Management and administration.
2. Coordinate and lead the implementation of a Quality Assurance Program to measure the overall quality of operations and delivery of services.
3. Process and adjudicate all claims in the HIPAA-compliant electronic transaction formats.
4. Support other HIPAA-compliant transactions such as the 834 Benefit Enrollment and 820 Payment Order/Remittance Advice files necessary for managed care operations.
5. Provide remittance advices.
6. Provide Help Desk (utilizing HBE Contact Center infrastructure) support services (Level 1, 2, and 3) for all modules and system components, and perform provider relations functions including provider enrollment.
7. Provide TPL verification and lead processing.
8. Provide Health Care Program Premium processing.
9. Provide banking services.
10. Provide Project Facilities (includes facilities which may or may not include representatives of all business partners, subcontractors and Commonwealth staff assigned to monitor the new MEMS replacement system.
11. Management and reporting of all SLAs.
12. Coordinate and perform training for State and Vendor staff as well as Medicaid Providers.

The Systems Operations and Maintenance (O&M) support activities for the Core Medicaid Enterprise System and Systems Integrator are discussed in Activity 12.

Section 30.060.160.040—Milestones

The critical milestones that affect the schedule or impact progress during the System Support activity are:

1. CHFS approval of the Quality Management Plan (annually, including prior to the start of this phase).
2. CHFS approval of the Staffing Requirements Capability Report (annually, including prior to the start of this phase).
3. CHFS approval of Annual Status Report for Operations.
4. Vendor submission of bi-weekly Project Status Reports for Operations.

Section 30.060.160.050—Deliverables

This section defines the Vendor deliverables related to Operations of the new MEMS Implementation. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 13 – Activity 10 Deliverables

NUMBER	DELIVERABLE	SECTION
10.1	Quality Management Plan*	L.10.1
10.2	FA Staffing Requirements Capability Report*	L.10.2
10.3	Bi-Weekly Project Status Report for Operations	L.10.3
10.4	Annual Status Reports for Operations	L.10.4

Deliverables noted with an asterisk (*) should be approved prior to commencement of the Acceptance Testing Activity.

Section 30.060.170—Activity 11 – Certification

The system certification planning process typically starts during the final stages of development. As the effort transitions to the testing phase there is an aggressive effort to gather documents, evidence and artifacts that validate and verify the MEMS is operating as designed.

In order to obtain maximum FFP, the new MEMS must meet CMS requirements from the first day of operations. Throughout the planned and organized progression of the project, deliverable activities and review criteria have served as the building blocks for successful system certification. This activity completes all activities and assembles documentation necessary to substantiate compliance with CMS requirements and obtain CMS certification.

The awarded Vendor must warrant that the system is operating as designed and all defects as evidenced during implementation have been addressed and are fully remediated to the State's satisfaction before final payment is awarded.

Section 30.060.170.010—Objectives

The objective of this phase is to obtain Federal certification for the MEMS. CHFS must apply for and receive system certification from CMS, by demonstrating that the system meets all requirements and performance standards before receiving full Federal matching funds. The Vendor should be responsible for ensuring that the new MEMS meets the standards for MMIS certification, as specified by CMS, for the DDI of the system by the completion of Activity 9, Implementation + 6 months. It is expected that Certification should be completed in stages throughout the DDI and Implementation phases with final certification completed based on CMS availability.

Section 30.060.170.020—CHFS Certification Responsibilities

CHFS responsibilities for the Certification activity are:

1. Notify CMS that the new MEMS is ready for certification.
2. Approve the composition of the certification team.
3. Prepare and submit the Certification Readiness Statement to CMS and coordinate the CMS Certification Review.

Section 30.060.170.030—Vendor Certification Responsibilities

Vendor responsibilities for the Certification Activity are:

1. Ensure that the MEMS meets Federal certification requirements defined in the most current version of Part 11 of the State Medicaid Manual (SMM). The systems documentation finalized by the Vendor should be used to support the certification process.
2. Participate in certification planning and prepare review materials to demonstrate system compliance with certification criteria.
3. Prepare a CMS readiness checklist to assist DMS in the “go-live” decision, prior to “go live.”
4. Capture all appropriate artifacts to support the certification process.
5. Prepare presentation materials for DMS to review.
6. Provide copies of all system outputs needed to demonstrate full functionality back to the start of operations.
7. Participate, as necessary, during the Federal onsite certification review.
8. Assist CHFS in locating material needed to answer review team questions.
9. Provide any additional materials needed to resolve any post-review corrective actions.
10. Retain operations staff to provide post-implementation support during the initial months of operations through certification.
11. Support the IV&V process as defined in RFP.
12. Resolve any and all corrective actions needed to finalize Federal certification, with DMS approval.

Section 30.060.170.040—Milestones

The critical milestones that affect the schedule or impact progress during the Certification activity are:

1. Walk-through of draft deliverables.
2. CHFS approval of Certification Checklist deliverable.
3. CHFS approval of Certification Review Package deliverable.
4. CHFS notification to CMS that the system is ready for certification review and scheduling of certification review.
5. Successful certification.

Section 30.060.170.050—Deliverables

This section defines the Vendor Deliverables related to Certification. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 14 – Activity 11 Deliverables

NUMBER	DELIVERABLE	SECTION
11.1	Certification Checklist*	L.11.1
11.2	Certification Review Package*	L.11.2

Deliverables noted with an asterisk (*) should be approved prior to commencement of other systems development activities.

CHFS review of the services and deliverables of this activity should ensure that:

1. The MEMS becomes certified by CMS.
2. Deliverables meet the minimum requirements defined in Attachment L – Deliverables.

Section 30.060.180—Activity 12 – Software Maintenance and Modifications (Section 60.010.010.120)

This section describes the Vendor's software support responsibilities and performance expectations for the new MEMS.

The Vendor provides ongoing maintenance and modification support for the new MEMS for the same contract period, up to 5 base years and three, 1-year option periods. Ongoing changes, corrections, or enhancements to the system should be characterized as either maintenance-related or as a modification effort. The Commonwealth or the Vendor determines that a deficiency exists within the operational MEMS, including deficiencies (defects) found after implementation of modifications incorporated into the operational MEMS, which needs corrective maintenance.

Corrections (including development, testing, training and implementation) should be made for any of the following:

a. Deficiency or problem with the application functionality of the transfer system.
b. Deficiency or problem with the functionality developed or implemented.
c. Deficiency or problem with the functionality of subsequent system enhancements.

Modifications to the software should go through the formal change control process. CHFS is requiring 25,000 hours of Vendor-categorized staff time per contract year to apply towards system modification, changes, and enhancements to the MEMS once the system has been fully implemented for the life of the contract. The Vendor should analyze the change request, provide an estimate to CHFS, and receive approval prior to expending any of these hours. Defects cannot be corrected utilizing any of these 25,000 hours. Any hours remaining at the end of a contract year are to be rolled over to the next year.

System hosting, operations, and disaster recovery services are an “Option to Buy” which may or may not be exercised by the Commonwealth (See Section 30.060.260.010).

Section 30.060.180.010—Objectives

The objective of this activity is to ensure that the Vendor provides the proper level of software maintenance and modification support service, including meeting the performance standards identified in Section 40.075. This includes ensuring that an appropriate level of Vendor staff resources is identified to reliably operate, maintain and enhance the new MEMS modules and system components.

Section 30.060.180.020—CHFS Responsibilities

CHFS Responsibilities for this activity include:

1. Execute upgrades to CHFS network and desktops.
2. Provide information on changes in State policy and system requirements.
3. Approve the priority and order of changes related to business requirements or other changes to CHFS business processes identified by the Vendor or CHFS.
4. Evaluate and approve technical and design specifications for modifications.
5. Approve changes to technical and functional documentation.
6. Participate in testing process, including user acceptance testing of modifications.
7. Maintain administration of user access to applications.
8. Participate in the SOA Governance Committee meetings.

Section 30.060.180.030—Vendor Responsibilities

Vendor Responsibilities for this activity include the following services:

1. Preparation and submission of the Systems Support Plan (Deliverable 12.1), the Staffing Requirements Capability Report (Deliverable 12.2), and the Operations and Maintenance Procedure Manual (Deliverable 12.6).
2. Account/Project Management Services, including regular bi-weekly and annual status reports (Deliverables 12.2 and 12.3), and presentation of system status as requested by the MEMS Contracts Manager.
3. Software modifications, updates, changes, and enhancements to MEMS modules and system components for new and updated requirements and accordingly, the delivery of System Documentation Updates (Deliverable 12.5). The Vendor should use the configuration plan and software development

methodology utilized in Activities 1-12, which includes support for updating MEMS training materials and other systems documentation.

4. Routine system maintenance to correct software errors and perform associated problem tracking and resolution.
5. General maintenance functions to maintain operation efficiency at the level, standards, and conditions the MEMS was originally approved.
6. Assistance with the identification, prioritization, and categorization of changes to business requirements as they relate to the functional areas and MECT business processes.
7. Development of the O&M Procedures Manual including audits and edits and other routine documentation.
8. Ongoing management of SOA integration services which should include:
    a. Operation and maintenance of the SOA framework and ESB.
    b. Developing standards, templates, policies, and procedures.
    c. With the assistance of the State, establishing the SOA Governance Committee and conducting meetings as specified by the State.
    d. Ensuring that all interfaces utilize established standards and advance CMS modularity and interoperability requirement initiatives.
    e. Management and administration of all Open and Application Programming Interfaces (APIs).
    f. Coordination and implementation of technical and operational requirements for the integration functions.
    g. Definition of the Enterprise Information Model and system interfaces.
    h. Assessing inventory and maintaining documentation of all interfaces via the Interface Control Document (ICD).
    i. Developing and maintaining the Service Registry.
    j. Implementing and managing the Information Technology Infrastructure Library (ITIL).

Section 30.060.180.040—Milestones

The critical milestones that affect the schedule or impact progress during the System Support activity are:

1. CHFS approval of the Systems Support Plan (annually, including prior to the start of this phase).
2. CHFS approval of the Staffing Requirements Capability Report (annually, including prior to the start of this phase).
3. CHFS approval of the O&M Procedures Manual (annually, including prior to the start of this phase).
4. CHFS approval of Annual Status Report.
5. Vendor submission of bi-weekly Project Status Reports.

These milestones should apply to modules and system components delivered and accepted by CHFS prior to the full implementation of the MEMS. At that time, these milestones should become applicable for the new MEMS as a whole.

Section 30.060.180.050—Deliverables

This section defines the Vendor deliverables related to Systems O&M Support of the MEMS. The Vendor meets the requirements for deliverables presented in Attachment L – Deliverables. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 15 – Activity 12 Deliverables

NUMBER	DELIVERABLE	SECTION
12.1	Systems Support Plan	L.12.1
12.2	Staffing Requirements Capability Report	L.12.2
12.3	Bi-Weekly Status Report	L.12.3
12.4	Annual Status Report	L.12.4
12.5	System Documentation Updates - Requirements Document - System Architecture and Design - Test Plan - Test Report - User Manual - Operating Procedures - Source Code (applicable only for Commonwealth hosted and as applicable) Library - Training Materials - Workflow Processes	L.12.5
12.6	Operations and Maintenance Procedure Manual	L.12.6

Section 30.060.190—Activity 13 – Turnover

This Activity will be exercised by CHFS at the end of the Contract period. When CHFS exercises this Activity, the Vendor is required to transfer FA responsibilities and O&M support services for the MEMS to a successor Vendor (designee). The Vendor should cooperate with the successor FA, other Vendors, and CHFS in the planning and transfer of the MEMS and operations. The Vendor should dedicate special additional resources to this phase. This phase will begin 12 months before the end of the Contract period and end 6 months after the end of the Contract period, or as extended by the exercise of Contract provisions or amendments to the Contract. This section describes the Activities necessary to ensure a smooth turnover of the MEMS and FA service responsibilities defined in Attachment F – MEMS Functional Requirements and Attachment Q – MEMS Fiscal Agent Responsibilities.

At the beginning of the Turnover Phase, the Vendor should provide CHFS current operational and systematic processing procedures, data, and documentation or other information on a schedule as required by CHFS.

Section 30.060.190.010—Objectives

The Vendor provides full support and assistance in turning over the complete and current MEMS to a successor Vendor. CHFS desires a low-risk turnover that is transparent to recipients, providers, and users. Specific objectives are to provide for an orderly, complete, and controlled transition to the successor Vendor and to minimize

any disruption of processing and services provided to clients, providers, and operational users of the MEMS.

Section 30.060.190.020—CHFS Responsibilities

This section identifies the responsibilities of the State with regard to initiating and facilitating transition activities in order to transfer or replace the existing MEMS.

1. Notify the Vendor of CHFS's intent to transfer or replace the system at least one (1) year prior to the end of the Contract by providing the Vendor with a “Letter of Intent to Turnover” the MEMS.
2. Review and approve a turnover plan to facilitate transfer of the MEMS to CHFS or to its designated agent.
3. Review and approve a statement of resources, which would be required to take over operation of the MEMS.
4. Make CHFS staff or designated agent staff available to be trained in the operation of the MEMS, if applicable.
5. Coordinate the transfer of MEMS documentation (in hard and soft copy formats), software and data files.
6. Review and approve a turnover results report that documents completion of each step of the turnover plan.
7. Review and accept data from conversion.

CHFS will exercise this activity by providing to the Vendor a “Letter of Intent to Exercise” Activity 13, 12 months before turnover (turnover begins after the last day of Activity 11 and 12) is to be completed. The Vendor should respond with a Proposal for Activity 13 within 15 calendar days. After reviewing and negotiating the Vendor’s proposal for Activity 13, CHFS will amend the Contract and extend the Contract Term for Post-turnover Services.

CHFS will oversee the MEMS turnover activity, ensuring that the incumbent Vendor adheres to the responsibilities and expectations set forth in the approved Turnover Plan (Deliverable 13.1) and that resources identified in the Requirements Statement (Deliverable 13.2) are in place to enable transition activities.

Section 30.060.190.030—Vendor Responsibilities

Vendor responsibilities for Turnover include the following subtasks:

1. Prepare a Turnover Plan 20 business days following the start of Activity 13, the Vendor should provide to DMS a Turnover Plan. The Plan should include a Project Schedule/WBS as described in Attachment L – Deliverables for MEMS turnover activities and submit the schedule for CHFS approval.
2. Furnish to CHFS a Resource Requirements Statement, at no extra charge, a complete statement of all resources (personnel, hardware, software and facilities) needed and required by the State or another Vendor to take over operation of the MEMS, Correct Data Errors: The Vendor should be responsible for correcting data errors during the conversion process.

3. Agree to cooperate with the successor while providing all required turnover services. This should include meeting with the successor and devising work schedules that are agreeable for both CHFS and the successor.
4. On a schedule determined by CHFS, turn over all archived material including the Source Code Library electronically or on a medium approved by CHFS. The Vendor is required to transfer all active data, files, and tables electronically or on a medium approved by CHFS.
5. Appoint an appropriately skilled person (subject to CHFS approval) to manage and coordinate all turnover activities. The Vendor should not reduce operational staffing levels during the turnover period without prior written approval of CHFS.

The Vendor is also responsible for, and corrects at no cost, any malfunctions that existed in the system prior to turnover or which were caused by lack of support at turnover, as may be determined by CHFS, for up to 6 months following the turnover of operations.

Section 30.060.190.040—Milestones

The critical milestones that affect the schedule or impact progress during the Transition Activity are:

1. CHFS initiates Activity 13 with written notice.
2. Turnover Plan and Resource Requirements Statement are submitted and approved by CHFS.
3. Turnover Services are complete and turnover Results Report is submitted and approved by CHFS.
4. Post-turnover Services are completed.

Section 30.060.190.050—Deliverables

This section defines the Vendor Deliverables related to the Turnover Activities. The Vendor meets the requirements for Deliverables presented in Attachment L – Deliverables. The table below identifies the Deliverable number and description, and the section where further information can be found in Attachment L – Deliverables.

Table 16 – Activity 13 Deliverables

NUMBER	DELIVERABLE	SECTION
13.1	Turnover Plan	L.13.1
13.2	Resource Requirements Statement	L.13.2
13.3	Systems Documentation	L.13.3
13.4	Source Code Library (applicable only for Commonwealth hosted and as applicable)	L.13.4
13.5	Turnover Results Report	Vendor Format

Section 30.060.200—Reviews

In addition to the Deliverables listed in Attachment L, the selected Vendor is also responsible for creating any artifact or documentation that is required by a CMS review, or for approval of the MEMS solution, that is not covered in a listed Deliverable.

Section 30.060.200.010—CMS Gateway Reviews

At this time, CMS is not requiring the eight Gateway Reviews, prescribed in CMS's Exchange Life Cycle (ELC), referred to in the Collaborative Environment and Life Cycle Governance – Exchange Reference Architecture Supplement for MEMS development. During the DDI period, should CMS require the eight Gateway Reviews, the Vendor should be prepared to provide the following reviews listed below.

Reviews consist of an independent confirmation that project managers satisfactorily produced all the required deliverables and adequately met all exit criteria for the phase to permit advancement to the next phase. The selected Vendor's project manager is also responsible for providing documentation of known issues and plans to mitigate the risks, if any.

The Gateway reviews include:

1. R1 – Architecture Review (AR).
2. R2 – Project Startup Review (PSR).
3. R3 – Project Baseline Review (PBR).
4. R4 – Preliminary Design Review (PDR).
5. R5 – Detailed Design Review (DDR).
6. R6 – Final Detailed Design Review (FDDR).
7. R7 – Pre-Operational Readiness Review (PORR).
8. R8 – Operational Readiness Review (ORR).

Section 30.060.210—Functional Requirements

The functional requirements (Attachment F – MEMS Functional Requirements) apply to all Vendors participating in the project as well as those government and private entities, internal and external, who participate in the Kentucky MEMS (MEMS) framework. The functional requirements have a strong impact on the relevance of the business and technical processes incorporated into the Kentucky enterprise-wide model through and beyond the systems project development phase. The functional requirements articulated in this Section of the document seek to achieve the following objectives:

1. Meet stakeholder needs.
2. Align the IT architecture with the business needs.
3. Seamless integration and data sharing.

4. Security and dependability.
5. Data integrity and consistency.
6. Reduce duplication.

The Functional Requirements cover the business operations of the enterprise. These requirements are grouped as follows:

1. Business Relationship Management.
2. Care/Clinical Data Management.
3. Contractor Management.
4. Financial Management.
5. Member Management.
6. Operations Management.
7. Program Management.
8. Program Integrity Management.
9. Provider Management.
10. Additional business areas identified by the MECT Checklists.

Attachment F – MEMS Functional Requirements contains all the functional requirements. Each business area has a sheet with their specific requirements. The requirements are cross referenced to those identified in the MECT. It is conceivable that a requirement may show up on several spreadsheets if it impacts a number of different business areas.

Section 30.060.220—Fiscal Agent Responsibilities (Section 60.010.010.090)

This section describes the Vendor's FA responsibilities and performance expectations for business and program functions related to the core MEMS, its modules, and system components.

The FA plays a significant role in the Kentucky Medicaid Program. Responsibilities of the FA include:

1. Day-to-day activities
    a. Contract administration.
    b. Key personnel activities.
    c. Mailroom.
    d. Claims receipt, pre-screening, and conversion of claims/documents to micro-media.
    e. Imaging/data entry (hard-copy and electronic transactions).
    f. Receipt of data information from other DMS-specified interfaces.
    g. Exception claims processing (non-medical suspense resolution).
    h. Check request-related activities.
    i. Finance-related business operations (accounts receivable handling, cash activity, etc.).
    j. Report development and printing.
2. Operations of the MEMS, including, but not limited to:
    a. Acceptance, processing, and distribution of mail including imaging.
    b. Enrollment of FFS and MCO providers.

c. Enrollment and credentialing of certain provider types, such as hospitals and nursing homes.
d. Editing of all claims, adjustments, and mass adjustments.
e. Correction of suspended claims.
f. Distribution of Remittance Advices (RAs) and Explanations of Medicaid Benefits (EOMBs).
g. Determining and resolving TPL discrepancies and recoveries.
h. FFS Prior Authorization (PA) processing.
i. Imaging provider documentation, prior authorizations, checks, etc.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out. These responsibilities are aligned with the business areas specified in the Functional Requirements.

Section 30.060.220.010—Business Relationship Management

The Business Relationship Management business area encompasses those relationships that do not require contracts and may or may not require an exchange of data. Some of these relationships may be formalized by Memoranda of Understanding (MOUs), while others are more informal in nature. Electronic exchange of data is not always required, but there may be an exchange of information. These relationships are more critical as EHRs become more prevalent and covered entities develop policies regarding how related clinical data may be exchanged.

This area includes the following processes:

1. Establish Business Relationship.
2. Terminate Business Relationship.
3. Manage Business Relationship.
4. Manage Business Relationship Communication.

A primary need for the system is the ability to automate the tracking of business agreements. This would include notification of impending contract expiration so that new agreements (or termination) could be handled with a minimum of disruption.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Business Relationship Management functional requirements can be found in Attachment F – MEMS Functional Requirements, Business Relationship Tab.

Section 30.060.220.020—Care/Clinical Data Management

The Care/Clinical Data Management business area illustrates the growing importance of care management as the Medicaid program evolves. Care/Clinical Data Management collects information about the needs of the individual member, plan of treatment, targeted outcomes, and the individual's health status. It also contains business processes that have a common purpose (i.e., identify clients with special needs, assess needs, develop treatment plan, monitor and manage the plan, and report outcomes). This business area includes processes that support individual care/clinical data

management and population management. Population management targets groups of individuals with similar characteristics and needs and promotes health education and awareness. This area should work closely with the Managed Care Organizations with respect to analysis of the member population and future programs.

This area includes the following processes:

1. Establish Case.
2. Manage Case.
3. Manage Registry.
4. Manage Medicaid Population Health.

Improved reporting (both scheduled and ad hoc) would assist various areas associated with member care, including Program Integrity and personnel responsible for the administration of the waiver programs. This capability would also aid in the analysis of specific member groups in order to help identify needs.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Care/Clinical Data Management functional requirements can be found in Attachment F – MEMS Functional Requirements, Care Management tab.

Section 30.060.220.030—Contractor Management

The Contractor Management business area accommodates states that have managed care contracts or a variety of outsourced contracts. Some states may, for example, group Provider and Contractor in one business area. The Contractor Management business area has a common focus (i.e., manage outsourced contracts), owns and uses a specific set of data (i.e., information about the contractor or the contract), and uses business processes that have a common purpose (i.e., solicitation, procurement, award, monitoring, management, and closeout of a variety of contract types).

This area includes the following processes:

1. Produce Administrative or Health Services RFP.
2. Award Administrative or Health Services Contract.
3. Manage Administrative or Health Services Contract.
4. Close Out Administrative or Health Services Contract.
5. Perform Contractor Outreach.
6. Manage Contractor Information.
7. Manage Contractor Communication.
8. Inquire Contractor Information.
9. Manage Contractor Grievance and Appeal.

Specific needs that have been identified include the ability to allow authorized personnel to view contract details (including financial history) online. The system should be designed to interface with the new E&E system, in order to share data and activity

performed by the Vendor. Activities of the Managed Care Organizations should be closely monitored for adherence to Commonwealth goals and regulations.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Operations Management functional requirements can be found in Attachment F – MEMS Functional Requirements, operations Management tab.

Section 30.060.220.040—Financial Management

The Financial Management business area is a collection of business processes to support the payment of providers, managed care organizations, other agencies, insurers, Medicare premiums, and supports the receipt of payments from other insurers, providers, and member premiums and financial participation. These processes share a common set of payment- and receivables-related data. The Financial Management business area is responsible for the financial data store.

These items include, but are not limited to, the following MITA framework business processes:

1. Perform Accounting Functions.
2. Manage State Funds.
3. Manage F-MAP.
4. Manage FFP for MMIS.
5. Formulate Budget.
6. Manage Provider Recoupment.
7. Manage TPL Recovery.
8. Manage Estate Recovery.
9. Manage Cost Settlement.
10. Manage Member Premium Payment.
11. Manage Capitation Payment.
12. Manage 1099s.
13. Prepare Provider EFT/Check.
14. Prepare Home and Community Based Services Payment.
15. Prepare Premium EFT.
16. Prepare Health Insurance Premium Payment.
17. Prepare Medicare Premium Payment.
18. Inquire Payment Status.
19. Manage Payment Information.
20. Make KY EHR incentives program payments to eligible providers and hospitals

This area expressed the need to greatly increase the number and quality of automated processes in such activities as the creation of standard reports, calculation and posting payments to various entities, and interface with Managed Care Organizations and insurance companies in order to share pertinent information.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Financial Management functional requirements can be found in Attachment F – MEMS Functional Requirements, Financial Management tab.

Section 30.060.220.050—Member Management

The Member Management business area is a collection of business processes involved in communications between the Medicaid agency and the prospective or enrolled members and actions that the agency takes on behalf of the member. These processes share a common set of member-related data. The goal for this business area is to improve healthcare outcomes and raise the level of consumer satisfaction. The presence of Managed Care Organizations for the vast majority of the members adds another layer to the areas of communication. The activities of the MCOs allow the Medicaid agency to focus more on the long term health of the members (as opposed to day-to-day claims processing and administration). Many of the business processes in this area should be performed by the HBE/E&E system. This business area is transformed with more patient self-directed decision-making. The processes included in this area include:

1. Inquire Member Eligibility.
2. Manage Member Information.
3. Perform Population and Member Outreach.
4. Manage Applicant and Member Communication.
5. Manage Member Grievance and Appeal.

The Commonwealth is implementing the HBE/E&E system specifically to manage member eligibility. The ability to seamless interface with this proposed system is critical. Requirements sessions have also identified the need for a web portal with accurate, up-to-date information (available with proper authorization) concerning member history and activity. Information should be available real time as often as feasible. This information should be available by using an intuitive ad hoc reporting tool. Data gathered from the MCOs should be accurate and consistent with the internal files found at the Managed Care Organizations.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Member functional requirements can be found in Attachment F – MEMS Functional Requirements, Member Management tab.

Section 30.060.220.060—Operations Management

The Operations Management business area is the focal point of most State Medicaid Enterprises today. It includes operations that support the payment of providers,

managed care organizations (MCOs), other agencies, insurers, and Medicare premiums and support the receipt of payments from other insurers, providers, and member premiums. The execution of these operations is addressed in the Financial Management business area.

This business area focuses on payments and receivables and “owns” all information associated with service payment and receivables. Common business processes include validating requests for payment and determining payable amount; responding to premium payment schedules and determining payable amount; and identifying and pursuing recoveries.

These processes include:

1. Prepare EOB.
2. Produce EOB.
3. Manage Drug Rebate.
4. Price Claim/Value Encounter.
5. Edit Claims-Encounter.
6. Audit Claim-Encounter.
7. Calculate Spend-Down Amount.
8. Apply Mass Adjustment.
9. Apply Attachment.
10. Authorize Treatment Plan.
11. Authorize Service.
12. Authorize Referral.
13. Prepare Remittance Advice Encounter Report.

The Operations Management area expressed the need for an accurate and accessible audit trail, ability to review PA records online, and the online storage and management of plan of care information. Improved management and modification of claim edits and audits is desired, with less dependence on technical support for modifications.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Operations Management functional requirements can be found in Attachment F – MEMS Functional Requirements, Operations Management tab.

Section 30.060.220.070—Program Management

The Program Management business area houses the strategic planning, policy making, monitoring, and oversight activities of the agency. These activities depend heavily on access to timely and accurate data and the use of analytical tools. This business area uses a specific set of data (i.e., information about the benefit plans covered, services rendered, expenditures, performance outcomes, and goals and objectives) and contains business processes that have a common purpose (i.e., managing the Medicaid program

to achieve the agency's goals and objectives such as by meeting budget objectives, improving customer satisfaction, and improving quality and health outcomes).

This business area includes a wide range of planning, analysis, and decision-making activities, including benefit plan design, rate setting, healthcare outcome targets, and cost-management decisions. It also contains budget analysis, accounting, quality assessment, performance analysis, outcome analysis, continuity of operations plan, and information management.

This area includes the following processes:

1. Manage FFP for Services.
2. Draw and Report FFP.
3. Monitor Performance and Business Activity.
4. Develop and Manage Performance Measures Reporting.
5. Manage Program Information.
6. Maintain Benefits-Reference Information.
7. Maintain State Plan.
8. Develop and Maintain Program Policy.
9. Develop Agency Goals and Objectives.
10. Manage Rate Setting.
11. Develop and Maintain Benefit Package.
12. Designate Approved Service Drug Formulary.

Required Workflow and Management systems, along with improved Case Tracking, should aid the processes associated with this area. Cost avoidance reporting (both detail and summary) is desired in order to facilitate TPL processing.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Program Management functional requirements can be found in Attachment F – MEMS Functional Requirements, Program Management tab.

Section 30.060.220.080—Program Integrity Management

The Program Integrity business area incorporates those business activities that focus on program compliance (i.e., auditing and tracking medical necessity and appropriateness of care and quality of care, fraud, waste, and abuse, erroneous payments, and administrative abuses).

Program Integrity collects information about an individual provider or member (i.e., demographics; information about the case itself such as case manager identification, dates, actions, and status; and information about parties associated with the case). The business processes in this business area have a common purpose (i.e., to identify case, gather information, verify information, develop case, report on findings, make referrals,

and resolve case). As with the previous business areas, a single business process may cover several types of cases. The input, output, shared data, and the business rules may differ by type of case, but the business process activities remain the same.

Processes within this area include:

1. Identify Candidate Case.
2. Manage Case.

Improved reporting capabilities are a primary need to allow personnel to perform these processes. Reporting tool should be accurate and intuitive, with inquiries against data as up-to-date as possible. Standard reports should be generated and available on schedule, along with group profiles and statistics used in this activity.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Program Integrity Management functional requirements can be found in Attachment F – MEMS Functional Requirements, Program Integrity tab.

Section 30.060.220.090—Provider Management

The Provider Management business area is a collection of business processes that focus on recruiting potential providers, supporting the needs of the population, maintaining information on the provider, and communicating with the provider community. The goal of this business area is to maintain a robust provider network that meets the needs of both beneficiaries and provider communities and allows the Commonwealth Medicaid agency to monitor and reward provider performance and improve healthcare outcomes. The Commonwealth provides most of its Medicaid services through MCOs. In most cases, within this business area the MCO is considered a provider. These processes include:

1. Enroll Provider.
2. Disenroll Provider.
3. Inquire Provider Information.
4. Manage Provider Communication.
5. Perform Provider Outreach.
6. Manage Provider Information.
7. Manage Provider Grievance and Appeal.

The Provider business processes serve as the control point and central source of information on all providers and provider applicants. Files are maintained that provide comprehensive information on each provider, billing agency, trading partner, and provider group participating in the Commonwealth programs. A primary focus identified during requirement sessions is improving methods of validating credentials of potential and existing/returning providers (using automated tools). Improved means of reviewing

a provider's history and status through online, up-to-date inquiry and reporting was also identified as a priority. A robust web portal including the ability to enter and update application data, inquire into provider entity relationships and locations (including the storage and management of multiple addresses), and investigate provider service activity is also required. An intuitive and powerful ad hoc reporting tool providing accurate and up-to-date information is a necessity.

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Specific Provider functional requirements can be found in Attachment F – MEMS Functional Requirements, Provider Management tab.

Section 30.060.220.100—Additional Business Area Requirements

Attachment Q-MEMS Fiscal Agent Responsibilities contains all the responsibilities the FA is expected to carry out.

Attachment F – MEMS Functional Requirements includes functional requirements related to other MECT Checklists in addition to the areas listed above.

Section 30.060.230—System Compliance

The Vendor should comply with all of the following laws, regulations, and rules.

Section 30.060.230.010—Patient Protection and Affordable Care Act

On March 23 and 30, 2010, President Barack Obama signed into law the Patient Protection and Affordable Care Act, Public Law 111-148 and the Health Care and Education Reconciliation Act, Public Law 111-152. The two laws are collectively referred to as the ACA. The ACA seeks to create new competitive health insurance markets, including the establishment of Health Benefits Exchanges that should provide access to affordable health benefits for all residents in each State. Each HBE should meet Federal approval to operate a State Exchange by January 1, 2013 and be capable of providing open enrollment services by October 2013.

Under provisions of the ACA, the Commonwealth of Kentucky may expand access to health insurance coverage to newly eligible individuals. More specifically, the ACA extends Medicaid eligibility coverage to childless adults under age 65 with incomes up to 133 percent of FPL. The MEMS must comply with all ACA standards and interface with the HBE.

Section 30.060.230.020—Compliance with Federal Regulations and Standards (Section 60.010.010.110)

The MEMS must comply with the national standards as prescribed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Balanced Budget Act of 1997 and any other Federal requirements and should be kept in compliance with new and modified requirements.

Section 30.060.230.030—CMS Enhanced Funding Requirements

CMS is encouraging states to broaden their vision in implementing a “big picture” approach to improving the operation of their Medicaid Programs. These changes should occur at the “enterprise” level and prioritize global population health and financial goals while improving the coordination and delivery of care to each Medicaid beneficiary, with an emphasis on those who have the greatest health needs and highest costs.

On April 2011, CMS issued the “Enhanced Funding Requirements: Seven Conditions and Standards” Medicaid Information Technology (IT) Supplement (MITS-11-01-v1.0). The requirements outlined in the CMS Seven Conditions and Standards should be met for future MMIS procurements in order for states to qualify for enhanced funding. Kentucky fully expects that the new MEMS to qualify for the full Federal enhanced funding match.

The goal is to promote a cost-effective, competitive environment for reusable MMIS products that can sustain the growing demand for flexible, open, SOA systems in the MMIS marketplace environment. CHFS intends to procure a solution that meets the enhanced funding requirements.

Section 30.060.230.030.010—Compliance with CMS Seven Conditions and Standards (Section 60.020)

In addition to meeting the above objectives, the new MEMS should meet the conditions and standards for enhanced Federal match through the design, development, integration, implementation, and operation of a system that should:

Section 30.060.230.030.010.010—Be Modular

The new MEMS adheres to the CMS definition of a modular, flexible approach to systems development, including the use of open interfaces and exposed APIs; the separation of business rules from core programming; and the availability of business rules in both human and machine-readable formats. The commitment to formal system development methodology and open, reusable system architecture is extremely important in order to ensure that CHFS can more easily change and maintain systems, as well as integrate and interoperate with a clinical and administrative ecosystem designed to deliver customer-centric services and benefits.

The definition of Modularity is breaking down systems requirements into the lowest component parts and still be functional.

It is expected that the new system should be developed as part of an SOA. Modularity also helps address the challenges of customization. Baseline web services and capabilities can be developed for and used by anyone, with exceptions for specific business processes handled by a separate module that interoperates with the baseline modules. With modularity, changes can be made independently to the baseline capabilities without affecting how the extension works. By doing so, the design ensures that future iterations of software can be deployed without breaking custom functionality.

A. Use Systems Development Life Cycle Methodologies

CHFS wishes to allow each potential Vendor to bring to this development effort its industry-best-practice system development methodologies and tailor them to the DMS's needs. To encourage this and to foster the adoption of an integrated development approach, CHFS plans to rely on the evaluation of proposal methodologies to see how the deliverables and practices of these methodologies meet industry standard system and software engineering principles. It hopes that by adopting this approach, it should encourage innovation and agility while preserving its desired development outcomes. At a minimum, CHFS is expecting the Vendor's life cycle development approach to use the CMS Guidance for Exchange and Medicaid Information Technology (IT) Systems v 2.0 and higher. Within the life cycle, CHFS will encourage Vendors to identify items of risk and introduce them as early as possible. The "risk forward" approach may involve development or prototyping of high-risk items as soon as the project starts.

CHFS's goal is to benefit from an iterative or agile-based development approach focused on the delivery of working components generally, while retaining the ability to address high-risk items with a greater level of process discipline when needed. This approach is preferred due to the perceived need to respond and support rapid business changes that are forthcoming. CHFS will require from the Vendor a SDLCwhich can accommodate all these needs while balancing agility and traditional process discipline.

B. Emphasize Open Interfaces

The flexibility of open interfaces and exposed APIs as components for the service layer as set forth in the standards and conditions is a mandatory system component. Kentucky has already identified all current and potential future interfaces see Attachment K – MEMS Interfaces and Attachment J – Interface Diagram.

C. Utilize a Rules Engine

The MEMS uses a BRE and separate business rules from core programming. CHFS has invested in the Corticon rules engine software for the HBE project and would prefer to leverage this in the MEMS; however, CHFS will consider other alternatives depending on the applicability of the solution.

CHFS requires business rules in both human- and machine-readable formats in order to submit to the HHS-designated repository in human-readable form so as to be made available to other states and to the public.

Section 30.060.230.030.010.020—Align and Advance in MITA Maturity (Section 60.020; Chapter 4.2)

MITA is an initiative of CMS, aligned with the National Health Infrastructure Initiative (NHII), and intended to foster integrated business and IT transformation across the Medicaid domain to improve the administration of the Medicaid program. The MITA objectives are specifically to:

1. Adopt data and industry standards.
2. Promote secure data exchange.
3. Promote reusable components through standard interfaces and modularity.
4. Promote efficient and effective data sharing to meet stakeholder needs.
5. Provide a customer-centric focus.
6. Support interoperability and integration using open architecture and data standards.
7. Support integration of clinical and administrative data to enable better decision-making.
8. Break down artificial boundaries between systems, geography, and funding (within the Medicaid program).

The overall MITA initiative reaches well beyond the scope of the MEMS, but the system plays a critical role in CHFS's ability to successfully implement and achieve the goals of MITA. MITA aims to incorporate many relevant standards into an architecture model that should be used to build and enhance Medicaid health care systems as well as the data exchange between system components and drive system design from a business and customer-centric perspective across the Medicaid enterprise.

MITA is a planning tool intended to support proactive, modular approaches to planning improvements to both the program and the supporting systems. The Agency intends to use this tool in the design and development of the new MEMS.

A. MITA SS-A and Roadmap

DMS completed a MITA 2.01 SS-A update in July 2012 and has plans to update its self-assessment as soon as possible upon the release of Version 3. These goals form the basis of the Roadmap projects. These projects should enhance the Commonwealth's ability to improve efficiency and services for its stakeholders consistent with MITA principles. It is anticipated that with the implementation of the new MEMS that DMS should meet MML 2 requirements with several business areas achieving MML 3. This roadmap should be reviewed and updated annually, at a minimum, to review progress, as well as to update changes that should inevitably occur. DMS plans to continue the reengineering of business processes along the MITA continuum.

The State is seeking an innovative MEMS solution that:

1. Supports the goals of the MITA framework.
2. Uses software engineering and SDLC methodologies as the basis to design new systems.
3. Uses proven methodologies and tools to develop new business processes and create information requirements for the new MEMS.
4. Uses proven operational management tools and processes to provide best-of-breed program and business services.

B. Concept of Operations (COO) and Business Process Models (BPMs)

The Vendor should be required to develop business process models for the purpose of continually streamlining and standardizing the business processes surrounding the MEMS. DMS will be continuing to work on aligning these business work flows as additional guidance is received from CMS.

As indicated previously, the MITA SS-A has ranked the processes surrounding the MEMS system at a MML 1.

Section 30.060.230.030.010.030—Meet Industry Standards

A. Identification of Industry Standards

CHFS wants assurance that the new MEMS aligns with, and incorporates industry standards including:

1. The HIPAA security, privacy, and transaction standards
    a. MITA supports facilitating automation where possible, and promotes using standards when developing and building automated processes. This is most apparent as MITA work efforts continue to move forward with developing standard data elements, file layouts, and other processes for efficient and effective data exchange to occur. Although such standards are not yet fully developed through the MITA initiative, the Vendor should use existing standards such as HIPAA-compliant eligibility transactions and be prepared to utilize new standards once available.
    b. Accessibility standards established under Section 508 of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities and compliance with Federal civil rights laws including production of a Section 508 Product Assessment Package as part of its SDLC. All products and services provided or developed as part of fulfilling this contract conforms to Section 508 of the Rehabilitation Act of 1973 and any amendments thereto, (29 U.S.C. & 794d), and its implementing Electronic and Information Technology Accessibility Standards (36 CFR § 1194). Section 508 requires that electronic and information technology is accessible to people with disabilities, including employees and members of the

public. Information regarding accessibility under Section 508 is available at http://www.section508.gov/, and a technical assistance document can be found at http://www.access-board.gov/sec508/guide/. Compliance testing is required.

c. Websites, web services, and web applications should be accessible to and usable by individuals with disabilities. This means any websites, web services, and/or web applications developed in the fulfillment of this contract — including, but not limited to any web-based training material, user documentation, reference material, or other communications materials intended for public or internal use related to the work completed under this contract.

2. Standards adopted by the Secretary under Section 1104 of the ACA.
3. Standards and protocols adopted by the Secretary under Section 1561 of the ACA.
4. The National Information Exchange Model (NIEM) and unified form to develop, disseminate, and support standards and processes that enable the consistent, efficient, and transparent exchange of data elements between programs and states.
5. National Institute of Standards and Technology (NIST) security guidance and other standards as appropriate.
6. Section 6103 of the Internal Revenue Code.
7. Additional standards identified by CMS.
8. Industry standards promote reuse, data exchange, and reduction of administrative burden on patients, providers, and applicants.

B. Incorporation of industry standards in requirements, development, and testing phases

The Vendor should implement practices and procedures for the system development phases such as requirements analysis, system testing, and user acceptance testing (UAT). Plans should ensure that all systems comply fully and on-time with all industry standards adopted by the Secretary of HHS.

Section 30.060.230.030.010.040—Leverage Other State Systems

A. Reuse of efforts

Wherever possible, the new MEMS leverages and reuses technologies and systems from within the Commonwealth of Kentucky and other states. CHFS acknowledges that it can benefit substantially from the experience and investments of other states through the reuse of components and technologies already developed, consistent with an SOA, from publicly available or commercially sold components and products, and from the future use of cloud technologies to share infrastructure and applications. It is the Commonwealth's goal to find a solution that provides for shared releases of future functionality in an effort to provide reusability and cost containment.

B. Identification of open source, cloud-based and commercial products

Vendors are encouraged to provide solutions incorporating commercially or publicly available off-the-shelf or open source solutions, and discuss considerations and plans for cloud computing. Vendors identify any ground-up development activity within their solution and why this approach has been proposed.

C. Customization

CHFS prefers a solution requiring as little customization as possible while still meeting all the requirements identified. Once a solution is identified it is expected that the Vendor should perform a gap analysis and identify gaps between the requirements and the solution.

D. Transition and retirement plans

CHFS is already in the process of identifying duplicative systems through collaboration with other Commonwealth Cabinets. One of the goals of this collaborative effort is to build upon existing public and private sector resources and capabilities to the greatest extent possible.

Section 30.060.230.030.010.050—Improve Business Results

A. Degree of Automation

Kentucky seeks the highest degree of automation possible and has documented this need throughout the requirements. Not only is automation for MEMS documented, but also for workflow, notice generation, redeterminations, and worker alerts. It is only through this high degree of automation that one can achieve efficiencies and accuracy.

B. Customer Service

DMS has continuously sought to improve customer service through the establishment of customer service centers, web applications, and a call center. CHFS will be furthering its efforts with the new system that will allow customers to access information regarding their accounts through a web portal.

C. Performance Standards

The Vendor should conform to performance standards, where applicable, in regards to the eligibility transactions and communications with applicants and members. DMS has identified several different performance standards for program improvement and these should undergo testing. If unable to meet system performance standards established, the Vendor should create and execute a Plan of Action to execute and correct. DMS expects the Vendor, if applicable, to identify what criteria or performance standards that its solution currently meets or exceeds.

Section 30.060.230.030.010.060 – Incorporate Reporting Conditions

CHFS has identified robust reporting requirements to produce transaction data, reports, and performance information through the use of dashboards, and ad hoc reporting. Attachment N – Report Inventory includes the current list of reporting requirements.

Section 30.060.230.030.010.070—Be Interoperable

The MEMS should be built with the appropriate architecture and using standardized messaging and communication protocols in order to preserve the ability to efficiently, effectively, and appropriately exchange data with other programs. The Vendor assumes responsibility for knowing and understanding CHFS's environment (data, applications, and infrastructure) in order to map its data to information-sharing requirements. The data-sharing architecture should address the conceptual and logical mechanisms used for data sharing and should also address data semantics, data harmonization strategies, shared-data ownership, security and privacy implications of shared data, and the quality of shared data.

Section 30.060.230.040—Compliance with Commonwealth Regulations and Standards (Section 60.010.010.110)

All proposed solutions submitted in response to this RFP should be fully compatible with the CHFS's technical environment. In addition, the MEMS should meet the requirements identified in the SMM.

Section 30.060.230.050—CMS Certification

CHFS intends to meet all CMS MECT requirements. The requirements found in the MECT checklists have been incorporated into the RFP requirements. The MEMS must meet all Federal requirements for certification as prescribed in the SMM, Part 11, and will be certified. The CMS Certification requirements and activities are described in Scope of Work, Activity 11 – Certification.

Section 30.060.240—General System Requirements (Section 60.010.010.090)

CHFS is issuing this RFP to procure and implement a new MITA-compliant MEMS founded on SOA components. The MEMS should support the core operations of the Medicaid program and the Commonwealth Enterprise. It should be instrumental in supporting Kentucky's Health Care Reform initiatives. The MEMS should be closely linked to and aligned with the Commonwealth's Health Information Technology Plan, the Commonwealth's Blueprint for Health, and the Federal governmental initiatives under the ARRA, including the HITECH Act, and ACA. The MEMS is architected to support the Managed Care model.

The MEMS is integral to the Commonwealth's vision for the Enterprise Architecture with SOA components. The proposed MEMS should achieve the long-term goals and the vision for the next generation of Medicaid systems and the next version of MITA.

Section 30.060.240.010—System Documentation

The MEMS System Documentation should be prepared by the successful Vendor and provided to the State prior to final acceptance of the MEMS. MEMS System Documentation should be provided to the State in hardcopy (as requested) as well as electronic form. MEMS System Documentation should be updated by the successful Vendor to reflect system changes. Updated documentation should be provided to the State prior to final acceptance of the system change.

Section 30.060.240.020—Technical Requirements (Section 60.010.010.050)

The awarded Vendor should adhere to the enterprise-wide technical requirements (Attachment G – MEMS Technical Requirements). The purpose is to establish a shared understanding of CHFS's vision as it relates to business processes and workflows, user interfaces, application/software architecture, and infrastructure/information architecture throughout the project life cycle. The interrelationships among these architectures and their joint properties are essential to the Kentucky enterprise-wide model and are intended to address the important enterprise-wide objectives of this project.

This section of the RFP outlines the narrative descriptions of each of the technical areas identified in Attachment G – MEMS Technical Requirements and should form the foundational platform upon which the Commonwealth's operational vision for the MEMS should be built.

Section 30.060.240.020.010—Access and Presentation Services

The Access and Presentation Services layer of the technical solution is the architecture layer that addresses all user interface components and system access channels. The system can be decomposed into two user interaction layers, access channels and presentation.

Section 30.060.240.020.020—Access and Presentation Services - Access Layer (ACC)

The system's access layer provides a flexible framework for managing and providing internal and external communications over a variety of different channels. Customers also have the flexibility to access services provided by the MEMS over a variety of channels that may include, but are not limited to, web, phone, email, or mail.

Section 30.060.240.020.030—Access and Presentation Services - Presentation Layer (PRE)

The presentation layer provides users access to the system using a robust, thin-client, browser based solution delivered over the Internet. The selected Vendor is required to adhere to CHFS graphical user interface (GUI) standards and policies. The site should provide services to persons with disabilities by complying with mandates listed in the

Rehabilitation Act of 1973, Section 508 and W3C's Web Content Accessibility Guidelines 2.0. The public facing site should be accessible to individuals in English and Spanish, and should provide the ability to extend support to different languages in the future. The solution should support usable, mobile-friendly browsing and enable access to the site's features and services using smart phones, tablets, and personal digital assistants (PDAs). The solution should also be extensible to support creation of and consumption by mobile applications (apps) in the future.

Section 30.060.240.020.040—Integration Services (INT)

The Integration Services layer of the MEMS technical solution is the architecture layer that enables sharing of application services. The layer enables the system to share data, information, and processes that operate across application boundaries.

The integration layer features a shared services offering provided by the Commonwealth for ESB capabilities. CHFS has chosen Microsoft BizTalk Server as the standard messaging infrastructure to be used for messaging, routing, guaranteed delivery, transformation, and translation. The ESB provides services for, but not limited to, SOAP XML web services, HL7, HIPAA, and legacy integrations.

Section 30.060.240.020.050—Application and Shared Services (APP)

The Application Services layer of the technical architecture is the layer that provides reusable commodity features and functions within the system. The Shared Services layer is a sub-set of Application Services that can be exposed externally to other systems, applications, or external entities for reuse.

The architecture features a set of services that are classified as Shared Services to promote reuse and leverage based on guidance from CMS.

The proposed system should feature a full-featured architecture component for developing, managing, maintaining, and versioning business rules external to application code. The BRE should provide the ability to: quickly adapt program rules to policy changes, maintain business rules using business analysts rather than developers, and express rules using language that can be understood by the general public. The solution should provide open standard interfaces so that it can be leveraged as a shared service.

The system should feature Application Services that should be utilized by the application to deliver basic commodity features and provide domain business services to the application. The system should include services for data integration with HBE/KAMES eligibility system, other state agencies. CHFS mandates that application business services that are custom developed and require ongoing maintenance by CHFS be developed and delivered using the Microsoft technology stack, specifically the .NET platform.

Section 30.060.240.020.060—Data and Information Management Services (DAT)

The Data and Information Management Services layer of the technical solution is the architecture layer that provides services for data management. This layer includes the definition of data services, reporting and analytics components, and the MDM features of the system.

The data services layer should provide the application with highly-available, redundant, consistent data. The layer consists of the infrastructure, processes, and management tools required to deliver data services to the application.

Section 30.060.240.020.070—Infrastructure Services (INF)

The Infrastructure Services layer is the layer that provides the application servers, database platforms, programming libraries and runtime framework for the application. The Infrastructure Services layer should be designed to enable quality, high-performing, scalable delivery of application services to the end-user.

The Infrastructure Services layer should provide logical environments for each testing phase. The selected Vendor's infrastructure strategy should provide the ability to create, deploy, load and manage multiple environments that operate concurrently. The selected Vendor's environment strategy should closely align with the work stream and testing strategy.

The system should demonstrate fault tolerance and redundancy to prevent applications from becoming unavailable due to component failures. The system design should provide clustered application server environments, load balanced applications and application components, redundant application data and storage designs for all data stores (data, logs, messages, message queues, etc.).

Section 30.060.240.020.080—Security:
The Vendor should adhere to the Commonwealth Office of Technology (COT) security and enterprise policies and procedures and the CHFS security policies and procedures.

1. COT Enterprise policies can be viewed at http://technology.ky.gov/governance/Pages/policies.aspx
2. COT Security Procedures can be viewed at https://gotsource.ky.gov/docushare/dsweb/Get/Document-329691
3. CHFS Security Policies are available at http://chfs.ky.gov/os/oats/policies.htm

Section 30.060.240.020.080.010—Security Services

1. NIST baseline should be moderate.

2. Provide annually a SSAE 16 (or comparable review) to the CHFS for the Frankfort office location of the selected Vendor. The data center where the system is hosted must also provide an annual SSAE 16.
3. The awarded Vendor must perform a Risk Assessment following HIPAA guidelines every 365 days.
4. Security Testing is required by the selected Vendor on functional, technical, and infrastructure components to ensure the system meets all system security requirements. Security Testing scenarios and strategy should be approved by the CHFS Information Security Office (CHFS ISO) prior to execution and all Security Testing results shall be approved by CHFS and CHFS ISO. Additionally, the selected Vendor is required to conduct its own security risk assessment prior to the Commonwealth engaging a Third Party Vendor to conduct the Independent Security Assessment. The selected Vendor shall provide a report of the results of its security risk assessment, including all tools used, such as code scanning and application scanning tools, and an action plan of remediation for vulnerabilities identified. The Vendor should have a third party security assessment done annually as required by CHFS/COT Policies.
5. The awarded Vendor shall establish and maintain appropriate levels of disaster recovery and regularly test the established disaster recovery. The Vendor should discuss options available as part of the solution related to disaster recovery. It is the preference of CHFS that this include local hot swap/hot fail over redundancy in all critical components as well as hot site operations with database replication.

Section 30.060.240.020.080.020—Security Plan

The Security and the Privacy Impact Assessment should be included as a separate document of a part of the Detailed Design Document (DDD).

1. Provide a detailed in-depth data flow diagram of the MEMS system illustrating the security mechanisms.
2. Provide a detailed in-depth architectural diagram for the MEMS system to include all infrastructures.

Section 30.060.240.020.090 – HIPAA Compliance

The MEMS should be compliant with HIPAA rules for access, authentications, storage and auditing, and transmittal of electronic personal health information (e-PHI). Standards include HIPAA Version 5010 standards for electronic health transactions (effective January 1, 2012).

The MEMS HIPAA compliance controls and procedures should be submitted to CHFS for review and approval, prior to the inclusion of any of these controls in the overall System Design.

The selected Vendor is not permitted to use or disclose health information for any reason other than that mandated within this RFP.

Section 30.060.240.020.100—Operations and System Management Services (OPR)

The Operations and System Management Services layer is the architecture layer that provides system and application administration and monitoring capabilities.

The selected Vendor's solution should monitor and report the health and status of all applications, services, and system components for the solution. The application monitoring solution should provide operations users the ability to view health and availability of application resources, application uptime, and service utilization. The server resources should be monitored against similar server specific metrics. Adherence to MITA requires the collection of operational data in order to establish and meet Service Level Agreements (SLAs) for the system.

Section 30.060.240.020.110—Development Architecture and Services (DEV)

The selected Vendor should utilize a well established formal methodology that supports the Commonwealth's requirement to sign off on results of the solution before proceeding to the next development phase.

The selected Vendor's testing methodology should include full testing to include the following test cycles: unit testing, integration testing, performance testing, load testing, stress and capacity testing, data conversion testing, user acceptance testing, and disaster recovery testing.

Section 30.060.240.030—Architecture Requirements

CHFS has developed a technological roadmap for the Kentucky QHI framework. The QHI facilitates the implementation of technology standards and approaches for the development of an interoperable, scalable and easily adaptable cross-sector technology framework.

Most of the legacy systems implemented in the past were on independent platforms creating individual monolithic architectures. Communication between systems is difficult as is aggregation and correlation of data in the enterprise. Kentucky is embracing the Medicaid Enterprise Solution (MES) architecture and should transition the existing system to align with this new system architecture. This new approach should promote interoperability, reusability and sharing information throughout the enterprise as well as across organizational boundaries.

Kentucky views the QHI as a house built on a solid foundation of a sharable technical services and a common ESB with various applications as pillars. The Commonwealth

utilizes .Net as their technology platform. MEMS should align with this architecture wherever possible. (See the figure below.)

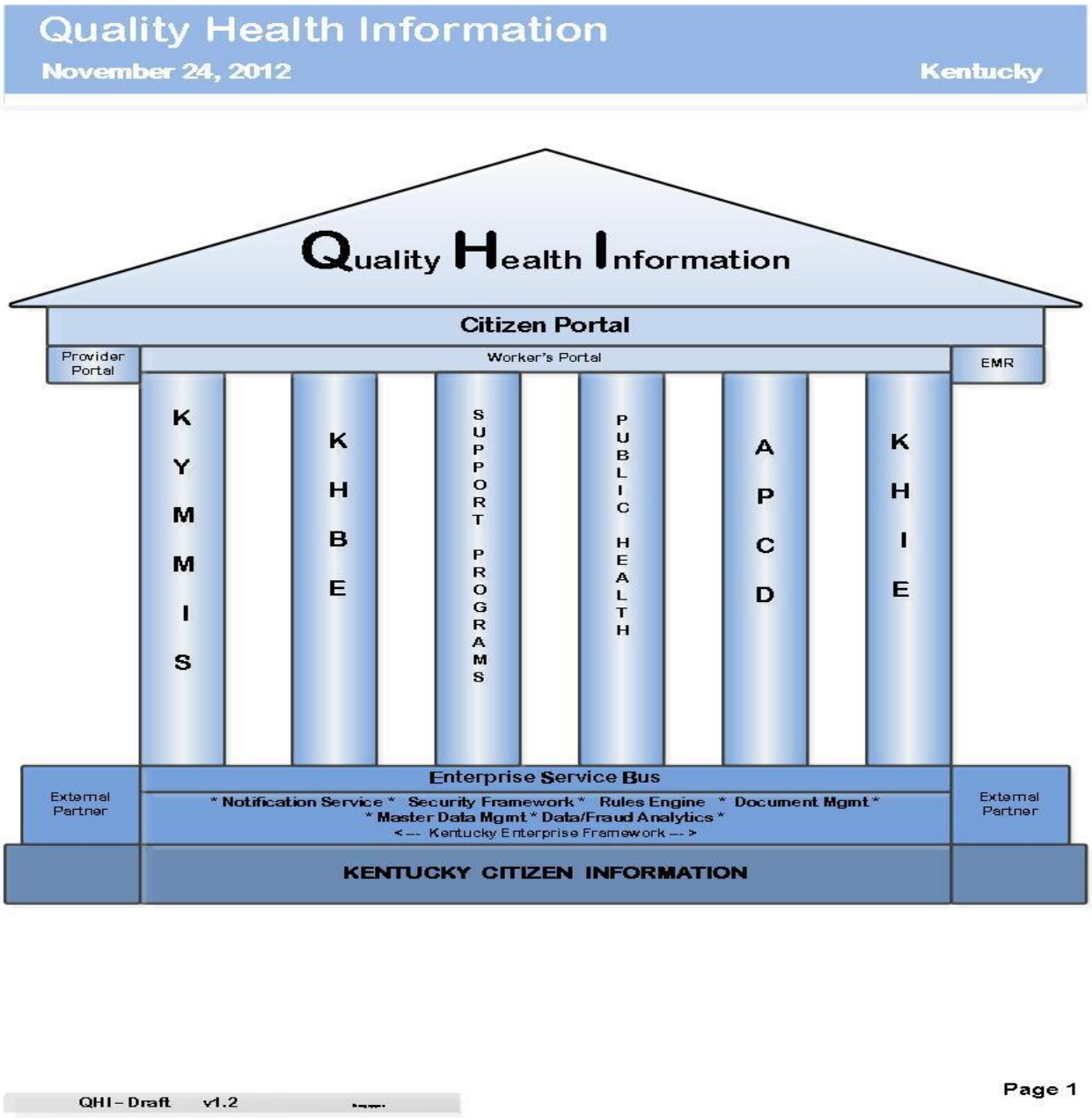

Figure 2 <u>Quality Health Information</u>

Components of the QHI:

1. **Portals:** The components of QHI should be accessed via Web Portals and Web interfaces by the users. The users are grouped into one of several broad

categories such as: 1) Citizen, 2) Worker, and 3) Partners. Kentucky is embracing Microsoft technologies to build its web interfaces using Microsoft's web presentation patterns.

a. **Citizen Portal**: The purpose of the Citizen Portal is to provide access via single sign-on to view information including eligibility, status, and claims for benefits received from the CHFS. In addition, it should also be a vehicle to view personal health record through the Kentucky Health Information Exchange (KHIE).

b. **EMR Interfaces**: Kentucky's vision is to build a foundation for connectivity for all EMRs to facilitate the exchange of health information between exchange participants. The QHI foundation should provide this connectivity to exchange information with the KHIE using web services or the ESB. The QHI foundation should enable EMR Vendors to incorporate into physicians practice workflow access to all applicable KY State applications and reporting services. For example, a physician could retrieve a report directly from the State's Prescription Monitoring Program system through EMR interface without leaving his/her EMR.

2. **Common Technical Services:** Kentucky's approach to QHI construction is first to build its foundation with a sharable technical services platform. Initially, the following technical services should be made available for the enterprise applications.

   a. **Document Management Services (DM):** KY has opted to use Microsoft SharePoint 2010 server platform to build its DMS. It has chosen this platform for its new features. DMS will provide components to process and store all electronic documents. In addition, it will also index the documents for faster retrieval. KY expects the volume to be in the range of 300-500 million in the next five years. MEMS should utilize this system where appropriate.

   b. **Business Rules Engine (BRE):** KY has opted to implement Corticon's Business Rule Engine (BRE) to implement and maintain complex business rules required for HBE and other systems in QHI. KY has selected Corticon BRE because of its ability to build, test, and deploy complex rules using its studio and its performance. Corticon also fits SOA infrastructure by deploying as a web service. KY considers the Corticon solution as scalable and having high availability.

   c. **Enterprise Service Bus (ESB):** KY has opted to use Microsoft BizTalk Server 2010 with its ESB toolkit 2.1 to provide a framework for integration of services. BizTalk's ability to build and deploy integration services for transforming and routing messages complements CHFS's existing Microsoft platform.

d. **Security Framework:** The Kentucky Enterprise User Provisioning System (KEUPS) provides user provisioning and authorization services for all KY internal applications. Every component of QHI should invoke KEUPS services prior to executing a user request including MEMS. KEUPS provides a single sign-on to most systems used by Workers and Citizens.

   KEUPS integrates and synchronizes with the State's existing Active Directory as well as the State's mainframe security on the Z/OS. KEUPS provides support for claims aware applications via an Active Directory Federated Services (ADFS) based runtime authentication environment.

e. **Master Data Management (MDM):** Kentucky has opted to use IBM's Infosphere MDM (standard edition) for suites of MDM services. IBM's Initiate master data service is a comprehensive platform that enables rapid implementation of enterprise-wide master. It also delivers high-volume matching and linking through high-performance data processing and scalable database structures. The main purpose of MDM is to manage an Enterprise Master Person Index for KY citizens. The MEMS application should be required to register a person record with MDM to obtain an Enterprise Master Person Index (EMPI). MDM service should also maintain associated applications for each EMPI in its repository allowing easy correlation.

f. **Data/Fraud Analytics Framework:** KY has opted to use on-demand services of SAS Fraud Framework (SFF). These services should be hosted on the SAS network and QHI applications should access these services via ESB as well as via their dedicated portal. In addition to providing great value in the Medicaid arena, the additional modules of the SFF should be utilized by the Commonwealth to identify and prevent fraud, waste and abuse in many sectors, including areas like Medicaid, TANF, Child Care, and SNAP programs. SAS's predictive Analytics and Data Mining toolset should be utilized to accurately model our data to identify potential areas of savings as well as to help us to make evidence-based decisions.

g. **Notification Fulfillment Service:** KY has opted to implement customer communication service services to deliver notices, messages and documents through this shared service. KY is in the process of procuring HP Exstream to establish in-house comprehensive notification fulfillment service platform. KY plans to use this platform to deliver all communications on-demand or via batch, through multiple channels such as SMS, WEB, email, etc.

3. Applications:

a. **Kentucky Health Information Exchange (KHIE):** The KHIE is a fully functional health information exchange engaged with multiple small, medium, and large providers of healthcare data for the purpose of improving the quality

and safety of healthcare in Kentucky. To accommodate the diversity of data sources in the health information exchange space, the KHIE has implemented a broad set of technologies to collect and consolidate clinical and claims-based data that are made available to exchange participants through web-based technology or direct consumption. In addition, the KHIE supports the collection of healthcare data for secondary use such as the population of registries and public health surveillance systems. Exchange participants can share and retrieve data via peer-to-peer virtual private networks (VPNs) using Health Level 7 (HL7) messaging or by CCD-based web services exchange. Many participants are utilizing a combination of methods. The KHIE currently facilitates exchange for 125 distinct locations and 325 participation agreements have been executed representing more than 800 sites.

The KHIE is currently vendor-hosted, built on a .Net/BizTalk infrastructure. The master patient index is a Visionware Multiview implementation. The interoperability between KHIE and exchange participants (hospitals and provider practices) is built on standard IHE profiles. The KHIE is in the process of establishing Direct Exchange as defined by ONC to facilitate communication between health providers as well as between a provider and the KHIE.

b. **All Payer Claims Database (APCD)**: Following on Kentucky's implementation of ARRA, HITECH, and ACA health care reform and HITstimulus initiatives, the Commonwealth desires to move forward with implementation of an APCD. Access to timely, accurate data is fundamental to improving quality, mitigating costs, and promoting transparency in the health care delivery system.

   Kentucky's APCD is envisioned as a large-scale database including claims data derived from medical, eligibility, provider (physician and facility), pharmacy, and dental claims from private and public payers such as private insurance carriers (medical, dental, third party administrators (TPAs), pharmacy benefits managers (PBMs)) and public payers (Medicaid, Medicare).

   The APCD collects and provides information on inpatient, outpatient, pharmacy, and dental services for the commercially insured, publicly insured and self-insured populations. The goal is to provide true transparency across the spectrum of health care payers to create a foundation for actionable, accountable measures and to provide accurate information regarding the cost and quality of medical services so that residents of Kentucky are empowered to make well-informed health care decisions.

c. **Kentucky Department for Public Health (KDPH):** The mission of the Kentucky Department for Public Health is to promote and protect the health and safety of Kentuckians. KDPH provides policy and program governance

for systems supporting local health departments, communicable disease control, disease and injury surveillance, enforcement of public health regulations, public health education, risk identification and reduction, policy development, and responses to disasters. A number of the programs use a NEDSS Base System (NBS) implementation (i.e., to manage disease investigations and report infectious diseases to the CDC) and external partner systems should use the ESB to interoperate with the KY NBS. The Kentucky Immunization Registry (KY IR) is vendor-hosted and it is envisioned that registry data should be accessible through the Citizen Portal. The KHIE is currently exchanging data with the KY IR.

d. **Support Programs:** CHFS maintains number of application systems to support other Health and Family Services programs such as Child Support, Child Care, Children Welfare, etc. These application systems were developed and implemented having its own platform using mainframe, client/server and Web. Efforts are underway to modernize these systems as appropriate to utilize the QHI framework.

e. **Health Benefits Exchange (HBE):** The Commonwealth of Kentucky has contracted to develop a HBE. The HBE is comprised of a closely integrated Eligibility and Enrollment (E&E) solution as well as a Plan Maintenance and Billing (PMB) solution. The HBE Vendor is in the process of implementing a custom E&E solution and COTS-based PMB solution. The core E&E system is being developed using Microsoft technologies. The E&E will be hosted at the Commonwealth's data center and the PMB will be hosted in a cloud environment by the Vendor.

   E&E is an end-to-end solution that includes functions required to process eligibility and enrollment for all Medicaid members (both Magi and Non-Magi) and other health insurance affordability programs offered on the HBE. It will also support functions such as workflow, Notifications, Scheduling, DMS, Business Rules Management, and associated business processes required to launch and continuously operate an efficient and effective E&E System.

   A PMB solution includes functions required to offer and maintain individual and group insurance products including QHP Certification, Premium Billing, Collections & Reconciliation, Enrollment Maintenance, and more, required to offer individual and group health insurance products on the HBE and both support and sustain its seamless operation.

   Medicaid Eligibility is currently processed in Kentucky's legacy Kentucky Automated Management and Eligibility System (KAMES). KAMES also support casework and reporting functions for SNAP, TANF, and Medicaid programs. It operates on Commonwealth's IBM Z/10 model 2098-Q05 mainframe using CICS Transaction Server 3.2 and IMS DB control Version 9.1.

The HBE solution will be expanded to include functions for SNAP and TANF to replace the legacy KAMES system.

f. **Kentucky Medicaid Management Information System (KYMMIS**): The KYMMIS is the current claims processing and retrieval system. The KYMMIS is hosted and maintained by Hewlett Packard Enterprise Services (HPES). KYMMIS is a customized rule based HP's interchange system. It supports both FFS reimbursement as well as Managed Care programs. The MEMS will replace the KYMMIS.

The Commonwealth utilizes .Net as its technology platform and strongly recommends that future applications employ this as well.

Medicaid modernization remains a high priority for the Commonwealth. It is seeking a partner that collaboratively works with stakeholders to develop a SOA and MITA-compliant enterprise system that utilizes sound technology, is flexible, and addresses current and future needs. The Commonwealth desires the system to be aligned with the CMS MITA current and future framework. The MITA Business Architecture should be reflected within the systems processes. The MITA Information Architecture should be reflected within the system's data models and information flows. The MITA Technical Architecture should be reflected within the SOA components of the system. It should include:

1. An SOA-based information system technical solution comprised of components that can be integrated into the Commonwealth's SOA framework or directly utilizes the Commonwealth's components.
2. A MITA-organized information solution that can be a single Vendor solution or a "best-of-breed" solution providing seamless integration of data from one MITA application area to another, one business process to another, across the enterprise
3. An information system that meets CMS certification requirements as defined in the CMS MECT for MMIS.
4. An information architecture and data management strategy that organizes, documents, and manages all of the data and enables easy access to information.
5. An information system solution that is flexible enough to fully support the administration of all of Kentucky's health care programs and can be easily configured to meet future expansion of programs and populations, and meet current and future regulatory needs.
6. The dynamic data exchange with external systems whenever possible and desirable. The system should support standards-based inbound and outbound transactions whenever appropriate.

Section 30.060.240.040—Service Oriented Architecture

The Commonwealth of Kentucky is expanding its vision of the MEMS beyond the scope of a traditional MMIS. The goal of the Commonwealth is to develop consumer-centric systems to provide the best services to the members of Kentucky combining efforts to streamline workflow, leverage all types of resources, and achieve economies of scale. The Commonwealth envisions a system that is adaptable, expandable, and flexible using the QHI architectural components wherever possible.

Section E—Change Control

Changes in scope may happen due to a variety of unforeseen factors. For the purposes of this program, change is defined as a request originating from the Commonwealth that affects scope, schedule, and/or cost to the Commonwealth.

It is known, at the time of issuing of this RFP, that there should be changes to the requirements, presented herein, as rules and regulations evolve and are finalized by CMS and by the Commonwealth. These rules and regulations are expected to change through the life cycle of the project. Changes in requirements due to evolution of Federal and Commonwealth regulations may constitute a change in scope for this program and will be addressed through the change order process. Potential changes to regulations, such as those pending legislation or judicial review, that pose the potential to disrupt the delivery schedule should be documented by the selected Vendor in the Risk Log and managed accordingly.

The overall delivery dates, operational dates and quality criteria required by CMS and the ACA are not expected to change. If, however, CMS changes do affect delivery or operational dates, the selected Vendor adapts and responds to those changes. As part of Change Control Management, the Vendor documents formal change control process to be reviewed and approved by CHFS as part of the Program Management Plan. In the Program Management Plan, the Vendor should:

1. Describe both graphically (e.g., via a flowchart) and in text a recommended approach to change control, including steps, roles and responsibilities, and decision points.
2. Describe the Vendor's cost estimating steps and process for providing a written estimate to DMS of the cost and duration for every change. Vendor's estimates should meet at a minimum, 80% accuracy.
3. Provide sample change control forms and procedures the Vendor has used in other successful projects.
4. Agree that written approval by DMS is mandatory for every change before the Vendor begins development of that change.
5. Agree that written approval by DMS is mandatory for every change before the Vendor begins implementation of that change.
6. Agree in the proposed change control process that the Vendor should provide DMS with justification of every change suggested by the Vendor.
7. Agree that any changes be provided at a reasonable price to be negotiated between the Vendor and DMS, and that if the Vendor and DMS cannot come to

an agreement on price and schedule to implement such mandated changes, the Vendor agrees to perform the work at the price proposed by the State's project manager and to pursue the dispute resolution process to resolve open issues.

8. Identify and describe the Vendor's proposed tool(s) to track, manage, and report on change control items and to facilitate the Vendor's change control approach, including an automated tool that tracks history in a database. History should include the estimate and actual cost and duration for every change request as well as cumulative cost and schedule impacts for all changes for all periods DMS specifies.
9. Agree that the Vendor's proposed change control tools should be accessible by the Vendor, DMS, and DMS's designees.
10. Describe steps for updating the work plan for changes identified during DDI and approved by DMS.
11. Explain the benefits of the recommended change control approach for DMS.
12. Agree that the Vendor should meet all change control requirements throughout the term of the contract.
13. Agree that the Vendor's proposed change control process and tracking tool are subject to DMS approval.

The selected Vendor informs CHFS of any potential scope changes as soon as is reasonably possible to discuss, analyze, and document the impact of the change in scope, and determine direction and next steps. The assessment of the change in scope should include specific impacts to both schedule and costs. CHFS will work with the selected Vendor to confirm/reconfirm Project scope for subsequent activities, phases, and/or milestones. Additional details of the changes to scope are available in Section 40.050 and 40.055 of this RFP.

Section 30.060.250—Supporting Modules and System Components Outside the Core

The Vendor's MEMS solution should have the abilities to interact with other organizations or entities. Interactions should include the transmission of information through an interface for data population, verification or reporting. Third parties include the following organizations or entities: KHIE and CHFS.

Section 30.060.250.010—Web Services

The Vendor should include Web Portal solutions that provide communication, data exchange, and self-service tools to the provider community. The Portal should consist of both public and secure areas (web pages requiring a username and password). The public area should contain general information, such as program awareness, notices, and forms, and allow users to respond to surveys. Providers should have the capability of using a provider enrollment wizard, which includes the ability to track their application through the enrollment process. Other areas to be included in the portal are, but not limited to:

1. Perform provider enrollment and maintenance functions.

2. Inquire on recipient eligibility and enrollment.
3. Submit original claims, claim adjustments and prior approval requests.
4. Review claims payment and status information.
5. Access Prior approval requests.
6. Access State-approved forms.
7. Access provider training information including provider workshop registration, training materials, training evaluation forms, bulletins, broadcast emails, supporting documentation for training.
8. Enter registration to receive notifications and/or facilitate communications.

Section 30.060.250.020—Document Management System

DM provides the ability to view, capture, and attach scanned images to individual cases. The functionality includes the ability to link scanned and verified images to a customer that may exist in other systems.

The imaging/document management capabilities of the MEMS should include the ability to maintain current imaging files, provide users with access and retrieval functions and create any new imaging environment proposed to meet the functional requirements of this RFP. The contractor should convert historical images to the new environment and provide users with access and retrieval capability.

The Kentucky Access, Accuracy and Accountability Project (KAAAP) Electronic Case File system (ECF) is an existing Commonwealth system that was designed to serve as the Commonwealth's DM service. KAAAP ECF provides DM capabilities for various social and entitlement programs hosted in KAMES. The KAAAP ECF solution has been built on the SharePoint Platform, composed of SharePoint 2010, BizTalk 2010, SQL Server 2008 R2, MetaLogix Storage Point RBS File Share Provider, and Knowledge Lake Suite. Approximately 1.4M documents have been indexed using this solution post implementation.

The Commonwealth intends to enhance and modify the current ECF solution for incorporating the Document Management requirements of the MEMS. The enhanced ECF solution should provide standards-based integration services for interfacing with the MEMS solution. The Vendor's solution(s) should provide seamless interface for passing index values and other pertinent metadata from the MEMS solutions to the DM solution. The Vendor should be responsible for developing specific details of this interface during JAD sessions with the Commonwealth.

Section 30.060.250.030—Workflow Management

Workflow automation should use software to guide system users through various business activities which should be established for recurring sets of business operations that are done within the context of established procedures. The workflow software should retain all the artifacts, such as documents, e-mails, files, spreadsheets, and images within a centralized document/media management repository. The software

should also capture the status of business activities and any administrative actions (approvals/disapprovals) collected along the course of any instance of a business process controlled by workflow automation. The workflow software should be configured to enforce the established procedures or business rules related to the workflow, such as what documents are required, who needs to review and approve at each level, who needs to be notified of the progress, the routing and decision points along the workflow path, and the access to the workflow content based on the roles of the participants in the process. The use of workflow software should help to automate manual processes by integrating the documentation, generating notifications and alerts, scheduling and queuing work, and enabling electronic retrieval and status reporting. The workflow software should enforce standardization of the flow of business processes by ensuring routing, approvals, and content of each workflow in accordance with established business rules.

The MEMS should have the capability to set user defined system and personal alerts, such as ticklers and reminders. Alerts should be used for both internal staff and providers to provide notification of system changes, correspondence received, claim status, claim entry and routing processes, other user defined provider and client characteristics, and for monitoring activities and workflow. Alerts should consist of, but are not limited to, messages, documents, and images and should be supported by flexible routing, suspension, reminder and alert features.

Attachment O – Notification Inventory to this RFP includes a preliminary list of the notifications that should be required. The selected Vendor should, prior to or during the System Design Phase, conduct discovery activities to compile a complete and final list of all notifications required to process life cycle management for all programs and products provided. The design and implementation of these notifications should not constitute a change in scope for this project. The Commonwealth is including a notifications system (HP Extream) as part of the HBE implementation and is hoping the MEMS Vendor should leverage usage of this system.

Section 30.060.250.040—Rules Engine

A rules-based solution should allow the Commonwealth to quickly implement policy and program changes and eliminate most of the hard coding in the back-end software programs. The proposed MEMS solutions should produce automated documentation of the current rules in effect as well as the history of all rules implemented.

CHFS has invested in the Corticon rules engine software for their HBE project and would prefer to leverage this in the MEMS; however, CHFS may consider other alternatives depending on the applicability of the solution.

CHFS requires business rules in both human- and machine-readable formats in order to submit to the HHS-designated repository in human-readable form so as to be made available to other states and to the public.

Section 30.060.250.050—Third Party Liability

The Vendor should propose a TPL subsystem that is a fully integrated part of the MEMS solution. The TPL should obtain and utilize data from various sources to perform the following functions:

1. Identify third-party resources available to Medicaid members.
2. Identify third-party resources liable for payment of services rendered to Medicaid members.
3. Avoid State costs for these services.
4. Recover third-party funds.
5. Report and account for related information.

Section 30.060.250.060—Health Benefit Exchange

The Commonwealth is implementing an integrated multi-layer HBE solution that fulfills the certification requirements set out by the CMS and the Federal Government in response to the ACA.

The HBE solution is comprised of two separate but closely integrated solutions:

1. An end-to-end Eligibility and Enrollment (E&E) solution that includes functions required to process eligibility and enrollment for all Medicaid members (both MAGI and non-MAGI) and other health insurance affordability programs offered on the HBE, as well as supporting functions such as Workflow, Notifications, Scheduling, DM, Business Rules Management, and associated business processes required to launch and continuously operate an efficient and effective E&E System.
2. A Plan Maintenance and Billing (PMB) solution that includes functions required to offer and maintain individual and group insurance products including QHP Certification, Premium Billing, Collections & Reconciliation, Enrollment Maintenance, and more, required to offer individual and group health insurance products on the HBE and both support and sustain its seamless operation.

The Commonwealth's strategic vision is to extend the E&E solution to support additional human services programs including, but not limited to SNAP and TANF in subsequent phases of implementation.

Section 30.060.250.070—Immunization Registry

The Vendor's proposed MEMS should interact with the Immunization Registry providing data on a continual cycle. The interfaces should access the Registry through the KHIE. Data from the MEMS is critical to the overall effectiveness of the Immunization Registry. Its functionality would be hindered and ineffective if an interface did not exist between the Immunization Registry and the MEMS. This becomes apparent when such a registry is outside the domain of a Medicaid Department.

The data should help reduce the overall incidence of vaccine-preventable disease by giving providers and the Commonwealth a high-quality, confidential, flexible, and expendable tool. It would ensure age appropriate immunization for all children with the most efficient expenditure of the program and its resources.

Section 30.060.250.080—Customer Service Business Area

The Commonwealth intends to procure hardware, software and services for the implementation and operations of a Contact Center for the HBE that should provide customer support over the phone and on-line chat for various user types. This Contact Center should provide the technical infrastructure for the MEMS. The MEMS Vendor is expected to provide staffing support for Levels 1, 2, and 3 for providers and MCOs.

Vendor also maintains Help Desk staffing to provide users of ECM/EDI and MCO's with technical assistance and to provide users of electronic claim submission with technical assistance in accordance with Commonwealth-specified time parameters.

The selected Vendor should design and develop all codependent business process between the systems as well as all required APIs and web services. The selected Vendor should make available the necessary business and technical staff to participate in Contact Center interface and business process design to ensure a seamless integration. The Vendor should plan to provide staffing support for the Provider and EDI support.

Section 30.060.250.090—Pharmacy Benefit Manager

PBM is currently operated by a Third Party Vendor that uses the First Rx PBM System to provide Medicaid pharmacy services to approximately 124,000 members, over 3,000 pharmacies, and over 30,000 prescribers. The PBM processes pharmacy claims and manufacturer Rebates for the Commonwealth. The KYMMIS accepts, and ensures the integrity of, electronic pharmacy claim records submitted by the contracted PBM, including adjustments and reversals.

The proposed MEMS solution should support the interface(s) necessary to achieve bi-directional flow of information. The interface(s) should comply with the security framework of the Commonwealth, including existing Active Directory and mainframe security considerations and protocols.

Section 30.060.250.100—KEUPS

The Kentucky Enterprise User Provisioning System (KEUPS) is the Cabinet's security system. KEUPS is an identity management and single sign-on system that provides for centralized user management and includes functions for provisioning, de-provisioning, authentication, authorization, single sign-on, credentialing, and self-service and access audit/logging of the on-boarded CHFS applications. KEUPS should be utilized and

integrated into the final systems design. KEUPS leverages .Net 4.0, SQL 2008 and ADFS 1.1.

The new MEMS solution should integrate with and utilize the CHFS security and enterprise user provisioning system, KEUPS for user registration, authentication, authorization, provisioning and de-provisioning. In addition, users should utilize a common identity for a seamless single sign-on experience.

Section 30.060.250.110—Medicaid Waiver Management Application

The mission of the Division of Developmental and Intellectual Disabilities (DDID) within the Department for Behavioral Health Developmental and Intellectual Disabilities (DBHDID) is to empower each person to realize his or her place in the community as a citizen of the Commonwealth of Kentucky. To accomplish this mission, DDID partners with and supports persons with intellectual or developmental disabilities, families, advocates, stakeholders and government agencies. The Medicaid Waiver program uses a combination of Federal and State funding to provide services and supports in the community for individuals who meet the level of care criteria for institutionalization.

DDID provides an array of supports for individuals with developmental and intellectual disabilities. This is accomplished through contracting for services through the fourteen (14) Regional Mental Health/Mental Retardation Boards and other qualified private providers. Services funded by DDID are provided in varying degrees by each of the Regional Boards (a.k.a., Community Mental Health Centers) and their affiliates. These services include case management, residential, vocational, respite, crisis intervention, leisure and recreation, in-home support, and habilitation.

The current process of oversight of providers and collection of information regarding individuals receiving services is a combination of paper processes, email, and numerous databases. The nature of the current processes is cumbersome, inefficient, duplicative, and hosts the opportunity for numerous errors and data integrity issues. The manual process also poses many challenges when changes to the required forms or the process itself are needed. Lastly, the current process makes it very difficult to track health and safety trends and to provide the necessary reports as required by CMS.

DDID is publishing an RFP in the near future seeking a comprehensive web-based level of care and case management solution to support functionalities for all user bases including clients, State staff, and providers. It should meet the needs of DDID's business processes, including applicable State and Federal requirements. The MEMS should interface with the Waiver Management Application.

Section 30.060.260—Options to Buy

Throughout the Scope of Work, the Commonwealth has maintained the necessity to comply with the CMS Seven Conditions and Standards. Modularity presents the opportunity to identify areas of the MEMS solution as “Options to Buy.” These areas may or may not be exercised within the contract. Proposed solutions for each “Option to Buy” along with individual component costs detailed in Section 70 will assist the Commonwealth in meeting CMS standards. The “Options to Buy” are identified below:

Section 30.060.260.010—Systems Hosting, Operations and Disaster Recovery Activities “Option to Buy” (Section 60.010.010.150)

The successful Vendor performs operations and maintenance throughout the life of the contract at no additional cost to the Commonwealth to include the following:

1. Data center operations.
2. Updates, patches, and repairs to components of the production, test and all other accessible environments, including, but not limited to:
    a. Hardware.
    b. Operating systems.
    c. Database systems.
    d. Utilities for systems, database, software, communications.
    e. Voice, video, data communications lines.
    f. Communications software.
    g. Drivers.
    h. Configurations.

Section 30.060.260.010.010—Infrastructure Hosting

The Commonwealth is interested in maximizing its efficiency by exploring all available infrastructure hosting options for the MEMS solution. This includes the possibility of using the Commonwealth’s existing Data Center in COT or a Vendor-provided cloud-based infrastructure. CHFS requires a plan to provide all hardware and software required for development, test, implementation, production operations, and disaster recovery site operations for the MEMS solution.

The Vendor assumes responsibility for installing and configuring the necessary hardware and software with the appropriate coordination of COT. The support from COT should include areas such as network and security access to the Commonwealth network, building/facility access, data farm and server room access on as-needed basis, shared BizTalk environment access, and file server access. The schedule for the installation and setting up of various environments should be mutually agreed and finalized in the work plan. All hardware and software should be implemented and appropriately configured by the selected Vendor in the environment prior to the start of the relevant phase based on the schedule in the project work plan.

For details on the Commonwealth's infrastructure requirements, the Vendor should reference Section 30.060.240.020 of this RFP.

Section 30.060.260.010.020—Maintenance Services

The Vendor performs software and hardware maintenance for the component parts of the MEMS implementation, as directed by the Commonwealth. It is the Commonwealth's expectation that all maintenance requirements be accomplished under the terms of the contract's firm fixed price for ongoing operations, including machine time, person time, documentation support and any other related support.

Section 30.060.260.010.030—Disaster Recovery & Business Continuity

The Vendor should create and maintain a Disaster Recovery Plan (DRP) to include back-up procedures and support to accommodate the loss of online communication between the MEMS Vendor's processing site and Commonwealth facility(ies) in Kentucky; disasters or occurrences which cause a disruption to the processing of Kentucky transactions (claim records, eligibility verification, provider file, updates to the MEMS, and so forth); loss of the Vendor's primary processing site; or loss of access for the Commonwealth online component of the MEMS.

The Vendor is to maintain a CHFS approved BCP, Disaster Recovery. and System Back-up Plan at all times. It is the sole responsibility of the MEMS Vendor to maintain adequate backup to ensure continued automated and manual processing. The Plan is to be available to CMS, CHFS, or State auditors at all times. All critical operations are to be clearly defined in the MEMS Vendor's CHFS approved disaster recovery plan and must resume no later than five business days following a disaster.

The awarded Vendor must provide an alternate business area site in the event the primary business site becomes unsafe or inoperable.

The Vendor should propose a plan inclusive of the items required to operate an alternate disaster recovery site for the continued operation of the MEMS solution in the event of a disaster. The Vendor should provide options for recovery within 60 minutes, 6 hours, 12 hours, 24 hours, and 48 hours of the disaster event. This "hot" disaster recovery site should be built, configured, and maintained by the Vendor. The Vendor should include in its plan a description of all services, hardware, software, software licenses, and infrastructure required for this functionality. The alternate site should be configured to the same system performance specifications as the primary hosting site for all systems in the MEMS.

Section 30.060.260.020—Decision Support System –"Option to Buy" (Section 60.010.010.160)

The replacement DSS should take advantage of the advancements in system architecture and Web technologies to provide an economical and flexible data storage

system. The DSS should integrate seamlessly with the MEMS and take advantage of system interoperability and interface technologies. The Vendor should take into consideration the needs of the less technical user as well as the more sophisticated user and provide a solution to meet the informational needs of the Commonwealth at all levels.

The DSS should function as a data storage repository for recipient, provider, claim, reference and encounter data, and data sets from external sources that may be designated by the Commonwealth. The Vendor should provide a DSS with sufficient space and planning for efficient operations and growth throughout the life of the contract.

All hardware and storage space required to house the data should be included in the contract, purchased and maintained by the Vendor. At termination of the contract, the hardware becomes the property of the Commonwealth.

In addition, the DSS should:

1. Maintain data sets approved by the Commonwealth for all tables, including provider, recipient, claims, encounters, and reference:
    a. Implement a data model that is flexible and allows for the addition of new data elements with minimal effort.
    b. Include all necessary data elements to perform all business functions described in this RFP.
    c. Maintain the most recent seven (7) years of paid and denied claims and encounter data.
    d. Maintain all purged prior years' claim and encounter data in a separate file or files for ad-hoc reporting. Each year should be maintained on a separate file to allow the query of the data as it was at the end of the reporting year.
    e. Maintain a minimum of seven (7) years of recipient historical eligibility and claim information in order to track changes in a recipient's health status over time.
    f. Maintain risk-adjusted data based on the most recent two years of eligibility and paid claims.
2. Integrate robust user-friendly query, analysis, and reporting tools and functionality including:
    a. Provide sufficient processing/storage for the creation of reports and statistics by State staff, a minimum of 2.5 Terabytes at the beginning of the contract and increasing each year if necessary based on utilization statistics.
    b. Support a variety of output capabilities including CD, DVD, tape, FTP and other methods as determined by the Commonwealth.
    c. Provide the functionality to allow authorized State users the ability to link between Contractor tables and user-defined tables as necessary.

   d. Provide the ability for certain State users to retrieve data from any DSS table via ODBC and other available database interfaces.
   e. Provide Web-based access to DSS functionality.
   f. Provide reliability, stability, and recoverability.
3. Support all users authorized by the State:
   a. Support at least 600 named users of the DSS.
   b. Support at least 200 average users each week.
   c. Support users at Area Offices, headquarters, other State agencies, and other locations authorized by the State.

Additional Functional Requirements can be found in Attachment F – MEMS Functional Requirements, DSS tab.

Section 30.060.260.030—Utilization Management (UM) Module–"Option to Buy" (Section 60.010.010.170)

Medicaid modernization remains a high priority today for the Commonwealth. Advances in HIT, including the deployment of EHRs, HIEs, and the need for interoperability across systems to support patient safety and quality of care, are driving forces in health reform and other efforts to improve care and reduce unnecessary costs. Alignment with national health initiatives, such as the NHIN, makes the potential for using business data to develop performance metrics for evaluating health outcomes at all levels of health care delivery systems extremely viable.

In support of Medicaid modernization, CHFS is seeking a robust UM program to ensure Medicaid members receive safe, quality health care while simultaneously reining in costs for medically unnecessary care. DMS seeks to continue to reduce medically unnecessary care and improve outcomes through a state-of-the-art UM Module. The module should help ensure that Medicaid spending supports clinically appropriate care, improved patient safety, and quality of care.

The UM module should provide statistical information on members and providers enrolled in the Kentucky Medicaid Program. The module should include effective algorithms for isolating potential misuse and produce an integrated set of reports to support the investigation of that potential misuse.

The UM module should provide extensive capabilities for managing data summarization, exception processing and report content and format. Parameter controls should allow the user to limit the volume of printed material required for analysis. Parameter-driven data selection, sampling, and reporting features would further enhance the capabilities of the module.

The module should have the capability to produce comprehensive profiles of the delivery of services and supplies by Medicaid providers and the use of these services by Medicaid members. Both summary and detail claim data should be available to the reviewer, who is able to control the selection of claims and content of reports through parameters. Statistical indices should be computed for selected items to establish norms of care so that improper or illegal utilization can be detected.

The Vendor, or subcontractor, should meet the flowing requirements:

1. Be Designated as a Quality Improvement Organization (QIO) or QIO-like entity by CMS for a minimum of the past five (5) years. This is for the FA or subcontractor performing the UM services
2. Be Accredited by Utilization Review and Accreditation Committee (URAC) in Health UM or National Committee of Quality Assurance (NCQA) in UM.
3. Have worked as a Medicaid Utilization Review Organization for at least the past three (3) years, including performing waiver, LTC, and EPSDT utilization review services.

Functional Requirements can be found in Attachment F – MEMS Functional Requirements, UM tab.

Section 30.060.260.030.010—Implementation Requirements

CHFS expects that the Vendor follows a standard SDLC for the DDI period. The Vendor should create comprehensive plans, with CHFS approval, prior to undertaking all facets of the development and implementation of the module. The project work plan should be logical in sequence of events including appropriate review time by CHFS and sufficient detail for review. The plans should include a narrative that provides an overview of the approach that should result in an orderly transition of responsibilities. It should encompass all activities necessary to assume the responsibilities as the Medicaid UM Vendor in addition to a back-up and disaster recovery plan.

The Vendor should submit a written report of program progress to CHFS every week. The progress report should specify accomplishments during the report period in a task-by-task format, including personnel hours expended, whether the planning tasks are being performed on schedule, and any administrative problems encountered.

Section 30.060.260.030.020—Utilization Management (UM) Project Staffing

At all times during this project, the Vendor should have the adequate number of project staff members necessary to ensure successful implementation. The Commonwealth should provide a limited number of full-time staff members, located at the Commonwealth, who are dedicated to providing oversight and assistance during the project.

All awarded Vendor project staff members shall sign all applicable CHFS forms related to such items as disclosure of information, security, acceptable use of equipment, etc.

The Vendor provides the equipment, software, and tools necessary for the Vendor's project staff members. Any personal computers or equipment connected to the Commonwealth network should conform to CHFS minimum configuration requirements. All Vendor IT equipment connected to the Commonwealth private network should have the standard CHFS image and security policy applied. All equipment should be sanitized prior to removal from service on the CHFS network.

Section 30.060.260.030.020.010—Utilization Management (UM) Project Manager

The Vendor should provide a dedicated full-time Project Manager who begins project work on the negotiated start date following the contract award, and continues that work until the Commonwealth provides the Vendor with a written acceptance of completion of the project. The Commonwealth may require replacement of the Project Manager for any reason. The replacement should be approved by the Commonwealth.

The Project Manager leads the development and daily management of the project, and be responsible for overall Vendor performance, quality of deliverables, and contract compliance for the duration of the contract. The Project Manager should be located with the project team and is the primary point of contact with the Commonwealth, responsible for the management and communication of project tasks, deliverables, schedule, issues, and risks. The Project Manager is also responsible for all Vendor subcontractor work and products.

Section 30.060.260.030.020.020—Utilization Management (UM) Staffing Requirements

The Vendor provides qualified staff to meet an appropriate staffing level to satisfy the requirements specified in this RFP and the resulting Master Agreement. The Vendor should, at a minimum:

1. Create and maintain a DMS-approved staffing plan that demonstrates the ability to ensure employment of qualified staff.
2. Hire and retain qualified staff to perform UM functions.
3. Employ the following key personnel:
    a. Project Manager as, detailed in Section 30.060.030.
    b. Medical Director for Physical Health to oversee utilization review process and peer consultant network.
    c. Medical Director for Behavioral Health to oversee behavioral health review process and Behavioral Health peer consultant network.
    d. Training and Outreach Manager to oversee all training and outreach activities.
    e. Qualified Mental Retardation Professional, with a minimum of three (3) years of recent experience working with mental retardation, to support the SCL program.
    f. EPSDT Coordinator with a minimum of five (5) years of recent experience working with EPSDT, to provide oversight for the EPSDT Special Services program.
4. Provide a team of experienced clinical and physician reviewers, with a minimum of three (3) years of recent experience, to perform medical necessity reviews.
5. Provide a team of experienced Behavioral Health utilization reviewers with a minimum of three (3) years of recent experience, to perform Behavioral Health and Impact Plus reviews.
6. Provide a team of experienced EPSDT utilization reviewers, with a minimum of three (3) years of recent experience, including experience with children and

adolescents with severe emotional disabilities and substance abuse, to perform EPSDT and Impact Plus reviews.

7. Provide a team of experienced Medicaid Waiver utilization reviewers, with a minimum of three (3) years of recent experience, to perform Waiver reviews.
8. Provide a team of experienced long-term care utilization reviewers, with a minimum of three (3) years of recent experience, to perform Nursing and ICF/MRDD reviews and audits.
9. Recruit and maintain an adequate network of peer consultants.
10. Ensure that all administrative reviewers possess at least one (1) year of recent medical utilization review experience.
11. Provide staff with initial and ongoing training that, at a minimum, covers the following topics: utilization review policies and procedures, medical necessity criteria, and Master Agreement requirements.
12. Ensure that all physician and clinical reviewers meet and maintain qualifications required in State and Federal regulations, including appropriate licensure.
13. Ensure staff know and abide by KY guidelines when sending children and adolescents out of state for psychiatric residential treatment. Staff should be familiar with all in-state psychiatric facilities and programs.

Section 30.060.260.030.030—Utilization Management (UM) - General Operations

The Vendor should perform the responsibilities described in this RFP and in the Attachment F – MEMS Functional Requirements (Utilization Management Tab) and Attachment G – MEMS Technical Requirements.

The Vendor is subject to monitoring and evaluation by DMS as set forth in 42 CFR 456 – Utilization Control. The Vendor is required to adhere to the performance requirements of the Master Agreement as well as the requirements of any revisions in Federal and State legislation or regulations which may be enacted or implemented during the period of performance of this Master Agreement that are directly applicable to the performance requirements of this Master Agreement. Such requirements should become a part of this Master Agreement effort through execution of a written contract amendment.

Section 30.060.260.030.030.010—Utilization Management (UM) Requirements

The Vendor should demonstrate high quality administrative and clinical leadership in UM services. The requirements in this section are applicable to all review functions. The Vendor's general requirements include, but are not limited to the following:

A. Evaluation of UM Program

Complete an initial and annual UM evaluation that includes a UM work plan and targeted return on investment (ROI) projections.

B. UM Policies and Procedures

Develop, publish and maintain a DMS-approved UM manual that includes policies, procedures and workflows. The manual should be updated as needed, but no less than on an annual basis.

C. Utilization Review Committee

Establish and maintain a Utilization Review Committee with DMS participation to provide oversight of the UM function.

D. Peer Consultant Network

Develop and maintain a network of peer consultants to assist, at a minimum, in:

1. Addressing medical necessity determinations.
2. Researching new technology.
3. Developing medical policies.
4. Addressing quality issues.
5. Supporting the appeals and hearing process.
6. Reviewing health care issues referred by DMS.

E. Outreach and Training

Create and maintain an Outreach and Training program for UM. At a minimum, the program should include:

1. DMS-approved training plan that identifies the training needs during project, development, implementation and operational phases.
2. DMS-approved outreach plan, which at a minimum, includes written communication, telephonic communication, web communication, focus groups, webinars, and “live” face-to- face training for all aspects of the UM program.
3. DMS-approved work plan to specifically address methods to increase web submission of utilization review requests. It is expected that the Vendor receives no less than 50% of non-waiver utilization review requests by web submission at end of year one. Increases are expected beyond year one based on a DMS-approved target for each year.
4. Development and maintenance of DMS-approved educational materials that address the utilization review process.
5. Initial and ongoing seminars to educate providers on the utilization review process.

F. Reconsideration and Appeals & Hearings

1. Make a determination to uphold, modify, or reverse the denial of requested services. The physician handling the reconsideration should be different than the one that performed the initial review.
2. Support administrative appeals and hearings by reviewing and submitting requested clinical information, preparing case summaries and providing testimony regarding the utilization review process.

G. Audits, Meetings and Facility Reviews

Perform UM audits, including reviews for Reserved Bed Days and Utilization Programs of Facilities.

H. Internal Quality Control Program

Develop and implement an Internal Quality Control Program to ensure appropriate administration of all responsibilities.

I. Reporting

1. Establish and maintain a system to produce accurate, timely, and complete periodic (daily, weekly, quarterly, and annual) and ad hoc reports that, at a minimum, depict:
2. Overall performance of utilization review activities for all type of services (e.g., EPSDT, durable medical equipment, waiver services), including type of reviews, volume of reviews, disposition of reviews, and processing time.
3. Overall performance of customer service activities, including, abandonment rates, average speed of answer, volume of inquiries, type of inquires, and rate of requests received by web submission.
4. Utilization patterns of providers and members.
5. Utilization patterns based on geographic region and type of service.
6. ROI or savings on administrative and clinical utilization initiatives, such as those identified in the Evaluation of the UM Program.

Section 30.060.260.030.030.020—Utilization Review Requirements

1. Perform prospective, concurrent, and retrospective review of DMS services.
2. Make Medical Necessity Determinations of whether a covered benefit or service is medically necessary.
3. Utilize criteria to determine if a covered Medicaid service or benefit is clinically appropriate.
4. Perform utilization review.
5. Require a licensed physician to make utilization review decisions related to denials, reductions, or limitations.
6. Provide an automated rule driven system-based review process through which providers have 24x7x365 access to submit both initial and concurrent requests and clinical information and obtain real-time approvals.
7. Provide a Customer Relations Management Service (CRMS) which includes the ability to communicate to inquiries, requests and complaints via telephone, email, fax, web or mail.
8. Report, in a format approved by DMS, suspected fraud and abuse identified during reviews, audits, on-site reviews, or any other communication, within timeframe defined by DMS.
9. Perform prior authorization for FFS members.

Section 30.060.260.030.030.030—Utilization Management (UM)System Requirements

The Vendor has the necessary technology needed to fully manage and report on the UM program described in this RFP and resulting Master Agreement. The Vendor should, at a minimum, provide the following:

1. The Vendor should provide a proven and reliable automated, rule driven web-based UM system for receiving, collecting, transmitting, and routing UM requests.

This system should fully interface with the current and any future MMIS. The Vendor should, at no additional cost, coordinate with the State's FA to ensure a timely and fully functioning interface with the MMIS.

2. The Vendor should produce system-generated periodic (daily, monthly, quarterly, or as otherwise requested) reports. The system should also be able to produce ad hoc reports.
3. The system should generate unique PA numbers to all PA requests immediately upon receipt, and maintain all PA data on the PA file, regardless of disposition.
4. The Vendor should ensure that only valid data is entered on the PA file and deny duplicate requests or requests that contain invalid data.
5. The system should capture and maintain both the requested service amounts (units and/or dollars) and authorized service amount (units and/or dollars) on the PA file.
6. The system should authorize services for a specific recipient, at a minimum, by procedure codes, diagnosis codes, types of service, units, dollars, origin, destination, provider number, and provider types.
7. The system should track modifications to authorization records (i.e., partial approval and partial denial on the same authorization record, appealed authorization upheld and modified, etc.) and maintain a DMS-approved audit trail of file updates.
8. The system should have the capability to change the services authorized and to extend or limit the effective dates of the authorization. Additionally, the system should also maintain the original and updated data in the authorization records.
9. The system should have the capability to inquire/access/report the prior authorization.
10. The system should provide the capability for providers to submit and check the status of PA requests.
11. The system should provide the capability for authorized DMS staff to check the status of all PAs.
12. The Vendor should use imaging equipment to capture, store, and retrieve hard copy authorization requests and associated documents and enter these requests to the on-line authorization system. Documents need to be electronically linked to the appropriate prior authorization request.
13. No less than 24 hours of an utilization review determination, the Vendor should generate and send to the appropriate requesting and/or rendering provider(s) and recipient a DMS-approved notice of disposition (approval, denial, reduction of service). The Vendor should maintain electronic copies of the notification letters to be provided to DMS within one (1) business day of request.
14. The Vendor should accurately and timely implement into its systems and processes all known (i.e., ICD-10, Version 5010) and future CMS and other Federal and State mandates.
15. The Vendor should provide fully tested connectivity to the current FA's existing system.

Additional Functional Requirements can be found in Attachment F – MEMS Functional Requirements under the Utilization Management tab.

Section 30.070—Takeover of Current KYMMIS

The SOW(SOW) for the KYMMIS Takeover Project provides the information necessary to understand taking over the Medicaid services, systems, and operations that is the KYMMIS. The Vendor awarded a Contract is to provide management plans to identify timelines, provide sufficient resources (including qualified staff), define processes, and identify standards to accomplish all of the tasks contained in this RFP.

Section 30.070.010—IdentityTheft Prevention and Reporting Requirements

The selected Vendor is responsible for any mitigation, cleanup and reporting costs from Identity Theft, system breach or breach as defined under the HIPAA Privacy Rule. For even a single knowing violation of these Identity Theft Prevention and Reporting Requirements, the vendor agrees that the Commonwealth may terminate for default the contract(s) and may withhold payment(s) owed to the vendor in an amount sufficient to pay the cost of notifying Commonwealth customers of unauthorized access or security breaches. The awarded vendor must attest/certify to DMS that it has established and will share a breech notification policy and program.

Section 30.070.020—Security

The awarded Vendor shall adhere to the COT security and enterprise policies and procedures and the CHFS security policies and procedures or submit appropriate request for exception for review and approval by the Commonwealth.

1. COT Enterprise policies can be viewed at http://technology.ky.gov/governance/Pages/policies.aspx
2. COT Security Procedures can be viewed at https://gotsource.ky.gov/docushare/dsweb/Get/Document-329691
3. CHFS Security Policies are available at http://chfs.ky.gov/os/oats/policies.htm

Section 30.070.020.010—Security Services

1. NIST baseline should be moderate.
2. Provide annually a SSAE 16 (or comparable review) to the CHFS for the Frankfort office location of the selected vendor. The data center where the system is hosted must also provide an annual SSAE 16.
3. The awarded Vendor must perform a Risk Assessment following HIPAA guidelines every 365 days
4. Security Testing is required by the selected Vendor on functional, technical and infrastructure components to ensure the system meets all system security requirements. Security Testing scenarios and strategy shall be approved by the CHFS Information Security Office (CHFS ISO) prior to execution and all Security Testing results shall be approved by CHFS and CHFS ISO. Additionally, the selected Vendor is required to conduct its own security risk assessment prior to

the Commonwealth engaging a Third Party Vendor to conduct the Independent Security Assessment. The selected Vendor shall provide a report of the results of its security risk assessment, including all tools used, such as code scanning and application scanning tools, and an action plan of remediation for vulnerabilities identified. The Vendor should have a third party security assessment done annually as required by CHFS/COT Policies.

5. The awarded Vendor shall establish and maintain appropriate levels of disaster recovery and regularly test the established disaster recovery. The Vendor should discuss options available as part of the solution related to disaster recovery. It is the preference of CHFS that this include local hot swap/hot fail over redundancy in all critical components as well as hot site operations with database replication.

Section 30.070.020.020—Security Plan

The Security and the Privacy Impact Assessment should be included as a separate document.

1. Provide a detailed in-depth data flow diagram of the KYMMIS system illustrating the security mechanisms.
2. Provide a detailed in-depth architectural diagram for the KYMMIS system to include all infrastructure.

Section 30.070.020.030—HIPAA Compliance

The KYME is compliant with HIPAA rules for access, authentications, storage and auditing, and transmittal of electronic personal health information (e-PHI). Standards include HIPAA Version 5010 standards for electronic health transactions (effective January 1, 2012) are currently in effect.

The selected Vendor should comply with the KYME HIPAA compliance controls and procedures and should submit updates to the plan for CHFS for review and approval.

The selected Vendor is not permitted to use or disclose health information for any reason other than that mandated within this RFP.

Section 30.070.030—Takeover Activities

The activities to transition to the awarded Vendor begin on the effective date of the Master Agreement. Takeover includes the activities required to successfully transfer, configure, install, test, and implement the KYMMIS for the Commonwealth and assume responsibility for its ongoing operations and maintenance.

The awarded Vendor should conduct a detailed survey and analysis of the current KYMMIS, including the operation and maintenance of the KYMMIS, current procedures,

work in progress, outstanding work, and user requirements in finalizing the WBS required as part of the Vendor's technical proposal.

The KYMMIS takeover activities should include, but not be limited to, processing tests and an operational readiness review sufficient to demonstrate that the awarded Vendor is ready to begin operations for each and every function.

DMS must approve the Vendor's operational readiness test before the initiation of the production operations. In the event DMS does not approve production operations, the awarded Vendor shall be responsible for all costs and arrangements associated with the current system's continued operations. The KYMMIS Takeover timeline can be found in Attachment S.

Additionally, DMS plans to contract the services of an IV&V Vendor. The IV&V Vendor validates that the awarded Vendor has supplied an acceptable product and performs verification activities to check that system and operational services meet design requirements, specifications, and regulations.

Section 30.070.040—Project Organization (See Section 60.020.010.050)

A major factor in the success of this project will be the degree of collaboration between the awarded Vendor and the Commonwealth Project Management Office. In recognition of this, DMS has established a governance system consisting of an Executive Steering Committee and a Project Director level Change Control Board (CCB) for overall project change control.

The Project Change Control Board is comprised of a subset of individuals from the Executive Steering Committee along with the Project Director. It is charged with the governance of the project in the following areas:

1. Change Management.
2. Risk Management.
3. Issue Management.
4. Action Item Management.

DMS staff will participate directly in project management, requirements validation, design, development, testing, and transition of the Takeover. Additionally, DMS has established the appropriate levels of management oversight to monitor project progress and assess Vendor performance for each project phase.

The Takeover Vendor is to support the IV&V Contractor in its objective verification and validation activities. The IV&V Contractor is to have access to all deliverables and visibility into the Takeover Vendor's processes to produce those deliverables.

Section 30.070.040.010—Project Governance

Project governance helps ensure that a project is executed according to the standards of the organization performing the project. Governance keeps all project activities above board and ethical, and also creates accountability. A project governance structure should help define a project reporting system. It outlines specific roles and responsibilities for everyone involved in the project.

Project Governance for the KYMMIS Takeover Project will be maintained through two avenues; a Steering Committee made up of Commonwealth leadership, and a PMO office. The Steering Committee will provide direction and guidance for the entire project.

Section 30.070.040.020—Commonwealth PMO

The Commonwealth will implement a PMO under the Project Governance structure for the KYMMIS Takeover Project. The Commonwealth PMO will define and maintain the standards for the project.

Section 30.070.040.030—Project Management Approach

The entire project should be managed according to industry best practices outlined in the Project Management Body of Knowledge® (PMBOK). A Project Management Plan (PMP) outlining scope, schedule, and cost is to be developed with DMS to guide the management of the project. In addition, a Communication Plan, Risk Management Plan (RMP), and Quality Management Plan (QMP) is to be used to ensure successful delivery of a quality takeover that will continue to meet CMS MMIS certification standards, and the KYMMIS Testing Plan is to provide guidelines for testing all types of updates to the KYMMIS. During the startup of this project, DMS and the awarded Vendor should outline all plans necessary for the KYMMIS. The awarded Vendor should follow and update all applicable plans throughout all phases of the project. The IV&V Contractor will work closely with the Commonwealth PMO to ensure a successful project.

Section 30.070.040.040—Deliverable Review Process

Copies of each deliverable, as defined in the approved work plan, are to be delivered to DMS in final form, in the number specified, and on the date specified in the work plan. DMS requires an electronic copy of all deliverables. The electronic copy should be compatible with MS Word or other application software as requested by DMS. All deliverables should be in a format approved by DMS and meet content requirements specified or as subsequently defined by DMS.

DMS will have 10 working days to review each deliverable outlined in this RFP and will either notify the awarded Vendor of acceptance or will provide a detailed list of deficiencies that are to be remedied. In the event that DMS notifies the awarded Vendor of deficiencies, the awarded Vendor should correct the deficiencies within five working days, unless DMS consents in writing to a different timetable.

All project management deliverables, as listed in Section 30.070.050.010, should be delivered in draft form within the vendor's proposal. After signing of the Master Agreement, the awarded Vendor is to deliver updated plans to DMS within 20 working days of the effective date. The awarded Vendor should conduct a walkthrough, at DMS request, to ensure complete understanding of the products and plans by all involved.

Section 30.070.050—Project Kickoff

During the Initiation Phase, the Commonwealth PMO will conduct a Project Kickoff meeting prior to the startup of activities. The PMO will identify project stakeholders and hold this meeting in order to convey the project goals, project structure and plan, project timeline, and stakeholder roles in the project.

Section 30.070.050.010—Project Management Vendor Deliverables

This section contains the project management deliverables, consisting of:

1. Staffing Management Plan.
2. Communication Management Plan.
3. Schedule/Work Breakdown Structure.
4. Takeover Management Plan.
5. Risk Management Plan.
6. Quality Management Plan.
7. Change Management Plan.
8. Business Continuity Plan.
9. Disaster Recovery Plan.
10. Training Plan.
11. Testing Plan.
12. Hardware/Software Configuration Plan.
13. Configuration Management Plan.

Section 30.070.050.010.010—Staffing Management Plan (Section 60.020.010.070)

The Staffing Management Plan is to contain project staff, project staff roles, project staff resumes, a project team experience matrix and organizational charts with defined responsibilities, and contact information. Resources should be allocated by name or by type to the WBS. Staff allotted to the project should remain for the duration of the project unless changes are authorized by DMS.

The Vendor is responsible for updating the Staffing Management Plan as necessary and throughout all phases of the project until the end of the contract period.

Section 30.070.050.010.020—Communications Management Plan

The Communications Management Plan is to incorporate processes to ensure timely and appropriate generation, collection, distribution, storage, and retrieval of project information. The Communications Management Plan ensures that the correct individuals receive required information in a timely manner.

The Vendor is responsible for updating the Communications Management Plan as necessary and throughout all phases of the project until the end of the contract period.

Section 30.070.050.010.030—Schedule/Work Breakdown Structure

The Schedule/WBSis the result of scope planning and scope definition tasks and should be created in Microsoft Project or a format approved by DMS.
The WBS is to be updated on a bi-weekly basis and at a minimum, includes:

1. Key dates, and dates for submittal of deliverables.
2. Structure, using a breakdown of task, sub-task, and activity work steps within each of the major Design, Development, Testing, and Implementation (DDI) phase activities:
    a. System design.
    b. System development/testing.
    c. Data conversion, if needed.
    d. UAT and implementation.
    e. Operations.
3. Description, at the sub-task level, which includes:
    a. Personnel resources applied by name and level of effort, in hours.
    b. CHFS resource requirements (personnel and other).
    c. Duration of task.
    d. Dependencies.
    e. All required deliverables.
    f. Gantt chart.
    g. Program Evaluation and Review Technique (PERT) or dependency chart.
    h. Resource (personnel and other) matrix by sub-task, summarized by total hours by person, per month.

Section 30.070.050.010.040—Takeover Management Plan

The Takeover Management Plan addresses the Commonwealth's desire to reduce risk during takeover and implementation of the systems. The awarded Takeover Vendor is to receive and install a copy of the KYMMIS provided by the incumbent. The awarded Vendor must demonstrate completeness of the takeover, including any KYMMIS system changes subsequent to receipt. Takeover of the FA operations is a critical process for the overall success of the project.

The awarded vendor must successfully plan for and perform the KYMMIS Takeover and implementation. The awarded Vendor will implement the current KYMMIS on its own hardware, installing all software and the telecommunications networks required to operate the system according to the specifications outlined in the current system documentation which can be found in Section 20.050.010–Procurement Documentation and the Master Agreement. The Vendor is to produce or develop any software solutions necessary to perform its operational responsibilities, in the event one does not exist (e.g., data entry, claims control, electronic claims submission software, change control tracking system). The Vendor is to provide parallel facilities for disaster recovery and testing of the system.

Section 30.070.050.010.050—Risk Management Plan

The Risk Management Plan, at a minimum, addresses the process and timing for risk identification, describe the process for tracking and monitoring risks, describe the governance structure involved in and procedures for identifying and reporting potential risk and risk resolution, identify the tools and techniques that should be used in risk identification and analysis, describe how risks are to be quantified and qualified, and how risk response planning is performed.

Reporting of risks is to be in an approved format, including but not limited to:

1. A brief written evaluation of each risk and potential impact.
2. Setting a risk ranking or risk priority based on likelihood of occurrence.
3. Assignment of risk management responsibility.
4. Creation of a risk mitigation strategy.
5. Notification of changes in risk or trigger of risk events.

The Vendor is responsible for updating the Risk Management Plan as necessary and throughout all phases of the project until the end of the contract period.

Section 30.070.050.010.060—Quality Management Plan

A formal Quality Management Plan (QMP) is to be produced in order to identify quality requirements and/or standards for the project and deliverables, and to document how the project demonstrates compliance.

PMBOK breaks down the project quality management plan into three interactive process groups:

1. Plan Quality.
2. Perform Quality Assurance
3. Perform Quality Control (QC).

Section 30.070.050.010.060.010—Plan Quality

The quality planning process applies to plans, documents, products, programs, and operational functions and consists of:

1. Identifying which quality requirements and standards are relevant to the project and how to satisfy them.
2. Identifying and defining appropriate quality metrics and measures to establish standards for:
   a. Project processes.
   b. Product functionality.
   c. Regulatory compliance requirements.
   d. Project deliverables.
   e. Project management performance.
   f. Documentation.
   g. Testing.
3. Identifying quality standards and expectations for: customers, the project, organization, and Federal and Commonwealth mandates and initiatives including:
   a. CMS guidelines such as MITA and Medicaid and Exchange IT guidance.
4. Defining customer and project goals, quality standards, critical success factors, and metrics for which to measure success.
5. Identifying monitoring processes and the metrics to measure quality standards.
6. Defining methods of data collection and archiving, and document timeframes for measurement and metrics reporting.
7. Identifying the tools and techniques available to the analyst such as:
   a. Cost benefit analysis.
   b. Statistical sampling.
   c. Flowcharting.
   d. Benchmarking.

An outline of acceptance criteria for each phase of the project should include content checklists and established performance measures, using tools to assess the quality of project deliverables and product delivery.

Acceptance criteria must be established well before the start of development of each planned deliverable. The DMS will review and formally approve the acceptance criteria of the deliverable.

Section 30.070.050.010.060.020—Perform Quality Assurance

Quality Assurance is a process that utilizes data from the Quality Control process that includes, but is not limited to:

1. Auditing the quality requirements and the results from the quality measurement initiatives identified in the process group.
2. Providing consistent and systematic measurement comparison with standards.
3. Monitoring processes and associated feedback loops that confer error prevention.
4. Ensuring and providing assurance to the Commonwealth that service delivery meets or exceeds the quality standard requirements.
5. Analyzing quality data, document opportunities for improvement and apply what was learned from quality analysis to eliminate gaps between current and desired levels of performance.

Quality assurance activities are usually performed by a quality assurance department or similar organization not actively involved in the work of the project. The Quality Management Plan is to identify the unit singly responsible for performing the QA function for each phase of the SDLC.

In addition to the QA activities identified above, the QA unit is responsible for:

1. Making recommendations for continuous process improvement.
2. Developing audit strategies.
3. Initiating corrective actions.
4. Organizational process asset updates, including QA policies, procedures, guidelines, and lessons learned.
5. Initiating change requests that improve performance.
6. Validating SLA performance metrics.
7. Submitting monthly status reports and findings to DMS and the Vendor.

Section 30.070.050.010.060.030—Perform Quality Control

Quality Control is performed throughout the project and employs activities and methodologies to observe and correct process variance or abnormality and ensure consistency in performance so that service quality requirements are fulfilled. These include, but are not limited to:

1. Identifying those monitoring and controlling actions conducted to control quality of deliverables and operational performance throughout the length of the Master Agreement.
2. Defining how quality control is determined and that quality standards comply with the defined standards outlined earlier in this document.
3. Identifying owners of ongoing monitoring and improvement of project processes.
4. Examining the work product to determine if it complies with the documented standard.

Quality Controls are to be established for each deliverable and product by phase in a consolidated QC plan to be followed for the entire project life cycle. The QC plan prioritizes those activities that are designated as critical to FA operations and to the

SLAs established by the master SLA agreement. The plan may be amended from time to time with the prior approval of DMS.

Areas in which to perform quality assurance and quality control efforts should include, but not be limited to:

1. Project Deliverables.
2. KYMMIS implementation.
3. System component and module maintenance.
4. Change management.
5. System Documentation.
6. Testing activities.
7. Operational processing.
8. Claims processing and data entry.
9. Version control.

The Vendor is responsible for updating the Quality Management Plan as necessary and throughout all phases of the project until the end of the contract period.

Section 30.070.050.010.070—Change Management Plan

The awarded Vendor should work with DMS to develop a Change Management Plan that describes the roles and responsibilities, policies, processes, and procedures necessary for controlling and managing the changes during the life of the Project. This document outlines how changes are identified, defined, evaluated, approved, and tracked through completion. This plan identifies responsibilities and defines the composition, function, and procedures for a Change Management Board. Additionally, the Vendor should follow a Configuration Management Plan and version control procedures.

The Change Management Plan identifies the Vendor's proposed procedure for resolving any dispute between DMS and the awarded Vendor as to whether any requirement of DMS is within the SOWcovered by the Master Agreement.

The change control process outlined in the plan is to be approved by DMS and addresses the process for approving system software and hardware changes as well as defect and maintenance management.

Section 30.070.050.010.080—Business Continuity Plan

The awarded Vendor should deliver a preliminary Business Continuity Plan (BCP) early in the project, and continue through operations and maintenance. The BCP is to be updated and tested through the operations phase as scheduled and agreed to by the Commonwealth.

The BCP, at a minimum, identifies the core business processes involved in Kentucky Medicaid, contain a risk analysis for each core business process, include an impact analysis for each core business process, and define minimum acceptable levels of outputs for each core business process. The BCP establishes adequate backup processes for all KYMMIS systems and operational functions and address the potential impacts of disaster occurrence. Contingency plans are composed of two fundamental operations: System Backup and Disaster Recovery. The BCP is to be in accordance with Commonwealth standards as established by the Commonwealth.

Section 30.070.050.010.090—Disaster Recovery Plan

The awarded Vendor should create and maintain a Disaster Recovery Plan (DRP) to include back-up procedures and support to accommodate the loss of online communication between the awarded Vendor's processing site and Commonwealth facility(ies) in Kentucky; disasters or occurrences which cause a disruption to the processing of Kentucky transactions (claim records, eligibility verification, provider file, updates to the KYMMIS, and so forth); loss of the Vendor's primary processing site; or loss of access for the Commonwealth online component of the KYMMIS.

The awarded Vendor is to maintain a CHFS approved BCP, Disaster Recovery, and System Back-up Plan at all times. It is the sole responsibility of the awarded Vendor to maintain adequate backup to ensure continued automated and manual processing. The Plan is to be available to CMS, CHFS, or State auditors at all times. All critical operations are to be clearly defined in the awarded Vendor’s CHFS approved disaster recovery plan and must resume no later than five business days following a disaster.

The awarded Vendor must provide an alternate business area site in the event the primary business site becomes unsafe or inoperable.

Section 30.070.050.010.100—Training Plan

The awarded Vendor should provide a Training Plan that addresses all training requirements, as directed by DMS. Information for the Training Plan is found in Learning Management System Overview Section 30.070.120.

Section 30.070.050.010.110—Testing Plan

The awarded Vendor is to create a testing plan that includes:

1. Unit testing.
2. System Integrated Testing (SIT).
3. User Acceptance Testing (UAT).
4. Operational Readiness Testing (ORT).
5. Parallel Testing.
6. Volume Testing.

7. Load Testing.
8. Stress Testing.

Section 30.070.050.010.110.010—Testing Overview

The awarded Vendor should create and deliver to DMS a comprehensive and thorough Testing Plan. DMS will review all test results, with a special focus on structured data tests, SIT, UATs, parallel testing, and retests of failed items. DMS will not approve the KYMMIS for implementation until all tests pass to the satisfaction of DMS. The awarded Vendor should revise and retest, as often as necessary, to meet DMS requirements.

The awarded Vendor should provide all documentation for the software being tested before acceptance testing begins. DMS will have 10 working days to review each deliverable outlined within the takeover schedule and to either notify the awarded Vendor of acceptance or to provide the awarded Vendor a detailed list of deficiencies to be remedied. In the event that DMS notifies the awarded Vendor of deficiencies, the awarded Vendor should correct the deficiencies within five working days, unless DMS consents in writing to a different timetable.

Upon notification by the awarded vendor that the KYMMIS has been fully implemented and is ready for final system acceptance testing, DMS will have 60 calendar days to evaluate and test the systems to confirm that they perform without any defects and perform pursuant to the specifications set forth in this RFP. The awarded Vendor should participate in the acceptance testing of the system by providing technical staff at DMS's location, to assist in demonstrating all functions of the system. DMS must sign off on each application, to ensure that it meets all functional and technical requirements. In the event that one or more applications supplied by the awarded Vendor are not accepted, the awarded Vendor should correct the deficiencies or provide, at its own expense, software that may be required to meet the acceptance criteria within five calendar days or a mutually agreed upon period.

The awarded Vendor is required to demonstrate completeness of the Takeover of the baseline system during the parallel testing task. Completeness is to be measured by the completion and submission of Takeover activities, assessments, and deliverables listed in Section 30. Also, the outputs produced by the takeover awarded Vendor should be consistent with the outputs produced by the FA. Additional outputs may also be required, when enhancements are implemented.

Section 30.070.050.010.120—Hardware/Software Configuration Plan

A Hardware and Software Configuration Plan that describes the hardware infrastructure and the implementation process required to perform the Hardware/Software refresh for the KYMMIS Takeover. The current vendor's Hardware/Software Configuration Plan is located on the Procurement CD.

Section 30.070.050.010.130—Configuration Management Plan

The Configuration Management Plan should describe the administrative and technical procedures to be used throughout the project lifecycle to control system and project artifacts. The awarded Vendor is to propose a tool for monitoring the processes to be followed for change and version control, the methods and tools to be used, and the approach to be followed. At a minimum, the plan should describe the approach and scope. The approach includes explaining the methodology, integration, and configuration management. The scope describes the tasks and activities to be performed as part of project configuration management including configuration identification, system release management, version control, audit control, and roles and responsibilities of personnel/resources.

Section 30.070.060—Project Status Reporting

Project Status Reports should be in a format approved by DMS for the Takeover Project. DMS will approve the schedule for status meetings. Status Reports are to be delivered no less than 24 hours before each status meeting. The Status Report is to contain, at a minimum:

1. A general status report.
2. Activities completed in the preceding period.
3. Activities planned for the next period.
4. A report on issues that need to be resolved.
5. A report on the status of risks, with special emphasis on change in risks, risk triggers, or the occurrence of risk items.
6. A report on the status of each task in the WBS that is in progress or overdue.
7. A schedule variance report showing the earned value of the work completed, the planned value of the work completed, and the variance.
8. Weekly, Monthly, and Quarterly Status reports summarizing data from the agreed upon interval (e.g., weekly) reports, including financial information related to expenses and billings.
9. Executive summaries for presentation to management and oversight bodies.

Section 30.070.070—Project Staffing (See Section 60.020.010.070)

A key factor in the success of the project is the degree of collaboration between Project staff, CHFS participants, and Vendor staff. The Vendor's Project team is responsible for performing and supporting the project with quality-related activities described throughout this Section of the SOW. CHFS expects the Vendor to staff the project team with individuals who have expertise to perform or administer the activities. Key Staff designated by the awarded Vendor will be approved by CHFS.

In addition, the Vendor should provide qualified, highly skilled project staff. The composition of the project staff should be at the Vendor’s discretion. However, the

Vendor should ensure that project staff meet and retain the performance standards defined in the Project Plan.

The CHFS Program Director works closely with the Vendor's Project Manager on day-to-day project activities. The Vendor should have full responsibility for providing adequate staff to complete the project in the required time frame.

Section 30.070.070.010—Project Staffing Commonwealth Responsibilities

1. Create performance measures by unit and business process.
2. Create an employee calendar and schedule.
3. Define criteria for assigning activities.
4. Define the desired content, format, frequency, and media for reports.
5. Record information into the performance tracking system.
6. Analyze information from the performance tracking system.

Section 30.070.070.020—Project Staffing Vendor Requirements (Section 60.010.010.130)

Vendor Staff roles include, but are not limited to:

1. Account Manager.
2. Project Manager.
3. Quality Manager.
4. Training Coordinator.
5. Operations Manager.
6. Claims Processing Manager.
7. Systems Manager.
8. Systems Liaison Manager.
9. Web Master.
10. DSS/DW Manager.
11. DSS/DW Database Administrator (DBA).
12. Reporting Specialists.
13. Technical Writers.
14. Systems Maintenance/Modification Programmers.
15. Business Analysts (BA).
16. KYMMIS DBA.
17. Clinical Specialists.
18. DW Business Objects Universe Developer.
19. DW Data Integrator Extract, Transform, and Load (ETL) Developer.
20. DW C Programmer.

See Section 60.010.010.130 for staffing qualification requirements.

Section 30.070.080—Facility Overview

The awarded Vendor is responsible for site preparation for its Kentucky project office. All equipment and software necessary for the Vendor to successfully takeover, design and develop, implement operate and maintain the KYMMIS is the responsibility of the Vendor. The awarded Vendor is responsible for all hardware and software to connect to the Commonwealth of Kentucky Local Area Network (LAN) and Wide Area Network (WAN) (Commonwealth-wide area network).

DMS has a well-developed hardware and software environment infrastructure. DMS is not requesting that the awarded Vendor supply workstations or printers to the user community. The awarded Vendor shouldsupply the necessary equipment and software that will be required by the KYMMIS users beyond their standard configuration. Please refer to Sections 30.010 and 30.020 for Commonwealth Standards.

The awarded Vendor should provide an electronic realtime (where possible) interface to KYMMIS. In addition, the awarded Vendor should provide general telecommunications technical support through a help desk, for such issues as trouble shooting, device resets, passwords, and network problems. Refer to Sections 30.010 and 30.020 for Commonwealth Standards.

Section 30.070.080.010—Vendor Facility Requirements

DMS will not provide any office space or facilities to the awarded Vendor. The current KYMMIS System operates in Frankfort, KY. The Commonwealth owns all software assets, the data generated by the system, and all associated documents and documentation. The awarded Vendor is to identify the location where it will perform each function and service supplied by the awarded Vendor. DMS requires that the awarded Vendor maintain a facility within a 10-mile radius of the Cabinet for Human Resources (CHR) Building located at 275 East Main Street, Frankfort, Kentucky, 40601 throughout the term of the Contract.

The specific Vendor Responsibilities for Takeover are located in Attachment P.

Section 30.070.090—IV&V Contractor Responsibilities

IV&V is a set of verification and validation activities performed to analyze system test results by an entity that is not under the control of the awarded Vendor. DMS will select, through a separate procurement, an IV&V Contractor that is technically, managerially, and financially independent of the awarded Vendor. The IV&V Contractor will attest that the system provided by the awarded Vendor meets DMS’s requirements (validation) and that the system is well engineered (verification). During the takeover and implementation phase of the project, the IV&V Contractor will work in conjunction with DMS in performing its evaluation activities.

The awarded Vendor shall work closely with DMS IV&V Contractor during all testing activities. The awarded Vendor shall permit complete systems access to DMS IV&V Contractor and offer timely assistance, when requested. All project deliverables will be verified and validated by the IV&V Contractor.

Section 30.070.100—KYMMIS Operations and Maintenance (Section 60.020.010.030)

The KYMMIS Operations is the core of the Master Agreement and will begin immediately upon the date stated in the Master Agreement. The maintenance and operations of the KYMMIS consist of two major tasks:

1. **Operations** – Tasks necessary to monitor, correct software defects in the application systems, system enhancements, and to ensure the smooth day-to-day running of the business area processes, applications systems, and the hardware/software platform on which the applications systems reside.
2. **Medicaid Services** – Services provided to KYMMIS members, providers, and other stakeholders to enhance efficient and friendly completion of operational processes within the KYMMIS.

The various KYMMIS operations inputs, outputs, interfaces, and processes can be found in documentation, such as the MITA SS-A and KYMMIS Systems Documentation, either in the E-Procurement Directory or on the Procurement CD.

To ensure a smooth takeover, the awarded Vendor is to provide all deliverables on time according to the WBS, complete testing in the allotted timeframe, and begin operating the KYMMIS as scheduled.

Section 30.070.100.010—General Operations Commonwealth Responsibilities

1. Monitor the awarded Vendor's on-going quality management program.
2. Review the reporting of key performance standards and key performance indicators (KPIs).
3. Operate the Kentucky Medicaid programs.

Section 30.070.100.020—General Operations Vendor Responsibilities

Key General Operations Vendor objectives are:

1. Ensure the KYMMIS continues to meet all Federal requirements for MMIS certification and is a continually certified system, which complies with all applicable Federal and Commonwealth law, rules, and regulations.
2. Perform all of its functions according to the terms required by the State Medicaid Manual, Part 11.

3. Monitor quality and work toward continued quality improvement in for the length of the Master Agreement, in accordance with the approved Quality Management Plan (QMP).

The specific Vendor Responsibilities are located in Attachment P.

Section 30.070.100.030—Member Management Overview

The Member Management business area is a collection of business processes involved in communications between the Medicaid agency and the prospective or enrolled member and actions that the agency takes on behalf of the member. These processes share a common set of member-related data. The goal for this business area is to improve health care outcomes and raise the level of consumer satisfaction.

The maintenance of member information is required to support claim processing in batch and online mode, reporting functions, and eligibility verification. Maintenance of member-related data is also required in other functional sections, such as TPL, Long Term Care (LTC), Managed Care, EPSDT, Management and Administrative Reporting (MAR), SUR, and PA. The current source of eligibility data for the KYMMIS is a bi-monthly file extract from the KAMES.

Section 30.070.100.030.010—Member Management Commonwealth Responsibilities

1. Determine which individuals are eligible to receive benefits, in accordance with assigned program.
2. Determine benefit limitations and applicable timeframes.
3. Determine enrollment/disenrollment information for the managed care program and any other health-management programs.
4. Maintain member information necessary to support timely and accurate claims and encounter processing and DMS initiatives.
5. Generate a file of member change transactions and provide it to the KYMMIS to be utilized for the Member Management function.
6. Assist in the correction of errors and discrepancies resulting from the member update process if the awarded Vendor is unable to correct them.
7. Produce and distribute Member ID cards (currently though separate vendor).
8. Receive and respond to all member inquiries.
9. Through the eligibility (re)determination process, inform and periodically re-inform eligible members less than 21 years of age of the availability of EPSDT services and benefits, according to 42 CFR, Part 441.
10. Determine and interpret all policy and administrative decisions regarding EPSDT.
11. Through the Kentucky district offices, offer support services, as necessary, to eligible EPSDT members and arrange for those services, when requested, to aid in administering case management activities.
12. Track the provision of support services for EPSDT eligibles.

13. Perform follow-up of members who have requested services but for whom there is no indication of service provided.
14. Provide the awarded Vendor with the current periodicity schedule.
15. Define the desired content, format, frequency, and media for reports.
16. Review and approve all notices for all EPSDT eligibles.
17. Monitor program effectiveness using reports produced by the awarded Vendor.
18. Generate mail and track all notices for screening appointments, EPSDT services, missed appointments, the benefits of EPSDT services, periodicity schedule, dental/medical referral letter, and advance notice of loss of EPSDT eligibility.

Section 30.070.100.030.020—Member Management Vendor Responsibilities

Key Member business area objectives are:

1. Support the Automated Voice Response System (AVRS).
2. Maintain and Update Member Information.
3. Maintain and Update Buy-In Information.
4. Interface with the Commonwealth's new eligibility system.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.040—Provider Management Overview

The Provider Management business area focuses on recruiting potential providers, supporting the needs of the population, maintaining information on the provider, and communicating with the provider community. The goal of this business area is to maintain a robust provider network that meets the needs of both members and provider communities, and allows DMS to monitor and reward provider performance and improve healthcare outcomes.

The KYMMIS meets requirements of the National Provider Identifier (NPI) standards of HIPAA. This requires identifying providers by the use of a unique NPI and/or utilizes standards consistent with NPI and HIPAA requirements. The NPI number for a provider is the single identifier for a provider, identifying all locations, provider types, taxonomies, authorization, certifications, licensing for services, and other required data for that provider as a logical record.

Section 30.070.100.040.010—Provider Management Commonwealth Responsibilities

1. Develop policy governing provider participation in the KY Medicaid Program.
2. Develop format and contents of Commonwealth Provider Agreements.
3. Review and approve contents of Provider enrollment packets.
4. Provide the awarded Vendor with criteria for purging providers' records.

5. Provide the awarded Vendor, using file update forms or online, any changes to provider file data which come to the attention of the Commonwealth.
6. Provide all individual provider-specific payment rate updates, including mass or paper updates.
7. Approve the awarded Vendor's training plan and training materials.
8. Define the desired content, format, frequency, and media for reports.
9. Provide the awarded Vendor with Medicaid provider participation, enrollment, and certification information and criteria.
10. Approve, modify, print, and distribute all provider (including MCOs) issuances, billing instructions, handbooks, bulletins, and/or notices developed by the awarded Vendor.
11. Monitor the accuracy of telephone information given to providers by ME Vendor staff.
12. Determine and provide the awarded Vendor, in writing or by email, with any service restrictions to be placed on individual providers and to be updated to the provider data online.
13. Notify the awarded Vendor of the number, sequence, and sort selection of mailing labels to be produced.
14. Review and interpret Federal Clinical Laboratory Improvement Amendments (CLIA) requirements, and inform the awarded Vendor of the steps to be taken to implement requirements through the KYMMIS.
15. Maintain interface with CLIA Online Survey, Certification, and Reporting (OSCAR) file from CMS to update provider files.
16. Enroll providers using the criteria established by the Federal government and the Commonwealth.
17. Assign provider numbers according to Commonwealth policies.
18. Maintain official, legally recognized, provider enrollment documentation.
19. Develop enrollment materials, including a provider handbook, enrollment packet, and notification letters.
20. Verify annual licensure status of Kentucky-licensed providers.

Section 30.070.100.040.020—Provider Management Vendor Responsibilities

Key Provider Management business area objectives are:

1. Maintain the NPI as the Provider ID of record.
2. Maintain a Provider Call Center for providers, clients, and other inquiries.
3. Maintain a Mail Room capable of processing all outgoing and incoming and returned mail for the Commonwealth medical programs.
4. Maintain and update provider data.
5. Maintain an online provider directory.
6. Train providers.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.050—Managed Care Overview

KY Medicaid has contracted with five MCOs to coordinate health care for 85 percent of the Medicaid members. The five contracted MCOs are: 1) CoventryCares of Kentucky, 2) Kentucky Spirit Health Plan, 3) WellCare of Kentucky, 4) Humana, and 5) Passport Health Care Plan.

The MCOs are paid a monthly capitation rate applicable to each enrolled member's eligibility criteria. The Commonwealth establishes capitation rates for specific member eligibility categories based on factors, such as member program code (basis of eligibility). The MCOs are risk-bearing entities, which fund the medical care provided by their network providers from the capitation payments. Each month, each MCO is issued a payment through the KYMMIS. In addition, Brokers and Service Providers are paid a monthly capitation rate. A new ACA rule requires a medical professional be an enrolled provider in the Kentucky Medicaid Program in order to be considered for reimbursement for medical services rendered to an eligible Medicaid member.

Section 30.070.100.050.010—Managed Care Commonwealth Responsibilities

1. Perform Population and Member Outreach.
2. Manage MCO Contracts.
3. Manage Rate Setting.

Section 30.070.100.050.020—Managed Care Vendor Responsibilities

Key Managed Care business area objectives are:

1. Thoroughly test and implement interfaces with new MCOs.
2. Accept encounters from MCOs.
3. Support multiple capitation methodologies.
4. Provide data to actuarial firm chosen by the Commonwealth for calculation of capitation rates.
5. Assist the Commonwealth to coordinate data from MCO EPSDT encounters and FFS data to assemble the CMS 416 report to be submitted by the Commonwealth annually on April 1st.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.060—Operations Management Overview

The Operations Management business area is the focal point of most state Medicaid enterprises today. It includes operations that support the payment of providers,

managed care organizations, other agencies, insurers, and Medicare premiums, and support the receipt of payments from other insurers, providers, and member premiums. This business area focuses on payments and receivables and “owns” all information associated with service payment and receivables. Most states have automated operations that support these payments. Common business processes include validating requests for payment and determining payable amount; responding to premium payment schedules and determining payable amount; and identifying and pursuing recoveries.

Section 30.070.100.070—Third-Party Liability (TPL) Overview

The TPL processing function helps the Commonwealth of Kentucky utilize the private health insurance, Medicare, and other third-party resources of its medical assistance members, and ensures that Medicaid is the payer of last resort. This function works through a combination of cost avoidance (non-payment of billed amounts for which a third party may be liable) and post-payment recovery (post-payment collection of Medicaid and the Commonwealth paid amounts for which a third party is liable).

Casualty is the portion of third-party recovery that allows the Commonwealth to recover funds on claims paid for clients that are involved in personal injuries, illnesses, or other incidents in which another party may be responsible for payment. These recoveries come from potentially liable third parties and are generally pursued through litigation or filing claims with casualty insurers.

Section 30.070.100.070.010—TPL Commonwealth Responsibilities

1. Determine and direct implementation of KY Medicaid TPL policies.
2. Collect TPL information during the initial member enrollment (including managed care enrollment) and re-certification processes.
3. Collect and provide initial and ongoing third-party resource information from other available sources for all members.
4. Approve data matches and exchanges to be performed by the awarded Vendor.
5. Specify, with CMS approvals, which coverage types are to be cost avoided and which are to be paid and recovered, and revise this specification when appropriate.
6. Define the desired content, format, frequency, and media for TPL reports.
7. Establish coverage type, dollar volumes, and time parameters applicable to thresholds at which accumulated claims are to be recovered or declared unrecoverable.
8. Adjust thresholds and time parameters based on the size of claim inventory.
9. Monitor estate benefit recovery.
10. Request claim facsimiles, copies of imaged claims and/or third-party billing forms as needed.
11. Identify Commonwealth users who are authorized to have access to TPL data for inquiry and/or update purposes.

12. Produce inquiry notices/letters and mail to members, providers and carriers in specified TPL situations.

Section 30.070.100.070.020—TPL Vendor Responsibilities

Key TPL business area objectives are:

1. Process data match and billing.
2. Maintain TPL Data.
3. Research Suspect Information.
4. Cost Avoidance.
5. Estate Recovery.
6. Accident Case Recovery.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.080—Claims Receipt Overview

The Claims Receipt includes Claims Control and Claims Entry. The process encompasses the receipt and processing of electronic claims, receipt and processing of encounters, and data entry and capture of paper claims and supporting attachments. A unique control number is assigned to each claim, encounter, and attachment enabling tracking from receipt to final disposition.

Claims and their supporting attachments are accepted through online entry, Optical Character Recognition (OCR)/Imaging, and electronic submission. All electronic claims and encounter submissions must be in a HIPAA compliant format.

Section 30.070.100.080.010—Claims Receipt Commonwealth Responsibilities

1. Establish image retention and retrieval standards.
2. Perform periodic review of all claim forms and provide the awarded Vendor with written approval to continue receiving and entering them, to ensure these forms are the most efficient way of collecting data for claims processing.
3. Perform online entry of manual pricing of certain claims.
4. Correct/approve claims referred by the awarded Vendor.
5. Review all inventory management and other operational claims reports.

Section 30.070.100.080.020—Claims Receipt Vendor Responsibilities

Key Claims Control/Claims Entry business area objectives are:

1. Provide reliable data entry of paper claims and attachments.
2. Support timely claims resolution.

3. Maintain organized and retrievable imaging of claims.
4. Provide for efficient claims processing.
5. Maintain controls and balancing procedures.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.090—Claims Adjudication/Encounters/PA Overview

The process to receive, edit, process, and pay Medicaid healthcare claims is the "heart" of the KYMMIS system. The process involves determination of submission status, information validation and editing, service coverage (Prior Authorization), TPL, healthcare coding, and pricing the claim for provider payment. The claims processing and adjudication function validates claims submitted, determines the allowed reimbursement amount, and the final disposition. Claims failing validation are suspended for correction or are denied. Claims requiring review are suspended for error resolution or manual review.

Single claim and encounter adjustments are entered online. Mass adjustments may be both entered online and system generated. All adjustments are processed through the claims processing function. Managed care encounters are also processed by the claims processing function however no payment is made for encounters.

Section 30.070.100.090.010—Claims Adjudication/Encounters/PA Commonwealth Responsibilities

1. Provide written approval of all accepted internal and external claims processing procedures that are used to adjudicate claims, and to control the audit trails and location within the claims processing system for all claims (e.g., medical policy resolution, manual pricing, etc.)
2. Monitor the awarded Vendor through review of claims processing cycle balancing and control reports.
3. Define Commonwealth-approved claim forms.
4. Provide written approval of the accepted format of all electronic media claims.
5. Approve criteria and procedures for adjudication of "special" claims (e.g., bypass edit/audit conditions).
6. Provide written approval of all edits and audits.
7. Determine prepayment and medical review criteria.
8. Determine the disposition of edits and audits (i.e., suspend, claim correction form, deny report, message only).
9. Provide, on an ongoing basis, written approval of all accepted adjudication processes.
10. Provide written approval of all accepted pricing methodologies.
11. Specify error override and force policy and procedures for use by the awarded Vendor in claims correction.

12. Specify those claims errors and medical review claims to be referred to the Commonwealth for correction/approval.
13. Define the desired content, format, frequency, and media for reports.
14. Review returned EOMBs and EOBs for discrepancies and produce monthly reports which identify the percentage of claims questioned, the number of claims questioned, and the dollar amount of the claims questioned.
15. Review and follow-up on reported questionable claims from returned EOMBs and EOBs.

Section 30.070.100.090.020—Claims Adjudication/Encounters/PA Vendor Responsibilities

Operational tasks include a system to balance claims, to know the location and status of every claim record, and ensure that every claim received has been properly adjudicated. All EDI and automated interface transactions are handled under a variety of connectivity methods and computer platforms.

Key Claims Processing business area objectives are:

1. Efficiently process and pay claims to providers. There is to be a minimum of one payment cycle per week.
2. One hundred percent of claims are to be paid, denied, or suspended during the reporting period.
3. Resolve suspended claims in a timely manner.
4. Correct and adjudicate claims with errors (error resolution).
5. Process Nursing Home and Waiver claims in the claim cycle after receipt.
6. Provide the Commonwealth with hard-copy original claim records, adjustments, and any attachments.
7. Process claims following Commonwealth policy through edits and audits.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.100—Program Management Overview

The Program Management business area houses the strategic planning, policy making, monitoring, and oversight activities. These activities depend heavily on access to timely and accurate data and the use of analytical tools. This business area uses a specific set of data (e.g., information about the benefit plans covered, services rendered, expenditures, performance outcomes, and goals and objectives) and contains business processes that have a common purpose (e.g., managing the Medicaid program to achieve the agency's goals and objectives such as by meeting budget objectives, improving customer satisfaction, and improving quality and health outcomes).

As the Medicaid enterprise matures, Program Management benefits from immediate access to information, addition of clinical records, use of standards, and interoperability

with other programs. The Medicaid program is moving from a focus on daily operations (e.g., number of claims paid) to a strategic focus on how to meet the needs of the population within a prescribed budget.

Section 30.070.100.110—Financial Management Overview

The Financial Management function encompasses claim payment processing, adjustment processing, accounts receivable processing, capitation payment, capitation payment reconciliation, and all other financial transaction processing. It ensures that all funds are appropriately disbursed for claim payments and all post-payment transactions are applied accurately.

The Financial Management function is the last step in claims processing. It produces the Remittance Advices (RAs), the financial reports, and a request to the Commonwealth for check issuance or (EFT, by tape or electronic transmittal), at DMS' direction. At the end of each claims processing cycle, the Financial Management function processes each provider's finalized claims and outstanding accounts due to the Commonwealth.

Section 30.070.100.110.010—Financial Management Commonwealth Responsibilities

1. Establish financial processing, adjustment processing, and capitation payment processing policies and procedures and posting instructions.
2. Produce provider checks, based upon awarded Vendor check issuance requests submitted via electronic media, and forward the checks to the awarded Vendor for distribution.
3. Define expenditure summarization categories for interface with the statewide accounting system.
4. Review provider 1099 earnings reports and notify awarded Vendor of any discrepancies.
5. Identify Commonwealth users who are authorized to have access to A/R data for inquiry and/or update purposes.
6. Review all other financial reports from awarded Vendor.

Section 30.070.100.110.020—Financial Management Vendor Responsibilities

The awarded Vendor runs the financial cycle weekly to process all financial transactions and generate payment records. These payment records are used to create electronic fund transfers (EFTs) and generate paper checks when necessary. Provider remittance advices (RAs) are created and sent to providers electronically and on paper.
Key Financial business area objectives are:

1. Maintain account ledger and financial history data.
2. Process claim adjustments.

3. Report provider earnings and 1099s.
4. Produce payments.
5. Collect Cash Receipts.
6. Produce remittance advices.
7. Follow Generally Accepted Accounting Principles (GAAP).

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.120—Reference Data Overview

Reference Data refers to the body of codes, attributes, and descriptions used by applications within or interfacing with the KYMMIS. The traditional Reference Data business area is a composite of applications that periodically update or replace tables of codes. Reference data are created and maintained by many external entities, many of which are named Standards Developing Organizations. Some of these are recognized by the U.S. Health and Human Services (HHS) as the owners or developers of data standards required by HIPAA. Reference code sets fall into very large files maintained by external entities (e.g., HCPCS, NCPDP, and ICD-9/ICD-10), small files maintained by external entities, and local code files created by the Commonwealth. Reference data maintenance includes revising code information, including HCPCS, Current Procedural Terminology (CPT), National Drug Code (NDC), and/or Revenue codes, adding rates associated with those codes, updating/adjusting existing rates, updating/adding member benefits, updating/adding provider information, adding/updating drug formulary information, and updating/adding benefit packages under which the services are available.

Section 30.070.100.120.010—Reference Data Commonwealth Responsibilities

1. Establish specific pricing criteria for all Procedure, Revenue Codes, and Drug files.
2. Identify all service codes (such as HCPCS codes), which are not covered under the FFS KY Medicaid Program.
3. Identify all service codes (such as HCPCS codes), which are covered for managed care encounters only.
4. Specify the benefit limitation and service conflict criteria to be applied through the use of the Edit/Audit Criteria file.
5. Identify all service codes (such as HCPCS, diagnosis codes) which require prior authorization.
6. Review all updates processed in response to DMS, or its designee’s, requests.
7. Define the desired content format, frequency, and media for reports.
8. Respond to all inquiries from the awarded Vendor regarding discrepancies in Reference File information.
9. Perform online updates, as needed.

Section 30.070.100.120.020—Reference Data Maintenance Vendor Responsibilities

Key Reference Data Maintenance business area objectives are:

1. Operate and maintain the Reference Data Maintenance function of the KYMMIS, in accordance with policy set forth by KY Medicaid.
2. Maintain current licenses for all standard codes sets within the KYMMIS at all times.
3. Maintain all Reference data and ensure that the correct information is used in claims processing.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.130—Rules Engine Overview

The Rules Engine is the core of the KYMMIS. It uses data from the Recipient Eligibility, Provider, and Reference subsystems to adjudicate claims–decide whether they should be paid and at what rate–and passes that information to the remaining subsystems for analysis, reporting, and follow up.

Section 30.070.100.130.010—Rules Engine Commonwealth Responsibilities

Provide the operational and policy parameters used by the awarded Vendor to design or modify edits and audits.

Section 30.070.100.130.020—Rules Engine Vendor Responsibilities

Key Rules Engine business area objectives are:

1. Thoroughly test and troubleshoot entries and changes into the rules engine, prior to implementation, to ensure that the operation accurately parallels the existing KYMMIS.
2. Assign members to benefit plans using a rules engine.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.140—Federal Reporting Business Area Overview

The awarded Vendor must provide Federal management data that produces the MAR required for financial, benefit plan, provider, member, and funding source reporting. The awarded Vendor has the responsibility of confirming that the Federal Reporting monthly summary process results are reconciled and balanced, resolving any problems

associated with the outcome. The Vendor completes a monthly balancing report to ensure that Federal Reporting summarization process numbers match those generated from the weekly claim, financial, payout, and recoupment transactions, and are compared with funding source and balanced.

Section 30.070.100.140.010—Federal Reporting Commonwealth Responsibilities

1. Define required MAR reports, including the content, format, frequency, and media for the reports.
2. Initiate and/or approve in writing, all report changes, additions, or deletions, to the Management Reporting function.
3. Define Commonwealth and Federal programs, categories of service, eligibility categories, provider type and specialty codes, geographic codes, funding source codes, and other codes necessary for producing the reports.
4. Monitor production of all reports and review reports produced to assure compliance with RFP and Master Agreement requirements.
5. Review balancing reports to ensure internal and external report integrity.
6. Respond to all requests from outside sources for data on the medical assistance programs that require the use of MAR reports.
7. Provide the awarded Vendor with any data required for complete financial reporting which is not generated or maintained by the systems operated by the awarded Vendor.

Section 30.070.100.140.020—Federal Reporting Vendor Responsibilities

Key Federal Reporting business area objectives are:

1. Receive Extracts and Update MAR Database.
2. Produce Summary Reports.
3. Produce Expenditure Summary Reports.
4. Produce CMS Reports; EPSDT, Waiver, other.
5. Ensure all reports are produced with 100 percent accuracy and consistency in the format and type of media approved by DMS.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.140.030—Federally Required Functions

The awarded Vendor must perform all functions, produce artifacts, and possess all capabilities required by CMS to maintain KYMMIS certification.

Section 30.070.100.140.040—Federally Required Data Elements

The KYMMIS must include all data elements necessary to produce required transactions, support the KYMMIS, and data elements required to maintain certification

(e.g., HIPAA requires mandated transactions; therefore all data elements associated with those transactions are required and available for use within the KYMMIS).

Section 30.070.100.150—Program Management Reporting Overview

The awarded Vendor must be able to generate various financial and program analysis reports to assist with budgetary controls and to ensure that the benefits and programs established are meeting the needs of the member population and are performing according to the intent of the legislative laws or Federal requirements.

Section 30.070.100.150.010—Program Management Commonwealth Responsibilities

1. Monitor production of all reports and review reports produced to assure compliance with RFP and Master Agreement requirements.
2. Review balancing reports to ensure internal and external report integrity.
3. Define Commonwealth and Federal programs, categories of service, eligibility categories, provider type and specialty codes, geographic codes, funding source codes, and other codes necessary for producing the reports.

Section 30.070.100.150.020—Program Management Vendor Responsibilities

Key Program Management business area objectives are:

1. Analyze Medicaid program costs and trends to predict impact of policy changes on programs.
2. Monitor payment processes and predict trends.
3. Analyze provider performance to show extent of participation and service delivery.
4. Analyze Member enrollment, participation, and program usage to predict utilization trends.
5. Maintain an efficient and effective management reporting process.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.160—Decision Support System (DSS)/Data Warehouse (DW) Overview

The KYMMIS provides a DSS/DW, which will be utilized by DMS to manage data and produce reports needed for operating Medicaid and reporting to Federal requirements. A DSS is defined in the SMM Part 11 Chapter 2 Section 11276.5, B., as follows: “A DSS is often a feasible means of managing data needs. DSS is a universal term describing a menu of hardware and software components which can be combined to facilitate access to data and data analysis to serve a wide range of end-users. A DSS provides a

mechanism to process data in a manageable quantity and format which is easily accessed by users to manipulate data online. A DSS can enhance the MAR and SUR functionalities by giving states the ability to access large volumes of data to produce customized reports." The data storage and retrieval component of the DSS is often referred to as the "Data Warehouse" or the DSS relational database.

Data in the DSS/DW is refreshed periodically, on a schedule determined by CHFS. The DSS/DW supports security, data cleansing, data archiving, data management, and data standards.

Section 30.070.100.160.010—DSS/DW Commonwealth Responsibilities

1. Develop specifications for reports and data file extracts and transmit them to the awarded Vendor.
2. Provide input to the awarded Vendor to define parameters to be used in structuring ad hoc reporting help screens.
3. Manage the ad hoc reporting system by identifying staff who have authority to use the ad hoc report generator software, identify and provide password restricted access to workstations from which ad hoc reports can be generated, and supervise staff persons provided by the awarded Vendor.
4. Prioritize requests for ad hoc reports and data file extracts.
5. Specify downloading instructions for data extracts to be placed on the Commonwealth's LAN(s).
6. Monitor the ad hoc information retrieval function for timeliness and accuracy of outputs, and all other operational requirements specified in the contract.
   a. Complete correctly and deliver Type A Reports within 24 hours of request.
   b. Complete correctly and deliver Type B Reports within 48 hours of request.
   c. Complete correctly and deliver Type C Reports within seven days of request.
   d. Complete correctly and deliver Type D Reports within timeframe established by DMS.
   e. Complete correctly and deliver Type E Reports (Emergency reports) within two hours of request.
7. Provide other databases for use by the DSS (e.g., records from Vital Statistics, other states' Medicaid data, etc.)
8. Define data elements for use by the ad hoc and DSS.
9. Manage the DSS by identifying staff utilizing the DSS and the workstations where reports can be generated.

Section 30.070.100.160.020—DSS/DW Vendor Responsibilities

Key DSS/DW business area objectives are:

1. Accept data from a variety of sources, as directed by the Commonwealth.
2. Produce data extracts timely and as specified by the Commonwealth.
3. Balance reports to validate accuracy.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.170—Program Integrity (PI) Overview

The Program Integrity (PI) business area incorporates those business activities that focus on program compliance (e.g., auditing and tracking medical necessity and appropriateness of care and quality of care, fraud and abuse, erroneous payments, and administrative abuses).

PI collects information about an individual provider or member (e.g., demographics; information about the case itself (such as case manager ID, dates, actions, and status); and information about parties associated with the case). The business processes in this business area have a common purpose (e.g., to identify case, gather information, verify information, develop case, report on findings, make referrals, and resolve case). As with the previous business areas, a single business process may cover several types of cases. The input, output, shared data, and the business rules may differ by type of case, but the business process activities remain the same.

Section 30.070.100.170.010—Program Integrity Commonwealth Responsibilities

1. Establish sample criteria and provide required inputs.
2. Request samples to be selected for reviews monthly or as needed.
3. Identify the general types of claim documentation needed to complete claim reviews and request it from the awarded Vendor for sample claims.
4. Receive and review a monthly sample of Medicaid claims, hardcopy and electronic transactions, based on Commonwealth-specified sampling and stratification criteria.
5. Review output reports and supporting claim documentation and determine errors.
6. Advise the awarded Vendor of detected errors.
7. Determine and monitor corrective action resulting from sample errors.
8. Determine and interpret policy and make administrative decisions relating to the sampling process.
9. Establish policy and make or delegate all administrative decisions concerning the operation of, and any changes to, the SUR reporting function.
10. Approve or request modification of the awarded Vendor’s SUR reporting system training activities.
11. Approve or request modification of the SUR reporting User Manual.
12. Update the SUR management control file and determine the parameters for SUR reports.
13. Submit requests for changes to SUR report parameters to the awarded Vendor at least 10 business days prior to the report cycle to which the change applies.
14. Define criteria for extraction of claim data for utilization reports.
15. Analyze all SUR reports and follow through with manual reviews and field audits, when necessary.

16. Perform detailed analysis of member and provider profiles.
17. Investigate fraud-related cases and propose corrective action.
18. Identify providers to be placed on review.
19. Monitor the awarded Vendor's operation of the SUR reporting system.
20. Determine the appropriate action for questionable provider practices and member mis-utilization, and initiate an update to the provider and/or member data sets for those providers and members placed on Lock-In, prepayment review, or other restrictions.
21. Refer members to appropriate utilization programs for restriction and/or monitoring, within the constraints of current legislation.
22. Monitor restricted members and providers, and determine when to remove restrictions.
23. Submit claim detail requests and requests for provider and member profiles.

Section 30.070.100.170.020—Program Integrity Vendor Responsibilities

The Vendor is to provide a SUR business area capability to help the Commonwealth combat Medicaid fraud, waste, and abuse. The purpose of the SUR business area is to meet the Federal requirements as found in 42 CFR Part 544 and to monitor utilization of Medicaid services to detect, investigate, and take action regarding fraud, waste, and abuse. Abuse is identified when practices are discovered which result in an unnecessary cost to the Medicaid Program, obtaining or delivering medically unnecessary services, or services that fail to meet professionally recognized standards for health care. Fraud is defined as an intentional deception or misrepresentation made by a person with knowledge that the deception could result in some unauthorized benefit to himself or some other person. Waste can include spending on services that lack evidence of producing better health outcomes compared to less-expensive alternatives; inefficiencies in the provision of health care goods and services; and costs incurred while treating avoidable medical injuries, such as preventable infections in hospitals.

The SUR Unit is concerned with the overall program integrity, and data from the SUR system can be used to investigate and track utilization and medical necessity, perform cost analysis, monitor adherence to Commonwealth policy, and look for trends and anomalies in the processing of claims.

Key SUR business area objectives are:

1. Support Commonwealth staff.
2. Train Commonwealth staff on the SUR system.
3. Research and assist Commonwealth staff with problems.
4. Update and maintain current SUR system documentation.
5. Provide a secure SUR system.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.180—Waiver Overview

The Medicaid Home and Community-Based Services (HCBS) waiver program is authorized in §1915(c) of the Social Security Act. The program permits a state to furnish an array of home and community-based services that assist Medicaid members to live in the community and avoid institutionalization. Services are provided as described in the individual's approved plan of care and may include personal care assistance, program coordination, homemaker services, respite care, and case management.

Section 30.070.100.180.010—Waiver Commonwealth Responsibilities

1. Provide awarded Vendor with all documentation associated with KYMMIS waiver programs.
2. Provide awarded Vendor with rules the awarded Vendor is to apply into the KYMMIS system.
3. Provide the rules by which the legacy system is governed.
4. Enroll traditional and non-traditional service providers meeting identified standards of care into the program to provide services to the target population.

Section 30.070.100.180.020—Waiver Vendor Responsibilities

Key HCBS Waiver business area objectives are:

1. Process waiver provider claims and make timely and accurate payments.
2. Produce program data necessary to satisfy Federal Medicaid reporting requirements, monitor utilization, and assess quality of care provided to participants.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.190—Ancillary Components

The information contained in this section references those components that globally apply to more than one area of the KYMMIS or are supporting components to the KYMMIS.

They include:

1. Automated Letter Generation.
2. Customer Relations Management System (CRMS).
3. Document/Records/Report Management Overview.

Section 30.070.100.190.010—Automated Letter Generation

The automated letter generation function provides the capability to generate letters using standard letters or forms, letter templates, and the ability to create free-form letters. The automated letter generation function performs automated upload and storage of letters. All letters generated through the system are to be stored. The awarded Vendor shall take over all letter generation functions and maintain that functionality, as designated by DMS.

The specific Vendor Responsibilities are contained in the Customer Relations Management Services section of Attachment P.

Section 30.070.100.190.020—Customer Relations Management Services (CRMS)

The CRMS includes the provider call center, provider service representatives, the Automated Eligibility Verification System (AEVS), letter generation, and automated call tracking system.

The provider call center hours are 8:00 a.m. to 5:00 p.m. ET, Monday through Friday. The provider call center must answer provider and member calls an average of within 30 seconds 80% or more of the time. One hundred percent (100%) of provider call center open inquiries are to be resolved and closed within five business days. Customer Service Representative accuracy must be 90 percent (90%) or higher. The Busy Out/Blocked Call rate must be less than 5 percent (5%). And the on hold rate must be less than one minute 95 percent (95%) of the time. The awarded Vendor is responsible for statistics for up-to-date monitoring of the provider call center activities.

All electronic correspondence, including email, faxes, website inbox, and other electronic responses, are to be responded to within two (2) business days with an interim answer and a final response within 14 calendar days. All written correspondence are to be responded to within five (5) business days with an interim answer and a final response within 14 calendar days. The KYMMIS should maintain one hundred percent (100%) accuracy for all provider correspondence (electronic and written).

The EVS and AVR, and any other application providing member and provider information support must be available 24x7x365, except for scheduled and agreed upon down time. Items included in this requirement:

1. Provide a backup system to assure that downtime is limited to no more than 30 continuous minutes.
2. Provide sufficient in-bound access lines for the EVS so that providers do not encounter busy conditions at least 95% of the time.
3. Initial response must be within 4 seconds 95% of the time for AVR voice responses and electronic EVS screen responses.

4. Commercial eligibility vendors should have 99% of their transactions responded to without a time-out. CHFS must approve all commercial eligibility vendors, telecommunication carriers, and the contract between the carriers/vendors and the awarded Vendor.
5. The awarded Vendor shall produce a weekly report that lists average number of rings prior to calls being answered, the number and percent of calls that time out, the number and percentage of calls that receive busy signals, the number of blocked calls, and the times and total hours of non-availability and average response times for the EVS system.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.190.030—Document/Records/Report Management Overview

The documents, records, and reports management function are to be used to image all paper forms, reports, and documents received from providers, members, and other external entities that provide information or correspondence used in the business processes that make up the KYMMIS. All imaged documents are to be stored and accessible from the user's desktop.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.200—Web Services Overview

The awarded Vendor shall maintain the KYMMIS web portal for use by CHFS staff, providers, and other CHFS authorized parties. The web portal is to have a public access area and a secure access area.

The awarded Vendor shall maintain the translator functional capability, or Enterprise Application Integration (EAI) software, and EDI mapping utility capability that can process all EDI and automated interface transactions, regardless of connectivity method and computer platform.

Section 30.070.100.200.010—Web Services Commonwealth Responsibilities

1. Provide the Commonwealth EDI policies and procedures to the awarded Vendor.
2. Provide web portal specifications, policies, and procedures to awarded Vendor.
3. Approve content placed on web portal.

Section 30.070.100.200.020—Web Services Vendor Responsibilities

Key Web Services business area objectives are:

1. Maintain the most current and up-to-date provider manuals on the KMA website in downloadable format.
2. Maintain the EVS system on the Kentucky Medicaid website.
3. Maintain Preferred Drug List (PDL) on Kentucky Medicaid website.
4. Produce Drug Rebate invoices.
5. Maintain online PA creation, inquiry, and update.
6. Maintain the Kentucky Medical Assistance website using KEUPS as the single sign-on authentication, so that member/provider may seamlessly access relevant information stored in other state enterprise systems.
7. The Kentucky Medical Assistance website and other ancillary system components as required by CHFS, must be available 24x7x365 except for CHFS approved time for system maintenance.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.100.210—Workflow Overview

The purpose of a Workflow Management system is to document and maintain definition and modeling of workflow processes and their constituent activities in a Workflow Management Module. Workflow Management can be manual, semi-automated, or automated.

Section 30.070.100.210.010—Workflow Commonwealth Responsibilities

1. Determine policy and processes for workflow between the awarded Vendor and DMS.
2. Work with the awarded Vendor to facilitate efficiencies within the Workflow Management process.

Section 30.070.100.210.020—Workflow Vendor Responsibilities

Key Workflow business area Vendor objectives are:

1. Support and assist the CHFS in mapping all business processes and sub-processes to the workflow application, and in transitioning from manual to automated process execution.
2. Assist the CHFS with configuring reporting components to monitor operational activities.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.110—Security and Privacy Overview

The objective of the Security and Privacy business area is to create a Security Plan and a User Access Security Plan, that incorporate Commonwealth and Federal regulation

and publications along with the functional and non-functional requirements created for the KYMMIS.

Section 30.070.110.010—Security and Privacy Vendor Deliverables

1. Security Plan.
2. User Access Security Plan.
3. Privacy Policy page.
4. Protocols for data confidentiality.

Section 30.070.110.010.010—Security Plan

The activities associated with the Security Plan include processing, capture, storage, transformation, and dissemination of information along with specifications for access for all roles and their related security level. Written approvals from the Commonwealth validate the accuracy and completeness of the documents.

Through the Security Plan, the awarded Vendor describes its approach to security design and processes maintain Vendor facilities, systems, and processes to safeguard information for which the Vendor is liable. The Plan must conform to the following Commonwealth and Federal regulations and publications related to system security requirements and password usage:

1. 45 CFR Part 95.621(f) ADP System Security Requirements and Review Process.
2. Standards defined in Federal Information Processing Standards (FIPS) Publications 31, 41, and 73, issued by the National Institute of Standards and Technology (NIST).
3. National Institute of Standards and Technology (NIST) Special Publication 800-111 Storage Encryption Technologies for End User Devices.
4. National Institute of Standards and Technology (NIST) Cryptographic Module Validation List at http://csrc.nist.gov/groups/STM/cmvp/validation.html.
5. FIPS PUB 112 Password Usage, Procedure.
6. FIPS PUB 186-3 Digital Signature Standard June 2009.
7. Records Usage, Duplication, Retention, Re-disclosure and Timely Destruction Procedures/Restrictions 5 U.S.C. 552a (o) (1) (F), (H) and (I).
8. IRS Pub 1075.
9. Federal Records Retention Schedule 44 U.S.C. 3303a.
10. Privacy Act of 1974 at 5 U.S.C. 552a.
11. Computer Matching and Privacy Protection Act of 1988 (CMPPA).
12. Federal Information Security Management (FISMA).
13. SSA Information System Security Guidelines for Federal, Commonwealth, and Local Agencies.
14. Child Online Privacy Protection Act.

15. HIPAA (talk about privacy and security rules).
16. Title XIX Confidentiality Rules.
17. OASIS Web Services Security Specification 1.1.

The Security Plan shall include a description of the Vendor's approach to ensure the security of the KYMMIS and the data throughout the project lifecycle until contract end date. At a minimum, the outcomes of this task should include information on:

1. Accountability, which includes the approach to establishing and maintaining security responsibility and accountability.
2. Granting or restricting access to all the applications (including Web-enabled applications) and data; auditing security events, auditing security configurations, and changes, generating security reports, and monitoring the system for vulnerabilities and intrusions.
3. Managing authorized users for user creation, assignment of new User ID (User Identification)/password/personal identification numbers (PINs), role assignments, and activity monitoring.
4. Compliance including the approach to maintaining compliance with law, standards, and best practices.
5. Technical security should include, at a minimum, the approach to each of the following:
    a. Network segmentation.
    b. Perimeter security.
    c. Application security and data sensitivity classification.
    d. Protected Health Information (PHI) and Personally Identifiable Information (PII) data elements.
    e. Intrusion management.
    f. Monitoring and reporting.
    g. Host hardening.
    h. Remote access.
    i. 128bit encryption.
    j. Commonwealth-wide active directory services for authentication.
    k. Interface security.
    l. Security test procedures.
    m. Managing network security devices.
    n. Security patch management.
    o. Defending against viruses and mobile code.
    p. Secure Sockets Layer (SSL) for providing communications security over the Internet.
    q.

Section 30.070.110.010.010.010—Security Plan Commonwealth Responsibilities

1. Make available the appropriate personnel to participate in the Security Plan sessions.
2. Provide input and clarifications to the Vendor as needed.
3. Review and approve the Security Plan.

Section 30.070.110.010.010.020—Security Plan Vendor Responsibilities

1. Develop a Security Plan that ensures all systems, procedures, and practices are fully secured and protected.
2. Review relevant Commonwealth and Federal regulations and publications.
3. Document how Commonwealth policies, procedures will be honored with the solution.
4. Perform compliance testing.

Section 30.070.110.010.020—User Access Security Plan

The Vendor defines the approach to user access security during this task in the User Access Security Plan. At a minimum, the outcomes of this task includes a description of the following:

1. Types and relationships between the security elements, e.g., users, groups, and roles.
2. Categorization of access into different security levels that will be defined by the Commonwealth to include, at a minimum, users, groups, and roles.
3. Matrix of roles and privileges.
4. Screen/Window level security.
5. Level of authorization/security for specific functions by individual user including module level security for grouping of screens/pages.
6. Field level security including links that route to interfaces.
7. Restrictions on modifying or overriding system edits and audits or altering system functionality.
8. Types of online security checks, including security by individual, Commonwealth defined role, location, files, and fields before allowing access to any files including data, software, code, resources, or any other files resident with or accessed by the Commonwealth.
9. Types of Privacy Policy statements such as:
   a. Privacy Policy for External users, e.g., Providers.
   b. Privacy Policy for Internal users, e.g., Commonwealth.
10. Types of events that require logging in response to specific situations such as:
    a. Start up and shut down of audit functions.

b. Successful and unsuccessful logons and logoffs.
c. Successful and unsuccessful attempts to access security relevant files and utilities, including user authentication information.
d. Log information on read, modify, or destroy operations.
e. Configuration changes made during auditing operations.
f. Unsuccessful usage of user identification or authentication mechanisms.
g. Changes to the time.
h. Activities that modify, bypass, or negate system security controls.
i. Use of privileged accounts.
j. Administrator logons, changes to the administrator group, and account lockouts.
k. Actions following log storage failure or exceeding threshold levels.
l. Unsuccessful security attributes revocations.
m. Modifications to user groups within a role.
n. Key recovery requests and associated responses.
o. Access denials resulting from excessive numbers of logon attempts.
p. Blocking or blacklisting of user ID, terminal, or access port.
q. Detected replay attacks.
r. Rejections of new sessions based on limits to number of concurrent sessions.
s. Use of compilers.
t. System software installations.

Section 30.070.110.010.020.010—User Access Security Plan Commonwealth Responsibilities

1. Make available the appropriate personnel to participate in the User Access Security Plan sessions.
2. Provide input and clarifications to the Vendor as needed.
3. Review and approve the User Access Security Plan.
4. Monitor system activity and act on security incidents.

Section 30.070.110.010.020.020—User Access Security Plan Vendor Responsibilities

1. Conduct walkthroughs and demonstrations during the User Access Security Plan development to enhance Commonwealth understanding and to facilitate the approval process.
2. Collaborate with the Commonwealth prior to completing the plan.
3. Prepare the User Access Security Plan, meeting the requirements as defined in this RFP.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.120—Learning Management Overview (Section 60.020.010.060)

The awarded Vendor is to provide a Training Plan that addresses all training requirements, as directed by DMS. The Training Plan should address, at minimum:

1. The training need related to the specific phase of the project.
2. Ease of access by trainees to training (i.e., Commonwealth, Vendor, Provider, etc.).
3. Proposed training site locations and schedule.
4. Use of facilitated hands-on training sessions specific to the job function and experience level of persons requesting to be trained.
5. Deployment of Computer-Based Training (CBT) modules that address specific job functions and experience level of persons requesting to be trained.
6. Methodology on use of self-paced independent online training.
7. Methodology on use of learning experience packages.
8. Methodology for proficiency testing of trainees in facilitated hands-on and CBT sessions.
9. Availability of reinforcement training.
10. Methodology for evaluation of training effectiveness.
11. Proposed format of any training materials.
12. Process for maintaining or updating training materials based upon feedback (i.e., Commonwealth or DMS training materials review feedback, approved KYMMIS changes, DMS business rule change, etc.).
13. Process for submitting training schedule materials to the Commonwealth for review and approval prior to delivery of the training session/workshop.

The awarded Vendor should, submit the final training materials to the Commonwealth for review and approval, all training material should include:

1. Course Name, Description, Objective.
2. Instructor/Trainer guides.
3. Complete learning experience package and medium (i.e., self-paced online training, CBT module(s), trainee manual/workbook and presentation, etc.).
4. Proficiency testing tools.
5. Course/Trainer Evaluation tools.

Section 30.070.120.010—Learning Management Commonwealth Responsibilities

1. Provide the awarded Vendor a copy of each attendee's written evaluation for each training session/workshop.
2. Approve, in writing, locations of training sites.
3. Provide, as the awarded Vendor finalizes the training plans in support of each of the KYMMIS project tasks, a final list of other agencies and Vendors that shall be trained for each phase of the project.

4. Provide training staff responsible for monitoring all aspects of the awarded Vendor's training program.

Section 30.070.120.020—Learning Management Vendor Responsibilities

Key Learning Management business area objectives are:

1. Follow approved Training Plans and provide training to DMS, awarded Vendor, other Commonwealth agencies, contractors, as directed by DMS.
2. Provide training plans and training materials to the Commonwealth for review and approval, prior to delivery of the training session/workshop.
3. Develop and support a CBT application that can be accessed by various users as a training application, tutorial, or reinforcement training.
4. Provide training material that ensures a comprehensive initial and ongoing training program to all Commonwealth and non-Commonwealth staff identified by DMS, Vendor staff, and providers.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.130—Change Management Overview

The processes, procedures and system for tracking defects, routine maintenance, and modifications, or enhancements to the KYMMIS are called Change Management. The awarded Vendor is to provide a system and process for change management including tracking defects, maintenance matters, modifications, enhancements.

Section 30.070.130.010—Change Management Commonwealth Responsibilities

1. Participate in weekly and monthly status meetings, as defined in the Communication Plan.
2. Participate in system maintenance/defect and modification/enhancement processes.
3. Prioritize all work requests.
4. For major work requests, assist the awarded Vendor in the design activities requiring project plan development (e.g., PMP, WBS, GSD, RSD, IRD, DSD).
5. Review and approve all documentation generated and/or updated.
6. Review and approve the GSD, RSD, IRD, and the DSD changes, when required.
7. Provide signoff at all levels to ensure project compliance.
8. Determine the scheduling and priorities of UAT.

Section 30.070.130.020—Change Management Vendor Responsibilities

Key Change Management Vendor Responsibilities are:

1. Provide separate processes and resources for maintenance/defect and modification/enhancement change requests.
2. Ensure changes do not alter the integrity of data across the KYMMIS.
3. Participate in weekly and monthly status meetings.
4. Produce Change Management Reports.

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.140—Takeover Testing

Section 30.070.140.010—Operational Readiness Overview

As part of the KYMMIS Takeover Project, an Operational Readiness Test Plan (ORTP) is required for the takeover of the FA operations. The operational readiness test is designed to ensure that the awarded Vendor and DMS staff are ready to process all inputs, correctly generate outputs, meet all reporting requirements, utilize a properly functioning data communications network, and have a demonstrated backup capacity. Operational readiness testing should include demonstrations, load testing and results, staff readiness testing, and communications testing.

Operational readiness testing shall include all operational functions, as well as a volume and load test of several days of production capacity claim record volumes, to demonstrate the KYMMIS and the awarded Vendor's staff is prepared for full production.

Operational readiness testing may include a test of actual claims processing in a full operational environment, starting with the submission of Electronic Data Interchange (EDI) transactions into the translator through the payment process, including, but not limited to, document imaging, check request, and remittance advice processing.

Testing of all other operational functions include, but not be limited to, enrollment and eligibility processes, such as notices, member demographic changes, and capitation processing. The addition, deletion, and updating of enrollment records testing shall include, but not be limited to, a member change of address and the addition of a new member. Also, a volume test of several days of production capacity eligibility files shall be processed and will include all eligibility interface file formats.

An additional component of the operational readiness test is the demonstration and verification of data security and fire/disaster prevention and recovery procedures. The length of the test will be the amount of time that is necessary to recover from the disaster and provide proof that the recovery has been successfully completed. The awarded Vendor must also assess the operational readiness of FA staff in all areas of operations.

Section 30.070.140.020—Operational Readiness Test Plan

The Operational Readiness Test Plan (ORTP) addresses all aspects of Operational Readiness Testing and the Vendor's planned schedule for operational readiness testing (ORT).

Section 30.070.140.030—Operational Readiness Commonwealth Responsibilities

1. Review and approve the operational readiness test results.
2. Review and approve the systems and user documentation.
3. Confirm and signoff on the Provider Service Center's operational readiness for full functionality.
4. Conduct an operational readiness review.
5. Provide access to Commonwealth facilities, personnel, documentation and other items under its control, and provide coordination with and access to third parties, including the awarded Vendor, as required for the awarded Vendor to perform under the contract.
6. Review all progress reports and attend all meetings and final tests.
7. Monitor awarded Vendor performance, in accordance with Master Agreement requirements and performance criteria.

Section 30.070.140.040—Operational Readiness Vendor Responsibilities

The awarded Vendor shall perform specific implementation and operations functions to ensure operational readiness. In preparation for operations, the awarded Vendor shall perform final file conversions (if needed), recruit and train operations staff, and conduct any necessary training to providers and DMS staff and their designees. DMS will review and approve the operational readiness test and systems and user documentation. The detailed requirements for operational readiness include, but are not limited to, those listed below:

The specific Vendor Responsibilities are contained in Attachment P.

Section 30.070.140.050—Operational Readiness Vendor Deliverables

Awarded Vendor deliverables for operational readiness should include, but are not limited to:

1. Operational Readiness Test Plan (ORTP).
2. Revised operating procedures.
3. Training plan.
4. Work plan.
5. Report distribution schedule.
6. Schedules for Operational Readiness Testing (ORT).
7. Updated staffing plan for operations.
8. Parallel testing results.

9. Initial operational readiness assessment and presentation to DMS.
10. Final operational readiness assessment and presentation to DMS.
11. Assumption of operations responsibilities.
12. Initial assessment of implementation success and presentation to DMS.
13. Assessment of implementation success and presentation to DMS.
14. Takeover Readiness Report.

Section 30.070.150—Takeover Completeness

Takeover by the awarded Vendor shall be considered complete when the awarded Vendor has fulfilled the requirement to successfully run all systems and components of the current KYMMIS and executed parallel testing with successful results. The awarded Vendor shall have installed the most recent versions of the KYMMIS, including, but not limited to, all batch and online programs, telecommunications, data entry software, and test files and replacements for licensed software and systems, as described throughout this Master Agreement. If any issues develop, the awarded Vendor shall coordinate with DMS to resolve problems encountered during the takeover of the KYMMIS.

Section 30.070.160—Acceptance of Takeover Operations

The awarded Vendor shall perform all implementation functions during the takeover, as detailed in this RFP. The awarded Vendor shall implement a fully operational KYMMIS on a date to be approved by DMS. The awarded Vendor shall receive and be responsible for processing claims received after that date.

Fully operational is defined as processing correctly all claim types, including all claims adjustments, mass adjustments, and other financial transactions; maintaining all system files; providing access to all supporting components, including all existing subsystems; producing all required reports; meeting all system requirements; and performing all other awarded Vendor responsibilities specified in this Master Agreement. If DMS determines the system will not be operational on the identified date, then implementation readiness assessments will be made until such time as DMS determines that either:

1. The system is fully operational.
2. The awarded Vendor shall be deemed in default.

In the unlikely event the awarded Vendor is not operational on the specified date, the awarded Vendor shall be responsible for making arrangements with the FA to operate the system at the awarded Vendor's expense, until the awarded Vendor has the system fully operational.

Section 30.070.170—System Maintenance

The awarded Vendor shall be responsible for coordinating and performing “routine maintenance,” modifying, updating, and enhancing the KYMMIS throughout the term of the Master Agreement. This section of the SOW describes:

1. Definitions of defect, maintenance, modification, and enhancement.
2. How future system maintenance or fixes, modifications, or enhancements to the KYMMIS should be categorized, defined, and managed.
3. How Vendor responsibilities are defined and how programming hours are to be distributed.

Section 30.070.170.010—General System Maintenance

DMS defines General System Maintenance as: Activities that include changes to a policy or rate change that may occur over time and are covered by the existing contract. This is contractually referred to as the Documented Change Request (DCR) Modification.

The awarded Vendor in coordination with its subcontractors, if applicable, is responsible for ongoing module and system component maintenance of the KYMMIS. The cost for providing ongoing systems maintenance support, including machine time, man-hours, and documentation, must be included in the fixed price proposal bid for each year of operation.

DMS considers general maintenance tasks to include preventive or corrective action(s) necessary to guarantee/ensure the integrity and timeliness of data, error-free application processing, and the adherence to performance standards for both hardware and software. Examples of functions DMS considers to be general maintenance include:

1. Source Code Updates.
2. Maintenance of password IDs, applications changes, and other data security functions.
3. Report distribution changes.
4. Report media type changes.
5. Maintenance of electronic claims receipt and Remittance Advice distribution.
6. Activities necessary to provide for continuous effective and efficient operation of the system to keep it ready and fit to perform at the standard and condition for which it was approved.
7. Activities necessary to ensure that all data, files, and programs are current and errors are corrected.
8. Activities related to file growth and partitioning.
9. File maintenance activities for updates to all files.
10. Scheduled ongoing tasks to ensure system tuning, performance, response time, database stability, and processing.
11. Changes to the job scripts or system parameters concerning the frequency, number, and media of reports.

12. Updates to software, operating systems, or other system components requiring version updates, manufacturer “patches,” and other routine manufacturer updates to software.
13. Addition of new values and changes to existing system tables and conversion of prior records, as necessary.
14. The maintenance of current system documentation, user documentation, and all program libraries.
15. Providing sufficient staff to perform all customary systems general maintenance responsibilities.

Section 30.070.170.020—Defects

DMS defines defects as: Software Error Correction and Problem Resolution – The process of “fixing errors or defects that preclude full system functionality and operability as prescribed by technical and operational requirements in the RFP, the Vendor’s proposal, Design Documents or succeeding executed amendments and/or approved SOWs where the work and functionality have been previously defined and covered by the existing Master Agreement.”

The awarded Vendor is required to notify DMS immediately as software errors are discovered. The awarded Vendor will be responsible for coordinating and providing “routine” maintenance of the KYMMIS at no charge to DMS and not through use of the system modification change control process. Instead, certain coding changes and system errors/defects are to be logged and tracked through a “Defect Tracking Log.”

The awarded Vendor is responsible for resolving all errors within the following timeframes:

a. Priority 1 Errors: Within 24 hours.
b. Priority 2 Errors: Within 5 business days.
c. Priority 3 Errors: Within an agreed upon schedule between the awarded Vendor and CHFS. This will be measured on a schedule defined by CHFS.

Section 30.070.170.030—Modifications

DMS defines Modifications as: Software modifications, changes, and updates that are required when program source code must be changed to implement a system functional or performance requirement beyond the system requirements. These changes are covered by a set-aside pool of programming hours to allow a number of desired changes to be made without having to modify the contract. This is contractually referred to as the Documented Change Request (DCR) Modification.

The awarded Vendor shall be responsible for coordinating and performing software modifications for all modules and component parts of the KYMMIS after its implementation, as requested by DMS. Some major program initiatives may require prior-approved Advance Planning Document Updates (APDUs) when additional resources are required. DMS will be responsible for the production of all APDUs. It is

DMS's expectation that most modifications, changes, and updates will be met under the terms of the Master Agreement's firmed fixed price, which contains a provision for additional programming hours for such activities.

A modification exists when program source code must be changed to meet new functional or performance requirements beyond a module or system components existing capability. Software modifications may result when DMS or the Vendor determines that an additional requirement needs to be met or that a modification to existing file structures or current processing is needed. Modification activities are to be managed through a CO request process. Examples of modification tasks include:

1. Implementation of new module or system component capabilities.
2. Activities necessary to meet new or revised CMS or other Federal or Commonwealth requirements.
3. Changes to established report, screen, or tape formats, such as sort sequence, new data elements, or report items.
4. Implementation of new edits and audits not previously contemplated in the proposed solution.

Section 30.070.170.040—Enhancements to the KYMMIS

DMS defines Enhancements as: A change that is out of scope of the existing contract and must be covered by a contract modification. This is contractually referred to as a Vendor Contract Modification Item.

When it is determined that modifications or changes to existing software and hardware significantly improve functionality and performance of the KYMMIS, the awarded Vendor in coordination with the appropriate subcontractors, if applicable, shall make such modifications or changes as directed by DMS. DMS shall at its discretion determine whether the enhancement will be performed under the terms of the Master Agreement's firmed fixed price, which contains a provision for additional programming hours or through an amendment as the funding source.

Software enhancements may also result when DMS or the Vendor determines that an additional requirement needs to be met which results in a change to existing file structures, data sets, or current processing logic that improve performance.

Section 30.070.170.050—Software Modification/Enhancement Task Activities

Modifications may be initiated by DMS or the awarded Vendor. All change requests are to be prioritized and approved (or denied or modified) by DMS. The various types of modification support activities include SDLCStage activities, such as:

1. Define Requirements.
2. Design Approaches.
3. Develop Technical Specifications for the selected design.
4. Develop a Test Plan.
5. Perform Documentation Creation or Updates.

6. Test module modifications and rules engine.
7. Perform Systems Integration Testing.
8. Perform acceptance Test, including regression testing.
9. Obtain approval of Acceptance Test.
10. Perform Beta Testing (not required for all changes).
11. Migrate to Production environment.
12. Perform verification of successful implementation.

The awarded Vendor in coordination with the appropriate subcontractors, if applicable, must respond, in writing, to requests from DMS for estimates of system modification/enhancement efforts and schedule within 10 business days of receipt, unless specified in the CO (which may reduce that time frame) or for large project planning (which may increase that time frame). The response should consist of a preliminary assessment of the effort (number of programmer and business analyst hours) required to complete the change by SDLC stage.

The awarded Vendor must coordinate tracking software approved by DMS to track all CO requests and all related information, e.g., priority, staff assigned, and dates associated with each stage of development.

The awarded Vendor shall also be responsible for reporting monthly to DMS all systems changes that have been implemented in the month. The report should also include but not limited to forecasts of CO requests with anticipated implementation dates.

DMS, at its sole discretion, may or may not choose to pursue certain modification requests. When DMS chooses to pursue a modification, a formal design estimate must be prepared by the Vendor. This estimate defines the problem to be addressed, proposes a solution, and specifies an estimated level of effort (number of hours) and an anticipated schedule required to design, code, test, and implement the change. DMS will then approve or revise the request, assign a priority to it, and establish an expected completion date. Additional services may be requested by DMS and shall be provided on a time and materials, per diem, or other mutually acceptable financial basis as negotiated by project or activity.

Section 30.070.170.060—Systems Team Staffing/Programming Hours

The Master Agreement provides for 25,000 additional modification and enhancement hours per year above the base Master Agreement to address system issues that are not inclusive under the definition of general system maintenance.

The awarded Vendor is responsible for full-time staff support comprised of professional systems engineers (programmer/analysts) for all system maintenance change categories. This staff is in addition to staff performing general system maintenance activities. The Vendor should identify system modification and enhancement staff to be assigned to modification and enhancement projects. Additionally, the staff can be assigned to support general maintenance activities with the approval of DMS.

The awarded Vendor is to provide a monthly report of time spent by job category and position. At the end of each Commonwealth fiscal year the Vendor is to provide an accounting of the hours spent by job category and position during that fiscal year. If there are any unused hours at the end of the year they are to be rolled over to the next year. Hours used in excess of the 25,000 hour annual allocation may be credited to any successive year's unused balance or funded through execution of a Master Agreement amendment. At the end of the Master Agreement the Vendor and DMS are to review the total hours spent versus the minimum commitments. If the Vendor fails to meet the minimum hours the Vendor is to refund the balance of hours to DMS.

Qualified staff are to be available to support system CO requests authorized by DMS. It is DMS's expectation that all SLAs associated with routine maintenance, software modifications, and change and enhancement requests are to be met and that the work is to be accomplished within the budgeted effort. In addition, it is DMS's expectation that all 25,000 programming hours are to be expended in each contract year.

Section 30.070.180—System and User Documentation

The awarded Vendor shall develop, prepare, print, maintain, produce, and distribute KYMMIS documentation, KYMMIS user manuals, and DMS provider manuals. DMS will develop the policy and regulations section of DMS's provider manuals. The awarded Vendor is responsible for drafting provider specific billing instructions, as well as general billing instructions that are used by all provider types for the provider manuals and the eligibility verification system.

KYMMIS user manuals and DMS provider manuals are to be prepared in draft form during the development/testing phase and in final form during the UAT. Operation updates to KYMMIS documentation, KYMMIS user manuals, and DMS provider manuals are to be performed by the awarded Vendor. The awarded Vendor is responsible for preparing and printing all revisions, in final form, for all changes, corrections, or enhancements to the system and/or Medicaid program, prior to DMS sign off on the system change. KYMMIS user manuals are to be distributed to designated DMS staff. DMS provider manuals are to be distributed to all providers, Commonwealth staff, and any agency, organization, and/or person specified by DMS. All manuals should be available in electronic format that is compatible with DMS standards.

The awarded Vendor is responsible for developing and providing to DMS complete, accurate, and timely documentation of the KYMMIS. Such documentation must be according to specifications approved by DMS. One hard copy and one electronic copy of the KYMMIS documentation is to be provided within 30 calendar days following DMS acceptance of the KYMMIS during implementation. DMS acceptance will not be given and the final system documentation cannot be delivered, if portions of the ME are not functioning properly. During the operations activity, provide updated paper and electronic copies, in a format that is compatible with DMS standards, of the ME documentation within 15 calendar days following DMS acceptance of the change and prior to DMS sign off on the completion of the system change.

KYMMIS user manuals are to also be provided in electronic form as a part of an online help facility, which provides complete and up-to-date information concerning access to all KYMMIS functions, as well as system, navigation, printing, and reporting information.

Section 30.070.190—Turnover

The awarded Vendor shall be required to provide full support and assistance in turning over the complete and most current KYMMIS to the Commonwealth or its agent. Accomplishment of certain specified turnover activities by the key milestone dates, as established in the Commonwealth-approved KYMMIS Turnover Plan, shall be necessary to ensure full compliance with the start date.

Section 30.070.190—Performance Standards

The KYMMIS must meet all performance requirements and standards contained or referenced in this RFP. The KYMMIS must also be capable of producing samples, reports, and other documentation that may be required for CMS review.

Section 30.070.190.010—Performance Standards and Quality Management

The awarded Vendor is to implement and operate an ongoing quality management program in accordance with the project quality management plan, which includes statistical measurement and reporting of key performance standards and key performance indicators (KPIs). During the course of the contract, performance standards and KPIs will be measured and reviewed by CHFS using the Performance Monitoring System and will actively participate with the awarded Vendor to approve the results, request corrective action, or assess damages as necessary.

Section 30.070.190.020—Performance Based Contracts and Damages for Vendors

Section 30.070.190.020.010—Performance Reporting

Performance standards are being implemented to improve the quality of contract performance, provide documented performance levels in critical areas of the KYMMIS's functionality, architecture, and operations, and to improve CHFS's contract management oversight and capabilities.

Section 30.070.190.020.010.010—Operations Performance Report Card

The awarded Vendor in cooperation with its vendors is to implement a Performance Monitoring System, at no additional cost, to provide CHFS a manual or automated method and other tools to provide reporting of the quality and performance measurements agreed upon by CHFS and the awarded Vendor. The awarded Vendor is

to document and publish desk level procedures and report results of quality analysis. The measurements are to be calculated separately from normal system processing to identify differences in quality.

Within fifteen (15) calendar days of the end of each month of operations, the awardedVendor shall be required to produce and deliver a report card on its actual performance. All Contract and performance standard requirements identified in this RFP shall be part of the report card.

The Commonwealth intends, thirty (30) days prior to each quarter, to identify twenty-five (25) performance standards of the Legacy KYMMIS Operations, Maintenance, and Modification Phases and shall use these performance standards to review the Vendor's actual performance. The Commonwealth, or its designee(s), shall reserve the right to audit records and data related to the Contractor's such performance at any time during the Contract period.

Section 30.070.190.020.010.020—Sample Operations Report Card

A sample report card is shown below. All items within each report card shall be measurable. All report cards shall be generated by the awarded Vendor in a means that is the most efficient and accurate in order to deliver metrics to the Commonwealth as required within this RFP. Due to the changing environment of Medicaid, report cards will be reevaluated quarterly for appropriateness and any new report cards shall be finalized through joint negotiation between the Commonwealth and the Vendor. For example, a one-time "Claims and Adjustments on Hand at Termination of Contract" report card shall be included in the last month of Contractor operations before the end of the contract period.

Table 17 – KYMMIS Report Card

MONTHLY REPORT CARD	
REPORT CARD PERFORMANCE REQUIREMENT	**Performance This Month**
SECTION 1	
The awarded Vendor shall ensure there will be no delays or interruptions in the operation of the KY MMIS and related services caused by any failure, act, or omission of the Contractor.	MEETS
SECTION 2	
Performance Standard 1: Files: System shall be available for inquiry and update according to the terms of the contract. The awarded Vendor shall produce a report that shows the number of hours and minutes each day the system is available.	MEETS
Performance Standard 2: Imaging: A. Select ten (10) claims weekly. Compare the date on the source document to the TCN date. Images shall be created within twenty-four (24) hours of receipt.	MEETS

MONTHLY REPORT CARD	
REPORT CARD PERFORMANCE REQUIREMENT	**Performance This Month**
Performance Standard 3: B. Sample ten (10) images a month. Record the time required to retrieve a record systematically.	MEETS
Performance Standard 4: C. Online Claims Submission: System shall be available for receipt and adjudication of claims twenty-four (24) hours per day, seven (7) days per week, except during Commonwealth-approved scheduled downtime.	MEETS
PERFORMANCE STANDARD 5:	MEETS
……	
PERFORMANCE STANDARD 25:	MEETS

Section 30.070.200—Performance Measures, Service Level Agreements, and Damages

Performance Standards:

1. The awarded Vendor and its vendors are subject to meeting performance standards with a comparison of performance against those standards made periodically at a frequency specified by CHFS. CHFS has the right to change the frequency based on Vendor performance or CHFS policy.
2. The awarded Vendor and its vendors should have processes in place to monitor and self report against all performance standards.
3. This RFP and the resulting contract cannot contemplate every meaningful aspect current and future with the execution of the Contract, performance failures of consequence as determined by their similarity to or relatedness to other specific performance standards outlined herein and in the resulting contract shall be handled in the following manner:
   a. CHFS will notify the awarded Vendor of the failure.
   b. The awarded Vendor has 10 business days to submit to CHFS a corrective action plan to address the failure.
   c. Should the corrective action plan or work plan be rejected, CHFS will assess liquidated damages of $100 per calendar day for every day a CHFS acceptable corrective action plan delivery is delayed.
   d. Upon receipt of a CHFS accepted corrective action plan, CHFS will monitor the implementation of the plan.
   e. Should the same error or performance failure reoccur the awarded Vendor may be assessed liquidated damages of $1,000 for each week or part of a week in which the failure occurs up to a maximum of $52,000 per year per occurrence.

Section 30.070.200.010—Forfeiture of Retainage

In the event of the awarded Vendor's failure to meet the performance standard requirements, the Vendor agrees that the Commonwealth may retain and withhold payment of a percentage of the retainage as set forth below:

1. The failure to meet one (1) performance standard requirement = forfeiture of five percent (5%) of the retainage amount;
2. The failure to meet two (2) performance standard requirements = forfeiture of ten percent (10%) of the retainage amount;
3. The failure to meet three (3) performance standard requirements = forfeiture of fifty percent (50%) of the retainage amount;
4. The failure to meet four (4) performance standard requirements = forfeiture of seventy-five percent (75%) of the retainage amount; and/or
5. The failure to meet five (5) or more performance standard requirements = forfeiture of one-hundred percent (100%) of the retainage amount.

CHFS will request corrective actions as necessary and may assess liquidated damages pursuant to the damages as specified in the Contract. Quality measurements will be reviewed by CHFS to assess any measurements that should be changed, added, or deleted for the next reporting period.

1. The awarded Vendor in cooperation with its vendors will provide systems, operations, and performance monitoring tools and an automated method for monitoring the Solution's performance. All metrics used in providing reports of quality measurement required by CHFS shall be at no additional cost to the State. CHFS should have real time access to all monitoring tools, processes, and reporting.
2. The automated tools and reports are to be flexible and adaptable to changes in the quality measurements required by CHFS during the Operations Phase through a rules-based engine, or component of a rules-based engine, within the Solution.
3. The Performance Monitoring System results are to be posted on the public Web Site real time or as they are available to support performance measurements.
4. An independent, accredited auditing firm or qualified third party approved by CHFS may review all audit reports on a schedule defined by CHFS.

Section 30.070.200.020—Actual and Liquidated Damages

Damage may be sustained by the Commonwealth in the event that the awarded Vendor fails to meet the requirements of this Contract. In the event of default or the inability to maintain minimum standards as determined by CHFS, the awarded Vendor agrees to pay the Commonwealth for the actual cost of damages or the specifically outlined sums as liquidated damages as defined in this RFP. Liquidated damages are considered compensation for increased contract management cost. Liquidated damages are for those losses that CHFS cannot reasonably ascertain a specific dollar value.

Section 30.070.200.020.010—Right to Assess Damages

CHFS may assess damages based on its assessment of the awarded Vendor's success in meeting required performance standards. If damages can be measured in actual cost, they are referred to as actual damages. If the damages are difficult to measure or cannot be measured in actual cost, they are referred to as liquidated damages. The awarded Vendor agrees to provide evidence acceptable to CHFS to challenge the reimbursement to the State for actual damages or the amounts set forth as liquidated damages within 30 days.

CHFS will notify the awarded Vendor in writing of the proposed damage assessment. The amounts due to CHFS as actual damages may be deducted from any fees or other compensation payable to the awarded Vendor or CHFS may require the awarded Vendor to remit the damages within 30 days following the notice of assessment or resolution of any dispute. At CHFS's option, CHFS may obtain payment of assessed damages through one or more claims upon any irrevocable letter of credit furnished by the awarded Vendor.

Section 30.070.200.020.020—Dispute Resolution Process for Damage Assessments

CHFS expects that any disputes arising under the Contract will be approached first through negotiations with the DMS staff member charged with Report Card management and second through an appeal to the Director of Information Systems or his or her designee. Legal action should only be initiated if all of these mechanisms fail.

The venue for any formal legal proceeding shall lie within the State of Kentucky. Pending final determination of any dispute, the awarded Vendor shall proceed diligently with performance of the Contract and in accordance with the direction of CHFS.

Section 30.070.200.030—Consequential Damages

The awarded Vendor shall, at all times, comply with all system and operational performance standard requirements and expectations specified in this RFP, with Part 11 of the State Medicaid Manual, and with all related Action Transmittals (AT) and Information Memoranda (IM), as well as any modifications or changes thereto and any changes to 42 CFR, 45 CFR, and 95 CFR as they refer to the MMIS and its operations and the use of Contractor services.

The awarded Vendor further understands and agrees that it shall meet all performance standard requirements identified in the RFP during the life of this Contract. The awarded Vendor shall, at all times, operate the KY MMIS and its activities in conformity with the policies and procedures of the Commonwealth programs.

All requirements described in the RFP shall be subject to monitoring by the Commonwealth or its designee(s). The Commonwealth reserves the right to monitor performance and may exercise such option, at its discretion, without notice. In the event of a failure to meet the Contract or performance standards requirements, the Contractor agrees that the Commonwealth may assess and withhold from payments due its damages for the losses or the consequential damages defined in this RFP.

Section 30.070.200.030.010—Operational Start Date—Contract Requirement

If the awarded Vendor does not fully meet the operational start date in the Project Work Plan approved by the Commonwealth, the awarded Vendor shall be liable for all costs incurred by the Commonwealth to continue the KYMMIS and Contractor operations. The awarded Vendor shall also forfeit all claims for payment of monthly expenses and operational payments for that month and each month thereafter until the Commonwealth approves operational readiness.

Section 30.070.200.030.020—United States Department of Health and Human Services (US DHHS) Sanctions—Contract Requirements

The awarded Vendor shall perform all of its Medicaid functions according to the terms and conditions required by the State Medicaid Manual, Part 11.

If during the KYMMIS Operations, Maintenance, and Modifications Phase, CMS imposes fiscal sanctions against the Commonwealth as a result of the awarded Vendor's or any subcontractor's action or inaction, the awarded Vendor shall compensate the Commonwealth the entire amount paid by the Commonwealth to CMS for the imposition of CMS sanctions.

Section 30.070.200.030.030—Correctness of Payments—Contract Requirements

All payments, adjustments, and other financial transactions made through the KYMMIS shall be made on behalf of eligible members to active enrolled Providers for approved services and in accordance with the payment rules and other policies of the Commonwealth.

The awarded Vendor shall be liable for the actual amount of all detected erroneous payments identified as a result of Commonwealth or Federal claims reviews or as reported by Providers or from other referrals that are a result of Vendor staff action, inaccurate system data, or inaccurate processing. In addition, the awarded Vendor shall be responsible for all costs associated with correcting the erroneous payments, including costs for re-processing, back-out processing, distribution of corrections, and so forth. Such liabilities shall be withheld from Vendor payments. The awarded Vendor, however, may seek recovery on behalf of the Commonwealth from Providers to whom erroneous payments are made using voluntary refund, offset recovery, or other Commonwealth-approved methods.

In addition, the following requirements are included in correctness of payment:

1. The awarded Vendor shall provide accurate and timely buy-in accretion and deletion based upon the Commonwealth-supplied data and the Commonwealth-approved calculation logic.
2. The awarded Vendor shall provide for processing of managed care capitation payments, and management fees in the month-end claims cycle and payment in the first checkwrite of the next month.

The awarded Vendor shall notify the Commonwealth immediately upon discovery of any erroneous payments, irrespective of cause, and prior to initiating appropriate recovery action. The awarded Vendor shall use the change request process to notify the Commonwealth of any system errors that result in a potential Provider erroneous payment.

If an erroneous payment is made to a Provider and that payment is the result of a failure of the awarded Vendor either to use available information or to process correctly, then the awarded Vendor shall be liable for the erroneous payment for which full recovery cannot be made using all reasonable procedures. The Vendor shall notify the Commonwealth immediately upon discovery of any erroneous payments, irrespective of cause. The awarded Vendor shall be responsible for any costs associated with system and operations changes associated with fixing the error(s) that caused the erroneous payment, including costs the Commonwealth or its agents incur associated with re-processing of erroneous data distributed by the Vendor.

The awarded Vendor shall pay to the Commonwealth any portion of an erroneous payment not recouped within one-hundred and eighty (180) calendar days of its receipt of the direction initiating its recoupment. In addition to the amount of the erroneous payment(s), the awarded Vendor shall be liable for interest payments at the prevailing prime beginning from the date of erroneous payment through the date of payment to the Commonwealth. The awarded Vendor shall make such payment to the Commonwealth within seven (7) calendar days of the expiration of the one-hundred and eighty (180) calendar-day timeframe.

The Commonwealth shall not be liable to the awarded Vendor for any erroneous payment due that is not recovered by recoupment from Providers. The Vendor may only initiate independent recovery procedures and actions with the prior written approval of the KYMMIS Contract Administrator once the recoupment process described herein has been completed and a repayment amount remains outstanding. The Commonwealth shall review proposed independent recovery procedures and, if reasonable, shall provide written approval. If the Commonwealth recovers any erroneous payments for which the Vendor has reimbursed the Commonwealth, the KY MMIS Contract Administrator shall notify the awarded Vendor, who shall then submit a standard Commonwealth invoice for the returned amount, less expenses incurred by the Commonwealth during the recovery process.

Section 30.070.200.030.040—Delay or Interruption of Operations—Contract Requirement

Delays or interruptions in the operation of the KYMMIS and related services caused by any failure, act, or omission of the awarded Vendor may constitute a material breach. Regardless if the Commonwealth elects to terminate this Contract upon such a breach, it is nevertheless entitled to recover:

1. The difference between the cost to the Commonwealth under this Contract and the cost to it under any interim or substitute contract or other method of operation;
2. The liability of the Commonwealth to any third person arising directly or consequentially out of the Vendor's breach and cancellation of this Contract;
3. The cost to the Commonwealth of all actions taken by it to locate and secure a substitute or interim Vendor or method of operation; and
4. The loss of FFP.

In addition to the above, the Commonwealth shall reduce the awarded Vendor's compensation by the following amounts:

1. Up to ten thousand dollars ($10,000.00) per calendar day, or any part thereof, for each of the first ten (10) calendar days of delay or interruption of operation continues;
2. Up to twenty thousand dollars ($20,000.00) per calendar day, or any part thereof, for each of the next twenty (20) calendar days of delay or interruption of operation continues; and
3. Up to thirty thousand dollars ($30,000.00) per calendar day, or any part thereof, for each additional calendar day of delay or interruption of operation continues after thirty (30) days.

Section 30.070.200.040—Liquidated Damages

The Commonwealth and the awarded Vendor shall agree that the operation of the Legacy KYMMIS in conformity with the Contract provisions is necessary to the proper operation of DMS's programs. These programs are vital to the accurate and expeditious reimbursement of Providers of applicable medical services to eligible members and to assure continued delivery of these services to benefit-eligible members. Timely and accurate performance of this Contract shall be the essence of this Contract.

The Commonwealth and the awarded Vendor shall further agree that while failures to meet certain performance standard requirements under this Contract may affect the delivery of medical services either directly or indirectly and may result directly or

proximately in monetary damages to the Commonwealth, the actual amount of such injury and damage shall be impossible or extremely difficult to calculate.

Therefore, the Commonwealth and the Contractor shall agree that the Commonwealth shall reduce compensation to the awarded Vendor in the instances and amounts hereinafter set forth as determined by the Commonwealth. The Parties also agree that the stated reduction in compensation amounts is reasonable and not punitive.

The KYMMIS Contract Administrator shall issue written notification to the awarded Vendor of each failure to meet a performance standard requirement listed below. The imposition and reduction in compensation shall not affect any other rights of the Commonwealth to enforce or terminate this Contract.

If the Commonwealth elects not to exercise a reduction in compensation clause in a particular instance, this decision shall not be construed as a waiver of the Commonwealth's right to pursue future assessment of that performance standard requirement and associated reduction in compensation.

Section 30.070.200.040.010—Takeover Milestone Date

The awarded Vendor is required to complete the Implementation of the KYMMIS by date identified in this RFP. Other deliverable key dates will be defined in the approved work plan.

If, for any reason, the awarded Vendor is delayed in meeting these key dates and a Contract modification to the work plan is not approved, damages may be assessed. Approval of a Contract or work plan modification does not waive the Commonwealth's ability to impose damages if warranted by other sections of the Contract, as follows:

1. Up to $750 damages per State of Kentucky business day, or any part thereof, may be assessed for each of the first 10 calendar days of delay in meeting a key date.
2. Up to $1,500 damages per State of Kentucky business day, or any part thereof, may be assessed for each of the next 30 calendar days of delay.
3. Up to $2,500 damages per business day, or any part thereof, for each additional day of delay.

The Commonwealth retains the right to access actual damages for failure to meet key dates. The aforementioned damages in this subsection shall be in addition to any amounts assessed for delays in meeting the operational start date.

Ten thousand dollars ($10,000) may be assessed for the first month of each failure to meet any of the above requirements. Twenty thousand dollars ($20,000) may be assessed for each consecutive subsequent month a requirement remains unmet.

Section 30.070.200.040.020—Takeover Deliverable Due Dates

Copies of each deliverable, as defined in the approved Takeover KYMMIS Detailed Work Plan, shall be delivered to DMS, in final form, in the number specified and on the date specified in the approved Takeover KYMMIS Detailed Work Plan. DMS may require up to ten (10) paper copies and one (1) electronic copy of all deliverables. The electronic copy should be compatible with Microsoft Word or other application software as requested by DMS, and submitted on the Commonwealth-specified media. All deliverables shall be in a format approved by DMS, and meet content and accuracy requirements specified or as subsequently defined by DMS.

The Commonwealth may assess one thousand dollars ($1,000.00) for each calendar day, or any part thereof, that a deliverable is late, which includes providing less than the required copies or delivery on incorrect media.

The Commonwealth may assess an additional one thousand dollars ($1,000.00) for each calendar day, or any part thereof, that a deliverable continues to not meet minimum content requirements or the approved format after its formal rejection by DMS, when appropriate.

Section 30.070.200.040.030—Takeover Key Personnel

Key personnel commitments contained in the awarded Vendor's proposal for all phases of the contract shall not be changed without prior written approval of the KYMMIS Contract Administrator, unless due to the death, disability, resignation, termination, or military recall or of any named individual. Staffing includes the staff proposed for all key positions required in Section 30.070.050 within this RFP at the levels of effort proposed or as specified in the Contract.

The Commonwealth may assess up to ten thousand dollars ($10,000.00) in reduction in compensation for each key personnel proposed in the awarded Vendor’s response to the RFP who is changed for reasons other than death, disability, resignation, termination, or military recall.

The Commonwealth may assess up to an additional one thousand dollars ($1,000.00) in reduction in compensation per Commonwealth business day after the initial thirty (30) Commonwealth business days allowed for awarded Vendor to find an acceptable replacement for the key personnel and an acceptable replacement has not provided.

Section 30.070.200.040.040—Timeliness of Claims Processing

The awarded Vendor should meet the following requirements:

1. Adjudicate ninety-five percent (95%) of all clean claims for payment or denial within thirty (30) calendar days of receipt;

2. Adjudicate ninety-nine percent (99%) of all clean claims for payment or denial within ninety (90) calendar days of receipt;
3. Adjudicate all non-clean claims within thirty (30) calendar days of the date of correction of the condition that caused the claim to be unclean; and/or
4. Adjudicate all claims within twelve (12) months of receipt, except for those exempted from this requirement by Federal timely claims processing regulations.

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) for each failure to meet any of the requirements set forth in this Section during the first month.

The Commonwealth may reduce compensation up to twenty thousand dollars ($20,000.00) assessed for each failure to meet any of the requirements set forth in this Section within this RFP in consecutive, subsequent months.

Section 30.070.200.040.050—Failure of Notice

The awarded Vendor is to notify DMS in writing immediately upon discovery of any overpayments, duplicate payments, or incorrect payments regardless of cause. The awarded Vendor is to provide written explanation, cause, resolution, and timeframe for correction of the error per DMS requirements

The damages for failure to meet any part of the standard may equal liquidated damages of $1,000 per calendar day of delay the awarded Vendor does not notify CHFS of erroneous payments

Section 30.070.200.040.060—Documentation

The awarded Vendor shall be responsible for providing the Commonwealth with complete, accurate, and timely documentation of all modifications made to the operational KYMMIS. Such documentation shall be in accordance with specifications approved by DMS.

Any changes that occur to the operational system shall be documented according to specifications approved by DMS. Documentation of any such changes shall be provided to DMS.

The Commonwealth may reduce compensation up to five hundred dollars ($500.00) for each business day, or any part thereof (beginning the next business day after the documentation due date) that the required documentation has not been provided to the Commonwealth.

The Commonwealth may reduce compensation up to five hundred dollars ($500.00) for each business day, or any part thereof, during which the documentation is unacceptable as to format, accuracy, and completeness based on DMS review. Reduction in compensation may be imposed until the Contractor provides the Commonwealth with

acceptable documentation.

Section 30.070.200.040.070—Online Access to KYMMIS and Response Time

The awarded Vendor shall provide the Commonwealth staff with online access to all KYMMIS online screens, systems, and data, including all Web-enabled capabilities, between the hours of 7:00 a.m. to 7:00 p.m. Eastern Time (EST or EDT as applicable) on each calendar day for ninety-nine percent (99%) of each month. The awarded Vendor shall maintain the KYMMIS accessibility during other hours, subject to reasonable Commonwealth notification.

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) for every percentage point below ninety-nine percent (99%) for each month in which Commonwealth does not have online access available as required.

The awarded Vendor is to formally request CHFS approval and notify CHFS prior to any scheduled system downtime. Failure to meet the approval and notification requirements may equal $1,000 per occurrence.

The Solution's response times are to be measured during normal working hours, which are 7:00 a.m. to 7:00 p.m. ET, Monday through Friday. The Website Response Times are to be measured 24x7x365 except for CHFS approved time for system maintenance. Other response time requirements are as follows:

1. The Solutions Record Search Time must be within four seconds for 95% of record searches. Record Search Time is the time elapsed after the search command is entered until the list of matching records appears or loads to completion on the monitor.
2. The Solutions Record Retrieval Time must be within four seconds for 95% of records retrieved. Record Retrieval Time is the time elapsed after the retrieve command is entered until the record data appears or loads to completion on the monitor.
3. The Solutions Screen Edit Display Time must be within two seconds for 95% of the time. Screen Edit Time is the time elapsed after the last field is filled on the screen with an enter command until all field entries are edited with errors highlighted on the monitor.
4. The Solutions New Screen/Page Time must be within two seconds for 95% of the time. New Screen/Page Time is the time elapsed from the time a new screen is requested until the data from the screen appears or loads to completion on the monitor.
5. The Solutions Print Initiation Time must be within two seconds for 95% of the time. Print Initiation Time is the time elapsed from the command to print a screen or report until it appears in the appropriate queue.
6. Ad-hoc and on-demand reports within the timeframes defined by CHFS in the report request, but normally within five seconds after the request is initiated 95% of the time.

7. The Website Response Time must be within four seconds for 99% of the time. Web Site Response Time is the elapsed time from the command to view a response until the response appears or loads to completion on the monitor.
8. The EDMS (COLD) image retrieval time stored in the most recent 12 months must be within ten (10) seconds for 95% of the time. Each subsequent page of the same document (or a claim and its attachments) must be displayed in one second or less 95% of the time. Image Retrieval Time is the time elapsed after the retrieve command is entered until the image data appears or loads to completion on the monitor.

The damages for failure to meet the system response time standards in this section may equal one thousand dollars ($1,000) per hour after one hour of awarded Vendor notification or one hour after any system failure, whichever occurs first.

Section 30.070.200.040.080—Claims Processing Performance Requirements

Unless otherwise indicated, the damages for failure to meet the standards listed below may equal a 2.5% reduction in the awarded Vendor's monthly invoice.

Section 30.070.200.040.080.010—Online Claims Submission Availability and Response Time

The awarded Vendor shall ensure online claims submission is available twenty-four (24) hours per day, seven (7) days per week, except for Commonwealth-approved maintenance timeframes. The Vendor should provide a response for online claims submission in three (3) seconds or less ninety-nine percent (99%) of the time.

The Commonwealth may reduce compensation by up to ten thousand dollars ($10,000.00) per hour when the online claims submission is not available for provider response for greater than one (1) hour in a calendar day, other than scheduled or Commonwealth-approved down time.

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) for every percentage point below ninety-nine percent (99%) for each month in which the response for online claims submission does not meet response time as required by Section 30.061.011.003.006.008 within this RFP.

Section 30.070.200.040.080.020—Claims Accuracy

All payments, adjustments, and other financial transactions made through the KYMMIS must be made on behalf of eligible members, to enrolled providers, for approved services, and in accordance with the Kentucky Medicaid payment rules and policies. In addition, the awarded Vendor should pay or deny claims with ninety-eight percent (98%) accuracy as measured over a time period defined by DMS. All claims accuracy audits are to consider a random sample of five percent (5%) of the total claims processed during the applicable time period selected using a methodology previously approved by

DMS. DMS may change the selection criteria targeting risk areas at DMS discretion. The awarded Vendor is liable for the actual amount of any detected overpayments or duplicate payments identified as a result of State or Federal claims reviews or as reported by providers or from other referrals, which are a result of incorrect awarded Vendor staff action or inaccurate system data and processing. Such liabilities may be withheld from awarded Vendor payments. However, the awarded Vendor may seek recovery, on behalf of DMS, from providers to whom erroneous payments are made, utilizing voluntary refund, offset recovery, or other State-approved methods, with approval from DMS. The awarded Vendor shall notify DMS immediately upon discovery of any overpayments or duplicate payments, irrespective of cause, and prior to initiating appropriate recovery action. System errors or occurrences such as these are to be logged and tracked through a Defect Tracking Log, for which the system fix which should have been previously corrected as part of the original system requirement or through the change control process. Such occurrences are to be classified as a “Priority 1” error.

The consequence for failure to meet any part of the ninety-eight percent (98%) accuracy standard as measured over a time period defined by DMS may equal one thousand dollars ($1,000) per occurrence. If an overpayment or duplicate payment is made to a provider and that payment is the result of a failure of the awarded Vendor to either utilize available information or to process correctly, then the awarded Vendor is liable for the overpayment or duplicate payment for which full recovery cannot be made, using all reasonable procedures. The awarded Vendor pays to DMS any portion of an erroneous payment not recouped within 180 calendar days of its receipt of the direction initiating its recoupment. In addition to the amount of the erroneous payment, the awarded Vendor is liable for interest payments at the prevailing prime rate beginning from the date of erroneous payment through the date of payment to DMS. The awarded Vendor shall make such payment to DMS within seven calendar days of the expiration of the 180 calendar day period. DMS shall not be liable to the awarded Vendor for any erroneous payment due which is not recovered by recoupment from providers. The awarded Vendor may only initiate independent recovery procedures and actions with the prior written approval of DMS once the recoupment process described herein has been completed and a repayment amount remains outstanding. If DMS recovers any erroneous payments for which the awarded Vendor has reimbursed DMS, DMS shall notify the awarded Vendor who is to submit a standard State invoice for the returned amount, less expenses incurred by DMS during the recovery process.

Section 30.070.200.040.080.030—Claim Turnaround Time- Clean Claims

The awarded Vendor must process one hundred percent (100%) of clean claims including paper and electronic claims paid or denied within the next payment processing cycle. A clean claim means the claim is properly completed and contains all required data elements necessary for processing. The calculation for the Claim Turnaround Time percentage will be measured on the percentage of all clean claims processed within the number of working days from the date of receipt as listed above. The performance standard does not apply with respect to a claim during the period the claim is

suspended for information outside the awarded Vendor's claims processing system or scope of responsibility or control.

Section 30.070.200.040.080.040—Claim Turnaround Time- Non-Clean Claims

Correct non-clean/suspended claims and adjudicate ninety-five percent (95%) within two payment processing cycles and one hundred percent (100%) within three payment cycles or 24 calendar days of the date of correction of the condition that caused the claim to be unclean.

Section 30.070.200.040.080.050—Claim Turnaround Time- All Claims

Ninety-nine percent (99%) of all claims, including paper and electronic claims, must be paid or denied within 30 calendar days of receipt unless specified differently by CHFS. The calculation for the Claim Turnaround Time percentage will be measured monthly on the percentage of all claims processed within the number of working days from the date of receipt as listed above.

Section 30.070.200.040.080.060—Adjudication of All Claims

Adjudicate all claims within 12 months of receipt, except for those exempted from this requirement by Federal timely claims processing regulations.

Section 30.070.200.040.090— Certification & HIPAA Compliance

Title 42 U.S.C. 1996 b(a)(3)(B) provides for fifty percent (50%) and seventy-five percent (75%) Federal Financial Participation (FFP) for operation of a mechanized claims payment and information retrieval system approved by CMS. Up to ninety percent (90%) enhanced FFP is available for MMIS related development costs prior approved by CMS in the State's APD and at Contract signing. The KYMMIS must, throughout the Contract period, meet all certification and re-certification requirements and maintain HIPAA compliance as established by CMS.

For any violation or loss of Federal certification, the awarded Vendor will pay to the State any Federal dollar difference between the maximum allowable enhanced FFP and the amount actually received by CHFS, plus any actual damages incurred due to HIPAA non-compliance. All FFP penalty claims assessed by CMS shall be withheld from monies payable to the awarded Vendor until all such damages are satisfied.

Section 30.070.200.040.090.010—HIPAA Requirements

The awarded Vendor shall be required to perform the following HIPAA requirements:

1. Data mapping to identify the Protected Health Information (PHI) contained in the system and electronically transfer in order to perform HIPAA business functions.

2. A HIPAA risk analysis and develop a strategic plan to eliminate or reduce HIPAA risks. Analysis is to be performed on an annual basis or at the request of CHFS at no additional cost.
3. Develop policies and procedures identifying security measures taken to protect PHI.
4. Implement audit trails to monitor PHI received; identify format, access, and purpose for use and test against policies.
5. Review Business Partner Agreements and Chain of Trust Partner Agreements with existing contracts for HIPAA compliance. Reviews will be performed on request or at least annually on a schedule determined by CHFS. The awarded Vendor is to provide a plan to CHFS outlining procedures for conducting reviews of contract agreements.

The Commonwealth may reduce compensation up to one thousand dollars ($1,000.00) per business day, or any part thereof, for each day the deliverable is late or unacceptable.

Section 30.070.200.040.100—Medicare Premium Payments

The State's Medicare premium liability must be paid to CMS in accordance with the U.S. Department of Health and Human Services State Buy-In Manual, publication 100-15. The awarded Vendor must ensure all eligible member premiums are paid and any discrepancies with CMS are resolved on a schedule defined by CHFS.

The damages for failure to meet this standard may equal actual damages to those charges assessed by CMS in accordance with the U.S. Department of Health and Human Services State Buy-In Manual, Pub.100-15 contained in the Medicaid Procurement Library paid by the awarded Vendor.

Section 30.070.200.040.110—Software Errors

The awarded Vendor is required to notify CHFS immediately as software errors are discovered. The awarded Vendor is responsible for “routine” maintenance of the modules and system components at no charge to CHFS and not through the use of the Solution modification change control process. Instead, certain coding changes and Solution errors/defects are to be logged and tracked through a “Defect Tracking Log.” CHFS will prioritize Priority 1 and Priority 2 errors.

The awarded Vendor is responsible for resolving all errors within the following timeframes:

1. Priority 1 Errors: Within 24 hours.
2. Priority 2 Errors: Within 5 business days.
3. Priority 3 Errors: Within an agreed upon schedule between the awarded Vendor and CHFS. This will be measured on a schedule defined by CHFS.

The damages for failure to meet the notification standard may equal one thousand dollars ($1,000.00) per calendar day from the first documented day of discovery. The damages for failure to meet the error standard may equal one thousand dollars ($1,000.00) per calendar day for each error not timely resolved.

Section 30.070.200.040.120—Change Control

The awarded Vendor is to provide support for Solution modifications, changes, and updates including:

1. Statement of understanding in writing within 10 business days of receipt of Change Control (CC)
2. Awarded Vendor must report status of each CC timely and accurately as part of the change control process as required and requested by CHFS.
3. CCs must be completed by agreed upon date.

Updated documentation as specified by CHFS related to CC implementation including but not limited to system, user, training, or other online documentation must be provided to CHFS within 15 calendar days of CC implementation.

In accordance with the Change Management Plan described in section 30.070.050.010.070 of this document, the awarded Vendor shall adhere to the change control process approved by CHFS for all software and hardware changes. All software and hardware releases must be planned and approved by CHFS. Release notes are to be provided by the awarded Vendor upon release approval by CHFS and prior to release implementation.

Damages for failure to meet any part of this standard may equal one thousand dollars ($1,000.00) per business day for each occurrence.

Section 30.070.200.040.130—Business Continuity and Contingency Plan and Disaster Recovery Plan

The awarded Vendor is to maintain a CHFS approved BCCP, Disaster Recovery, and System Back-up Plan at all times. It is the sole responsibility of the awarded Vendor to maintain adequate backup to ensure continued automated and manual processing. The Plan is to be available to CMS, CHFS, or State auditors at all times.

Backup of all system database tables, data, and files is to occur on a daily basis to preserve the integrity of both historical and current data. All current, historical, and archived data, tables, and files in the Solution and ancillary systems must be protected in an off-site location approved by CHFS to mitigate the risk of a natural or man-made disaster. The awarded Vendor is to supply CHFS an inventory report of all Solution database tables, data, and files backed up and archived every six months or upon CHFS request.

The awarded Vendor is to perform an annual disaster recovery demonstration per CHFS requirements and a review of the disaster recovery backup site, procedures for all off-site storage, and validation of security procedures. A report of disaster recovery demonstration and the backup site review is to be submitted within fifteen calendar days of the review. The disaster recovery demonstration and backup site review and report submission is to be concluded by June 30 each year to coincide with State fiscal year end. CHFS or the State must be able to inspect and audit the disaster recovery process at any time. CHFS or the State also reserves the right to inspect the disaster recovery backup site and procedures at any time with 24-hour notification. Any failures reported during a CHFS or State audit or the annual awarded Vendor audit must be corrected based on CHFS approval and at a timeframe defined by CHFS.

The damages for failure to meet any part of the above standards may equal one thousand dollars ($1,000.00) per calendar day until the situation is resolved.

The awarded Vendor must provide an alternate business area site in the event the primary business site becomes unsafe or inoperable. The awarded Vendor must have backup procedures and support to accommodate the loss of online communications between the awarded Vendor's processing site and the State. These procedures must specify the alternate location for the State to utilize the Solution online system and ancillary systems in the event the Solution and/or ancillary systems are down in excess of two business days.

The damages for failure to meet any part of the above standards may equal ten thousand dollars ($10,000.00) per calendar day until the situation is resolved.

Section 30.070.200.040.140—Electronic Data Processing (EDP) Audit

The awarded Vendor is to have completed and delivered to CHFS by June 30 of each year a report on Controls Placed in Operation and Tests of Operating Effectiveness audit performed under Statement on Standards for Attestation Engagements (SSAE) No. 16, and Assurance Reports on Controls at a Service Organization (ISAE) 3402 Reporting on Controls at a Service Organization. CHFS will specify the audit reports and level of detail for the reports delivered to CHFS each year. Audits are needed for both the local office and data center. The initial report coverage period shall begin at MMIS turnover and implementation and extend to the following June 30. For subsequent reports, the annual coverage period should extend from July 1 to June 30. The awarded Vendor is to respond with a proposed corrective action plan within 30 calendar days of receiving the audit report, if necessary. The awarded Vendor is to complete implementation of the State-approved corrective action plan within 40 calendar days of approval unless otherwise specified by the state. CHFS must approve the coverage period and auditor selected for the audit.

1. The damages for failure to meet the June 30 date may equal five hundred dollars ($500.00) per calendar day, or part thereof, beyond June 30 the audit is not completed to DMS satisfaction.

2. The damages for failure to meet the standard for submitting a corrective action plan may equal five hundred dollars ($500.00) per calendar day, or any part thereof, beyond the 30 calendar day requirement for submitting a corrective action plan that is satisfactory to DMS.
3. The damages for failure to meet the standard for implementing the corrective action plan may equal five hundred dollars ($500.00) per calendar day, or any part thereof, beyond the 40 calendar day requirement for implementing the corrective action plan.

Section 30.070.200.040.150—Key Turnover Phase Milestone Dates

The awarded Vendor is required to provide full support and assistance in turning over the complete and most current KYMMIS to the Commonwealth or its agent. Accomplishment of certain specified turnover activities by the key milestone dates, as established in the Commonwealth-approved KYMMIS Turnover Plan, is necessary to ensure full compliance with the start date.

If, for any reason, the awarded Vendor is delayed in meeting these key milestone dates and a Contract Modification to the KYMMIS Turnover Plan is not approved, a reduction in compensation may be assessed. Approval of a Contract or KYMMIS Turnover Plan modification does not waive the Commonwealth's ability to impose damages and/or reductions in compensation if warranted by other terms of the Contract.

The reductions in compensation below may be in addition to any amounts assessed for delays in meeting the operational start date.

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) per calendar day, or any part thereof, for each of the first ten (10) calendar days of delay in meeting a milestone date.

The Commonwealth may reduce compensation up to twenty thousand dollars ($20,000.00) per calendar day, or any part thereof, each of the next twenty (20) calendar days of delay in meeting a milestone date.

The Commonwealth may reduce compensation up to thirty thousand dollars ($30,000.00) per calendar day, or any part thereof, for each additional calendar day of delay in meeting a milestone after thirty (30) days.

Section 30.070.200.040.150.010—Turnover Phase Deliverable Due Dates

Copies of each deliverable should be delivered to DMS, when appropriate, in final form, in the number specified and on the date specified in the approved KYMMIS Turnover Plan. DMS, when appropriate, may require up to ten (10) paper copies and one (1) electronic copy of all deliverables. The electronic copy should be compatible with Microsoft Word or other application software as requested by DMS, when appropriate, and submitted on the Commonwealth-specified media. All deliverables should be in a

format approved by DMS, when appropriate, and meet content and accuracy requirements specified or as subsequently defined by DMS, when appropriate.

The Commonwealth may assess up to one thousand dollars ($1,000.00) for each calendar day, or any part thereof, that a deliverable is late which includes providing less than the required copies or delivery on incorrect media.

The Commonwealth may assess up to an additional one thousand dollars ($1,000.00) for each calendar day or any part thereof that a deliverable continues to not meet minimum content requirements or the approved format after its formal rejection by DMS, when appropriate.

Section 30.070.210—Compliance with other Material Contract Provisions

The objective of this standard is to provide CHFS with an administrative procedure to address general Contract compliance issues that are not specifically defined as performance requirements listed above, but are responsibilities contained in awarded Vendor Responsibilities/Project Requirements. CHFS staff may identify Contract compliance issues resulting from deficiencies in the awarded Vendor's performance through routine Contract monitoring activities. If this occurs, CHFS will notify the awarded Vendor in writing of the nature of the performance issue. CHFS will also designate a period of time in which the awarded Vendor provides a written response to the notification and recommend, when appropriate, a reasonable period of time in which the awarded Vendor should remedy the non-compliance.

If the non-compliance is not corrected by the specified date, CHFS may assess liquidated damages up to the amount of two thousand dollars ($2,000.00) per State of Kentucky business day after the due date until the non-compliance is corrected.

Section 30.070.210.010—Corrective Action Plans

The awarded Vendor is to submit a Corrective Action Plan for CHFS approval to address failures. The awarded Vendor has 10 business days to submit to DHSS a corrective action plan to address the failure.

If the Corrective Action Plan is not delivered by the specified date, CHFS may assess liquidated damages up to the amount of two thousand dollars ($2,000.00) per Kentucky business day after the due date until it is delivered.

Should the same error or performance failure reoccur the awarded Vendor may be assessed liquidated damages of one thousand dollars ($1,000.00) for each week or part of a week in which the failure occurs up to a maximum of fifty two thousand dollars ($52,000.00) per year per occurrence.

END OF SECTION 30

Section 40—Terms and Conditions

Any Vendor who has concerns regarding any terms and conditions in this RFP should submit written questions to the Commonwealth Buyer as stated in Section 10.050 of this RFP. After reviewing the questions and answers, it will become a business decision on the part of the Vendor on whether or not to proceed with the expense of preparing a response.

Proposals that take exception/deviations to Section 40 may be deemed non-responsive.

The Vendor shall not commence any billable work until a valid Contract has been executed as discussed in Section 40.010.

Section 40.010—Contract Components and Order of Precedence

The Commonwealth's acceptance of the Vendor's offer in response to the Solicitation, indicated by the issuance of a Contract Award by the Office of Procurement Services, shall create a valid Contract between the Parties consisting of the following:

1. Any written Agreement between the Parties;
2. Any Addenda to the Solicitation;
3. The Solicitation and all attachments thereto, including Section 40--Terms and Conditions of a Contract with the Commonwealth of Kentucky;
4. General Conditions contained in 200 KAR 5:021 and Office of Procurement Services' FAP110-10-00;
5. Any Best and Final Offer;
6. Any clarifications concerning the Vendor's proposal in response to the Solicitation;
7. The Vendor's proposal in response to the Solicitation.

In the event of any conflict between or among the provisions contained in the Contract, the order of precedence shall be as enumerated above.

Section 40.015—Final Agreement

The Contract represents the entire agreement between the parties with respect to the subject matter hereof. Prior negotiations, representations, or agreements, either written or oral, between the parties hereto relating to the subject matter hereof shall be of no effect upon this Contract.

Section 40.016—Agencies to Be Served

This contract shall be for use by the following agencies of the Commonwealth of Kentucky:

Cabinet for Health and Family Services (CHFS)

No shipments shall be made except upon receipt by Vendor of an official Delivery Order from a using agency.

Section 40.018—Extending the Contract Use to Other Agencies

The Office of Procurement Services reserves the right, with the consent of the Vendor, to offer the Master Agreement resulting from this Solicitation to other state agencies requiring the product(s) or service(s).

Section 40.020—Contract Provisions

If any provision of this Contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the Commonwealth and the Contractor shall be relieved of all obligations arising under such provision. If the remainder of this Contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

Section 40.025—Type of Contract

The contract proposed in response to this Solicitation shall be on the basis of a **firm fixed unit price** for the elements listed in this Solicitation. This Solicitation is specifically not intended to solicit proposals for contracts on the basis of cost-plus, open-ended rate schedule, nor any non-fixed price arrangement.

Section 40.030—Term of Contract and Renewal Options

Replacement Contract
The initial term of the Replacement Contract shall be for a period of **five years** from MEMS implementation.

This Replacement Contract may be renewed at the completion of the initial Contract period for **two additional one year periods** upon the mutual agreement of the Parties. Such mutual agreement shall take the form of an addendum to the Contract under Section 40.050—Changes and Modifications to the Contract.

Takeover Contract

The initial term of the Takeover Contract shall be a period of **one year** – December 1, 2014 – November 30, 2015.

This Takeover Contract may be renewed at the completion of the initial Contract period for **two additional six month periods** upon the mutual agreement of the Parties. Such mutual agreement shall take the form of an addendum to the Contract under Section 40.050—Changes and Modifications to the Contract.

Option 3 Contract Term (if awarded)

The term of the contract if option 3 is awarded shall be for an initial period of two years to allow for takeover operation of the current system. Once the replacement system is implemented, this contract will be renewed under the terms as specified in "Replacement Contract" above,

The Commonwealth reserves the right not to exercise any or all renewal options. The Commonwealth reserves the right to extend the contract for a period less than the length of the above-referenced renewal period if such an extension is determined by the Commonwealth Buyer to be in the best interest of the Commonwealth.

The Commonwealth reserves the right to renegotiate any terms and/or conditions as may be necessary to meet requirements for the extended period. The Vendor will be advised of any proposed revisions prior to the renewal periods. In the event proposed revisions cannot be agreed upon, either party shall have the right to withdraw without prejudice from either exercising the option or continuing the contract in an extended period.

Section 40.035—Basis of Price Revisions

PRICE ADJUSTMENTS: Unless otherwise specified, the prices established by the Contract resulting from this Solicitation shall remain firm for the contract period subject to the following:

A: Price Increases: A price increase shall not occur during the first twelve (12) months of the contract. A vendor may request a price increase after twelve (12) months of the contract, which may be granted or denied by the Commonwealth. Any such price increase shall be based on industry wide price changes. The Contract holder must request in writing a price increase at least thirty (30) days prior to the effective date, and shall provide firm proof that the price increase(s) is justified. The Office of Procurement Services may request additional information or justification. If the price increase is denied, the Contract holder may withdraw from the Contract without prejudice upon written notice and approval by the Office of Procurement Services. Provided, however, that the Vendor must continue service, at the Contract prices, until a new Contract can be established (usually within sixty (60) days).

B: Price Decreases: The Contract price shall be reduced to reflect any industry wide price decreases. The Contract holder is required to furnish the Office of Procurement Services with notice of any price decreases as soon as such decreases are available.

C: Extended Contract Periods: If the Contract provides for an optional renewal period, a price adjustment may be granted at the time the Contract is renewed, subject to price increase justification as required in Paragraph A "Price Increases" as stated above.

Section 40.040—Multiyear Contracts

If this Contract is for a term that extends beyond the end of the biennium in which the Contract was made, payment and performance obligations for succeeding fiscal years are subject to the availability of funds therefor. When funds are not appropriated or otherwise made available to support continuation of performance of the Contract beyond the biennium, the Contract for such subsequent year(s) may be canceled and the Contractor shall be reimbursed in accordance with Section 40.150—Provisions for Termination of the Contract.

Section 40.048—Addition or Deletion of Items or Services

The Office of Procurement Services reserves the right to add new and similar items, with the consent of the Vendor, to any contract awarded from this Solicitation. The Office of Procurement Services to effect this change will issue a Contract Modification. Until such time as the Vendor receives a Modification, the Vendor shall not accept Delivery Orders from any agency referencing such items or services.

Section 40.050—Changes and Modifications to the Contract

Pursuant to KRS 45A.210(1) and 200 KAR 5:311, no modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the Contractor and the Commonwealth, and incorporated as a written amendment to the Contract and processed through the Office of Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change pursuant to KRS 45A.210(1) and 200 KAR 5:311. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the Contract.

If the Contractor finds at any time that existing conditions made modification of the Contract necessary, it shall promptly report such matters to the Commonwealth Buyer for consideration and decision.

Section 40.055—Changes in Scope

The Commonwealth may, at any time by written order, make changes within the general scope of the Contract. No changes in scope are to be conducted except at the approval of the Commonwealth through the process described in Section 40.050—Changes and Modifications to the Contract.

Section 40.060—Contract Conformance

If the Commonwealth Buyer determines that deliverables due under the Contract resulting from this Solicitation are not in conformance with the terms and conditions of the Contract and the mutually agreed-upon project plan, the Buyer may request the Contractor to deliver assurances in the form of additional Contractor resources and to demonstrate that other major schedules will not be affected. The Commonwealth shall determine the quantity and quality of such additional resources and failure to comply may constitute default by the Contractor.

Section 40.065—Assignment

The Contractor shall not assign the Contract in whole or in part or any payment arising therefrom without the prior written consent of the Commonwealth Buyer. Any purported assignment is void.

Section 40.070—Notices

After the Award of Contract, all programmatic communications with regard to day-to-day performance under the contract are to be made to the Agency technical contact(s) identified below:

John Hoffmann, Acting Director
Division of Information Systems
Department for Medicaid Services
Cabinet for Health and Family Services
275 East Main Street
Mailstop 6 CA
Frankfort, Kentucky 40621
502-564-5183
john.hoffmann@ky.gov

After the Award of Contract, all communications of a contractual or legal nature are to be made to the Commonwealth Buyer.

Section 40.075—Payment

The Commonwealth will make payment within thirty (30) working days of receipt of Contractor's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the Agency Contact Person or his representative.

In the event of a failure to meet the Contract or performance standards requirements, the Contractor agrees that the Commonwealth may assess and withhold from payments due its liquidated damages for the losses defined in Section 40.075.070 within this RFP, or the consequential damages defined in Section 40.075.060 within this RFP at the Commonwealth's discretion.

Specific payment schedules can be found in the following sections:

1. MEMS Design, Development, and Implementation (DDI) Phase - Section 40.075.020
2. Takeover KYMMIS Design, Development, and Implementation (DDI) Phase - Section 40.075.025
3. MEMS Fiscal Agent Operations - Section 40.075.030
4. MEMS Software Maintenance and Modification – Section 40.075.040

Section 40.075.010 Design, Development, and Implementation (DDI) and Warranty Period Milestone payments

The Commonwealth shall require a retainage in an amount equal to ten percent (10%) of the final negotiated price for the base contract.

The documentation to be delivered during the DDI and Warranty phase and proposed payment schedule shall be concurrent with the milestone schedule located in Section 30.060.050. Payment shall not be issued for a milestone until all products associated with the Milestone have been approved in their final state by the Commonwealth. The Commonwealth shall consider a deliverable document or other product to be delivered in optimal condition if:

1. The indicators of quality and completeness contained in Attachment L – Deliverables are met.
2. The Vendor satisfactorily addresses all comments and concerns of the Commonwealth, documented in its review of the initial submission of the product, in the first re-submission.

During the warranty period, the Vendor shall deliver a monthly maintenance report which will include an application/operations performance report card as described in Section 40.075.030. The Commonwealth shall consider a monthly maintenance report to be delivered in optimal condition if:

1. The monthly maintenance report meets the quality and completeness contained in Section 40.075.030.010.
2. The performance report card shows that all of the performance standards in Section 2 of the performance report card have been met.

Section 40.075.020—New KY MEMS Design, Development and Implementation (DDI) Phase

Payment for the DDI of the new KY MEMS activities shall be made to the Contractor as set forth below.

1. Ninety percent (90%) of the total price for the Design Activity shall be paid for:
    a. CHFS approval of the detailed Project Work Plan,
    b. CHFS approval of the RSD,
    c. CHFS approval of the GSD, and
    d. CHFS approval of the DSD.
2. Ninety percent (90%) of the total price for the Development/Testing Activity shall be paid for:
    a. CHFS approval of System Test Plan,
    b. CHFS approval of System Test Results,
    c. CHFS approval of KY MEMS User Manuals,
    d. CHFS approval of KY MEMS Operating Procedures,
    e. CHFS approval of KY MEMS Provider Manual Sections,
    f. CHFS approval of Disaster Recovery Plan,
    g. CHFS approval of the Integrated Test Facility,
    h. CHFS approval of the Integrated Test Facility Procedures, and
    i. CHFS approval of Revised Detailed System Design.
3. Ninety percent (90%) of the total price for the Conversion Activity shall be paid for:
    a. CHFS approval of Conversion Plan,
    b. CHFS approval of Conversion Test Results, and
    c. CHFS approval of all preliminary converted files.
4. Ninety percent (90%) of the total price for the User Acceptance Testing Activity shall be paid for:
    a. CHFS approval of the User Acceptance Test Resolutions Document,
    b. CHFS approval of the updated KY MEMS User Manuals,
    c. CHFS approval of the updated KY MEMS Provider Manual Sections,
    d. CHFS approval of Contractor's Operational Readiness Report; and
    e. CHFS approval of test tracking system.
5. Ninety percent (90%) of the total price for the Implementation Activity shall be paid for:
    a. CHFS approval of final file conversions,
    b. CHFS approval of final KY MEMS Systems Documentation,
    c. CHFS approval of the Implementation Plan,
    d. CHFS approval of the completion of training activities, and

    e. CHFS approval of the Contractor's notice that the KY MEMS is fully operational for all claim types.
6. Ninety percent (90%) of the total price for the Certification Activity shall be paid for:
    a. New KY MEMS certification approval from CMS.
7. Ten percent (10%) of the total price for the Design Activity; Development and Testing Activity; Conversion Activity; User Acceptance Testing Activity; Implementation Activity; and Certification Activity shall be paid for:
    a. Completion of all activities within the New KY MEMS DDI Phase and certification approval from CMS.

Payment for Option to Buy components' DDI phases will follow the same milestones listed above.

Section 40.075.025—Takeover KYMMIS Design, Development, and Implementation (DDI) Phase

Payment for the Design, Development, and Implementation of the takeover of the KY MMIS activities shall be made to the Contractor as set forth below.

1. Ninety percent (90%) of the total price for the Design Activity shall be paid for:
    a. CHFS approval of the detailed Project Work Plan.
2. Ninety percent (90%) of the total price for the Development/Testing Activity shall be paid for:
    a. CHFS approval of System Test Plan.
    b. CHFS approval of System Test Results.
    c. CHFS approval of KY MMIS User Manuals.
    d. CHFS approval of KY MMIS Operating Procedures.
    e. CHFS approval of KY MMIS Provider Manual Sections.
    f. CHFS approval of Disaster Recovery Plan.
    g. CHFS approval of the Integrated Test Plan.
    h. CHFS approval of the Integrated Test Procedures.
3. Ninety percent (90%) of the total price for the User Acceptance Testing Activity shall be paid for:
    a. CHFS approval of the User Acceptance Test Resolutions Document.
    b. CHFS approval of the updated KY MMIS User Manuals.
    c. CHFS approval of the updated KY MMIS Provider Manual Sections.
    d. CHFS approval of Contractor's Operational Readiness Report.
    e. CHFS approval of test tracking system.
4. Ninety percent (90%) of the total price for the Implementation Activity shall be paid for:
    a. CHFS approval of final KY MMIS Systems Documentation.
    b. CHFS approval of the Transition Plan.
    c. CHFS approval of the completion of training activities.
    d. CHFS approval of the Contractor's notice that the KY MMIS is fully operational for all claim types.

5. Ten percent (10%) of the total price for the Design Activity; Development and Testing Activity; User Acceptance Testing Activity; and Transition Activity shall be paid for completion of all activities within the New KY MEMS DDI Phase.

Section 40.075.030—MEMS Fiscal Agent Payments (Replacement & Takeover)

For payment purposes, in each bid price year for FA operations, as bid in Pricing Schedules F and R , one-twelfth (1/12) of the firm-fixed price base cost for the bid price year shall be invoiced by the Vendor for monthly FA operations. Each monthly payment for FA operations during each bid price year shall be adjusted by (1) reduction for forfeiture of retainage as described in Section 40.075.010 within this RFP; (2) reduction for consequential and/or liquidated damages as described in Sections 40.075.060 and 40.075.070 within this RFP; and/or (3) credit for retainage not forfeited. The Commonwealth shall pay the invoice minus any reductions including retainage, forfeiture of retainage, and/or damages as set forth in this RFP. At the end of the last month of the bid price year, a payment adjustment will be made as follows:

1. The total number of claims actually processed during the bid price year will be determined.
2. The actual compensation due to the Contractor for that bid price year will be determined by comparing the total number of claims actually processed during the bid price year. If the actual claim volume falls anywhere within the claims volume range for the bid price year, the Contractor shall be paid that associated firm-fixed price base cost amount. Payments for claim volumes that are greater than the claims volume range for the bid price year, but less than twenty percent (20%) above the high volume of the claims volume range, shall be paid at the firm-fixed price per claim bid on Pricing Schedule D.
3. Adjustment(s) shall be made for any forfeiture of retainage and/or damages over the bid price year and any retainage amounts due the Contractor over the bid price year, as set forth in this RFP.
4. If the total amount to be paid to the Contractor over the bid price year is equal to the actual compensation due to the Contractor, no payment adjustment shall be made.
5. If the total amount to be paid to the Contractor over the bid price year is less than the actual compensation due to the Contractor, a payment adjustment of the difference shall be made to the Contractor.
6. If the total amount to be paid to the Contractor over the bid price year is more than the actual compensation due to the Contractor, a payment refund of the difference shall be immediately due from the Contractor to the Commonwealth.

Note: If, at the end of any contract year, it is determined that the actual claim volume was less than the lowest volume in the claims volume range or greater than twenty percent (20%) above the highest volume in the claims volume range for the bid price year, the Commonwealth and Contractor shall renegotiate.

Payment for Option to Buy components operations will follow the same payment arrangement listed above.

Section 40.075.030.010—Operations Performance Report Card

Within fifteen (15) calendar days of the end of each month of operations, the Contractor shall be required to produce and deliver a report card on its actual performance. All Contract and performance standard requirements identified in this RFP shall be part of the report card. There shall be two (2) sections to the report card, see example below. The first section shall address all Contract and performance standards identified in Sections 40.075.060 and 40.075.070 within this RFP and shall not be subject to forfeiture of retainage as defined in Section 40.075.020.006 within this RFP. The second section shall address any and all performance standard requirements identified in Section 30 within this RFP or offered in the Contractor's proposal that are not identified in Sections 40.075.060 and 40.075.070 within this RFP.

The Commonwealth intends, thirty (30) days prior to each quarter, to identify twenty-five (25) performance standards of the new KY MEMS Operations, Maintenance, and Modification Phases and shall use these performance standards to review the Contractor's actual performance. The Commonwealth, or its designee(s), shall reserve the right to audit records and data related to the Contractor's such performance at any time during the Contract period.

Section 40.075.030.020—Sample Operations Report Card

A sample report card is shown below. All items within each report card shall be measurable. All report cards shall be generated by the Contractor in a means that is the most efficient and accurate in order to deliver metrics to the Commonwealth as required within this RFP. Due to the changing environment of Medicaid, report cards shall be reevaluated quarterly for appropriateness and any new report cards shall be finalized through joint negotiation between the Commonwealth and the Contractor. For example, a one-time "Claims and Adjustments on Hand at Termination of Contract" report card shall be included in the last month of Contractor operations before the end of the contract period.

NOTE: THIS REPORT CARD FOR EXAMPLE PURPOSES ONLY.

Table 18 – MEMS Report Card

MONTHLY REPORT CARD	
REPORT CARD PERFORMANCE REQUIREMENT	**Performance This Month**
SECTION 1	
The Contractor shall ensure there will be no delays or interruptions in the operation of the KY MMIS and related services caused by any failure, act, or omission of the Contractor.	MEETS
SECTION 2	

MONTHLY REPORT CARD	
REPORT CARD PERFORMANCE REQUIREMENT	**Performance This Month**
Performance Standard 1: Files: System shall be available for inquiry and update according to the terms of the contract. The Contractor shall produce a report that shows the number of hours and minutes each day the system is available.	MEETS
Performance Standard 2: Imaging: A. Select ten (10) claims weekly. Compare the date on the source document to the TCN date. Images shall be created within twenty-four (24) hours of receipt.	MEETS
Performance Standard 3: B. Sample ten (10) images a month. Record the time required to retrieve a record systematically.	MEETS
Performance Standard 4: C. Electronic Claims Submission: System shall be available for receipt and adjudication of claims twenty-four (24) hours per day, seven (7) days per week, except during Commonwealth-approved scheduled downtime.	MEETS
PERFORMANCE STANDARD 5:	MEETS
……	
PERFORMANCE STANDARD 25:	MEETS

Section 40.075.030.030—Forfeiture of Retainage

In the event of the Contractor's failure to meet the ongoing operational performance standard requirements, the Contractor agrees that the Commonwealth may retain and withhold payment of a percentage of the retainage as set forth below:

1. The failure to meet one (1) performance standard requirement = forfeiture of five percent (5%) of the retainage amount.
2. The failure to meet two (2) performance standard requirements = forfeiture of ten percent (10%) of the retainage amount.
3. The failure to meet three (3) performance standard requirements = forfeiture of fifty percent (50%) of the retainage amount.
4. The failure to meet four (4) performance standard requirements = forfeiture of seventy-five percent (75%) of the retainage amount.
5. The failure to meet five (5) or more performance standard requirements = forfeiture of one hundred percent (100%) of the retainage amount.

Section 40.075.040—Software Maintenance and Modifications Payments

For payment purposes, in each bid price year for software maintenance, and modifications, as bid in Pricing Schedules E, one-twelfth (1/12) of the firm-fixed price base cost for the bid price year shall be invoiced by the Vendor for monthly maintenance, and modifications. Each monthly payment for maintenance, and modifications during each bid price year shall be adjusted by (1) reduction for forfeiture

of retainage as described in Section 40.075.010 within this RFP; (2) reduction for consequential and/or liquidated damages as described in Sections 40.075.060 and 40.075.070 within this RFP; and/or (3) credit for retainage not forfeited. The Commonwealth shall pay the invoice minus any reductions including retainage, forfeiture of retainage, and/or damages as set forth in this RFP.

No payment shall be made by the Commonwealth for staff hours expended for modifications up to the amounts specified in Section 30.060.180.030 (Replacement) and Section 30.070.170.060 (Takeover) of this RFP in each State fiscal year under the Operations, Maintenance, and Modifications Phase.

Payment for modification staff hours in excess of those hours allowed in Section 30 of this RFP shall be made as determined by Section 70 within this RFP and Pricing Schedule F.

If, during any operations year, the total number of hours used for modifications is less than the amount specified in Section 30.060.180.030 (25,000 hours) within this RFP, the annual total modification hours minus the actual number of hours used shall be added to the number of hours available for use in the next year. Any unused hours at the completion of the contract will be refunded to the Commonwealth upon the end of the contract period.

Section 40.075.050—Turnover Task

No specific or lump sum payment shall be made by the Commonwealth for Turnover Task services. Payment for such services shall be encompassed in the Operations Task.

Section 40.075.060— Consequential Damages - MEMS System

The Contractor shall, at all times, comply with all system and operational performance standard requirements and expectations specified in this RFP, with Part 11 of the State Medicaid Manual, and with all related Action Transmittals (AT) and Information Memoranda (IM), as well as any modifications or changes thereto and any changes to 42 CFR, 45 CFR, and 95 CFR as they refer to the MMIS and its operations and the use of Contractor services.

The Contractor further understands and agrees that it shall meet all performance standard requirements identified in the RFP during the life of this Contract. The Contractor shall, at all times, operate the KY MEMIS and its activities in conformity with the policies and procedures of the Commonwealth programs.

All requirements described in the RFP shall be subject to monitoring by the Commonwealth or its designee(s). The Commonwealth reserves the right to monitor performance and may exercise such option, at its discretion, without notice. In the event of a failure to meet the Contract or performance standards requirements, the Contractor

agrees that the Commonwealth may assess and withhold from payments due its damages for the losses defined in Section 40.075.070 within this RFP, or the consequential damages defined in Section 40.075.060 within this RFP, or retainage as defined in Section 40.075.010 within this RFP, at the Commonwealth's discretion.

Section 40.075.060.010—New KY MEMS Operational Start Date—Contract Requirement

The Contractor shall have the New KY MEMS fully operational no later than December 1, 2015.

Section 40.075.060.020—New KY MEMS Operational Start Date—Damages

Compliance with the December 1, 2015 New KY MEMS operational start date is critical to the Commonwealth's interest. If the Contractor does not fully meet the operational start dates approved in the New KY MEMS DDI Phase Detailed Project Work Plan, then the Contractor shall be liable for all costs incurred by the Commonwealth to continue the Legacy KY MMIS and Contractor operations. The Contractor shall also forfeit all claims for payment of monthly expenses and operational payments for that month and each month thereafter until the Commonwealth approves operational readiness.

Section 40.075.060.030—System Certification—Contract Requirement

The Contractor shall ensure that Federal certification approval for the maximum allowable enhanced Federal Financial Participation (FFP) for the New KY MMIS is achieved within one (1) year of the contractual operational start date and that FFP is retroactively approved to the contractual operational start date. In addition, the Contractor shall ensure that that Federal certification approval for the maximum allowable enhanced FFP for the New KY MEMS is maintained throughout the life of the Contract. Should certification fail to be achieved within one (1) year of the contractual New KY MEMS operations start date, the Contractor shall be liable for any damages resulting from its actions or inactions relating to the lack of certification. Should certification fail to be approved retroactively to the contractual New KY MEMS operational start date, the Contractor shall be liable for any damages resulting from its actions or inactions relating to the loss of maximum allowable enhanced FFP. Should de-certification of the New KY MEMS or any component part of either, occur prior to the end of the Contract period, the Contractor shall be liable for any damages resulting from its actions or inactions relating to the de-certification and loss of maximum allowable enhanced FFP.

Section 40.075.060.040—System Certification—Damages

For any violation of Section 40.075.060.030 within this RFP, the Contractor shall be liable for the Commonwealth and Federal dollar difference between the maximum allowable enhanced FFP and that actually received by the Commonwealth, including any losses due to lack of or loss of certification. All FFP penalty claims assessed by

CMS or other Federal agencies shall be withheld from monies payable to the Contractor until all such penalty claims have been satisfied.

Section 40.075.060.050—United States Department of Health and Human Services (US DHHS) Sanctions—Contract Requirements

The Contractor shall perform all of its Medicaid functions according to the terms and conditions required by the SMM, Part 11.

Section 40.075.060.060—US DHHS Sanctions—Damages

If during the New KY MEMS Operations, Maintenance, and Modifications Phase, CMS imposes fiscal sanctions against the Commonwealth as a result of the Contractor's or any subcontractor's action or inaction, the Contractor shall compensate the Commonwealth the entire amount lost by the Commonwealth by the imposition of CMS sanctions.

Section 40.075.060.070—Correctness of Payments—Contract Requirements

All payments, adjustments, and other financial transactions made through the KY MEMS shall be made on behalf of eligible members to active enrolled providers for approved services and in accordance with the payment rules and other policies of the Commonwealth.

The Contractor shall be liable for the actual amount of all detected erroneous payments identified as a result of Commonwealth or Federal claims reviews or as reported by providers or from other referrals that are a result of incorrect Contractor staff action, inaccurate system data, or inaccurate processing. In addition, the Contractor shall be responsible for all costs associated with correcting the erroneous payments, including costs for re-processing, back-out processing, distribution of corrections, and so forth. Such liabilities shall be withheld from Contractor payments. The Contractor, however, may seek recovery on behalf of the Commonwealth from Providers to whom erroneous payments are made using voluntary refund, offset recovery, or other Commonwealth-approved methods.

In addition, the following requirements are included in correctness of payment:

1. The Contractor shall provide accurate and timely buy-in accretion and deletion based upon the Commonwealth-supplied data and the Commonwealth-approved calculation logic.
2. The Contractor shall provide for processing of managed care capitation payments and management fees in the month-end claims cycle and payment in the first checkwrite of the next month.

The Contractor shall notify the Commonwealth immediately upon discovery of any erroneous payments, irrespective of cause, and prior to initiating appropriate recovery

action. The Contractor shall use the change request process to notify the Commonwealth of any system errors that result in a potential Provider erroneous payment.

Section 40.075.060.080—Correctness of Payments—Damages

If an erroneous payment is made to a Provider and that payment is the result of a failure of the Contractor either to use available information or to process correctly, then the Contractor shall be liable for the erroneous payment for which full recovery cannot be made using all reasonable procedures. The Contractor shall notify the Commonwealth immediately upon discovery of any erroneous payments, irrespective of cause. The Contractor shall be responsible for any costs associated with system and operations changes associated with fixing the error(s) that caused the erroneous payment, including costs the Commonwealth or its agents incur associated with re-processing of erroneous data distributed by the Contractor.

The Contractor shall pay to the Commonwealth any portion of an erroneous payment not recouped within one-hundred and eighty (180) calendar days of its receipt of the direction initiating its recoupment. In addition to the amount of the erroneous payment(s), the Contractor shall be liable for interest payments at the prevailing prime beginning from the date of erroneous payment through the date of payment to the Commonwealth. The Contractor shall make such payment to the Commonwealth within seven (7) calendar days of the expiration of the one-hundred and eighty (180) calendar-day timeframe.

The Commonwealth shall not be liable to the Contractor for any erroneous payment due that is not recovered by recoupment from Providers. The Contractor may only initiate independent recovery procedures and actions with the prior written approval of the KY MMIS Contract Administrator once the recoupment process described herein has been completed and a repayment amount remains outstanding. The Commonwealth shall review proposed independent recovery procedures and, if reasonable, shall provide written approval. If the Commonwealth recovers any erroneous payments for which the Contractor has reimbursed the Commonwealth, the KY MMIS Contract Administrator shall notify the Contractor, who shall then submit a standard Commonwealth invoice for the returned amount, less expenses incurred by the Commonwealth during the recovery process.

Section 40.075.060.090—Internal Revenue Service (IRS)—Contract Requirements

The Contractor shall produce and mail out 1099 and/or W9 earnings reports no later than January 31 of each year and report to the IRS no later than March 1, or no later than the extended due date if the Contractor has received approval from the Commonwealth to file for an extension.

Section 40.075.060.100—IRS—Damages

The Contractor shall be responsible for payment of IRS penalties/damages for late distribution of 1099s and/or W9s.

Section 40.075.060.110—Delay or Interruption of Operations—Contract Requirement

The Contractor shall ensure there will be no delays or interruptions in the operation of the KY MMIS and related services caused by any failure, act, or omission of the Contractor.

Section 40.075.060.120—Delay or Interruption of Operations—Damages

Delays or interruptions in the operation of the KY MMIS and related services caused by any failure, act, or omission of the Contractor shall constitute a material breach. Regardless if the Commonwealth elects to terminate this Contract upon such a breach, it is nevertheless entitled to recover:

1. The difference between the cost to the Commonwealth under this Contract and the cost to it under any interim or substitute contract or other method of operation.
2. The liability of the Commonwealth to any third person arising directly or consequentially out of the Contractor's breach and cancellation of this Contract.
3. The cost to the Commonwealth of all actions taken by it to locate and secure a substitute or interim Contractor or method of operation.
4. The loss of FFP.

In addition to the above, the Commonwealth shall reduce the Contractor's compensation by the following amounts:

1. Up to ten thousand dollars ($10,000) per calendar day, or any part thereof, for each of the first ten (10) calendar days of delay or interruption of operation continues.
2. Up to twenty thousand dollars ($20,000) per calendar day, or any part thereof, for each of the next twenty (20) calendar days of delay or interruption of operation continues.
3. Up to thirty thousand dollars ($30,000) per calendar day, or any part thereof, for each additional calendar day of delay or interruption of operation continues after thirty (30) days.

Section 40.075.065— Consequential Damages – Takeover of KYMMIS System

The Contractor shall, at all times, comply with all system and operational performance standard requirements and expectations specified in this RFP, with Part 11 of the State Medicaid Manual, and with all related Action Transmittals (AT) and Information Memoranda (IM), as well as any modifications or changes thereto and any changes to

42 CFR, 45 CFR, and 95 CFR as they refer to the MMIS and its operations and the use of Contractor services.

The Contractor further understands and agrees that it shall meet all performance standard requirements identified in the RFP during the life of this Contract. The Contractor shall, at all times, operate the KYMMIS and its activities in conformity with the policies and procedures of the Commonwealth programs.

All requirements described in the RFP shall be subject to monitoring by the Commonwealth or its designee(s). The Commonwealth reserves the right to monitor performance and may exercise such option, at its discretion, without notice. In the event of a failure to meet the Contract or performance standards requirements, the Contractor agrees that the Commonwealth may assess and withhold from payments due its damages for the losses defined in Section 40.075.065 within this RFP, or the consequential damages defined in Section 40.075.075 within this RFP, or retainage as defined in Section 40.075.020.010 within this RFP, at the Commonwealth's discretion.

Section 40.075.070— Liquidated Damages – Replacement MEMS

The Commonwealth and the Contractor shall agree that the operation of the New KY MEMS in conformity with the Contract provisions is necessary to the proper operation of DMS's programs. These programs are vital to the accurate and expeditious reimbursement of Providers of applicable medical services to eligible members and to assure continued delivery of these services to benefit-eligible members. Timely and accurate performance of this Contract shall be the essence of this Contract.

The Commonwealth and the Contractor shall further agree that while failures to meet certain performance standard requirements under this Contract may or will affect the delivery of medical services either directly or indirectly and may or will result directly or proximately in monetary damages to the Commonwealth, the actual amount of such injury and damage shall be impossible or extremely difficult to calculate.

Therefore, the Commonwealth and the Contractor shall agree that the Commonwealth shall reduce compensation to the Contractor in the instances and amounts hereinafter set forth as determined by the Commonwealth. The Parties also agree that the stated reduction in compensation amounts is reasonable and not punitive.

The KY MMIS Contract Administrator shall issue written notification to the Contractor of each failure to meet a performance standard requirement listed below. The imposition and reduction in compensation shall not affect any other rights of the Commonwealth to enforce or terminate this Contract.

If the Commonwealth elects not to exercise a reduction in compensation clause in a particular instance, this decision shall not be construed as a waiver of the Commonwealth's right to pursue future assessment of that performance standard requirement and associated reduction in compensation.

Section 40.075.070.010—Key KY MEMS DDI Phase Milestone Dates—Performance Standards

The Contractor shall be required to design, develop, test, and implement a New KY MEMS no later than December 1, 2015.

Accomplishment of certain specified New KY MMIS DDI Phase activities by the key milestone dates, as defined in Section 30 within this RFP and established in the approved KY MMIS DDI Phase Detailed Work Plan, shall be necessary to ensure full compliance with the start date.

If, for any reason, the Contractor is delayed in meeting these key milestone dates and a Contract modification to the New KY MMIS DDI Phase Detailed Work Plan is not approved, a reduction in compensation may be assessed. Approval of a Contract or New KY MMIS DDI Phase Detailed Work Plan modification does not waive the Commonwealth's ability to impose damages and/or reductions in compensation if warranted by other terms of the Contract.

The reductions in compensation listed in Section 40.075.070.020 within this RFP shall be in addition to any amounts assessed for delays in meeting the operational start date.

Section 40.075.070.020—Key New KY MEMS DDI Phase Milestone Dates—Reduction in Compensation

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) per calendar day, or any part thereof, for each of the first ten (10) calendar days of delay in meeting a milestone date.

The Commonwealth may reduce compensation up to twenty thousand dollars ($20,000.00) per calendar day, or any part thereof, for each of the next twenty (20) calendar days of delay in meeting a milestone date.

The Commonwealth may reduce compensation up to thirty thousand dollars ($30,000.00) per calendar day, or any part thereof, for each additional calendar day of delay in meeting a milestone after thirty (30) calendar days.

Section 40.075.070.030—New KY MEMS DDI Phase Deliverable Due Dates—Performance Standards

Copies of each deliverable, as defined in the approved New KY MMIS DDI Phase Detailed Work Plan, shall be delivered to DMS, in final form, in the number specified and on the date specified in the approved New KY MMIS DDI Phase Detailed Work Plan. DMS may require up to ten (10) paper copies and one (1) electronic copy of all deliverables. The electronic copy shall be compatible with Microsoft Word or other application software as requested by DMS, and submitted on the Commonwealth-

specified media. All deliverables shall be in a format approved by DMS, and meet content and accuracy requirements specified or as subsequently defined by DMS.

Section 40.075.070.040—MEMS DDI Phase Deliverable Due Dates—Reduction in Compensation

The Commonwealth may assess one thousand dollars ($1,000.00) for each calendar day, or any part thereof, that a deliverable is late, which includes providing less than the required copies or delivery on incorrect media.

The Commonwealth may assess an additional one thousand dollars ($1,000.00) for each calendar day, or any part thereof, that a deliverable continues to not meet minimum content requirements or the approved format after its formal rejection by DMS, when appropriate.

Section 40.075.070.050—Key Personnel—Performance Standards

Key personnel commitments contained in the Contractor's proposal for all phases of the contract shall not be changed without prior written approval of the KY MMIS Contract Administrator, unless due to the death, disability, resignation, termination, or military recall or of any key individual. Staffing includes the staff proposed for all key positions required in Section 30.060.260.030 within this RFP at the levels of effort proposed or as specified in the Contract. Contractor must maintain staffing levels throughout the project at ninety percent (90%) or more of the staffing plan agreed to during project planning.

Section 40.075.070.060—Key Personnel—Reduction in Compensation

The Commonwealth may assess up to thirty thousand dollars ($30,000.00) in reduction in compensation for each key personnel proposed in the Contractor’s response to the RFP who is changed for reasons other than death, disability, resignation, termination, or military recall.

The Commonwealth may assess up to an additional one thousand dollars ($1,000.00) in reduction in compensation per Commonwealth business day after the initial twenty-five (25) Commonwealth business days allowed for Contractor to find an acceptable replacement for the key personnel and an acceptable replacement has not provided.

Should the contractor fail to maintain ninety percent (90%) of the mutually agreed to staffing plan for a period exceeding 30 contiguous calendar days, the Commonwealth may assess up to an additional one thousand dollars ($1,000.00) in reduction in compensation per Commonwealth business day after the initial thirty (30) Commonwealth business days allowed for Contractor to find an acceptable replacements to maintain the ninety percent (90%) staffing level.

Section 40.075.070.070—Timeliness of Claims Processing—Performance Standards

The Contractor shall meet the following requirements:

1. Adjudicate ninety-five percent (95%) of all clean claims for payment or denial within thirty (30) calendar days of receipt.
2. Adjudicate ninety-nine percent (99%) of all clean claims for payment or denial within ninety (90) calendar days of receipt.
3. Adjudicate all non-clean claims within thirty (30) calendar days of the date of correction of the condition that caused the claim to be unclean.
4. Adjudicate all claims within twelve (12) months of receipt, except for those exempted from this requirement by Federal timely claims processing regulations.

Section 40.075.070.080—Timeliness of Claims Processing—Reduction in Compensation

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) for each failure to meet any of the requirements set forth in Section 40.075.070.070 during the first month.

The Commonwealth may reduce compensation up to twenty thousand dollars ($20,000.00) assessed for each failure to meet any of the requirements set forth in Section 40.075.070.070 within this RFP in consecutive, subsequent months.

Section 40.075.070.090—Documentation—Performance Standards

The Contractor shall be responsible for providing the Commonwealth with complete, accurate, and timely documentation of all modifications made to the operational KY MEMS. Such documentation shall be in accordance with specifications approved by DMS.

Any changes that occur to the operational system shall be documented according to specifications approved by DMS. Documentation of any such changes shall be provided to DMS.

Section 40.075.070.100—Documentation—Reduction in Compensation

The Commonwealth may reduce compensation up to five hundred dollars ($500.00) for each business day, or any part thereof (beginning the next business day after the documentation due date) that the required documentation has not been provided to the Commonwealth.

The Commonwealth may reduce compensation up to five hundred dollars ($500.00) for each business day, or any part thereof, during which the documentation is unacceptable

as to format, accuracy, and completeness based on DMS review. Reduction in compensation may be imposed until the Contractor provides the Commonwealth with acceptable documentation.

Section 40.075.070.110—Online Access to KY MEMS and Response Time—Performance Standards

The Contractor shall provide the Commonwealth staff with online access to all KY MEMS online screens, systems, and data, including all Web-enabled capabilities, between the hours of 7:00 a.m. to 7:00 p.m. Eastern Time (EST or EDT as applicable) on each calendar day for ninety-nine percent (99%) of each month. The Contractor shall maintain the KY MEMS accessibility during other hours, subject to reasonable Commonwealth notification.

Response time shall be less than or equal to three (3) seconds for Commonwealth access to inquiry and update screens.

Section 40.075.070.120—Online Access to KY MEMS and Response Time—Reduction in Compensation

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) for every percentage point below ninety-nine percent (99%) for each month in which Commonwealth does not have online access available as required by Section 40.075.070.110 within this RFP.

The Commonwealth may reduce compensation up to one thousand dollars ($1,000.00) per calendar day for any KY MEMS inquiry or update screen that has a documented response time greater than three (3) seconds.

Section 40.075.070.130—Electronic Claims Submission Availability and Response Time—Performance Standards

The Contractor shall ensure electronic claims submission is available 24x7x365, except for Commonwealth-approved maintenance timeframes. The Contractor shall provide a response for electronic claims submission in three (3) seconds or less, ninety-nine percent (99%) of the time.

Section 40.075.070.0140—Electronic Claims Availability and Response Time—Reduction in Compensation

The Commonwealth shall reduce compensation by up to ten thousand dollars ($10,000.00) per hour when the electronic claims submission or a component of electronic claims submission is not available for provider response for greater than one (1) hour in a calendar day, other than scheduled or Commonwealth-approved down time.

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) for every percentage point below ninety-nine percent (99%) for each month in which the response for electronic claims submission does not meet response time as required by Section 40.075.070.130 within this RFP.

Section 40.075.070.150—Key Turnover Phase Milestone Dates—Performance Standards

The Contractor will be required to provide full support for system turnover activities in accordance with the DMS approved Contractor Turnover Plan as follows:

a. Assistance in turning over the complete and most current KY MEMS to the Commonwealth or its agent.
b. Assistance and support in turnover activities necessary to affect an orderly, structured, smooth turnover to enable DMS and the new vendor achieve successful transition of system operations to a new MEMS system operated by the Commonwealth or its agent.

Accomplishment of certain specified turnover activities by key milestone dates, as established in the Commonwealth-approved KY MEMS Turnover Plan, shall be necessary to ensure full compliance with the start date.

If, for any reason, the Contractor is delayed in meeting these key milestone dates and a Contract Modification to the KY MEMS Turnover Plan is not approved, a reduction in compensation may be assessed. Approval of a Contract or KY MEMS Turnover Plan modification does not waive the Commonwealth's ability to impose damages and/or reductions in compensation if warranted by other terms of the Contract.

The reductions in compensation below shall be in addition to any amounts assessed for delays in meeting the operational start date.

Section 40.075.070.160—Key Turnover Phase Milestone Dates—Reduction in Compensation

The Commonwealth may reduce compensation up to ten thousand dollars ($10,000.00) per calendar day, or any part thereof, for each of the first ten (10) calendar days of delay in meeting a milestone date.

The Commonwealth may reduce compensation up to twenty thousand dollars ($20,000.00) per calendar day, or any part thereof, each of the next twenty (20) calendar days of delay in meeting a milestone date.

The Commonwealth may reduce compensation up to thirty thousand dollars ($30,000.00) per calendar day, or any part thereof, for each additional calendar day of delay in meeting a milestone after thirty (30) days.

Section 40.075.070.170—Turnover Phase Deliverable Due Dates—Performance Standards

Copies of each deliverable, as defined in the Section 30.060.050, shall be delivered to DMS, when appropriate, in final form, in the number specified and on the date specified in the approved KY MEMS Turnover Plan. DMS, when appropriate, may require up to ten (10) paper copies and one (1) electronic copy of all deliverables. The electronic copy shall be compatible with Microsoft Word or other application software as requested by DMS, when appropriate, and submitted on the Commonwealth-specified media. All deliverables shall be in a format approved by DMS, when appropriate, and meet content and accuracy requirements specified or as subsequently defined by DMS, when appropriate.

Section 40.075.070.180—Turnover Phase Deliverable Due Dates—Reduction in Compensation

The Commonwealth may assess up to one thousand dollars ($1,000.00) for each calendar day, or any part thereof, that a deliverable is late which includes providing less than the required copies or delivery on incorrect media.

The Commonwealth may assess up to an additional one thousand dollars ($1,000.00) for each calendar day or any part thereof that a deliverable continues to not meet minimum content requirements or the approved format after its formal rejection by DMS, when appropriate.

Section 40.080—Contractor Cooperation in Related Efforts

The Commonwealth of Kentucky may undertake or award other contracts for additional or related work, services, supplies, or commodities, and the Contractor shall fully cooperate with such other contractors and Commonwealth employees. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees.

Section 40.085—Subcontractors

The Contractor is permitted to make subcontract(s) with any other party for furnishing any of the work or services herein. The Contractor shall be solely responsible for performance of the entire Contract whether or not subcontractors are used. The Commonwealth shall not be involved in the relationship between the prime contractor and the subcontractor. Any issues that arise as a result of this relationship shall be resolved by the prime contractor.

All references to the Contractor shall be construed to encompass both the Contractor and any subcontractors of the Contractor.

Section 40.090—Contractor Affiliation

"Affiliate" shall mean a branch, division or subsidiary that is effectively controlled by another party. If any affiliate of the Contractor shall take any action that, if done by the Contractor, would constitute a breach of this agreement, the same shall be deemed a breach by such party with like legal effect.

Section 40.095—Performance Bond

Pursuant to 200 KAR 5:305, the Contractor shall furnish a performance bond satisfactory to the Commonwealth in an amount of ten percent (10%) of the total contract as security for the faithful performance of the Contract. The bond furnished by the Contractor shall incorporate by reference the terms of the Contract as fully as though they were set forth verbatim in such bonds. In the event the Contract is amended, the penal sum of the performance bond shall be deemed increased by like amount.

The initial bond shall be submitted to the Commonwealth Buyer within thirty (30) days of execution of this Contract. Any required amendment to the bond shall be submitted to the Commonwealth Buyer within thirty (30) days of said amendment.

Section 40.100—Commonwealth Property

The Contractor shall be responsible for the proper custody and care of any Commonwealth-owned property furnished for Contractor's use in connections with the performance of this Contract. The Contractor shall reimburse the Commonwealth for its loss or damage, normal wear and tear excepted.

The Contractor will return Commonwealth equipment or facilities, if any.

Section 40.105—Insurance

The Contractor shall provide professional liability insurance for its professional employees, public liability, property damage, and workers' compensation insurance, insuring as they may appear, the interest of all parties of agreement against any and all claims which may arise out of the Contractor's operations under the terms of this Contract. In the event any carrier of such insurance exercises cancellation, notice of such cancellation shall be made immediately to the Commonwealth Buyer.

Section 40.110—Confidentiality of Contract Terms

The Contractor and the Commonwealth agree that all information communicated between them before the effective date of the Contract shall be received in strict confidence and shall not be necessarily disclosed by the receiving party, its agents, or employees without prior written consent of the other party. Such material will be kept confidential subject to Commonwealth and Federal public information disclosure laws.

Upon signing of the Contract by all Parties, terms of the Contract become available to the public, pursuant to the provisions of the Kentucky Revised Statutes.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

Section 40.115—Confidential Information

The Contractor shall comply with the provisions of the Privacy Act of 1974 and instruct its employees to use the same degree of care as it uses with its own data to keep confidential information concerning client data, the business of the Commonwealth, its financial affairs, its relations with its citizens and its employees, as well as any other information which may be specifically classified as confidential by the Commonwealth in writing to the Contractor. All Federal and State Regulations and Statutes related to confidentiality shall be applicable to the Contractor. The Contractor shall have an appropriate agreement with its employees to that effect, provided however, that the foregoing will not apply to:

1. Information which the Commonwealth has released in writing from being maintained in confidence;
2. Information which at the time of disclosure is in the public domain by having been printed an published and available to the public in libraries or other public places where such data is usually collected; or
3. Information, which, after disclosure, becomes part of the public domain as defined above, thorough no act of the Contractor.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

Section 40.120—Advertising Award

The Contractor shall not refer to the Award of Contract in commercial advertising in such a manner as to state or imply that the firm or its services are endorsed or preferred by the Commonwealth of Kentucky.

Section 40.125— Patent or Copyright Infringement

The Contractor shall report to the Commonwealth promptly and in reasonable written detail, each notice of claim of patent or copyright infringement based on the performance of this Contract of which the Contractor has knowledge.

The Commonwealth agrees to notify the Contractor promptly, in writing, of any such claim, suit or proceeding, and at the Contractor's expense give the Contractor proper and full information needed to settle and/or defend any such claim, suit or proceeding.

If, in the Contractor's opinion, the equipment, materials, or information mentioned in the paragraphs above is likely to or does become the subject of a claim or infringement of a United States patent or copyright, then without diminishing the Contractor's obligation to satisfy any final award, the Contractor may, with the Commonwealth's written consent, substitute other equally suitable equipment, materials, and information, or at the Contractor's options and expense, obtain the right for the Commonwealth to continue the use of such equipment, materials, and information.

The Commonwealth agrees that the Contractor has the right to defend, or at its option, to settle and the Contractor agrees to defend at its own expense, or at its option to settle, any claim, suit or proceeding brought against the Commonwealth on the issue of infringement of any United States patent or copyright or any product, or any part thereof, supplied by the Contractor to the Commonwealth under this agreement. The Contractor agrees to pay any final judgment entered against the Commonwealth on such issue in any suit or proceeding defended by the Contractor.

If principles of governmental or public law are involved, the Commonwealth may participate in the defense of any such action, but no costs or expenses shall be incurred for the account of the Contractor without the Contractor's written consent.
The Contractor shall have no liability for any infringement based upon:

1. The combination of such product or part with any other product or part not furnished to the Commonwealth by the Contractor.
2. The modification of such product or part unless such modification was made by the Contractor.
3. The use of such product or part in a manner for which it was not designed.

Section 40.130—Permits, Licenses, Taxes and Commonwealth Registration

The Contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of all Federal, State, and local governments in which work under this Contract is performed.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this Contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof. However, the Contractor need not be registered as a prerequisite for responding to the RFP. Additional local registration or license may be required.

The Contractor shall pay any sales, use, and personal property taxes arising out of this Contract and the transaction contemplated hereby. Any other taxes levied upon this Contract, the transaction, or the equipment or services delivered pursuant hereto shall be borne by the Contractor.

Section 40.135—Contract Claims

The Parties acknowledge that KRS 45A.225 to 45A.290 governs contract claims.

Section 40.140—Rights and Remedies

The rights and remedies of the Commonwealth provided in Section 40 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

Section 40.145—EEO Requirements

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding $500,000. The Contractor shall comply with all terms and conditions of the Act.

A copy of the EEO forms may be obtained by downloading them from the Finance website at: http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx. Select forms under **Attachment #4**. (See Section 50.140 of this RFP for the forms that must be completed and submitted with Technical Proposal). Direct coordination with the EEO Office is approved to discuss EEO requirements and forms. The EEO office's telephone number is (502) 564-2874 and fax (502) 564-1055.

The Commonwealth will review the EEO Forms (or equivalent, if applicable) upon receipt. If a Vendor is under-utilized or in non-compliance, the Vendor shall receive notification from the Commonwealth. The Vendor shall have five (5) days from receipt of such notice to submit an affirmative action plan. Failure to submit an affirmative action plan within the timeframe specified may result in the disqualification of the Vendor's response. In any event, a Vendor shall not be eligible for an award of contract without being in compliance with the EEO requirements.

If the Vendor is exempt from submitting the EEO Forms, the Vendor must state such in its transmittal letter (Section 50.150 of this RFP). Exemption from EEO Form submission, under KRS 45.590, does not obviate any other requirements of KRS 45.570.

Section 40.150—Provisions for Termination of the Contract

Any Contract resulting from this Solicitation shall be subject to the termination provisions set forth in 200 KAR 5:312.

Section 40.160—Bankruptcy

In the event the Contractor becomes the subject debtor in a case pending under the Federal Bankruptcy Code, the Commonwealth's right to terminate this Contract may be subject to the rights of a trustee in bankruptcy to assume or assign this Contract. The trustee shall not have the right to assume or assign this Contract unless the trustee (a) promptly cures all defaults under this Contract; (b) promptly compensates the

Commonwealth for the monetary damages incurred as a result of such default, and (c) provides adequate assurance of future performance, as determined by the Commonwealth.

Section 40.170—Conformance with Commonwealth & Federal Laws/Regulations

This Contract is subject to the laws of the Commonwealth of Kentucky and where applicable Federal law. Any litigation with respect to this Contract shall be brought in State or Federal court in **Franklin County, Kentucky.**

Section 40.190—Recycling

The Contractor is required to comply with the recycling requirements of 200 KAR 5:330.

Section 40.200—Funding Limitations

If any or all responses received exceed the amount of funding available, then the Finance and Administration Cabinet, Office of Procurement Services, reserves the right to cancel this RFP.

Section 40.210—Accessibility

Vendor hereby warrants that the products or services to be provided under this Contract comply with the accessibility requirements of section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1194. Vendor further warrants that the products or services to be provided under this Contract comply with existing Federal standards established under Section 255 of the Federal Telecommunications Act of 1996 (47 U.S.C. § 255), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1193, to the extent the Vendor's products or services may be covered by that act. Vendor agrees to promptly respond to and resolve any complaint regarding accessibility of its products or services which is brought to its attention.

Section 40.220—State Vendor Eligibility Request Form

Revenue Form 10A100, “State Vendor Eligibility Request Form”, effective July 2008, is a form to be completed by any person or entity wishing to contract with the Commonwealth to provide goods or services subject to sales and use tax pursuant to KRS 139.200. The form is located at this web-link as Attachment 5:

http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx

In accordance with administrative regulation 200 KAR 5:390, this form has to be completed and submitted, before a contract can be awarded. Section 2 of the regulation also notes: “Failure to submit the required documentation or to remain registered and in compliance with the sales and use tax filing and remittance

requirements of KRS 139.540 and KRS 139.550 throughout the duration of the contract shall constitute a material breach of the contract and the contract may be terminated."

Section 40.230— Access to Records

The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

In the event of a dispute between the contractor and the contracting agency, Attorney General, or the Auditor of Public Accounts over documents that are eligible for production and review, the Finance and Administration Cabinet shall review the dispute and issue a determination, in accordance with Secretary's Order 11-004.

The Vendor shall develop SSAE16 audits once per year, both for the Data Center and for the local facility.

Section 40.240—Funding-Out Provision

The Vendor agrees that if funds are not appropriated to the agency or are not otherwise available for the purpose of making payments, the agency shall be authorized, upon sixty (60) days written notice to the Vendor, to terminate this contract. The termination shall be without any other obligation or liability of any cancellation or termination charges, which may be fixed by the contract.

Section 40.250—Reduction in Contract Worker Hours

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts. If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the contract will be reduced by the amount specified in that document.

Section 40.255—Registration with the Secretary of State by a Foreign Entity

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a State contract to a person that is a

foreign entity required by KRS 14A.9-010 to obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under KRS 14A.9-030 **unless the person produces the certificate within fourteen (14) days of the bid or proposal opening. Therefore, foreign entities should submit a copy of their certificate with their solicitation response.** If the foreign entity is not required to obtain a certificate as provided in KRS 14A.9-010, the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within KRS 14A.1-070.

For all foreign entities required to obtain a certificate of authority to transact business in the Commonwealth, if a copy of the certificate is not received by the contracting agency within the time frame identified above, the foreign entity's solicitation response shall be deemed non-responsive or the awarded contract shall be cancelled.

Businesses can register with the Secretary of State at: https://secure.kentucky.gov/sos/ftbr/welcome.aspx.

Section 40.260 – Limitation of Liability

The liability of the Commonwealth related to contractual damages is set forth in KRS 45A.245.

END OF SECTION 40

Section 50—Procurement Process and Requirements

Section 50.000—Rules of Procurement

To facilitate this procurement, various rules have been established. They are described in the following paragraphs.

Vendors should review and comply with the general bidding requirements listed under **"Procurement Laws, Preference, Regulations and Policies"** and **"Response to Solicitation"** located on the eProcurement Web page at http://eprocurement.ky.gov and http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx respectively.

Section 50.010—Approach

The procurement process will provide for the evaluation of proposals and selection of the successful proposal in accordance with State law and regulations. KRS Chapter 45A of the Kentucky Model Procurement Code provides the regulatory framework for the procurement of services by State agencies.

Section 50.020—Independent Price Determination

A proposal shall not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Offeror or with any competitor. In addition, the Offeror is prohibited from making multiple proposals in a different form.

Should conflict of interest be detected any time during the contract, the contract shall be null and void and the Contractor shall assume all costs of this project until such time that a new Contractor is selected.

Vendor should complete the following certified statement and submit it with Cost Proposal.

I, _____, representing _____
(print name) (Company name)
certify that the price in this proposal was arrived without any conflict of interest, as described above.

_____
Signature / Date

Section 50.030—No Contingent Fees

No person or selling agency shall be employed or retained or given anything of monetary value to solicit or secure this contract, excepting bona fide employees of the Offeror or bona fide established commercial or selling agencies maintained by the Offeror for the purpose of securing business. For breach or violation of this provision, the Commonwealth shall have the right to reject the proposal or cancel the contract without liability.

Section 50.040—Cancellation of This Solicitation

In accordance with KRS 45A.105, this Solicitation may be canceled at any time and for any reason, or all bids or proposals rejected, if it is determined in writing that such action is in the best interest of the Commonwealth. Receipt of proposal materials by the Commonwealth or submission of a proposal to the Commonwealth confers no rights upon the Proposer nor obligates the Commonwealth in any manner.

Section 50.050—Cost of Preparing Proposal

Costs for developing the proposals are solely the responsibility of the Offerors. The Commonwealth of Kentucky shall not provide any reimbursements for such costs.

Section 50.060—Waiver of Minor Irregularities

The Commonwealth reserves the right to waive minor irregularities in proposals providing such action is in the best interest of the Commonwealth.

Where the Commonwealth may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Offeror from full compliance with the RFP specifications and other contract requirements if the Offeror is awarded the contract.

Section 50.070—Clarifications of Proposals

The Commonwealth reserves the right to request clarification of proposals pursuant to 200 KAR 5:306, Section 6.

Section 50.080—Best and Final Offers

The Commonwealth reserves the right, at its discretion, to request Best and Final offers for technical and/or cost proposals. However, Offerors are cautioned to propose their best possible offers at the outset of the process, as there is no guarantee that any Offeror will be allowed an opportunity to submit a Best and Final technical and/or cost offer.

Section 50.090—Rules for Withdrawal of Proposals

Prior to the date specified for receipt of offers, a submitted proposal may be withdrawn by submitting a signed written request for its withdrawal to the Commonwealth Buyer.

Section 50.100—Disposition of Proposals

All proposals become the property of the Commonwealth of Kentucky. The successful proposal shall be incorporated into the resulting contract by reference. Disposal of unsuccessful proposals shall be at the discretion of the Commonwealth Buyer.

Section 50.110—Commonwealth's Right to Use Proposal Ideas

The Commonwealth of Kentucky shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposals received in response to the RFP. Selection or rejection of the proposal will not affect this right.

Section 50.120—Protest

Pursuant to KRS 45A.285, The Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective Offerors in connection with the solicitations or selection for award of a contract.

Any actual or prospective Offeror or Contractor, who is aggrieved in connection with solicitation or selection for award of a contract, may file protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and in any event within **two (2) calendar weeks** after such aggrieved person knows or should have known of the facts giving rise thereto. (See Section 10.090 of this RFP). All protests or notices of other controversies must be in writing and shall be addressed to:

Lori H. Flanery, Secretary
COMMONWEALTH OF KENTUCKY
FINANCE AND ADMINISTRATION CABINET
New Capitol Annex
702 CAPITOL AVE RM 383
FRANKFORT KY 40601
(502) 564-4240
Fax: (502) 564-6785

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

Section 50.130—Proposal Submission Requirements
Each qualified Offeror shall submit only **one (1) proposal**. **Alternate proposals shall not be allowed.** Failure to submit as specified shall result in a non-responsive proposal.

The Vendor must complete the **"Vendor" box** on the face of the Solicitation. An authorized representative of the Vendor **shall sign** where indicated on the face of the Solicitation. If the solicitation is not signed the proposal shall be deemed non-responsive.

Acknowledgment of Addenda to Solicitations
It is the Vendor's responsibility to check the web site for any modifications to this Solicitation. If modifications have been made, the Vendor's signature is required on the latest addendum. Acknowledgment shall be received prior to the hour and date specified for receipt of offers. Verbal acknowledgment shall not be accepted.

Failure to acknowledge the latest addendum of this Solicitation shall cause the bid to be deemed non-responsive if the latest addendum is material to the procurement.

Proposals shall be submitted in two (2) parts: the Technical Proposal and the Cost Proposal. The format and content of each are specified in Sections 50, 60, and 70.

Proposals should be provided in a loose-leaf, three-ring binder or unbound.

Proposals shall include **one (1) marked original, four (4) copies, and four (4) CDs (in Microsoft Word or Excel)** of the Technical Proposal under sealed cover and **(1) marked original, four (4) copies, and four (4) CDs (in Microsoft Word or Excel)** of the Cost Proposal under a separate sealed cover. Any proposal not under sealed cover **shall be rejected**.

Should differences be determined to exist between the hardcopy proposal and the electronic version, the hardcopy shall prevail. Pricing shall only be provided in the Cost Proposal.

Both Technical and Cost proposals should include page numbers and be organized in the manner of the RFP, using the same section labeling.

Proposals are due on June 24, 2013 at 3:30 pm EST.

ANY PROPOSAL RECEIVED AFTER **JUNE 24, 2013 at 3:30 pm EST** SHALL BE REJECTED AND RETURNED UNOPENED TO THE VENDOR.

Vendor should complete the following certified statement and submit with Technical Proposal:

I, _____, representing _____
(print name) (Company name)
certify that the diskettes/CDs submitted have been properly scanned for infected viruses. The virus software and version used was _____.

_____
Signature / Date

Proposals shall be submitted to:

Commonwealth Buyer:
Stephanie R. Williams, CPPO, CPPB, MPA
Assistant Director
COMMONWEALTH OF KENTUCKY
FINANCE AND ADMINISTRATION CABINET
Office of Procurement Services
New Capitol Annex
702 CAPITOL AVE RM 096
FRANKFORT KY 40601

The outside cover of the package containing the Technical Proposal shall be marked:

Medicaid Enterprise Management System and Fiscal Agent Replacement (MEMS)
SOLICITATION NUMBER: RFP 758 1300000287
TECHNICAL PROPOSAL
Name of Offeror

The outside cover of the package containing the Cost Proposal shall be marked:

Medicaid Enterprise Management System and Fiscal Agent Replacement (MEMS)
SOLICITATION NUMBER: RFP 758 1300000287
COST PROPOSAL
Name of Offeror

The Commonwealth shall accept all proposals properly submitted. However, the Commonwealth reserves the right to request necessary amendments, reject any or all proposals in whole or in part, reject any proposal in whole or in part that does not meet

mandatory requirements or cancel this RFP, according to the best interest of the Commonwealth.

Unless requested by the Commonwealth, the Commonwealth may not accept any addenda, revisions, or alterations to proposals after the Solicitation closing time and date.

All submitted Technical and Cost Proposals shall remain valid for a minimum of six (6) months after the proposal due date.

Section 50.140—Format of Technical Proposal

The Technical Proposal should be arranged and labeled in the manner set forth below. Failure to sign the face of the solicitation shall result in a non-responsive proposal.

-Transmittal Letter (see Section 50.150 of this RFP);
-Completed and signed face of the Solicitation;
-Signed face of all Addenda, if applicable;
-EEO Documents if applicable;
-Response to technical portion of the RFP (See Section 60 of this RFP)

Note to Vendors: Go to http://eprocurement.ky.gov, **"Procurement Laws, Preference, Regulations and Policies"** to download and complete the following forms:

1. **Attachment 4** - EEO-1, EEO Employee Data Sheet and EEO, Subcontractor Report Form
2. **Attachment 5** – Revenue Form 10A100 Kentucky Tax Registration Application

Section 50.150—Transmittal Letter

The transmittal letter should be on the Vendor's letterhead, notarized and signed by an agent authorized to bind the Vendor. The transmittal letter should include the following:

-A statement that **deviations** are included, if applicable;
-A sworn statement that, if awarded a contract as a result of this Solicitation, the Vendor shall comply in full with all requirements of the **Kentucky Civil Rights Act**, and shall submit all data required by KRS 45.560 to 45.640;
-A sworn statement pursuant to KRS 11A.040 that the Vendor has not knowingly violated any provisions of the **Executive Branch Code of Ethics**;
-A sworn statement of that the Vendor is in compliance with Section 50.170—Prohibitions of Certain **Conflicts of Interest**;
-A statement of certification in accordance with Section 50.180—Certification Regarding **Debarment, Suspension, and Proposed Debarment**;

-The name, address, telephone number, fax number, and email address of the **contact person** for this RFP. The address shall be one in which the major overnight delivery services will deliver; and
-The name, address, telephone number, fax number and email address of the **contact person** to serve as a point of contact for day-to-day operations.
-**Subcontractor** information to include name of company, address, telephone number and contact name, if applicable
-A statement that the Vendor shall comply with Section 30.005—Commonwealth Information Technology Forms
-A statement that the Vendor shall comply with Section 30.010—Compliance with Commonwealth IT Enterprise Architecture and Standards
-A statement that the Vendor shall comply with Section 30.020—Compliance with Commonwealth Security Standards
-A statement that the Vendor shall comply with Section 30.030—Privacy, Confidentiality and Ownership of Information
-A statement that the Vendor shall comply with Section 30.040—Software Development
-A statement that the Vendor shall comply with Section 30.055 – Identity Theft Prevention and Reporting Requirements

Section 50.160—Format of Cost Proposal

The Cost Proposal shall be submitted as prescribed in Section 70.

Section 50.170—Prohibitions of Certain Conflicts of Interest

In accordance with KRS 45A.340, the contractor represents and warrants, and the Commonwealth relies upon such representation and warranty, that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services. The contractor further represents and warrants that in the performance of the contract, no person, including any subcontractor, having any such interest shall be employed.

In accordance with KRS 45A.340 and KRS 11A.040 (4), the contractor agrees that it shall not knowingly allow any official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this contract to voluntarily acquire any ownership interest, direct or indirect, in the contract prior to the completion of the contract.

Section 50.180—Certification Regarding Debarment and Suspension

In accordance with Federal Acquisition Regulation 52.209-5, the Vendor shall certify, in the Transmittal Letter (Section 50.150 of this RFP), that to the best of its knowledge and belief, the Vendor and/or its Principals is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any State or Federal agency.

"Principals", for the purposes of this certification, means officers, directors, owners, partners, and persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of subsidiary, division, or business segment, and similar positions.

Section 50.190—Disclosure of Violation of Statutes

Pursuant to KRS 45A.485, contractors are required to reveal final determinations of violation of certain statutes incurred within the last five (5) years and be in continuous compliance with those statutes during the contract. Where applicable, the Vendor is required to complete and submit Report of Prior Violations of Tax and Employment Laws (See Attachment T) of this RFP.

Section 50.200—Vendor's Exceptions to Terms and Conditions of the Solicitation

An offer in response to this Solicitation that includes terms contrary to the terms and conditions in Section 40 of the Solicitation or takes any exceptions to the terms and conditions of Section 40 may be considered non-responsive. Purchase or Sales Agreements, supplied by the Vendor making an offer, in reply to the Solicitation, may not be accepted.

Section 50.210—Deviations to Other Provisions of the Solicitation

The provisions appearing elsewhere in this Solicitation shall become part of any resulting contract. Any deviations from the provisions of the Solicitation must be specifically identified by the Vendor in its proposal, which if successful, shall become part of the Contract. Such deviations shall not be in conflict with the basic nature of Technical and Cost requirements of this Solicitation. Deviations must be submitted as stated in Section 50 of this Solicitation. The Commonwealth reserves the right to reject any and/or all deviations in whole or in part. Deviations to the Terms and Conditions set forth in Section 40 of this Solicitation may not be accepted.

Section 50.220—Vendor Response and Public Inspection

The RFP specifies the format, required information, and general content of proposals submitted in response to the RFP. The Finance and Administration Cabinet shall not disclose any portions of the proposals prior to contract award to anyone outside the Finance and Administration Cabinet, representatives of the agency for whose benefit the contract is proposed, representatives of the Federal Government, if required, and the members of the evaluation committees. After a contract is awarded in whole or in part, the Commonwealth shall have the right to duplicate, use, or disclose all proposal data submitted by Vendors in response to this RFP as a matter of public record.

Any and all documents submitted by a Vendor in response to the RFP shall be available for public inspection after contract award. No such documents shall be exempt from disclosure under the Kentucky Open Records Act regardless of the

vendor's designation of the information contained therein as proprietary, confidential, or otherwise. Therefore, the Commonwealth will not redact or withhold any documents submitted in response to the RFP if a request to inspect these records is made.

The Commonwealth of Kentucky shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposal received in response to this RFP. Selection or rejections of the proposal will not affect this right.

END OF SECTION 50

Section 60—Technical Proposal Evaluation

In this RFP, the word "shall" means mandatory.

If a vendor does not comply with the directives contained in the various provisions of this RFP as noted by the word "shall", then the vendor's entire Response shall be deemed "non-responsive" and not be further considered or evaluated by the Commonwealth.

In this RFP, the word "should" means non-mandatory.

If a vendor omits or does not fully respond to a provision in the RFP as noted by the word "should", the specific omission or incomplete response will NOT be deemed to render the entire Response "non-responsive" so as to eliminate the vendor from further consideration and evaluation by the Commonwealth. By not responding to a provision noted by the word "should", the vendor will not be awarded any points for that provision. If the vendor does respond to a provision noted by the word "should", that vendor will be evaluated in accordance with the evaluation criteria set forth in the RFP.

Vendors please note that the scoring methodology that will be utilized by the Commonwealth in evaluating all proposals is based upon the Commonwealth's understanding of the current market.

In provisions noted by the word "should", vendors may propose equipment, software, or services available in the market which further the goals of the Commonwealth previously expressed in this paragraph. Thus, Vendors will be rewarded with points for proposals that achieve these goals for the Commonwealth.

The Commonwealth shall conduct a comprehensive, fair, and impartial evaluation of all proposals. The Commonwealth may reject any proposal that is incomplete or in which there are significant inconsistencies or inaccuracies. The Commonwealth reserves the right to reject all proposals.

The Commonwealth has established a Proposal Evaluation Committee to review, evaluate and verify information submitted by the Vendor(s). The Commonwealth reserves the right to alter the composition of the committees or to designate other staff to assist in the evaluation process.

Each Vendor is responsible for submitting all relevant, factual and correct information with their offer to enable the evaluator(s) to afford each Vendor the maximum score based on the available data submitted by the Vendor. This information should be

attached with cross-references to the appropriate location in the Solicitation (i.e., page number, paragraph, subject, etc.).

The Commonwealth shall evaluate the proposals by assigning scores in the categories according to established criteria.

The Technical Proposal Section reflects the two primary options:

1. Section 60.010 – Replacement Proposal.
2. Section 60.020 – Takeover Technical Proposal.

For Vendors providing proposals for both the Replacement and Takeovers, scoring of the technical proposal sections will be completed separately.

Section 60.010—Replacement Technical Proposal

The following sections provide instructions for the Vendor regarding format and requirements for the Replacement Technical Proposal.

The objective of the proposal evaluation process is to determine the proposal which provides the most value and functionality in effectively meeting the Commonwealth's goals and the requirements of this RFP. A comprehensive, fair, and impartial evaluation of proposals received in response to this procurement effort will be conducted. Award shall be made in the best interest of the Commonwealth as determined by the Proposal Evaluation Committee. Consideration may focus on, but is not limited to:

1. Adequacy and completeness of proposal.
2. Bidder‘s understanding of the project.
3. Compliance with the terms and conditions of the RFP.
4. Experience in providing like services.
5. Qualified staff.
6. Response format as required by this RFP.

Section 60.010.010—Technical Proposal Submission Requirements

General Format Guidelines – The following general format guidelines apply to both the technical and cost proposals:

1. The following should be shown on each page of the proposal:
    a. Proposal for MEMS RFP services (RFP 758 1300000287).
    b. Vendor’s name.
    c. Page number.
2. Page numbering should be done by proposal chapter and include reference to the total number of pages for that chapter (e.g., Chapter 1, Page 1 of 10).
3. The Commonwealth prefers the use of 12 point Arial for all text, and 10-12 point Arial for information presented in tables.
4. The font size should be eight (8) point or larger for all figures and exhibits.

5. The text should be single-spaced and left aligned.
6. Margins should be one (1) inch on the top, bottom, left, and right.
7. Pages, other than foldouts, should not exceed 8.5 inches by 11 inches.
8. Foldouts should be limited to a size no larger than 11 inches by 17 inches.
9. Marketing material and other information the Vendor believes to be of value can be placed in a supporting documentation binder.

Vendor's Technical Proposal Format
This section specifies the format to which the Vendor's technical proposal should adhere.

Vendors should provide the technical proposal as described in the following outline. The chapter contents will be further defined in following sections.

Transmittal Letter (see Section 50.150 of this RFP)
Completed and signed face of the Solicitation
Signed face of all Addenda, if applicable
EEO Documents if applicable
Table of Contents
Chapter 1 – Executive Summary
Chapter 2 – Company Overview
Chapter 3 – Past and Current Performance
Chapter 4 – Proposed Solution
Chapter 5 – Project Management Approach
Chapter 6 – Training
Chapter 7 – Organization Change Management
Chapter 8 – Technical, Functional and Fiscal Agent Requirements
Chapter 9 – Data Conversion Strategy
Chapter 10 – Commonwealth and Federal Standards and Policies
Chapter 11 – Software Maintenance and Modifications
Chapter 12 – Staffing
Chapter 13 – Value Added
Chapter 14 – "Option to Buy" – System Hosting, Operations and Disaster Recovery
Chapter 15 – "Option to Buy" – Decision Support System
Chapter 16 – "Option to Buy" – Utilization Management
Chapter 17 - References

Section 60.010.010.010—Table of Contents

The table of contents identifies the major parts of the proposal, by page number. All tables, exhibits, and forms should be listed in the table of contents.

Section 60.010.010.020—Chapter 1 – Executive Summary (10 points)

Provide an Executive Summary that describes the salient features of the Vendor's technical proposal, including an overview of the Vendor's company background and qualifications.

The Executive Summary should highlight the technical proposal's contents so that they provide a broad understanding of the proposal, facilitating its evaluation. The Executive Summary should include conclusions and generalized recommendations. These conclusions and recommendations or any other information in the executive summary will not be evaluated and will not be a factor in the selection of the successful Vendor.

The Executive Summary should outline the Vendor's unique qualification for the implementation of the MEMS and how the Vendor understands the Commonwealth's vision for the implementation and operation of the MEMS.

The Executive Summary should not exceed two (2) double-sided pages.

Title this section as "**Executive Summary**" in the Technical Proposal.

Section 60.010.010.030—Chapter 2 – Company Overview (See Sections 30.058) (15 Points)

Provide information about the Vendor's company capabilities to satisfy the requirements of this RFP and why the company should be selected for this project. The overview should describe the kinds of projects the firm typically performs.

The overview should provide a description of the Vendor's company information including:

1. Date established.
2. Ownership (public company, partnership, subsidiary, etc.): If a Vendor is owned or controlled by a parent company, the name, main office address, and parent company's tax identification number shall be provided in the proposal.
3. Organizational chart depicting the Vendor's organization in relation to any parent, subsidiary, or related organization.
4. State in which the Vendor is incorporated.
5. Number of employees and resources.
6. Organizational staffing chart.
7. Names and resumes of Senior Managers and Partners in regards to this contract.
8. Office location(s) responsible for the proposed tasks.
9. Evidence that the Vendor is financially stable and that it has the necessary infrastructure to complete this contract as described in the Vendor's proposal. The Vendor must provide audited financial statements for the last three years, or similar evidence of financial stability for the last three years in Attachment F of the proposal.
10. Vendor's acknowledgment that the Commonwealth will not reimburse the Vendor until: (a) the Commonwealth Project Director has approved the invoice; and (b) the Commonwealth has received and approved all deliverables covered by the invoice.
11. Details of any pertinent judgment, criminal conviction, investigation, or litigation pending against the Vendor or any of its officers, directors, employees, agents, or subcontractors within the last five (5) years related to this RFP, the State or Federal government, Medicaid, any oversight agencies such as HHS, CMS and OIG, and eligibility enrollment, of which the Vendor has knowledge, or a

statement that there are none. The Agency reserves the right to reject a proposal solely on the basis of this information.

12. Disclosure of contracts no completed in the past five years.
13. Disclosure of any contracts terminated for cause or convenience in the past five years.
14. Disclosure of any conflict of interest.
15. Indication if the Vendor is minority-owned.
16. Number of jobs the Vendor will be creating in the Commonwealth of Kentucky during the project duration.

The Company Overview should not exceed four (4) double-sided pages..

Title this section "**Company Overview**" in the Technical Proposal.

Section 60.010.010.040—Chapter 3 – Past and Current Performance (See Section 30.058) (25 Points)

This section should address the requirements related to past and current performance and include:

1. A proven track record of successfully partnering with its clients to achieve the goals set forth in any contract.
2. A clear, complete and comprehensive vision for the direction of the business and how the selected Vendor's proposed tools should be utilized in the future.
3. A successful track record of commitment to, and support of, the offered product (or its predecessors).
4. A demonstrable recent record of accomplishment of completing multiple projects with scope similar to that described herein to the satisfaction of its clients.
5. A list of implementations of solutions of similar size and complexity that the prime Vendor has executed within the last five years. Include the following in the list:
   a. Agency name and contact information.
   b. Scope summary.
   c. Planned implementation date.
   d. Actual implementation date.
6. A recent record of the prime Vendor completing concurrent multiple projects with scope similar to that described herein should be depicted.
7. A list of projects the prime Vendor has executed with public-sector, and private sector entities. Include the following in the list:
   a. Agency/Company name and contact information.
   b. Scope summary.
   c. Planned implementation date.
   d. Actual implementation date.
8. A list of public-private sector collaborative projects (if any) within the last six (6) years.
9. A clear, complete and comprehensive vision for the direction of the business and how the Vendor's proposed solution can be utilized in the future, as well as a

statement of the Vendor's commitment to and support of, the offered solution should be provided.

10. A complete list of all proposed subcontractors. The list should include a company profile, the number of years the sub-contractor has been in business, a description of services that are to be provided by each subcontractor, and any relevant experience.

The Past and Current Performance should not exceed ten (10) double-sided pages.

Title this section "**Past and Current Performance**" in the Technical Proposal.

Section 60.010.010.050—Chapter 4 – Proposed Solution (See Section 30.060.240.020) - (200 Points)

This is not a traditional RFP to acquire an MMIS. The information in this RFP is defining "what" the Commonwealth wants to acquire. Proposals submitted to this RFP should not only respond to the requirements defined in this RFP but also describe "how" a Vendor plans to meet those requirements, create cost savings, streamline operations, and provide meaningful performance standards. Vendors are expected to propose a solution that will assist the Commonwealth in transforming its business processes, information management, and technology employing BPR and modeling.

The Vendor should provide a detailed description of its proposed solution to meet the RFP requirements. The Vendor should provide convincing evidence that all the requirements in this RFP will be met by the proposed solution and how the solution will meet or exceed the items listed below:

Chapter 4.1 – How the solution will meet CMS Seven Conditions and Standards (Section 30.060.230.030.010)

Chapter 4.2 – How the solution will meet MITA requirements (Section 30.060.230.030.010.020)

Chapter 4.3 – How the solution will meet SOA standards (Section 30.060.240.040)

Chapter 4.4 – Understanding of the division of functions in the MEMS operating Model and how it will conform to the Commonwealth's QHI vision (Attachments H & I)

The response should include technical information about the proposed solution. The Vendor should also provide a summary of proposed Business Applications and Technology Products including:

1. Provider.
2. Products.
3. Release level of the products to be used.
4. Next release/version level to be released.
5. Planned release date of the next release/version.

A discussion of the Software Provider's Product Maintenance approach should be included in this section. Each product maintenance period should cover the full contract period.

REMINDER: Licensing and ongoing cost information should **be reflected only in the separate Cost Proposal.**

Each proposal should provide general information of the current overall performance of the proposed solution, including response time, transaction processing times, average and worst case response times, and eligibility determination response time.

The Vendor should describe the future direction of the technology and functionality of the proposed products. The application should be adaptable to new functionality required by the ACA and be compliant with the ACA.

The Proposed Solution section should **not exceed forty (40) double-sided pages.**

Title this section of the Technical Proposal as "**Proposed Solution.**"

Section 60.010.010.060—Chapter 5 – Project Management Approach (See Sections 30.060.040; 30.060.050; 30.060.070 – 30.060.100 (120 Points)

This section should address the requirements related to the Project Management Approach. The Vendor's proposal should note and identify the areas where its methodology matches or complements CMS's defined Exchange Life Cycle Model as defined in the Collaborative Environment and Life Cycle Governance – Exchange Reference Architecture Supplement. The Vendor's project methodology should align with the Commonwealth's overall project management framework.

In addition, an overview of the full scope and timeline of the project should be described. Also to be included in this section are identified risks associated with the proposed life cycle along with potential mitigation activities.

The proposal should include a summary of efforts to align with standards organizations such as the Project Management Institute's Project Management Body of Knowledge® (PMBOK), the Software Engineering Institute's Capability Maturity Model Integration, ISO 900x standards, the International Institute of Business Analysis Business Analysis Body of Knowledge, Information Technology Infrastructure Library Standards, American Society of Quality Six Sigma standards, and efforts to align with any other pertinent SDLC standards organizations.

The Vendor's proposal should present its SDLC methodology toward this project including a description of the WBS necessary to capture and schedule the work including the milestones and proposed baselines of the project. The description should include the Vendor's specific approach to the following stages in the SDLC:

1. Requirements Analysis.
2. System Design.
3. Development.
4. Testing.
5. Training.
6. Implementation.

The Vendor should propose an implementation schedule that includes the Vendor's recommended phased approach of implementing MEMS modules and system components before the required full implementation date. As a result, the development and implementation deliverables identified in Activities 2 through 8 may be developed and delivered in module or system component parts.

Vendors should include the following in the response:

Chapter 5.1 Project Management Overview.

Chapter 5.2 The Vendor's proposed Project Management Plan.

Chapter 5.3 The Vendor's proposed Project Management Framework Guidelines.

Chapter 5.4 The Vendor's proposed use of Microsoft Solutions Framework within its Project Management Framework.

Chapter 5.5 The Vendor's proposed approach to Deliverable and Artifact management.

Chapter 5.6 The Vendor's Preliminary Work Plan showing activities, tasks, resource assignments, start and end dates for all activities and tasks, task relationships and dependencies, and critical path for the delivery of the MEMS Project. This may be referenced as an appendix to the proposal.

Submit a narrative that provides an overview of the work plan and the approach that should be taken to ensure an orderly implementation. The narrative should encompass all activities necessary to begin and complete each phase of the project.

Chapter 5.7 The Vendor's proposed approach to Change Control Management.

Chapter 5.8 The Vendor's proposed approach to Risk and Issue Management.

Chapter 5.9 The Vendor's approach to project communications including status reporting, meeting schedules and participants for weekly and quarterly status meetings, and Steering committee meetings.

Chapter 5.10 An outline of the procedures, processes, and tools the Vendor proposes to use to successfully implement its methodology and to manage the Development of the technical solution through its life cycle.

Chapter 5.11 A detailed description of the Vendor's proposed approach to requirements analysis, definition, refinement, approval and traceability. This should include any processes the Vendor proposes to set up for this phase, and a regular meeting schedule including required participants to enable these processes (Section 30.060.080).

Chapter 5.12 A detailed description of the Vendor's proposed approach to System Design. This should include the Vendor's proposal to meet the requirements for a collaborative design approach, any processes the Vendor proposes to set up for this phase, a regular meeting schedule for design sessions, and the identification of the likely required business and technical participants, by role, to enable successful Joint Application Design (Section 30.060.090).

Chapter 5.13 A detailed description of the Vendor's proposed Construction Strategy that demonstrates that the Vendor understands all the various types of development that are required for a successful implementation of the MEMS, based on the Vendor's proposed solution to the Functional and Technical Requirements laid out in Attachments F & G. The Strategy will provide the Vendor's process in determining the decisions made regarding the proposed solutions which will include:

a. Impact Analysis.
b. System Modification versus COTS product decision.
c. Business Process Review.

This is to include but not be limited to such development tasks as shared component development, infrastructure development, web service development, user interface development, report development, workflow development, dynamic notification development, e-forms development, business intelligence capability development, MDM development, online application development and more. Depending on the Vendors proposed solution, this may also include strategy for configuration and integration of COTS components or the integration of components hosted outside of CHFS infrastructure (Section 30.060.100).

Chapter 5.14 Approach to Offsite Project Work – If the Vendor organization is proposing offsite project work, the Vendor should specifically address each item listed below. Otherwise, Vendor will respond to this section as follows: "**No offsite project work proposed.**"

1. Provide a detailed description of work to be completed offsite along with a breakdown of the type of work to be provided onsite. Quantify this by estimating for each of the deliverables identified in this Section, the percentage of work to be done offsite.
2. Provide an organization chart with job titles of offsite staff and their relationship to the Vendor.
3. Provide a description of what tasks each job title is responsible for performing.
4. Clearly identify if offsite work is to be performed by Vendor staff or sub-contractors.
5. Provide a detailed plan for managing offsite work including communication strategy to accommodate time differences if any. Include contingency plan for completing work should offsite relationship be terminated.

6. Propose a meeting schedule for project status discussions with offsite management staff.
7. Identify the offsite single point of contact who will serve as the project manager of offsite resources. Describe how this project manager and the onsite project manager will interact. The Commonwealth prefers that the offsite project manager be a Vendor employee.
8. Provide a contingency plan for substituting onsite staff if offsite relationship becomes problematic as determined by the Commonwealth.
9. Provide a description of prior Vendor organization experience with use of offsite Vendor staff or subcontractors and provide U.S. client references for that work.
10. Provide a detailed description of proposed project manager's experience in directing offsite staff and/or subcontractors.
11. Describe your understanding that the Commonwealth will only provide management of this project and Vendor resources through the onsite project manager. All management/relationships with offsite resources, whether Vendor staff or subcontractors, will be handled by the respective bidding organization.
12. Describe how the system components will be tested and staged during customization/development. Commonwealth staff must approve the results of system testing before systems components are migrated into UAT.

Chapter 5.15 All Deliverables are represented in Attachment L.

The Project Management Approach section should **not exceed fifty (50) double-sided pages.**

Title this section of the Technical Proposal as “Project Management Approach**.**”

Section 60.010.010.070—Chapter 6 – Training (See Section 30.060.140) (40 Points)

This section should address the requirements related to Training. A detailed description of the Vendor’s proposed Training Strategy that demonstrates the Vendor understands all the various elements required for training of the multiple user types that will interact with the MEMS. Ensure that the training proposal meets all the training requirements set out in this RFP and includes the following:

1. Training Strategy.
2. Training Plan.
3. Training Environment.
4. Training Materials.
5. Training Report

The Training section should **not exceed four (4) double-sided pages.**

Title this section of the Technical Proposal as “**Training.**”

Section 60.010.010.080—Chapter 7 – Organization Change Management (See Section 30.060.120) – (50 Points)

Vendor should propose its approach to Organization Change Management and address how it intends to:

1. Maximize positive responses to the new MEMS.
2. Manage stakeholder expectations.
3. Ensure smooth adoption of the new system and business processes.
4. Fulfill the requirements specified in this section.
5. Limit disruption of staff.
6. Minimize impact to client services.

The Organization Change Management section should **not exceed five (5) double-sided pages.**

Title this section of the Technical Proposal as "**Organization Change Management**."

Section 60.010.010.090—Chapter 8 –Technical, Functional and Fiscal Agent Requirements (See Section 30.060.220 and 30.060.240; Attachments F, G and Q) (400 Points)

The Technical, Functional and Fiscal Requirements require a multi-part response from the Vendor:

1. The Vendor will read and sign the Statement of Understanding and Acceptance.
2. The Vendor will provide an explanation regarding how each technical, functional and FA area, as noted below, will be addressed.
    a. Technical Areas
        1. Access and Presentation Requirements
        2. Integration Services Requirements
        3. Application and Shared Services Requirements
        4. Data Services Requirements
        5. Infrastructure Requirements
        6. Security Requirements
        7. Operations Requirements
        8. Development Architecture Requirements
    b. Functional Areas
        1. Member Management Requirements
        2. Provider Management Requirements
        3. Operations Management Requirements
        4. Program Management Requirements
        5. Program Integrity Requirements
        6. Contractor Management
        7. Business Relationship Management Requirements

8. Care Management Requirements
9. DSS/DW Requirements
10. TPL Requirements
11. Financial Management Requirements
12. Managed Care Enrollment Requirements
13. Managed Care Interfaces Requirements
14. Managed Care PCCM Requirements
15. Managed Care PIHP PAHP Requirements
16. Reference Requirements
17. Web Services Requirements
18. Document Management Requirements
19. Workflow Management Requirements
20. Customer Services Requirements
21. Utilization Management Requirements
22. Security and Privacy Requirements
23. Immunization Registry Requirements
24. Rules Engine Requirements
25. Waiver Management Requirements
26. Federal Reporting Requirements
27. Global Business Requirements
28. General Business Contractor Requirements
29. Facility Management Requirements
30. Change management Requirements
31. Learning Management Requirements

c. Fiscal Agent Responsibilities

The Commonwealth seeks responses that demonstrate an understanding of the requirements and explains how the requirements can be accomplished.
Vendors should use the following outline in preparing this section:

Chapter 8.1 – Statement of Understanding and Acceptance

_____ (The Vendor providing this proposal) acknowledges that we understand and accept the requirements outlined in Section 30-Scope of Work and Attachment F - MEMS Functional Requirements, Attachment G – MEMS Technical Requirements, and Attachment Q – MEMS Fiscal Agent Responsibilities as written.
_____ (The Vendor providing this proposal) further understands, and accepts, that the final solution design shall be determined via Joint Application Design (JAD), as approved by the Commonwealth.
Dated the _____day of _____, 2013.

_____ _____
Signature Title
(Signature and Title of Authorized Representative on the behalf of the Vendor submitting this proposal)

Title this section of the Technical Proposal as "**Technical, Functional and Fiscal Agent Requirements.**"

Section 60.010.010.100—Chapter 9 – Data Conversion Strategy (see Section 30.060.110) (Points 40 Points)

The Vendor's response should provide a detailed description of the Vendor's proposed Data Conversion Strategy. Include the checks and balances the Vendor intends to employ in order to ensure the quality and accuracy of the data that will be converted.

The Data Conversion Strategy section should **not exceed ten (10) double-sided pages.**

Title this section of the Technical Proposal as the "**Data Conversion Strategy.**"

Section 60.010.010.110—Chapter 10 – Commonwealth and Federal Standards and Policies (Section 30.060.230.040) (Points 30 Points)

The Vendor should propose how its system will operate the services and system in a manner that fulfills the certification requirements set out by CMS and the Federal Government in response to the ACA.

Chapter 10.1 - Security Plan - The Security plan will detail all the Security procedures and controls that will be employed in the implementation of the MEMS to ensure the integrity of the system and compliance with all security appropriate regulations. The Security Plan should also include a schedule of Security related activities, including the completion of Security requirements such as the Information Security Risk Assessment Chapter 30.060.240.020.080.010).

The Commonwealth and Federal Standards and Policies section should **not exceed six (6) double-sided pages.**

Title this section of the Technical Proposal as the "**Commonwealth and Federal Standards and Policies.**"

Section 60.010.010.120—Chapter 11 – Software Maintenance and Modifications (Section 30.060.180) (Points 90)

The Vendor should provide a description of its strategy and approach for conducting post implementation support (stabilization). This description should include detailed information about the level of staffing and the staffing roles necessary to provide twenty-five thousand (25,000) hours of Vendor categorized staff time per contract year to apply towards system modification, changes and enhancements to the MEMS. The Vendor should identify staff to be assigned to system modification, change and enhancement projects.

Chapter 10.1 – Configuration Management – The Vendor should describe the administrative and technical procedures to be used throughout the software life cycle to control modifications and releases of the software. The plan should address:

1. The recording and reporting of status items and modification requests.
2. Completeness, consistency, and correctness of releases.
3. Control, storage, handling, and delivery of the software.
4. Address initial DDI as well as ongoing maintenance, enhancement, reuse, reengineering, and all other activities resulting in software products.

The Vendor must assist and provide to the Commonwealth with the acquired insight into, and tools for monitoring, the processes to be followed for change and version control, the methods to be used, and the approach to be followed for each activity. Portions of the plan may be bound separately if this approach enhances its usability.

Turnover processes are critical to the initial procurement process. Each Vendor should address procedures related to turnover at contract end. Recommendations for Commonwealth staffing necessary to assume support responsibilities shall be identified in this section. The staffing recommendation should include a recommendation for staffing levels by position, an organizational chart, and roles and responsibilities descriptions for each position.

Each proposal should address any experience the Vendor has with the turnover of a major system to another Vendor or to the client. The Vendor is expected to be a full partner in the turnover process and has a responsibility to ensure that the Commonwealth continues to operate smoothly during and after the turnover process.

The Software Maintenance and Modifications section should **not exceed five (5) double-sided pages.**

Title this section of the Technical Proposal as "**Software Maintenance and Modifications.**"

Section 60.010.010.130—Chapter 12 - Staffing (See Section 30.060.030.010) - (40 Points)

Other than base key and core staff, this RFP does not define Vendor staffing requirements. As part of its proposal, the Vendor should provide a detailed Staffing and Organizational Plan discussing each phase of the project, including:

1. Project Planning Phase.
2. Certification Phase.
3. Implementation Phase.
4. System and Operational Enhancements Phase.
5. Operations Phase.
6. Turnover Phase.

These staffing plans should include an organizational chart for each stage of the project depicting the key and core staff and showing all other proposed staff by title, minimum

qualifications for that title and number of positions being proposed. This plan should be detailed and will be used to determine if the vendor has a comprehensive understanding of the breadth and depth of this RFP and the associated SLAs. The Department will require that the contractor update the Staffing and Organization Plan annually.
The Vendor may not transfer, reassign or replace a key or core staff person who is proposed or defined in the annual staffing plan without the written approval of the Department, which are not to be unreasonably withheld. If the Commonwealth gives written approval of the transfer, reassignment, or replacement of key or core staff, such personnel will remain assigned to the performance of duties under this contract until replacement personnel, approved by the Commonwealth, are in place performing the key or core staff functions.

The awarded Vendor must furnish experienced, qualified professionals to ensure the success of the project. The Vendor should address each of the requirements listed in Section 30.060.030.010. Address project staffing, the proposed approach to staff management, and include:

Chapter 12.1 The approach to staff resource estimating, staff ramp-up, and resource loading for all phases and sub-projects in the Project .

Chapter 12.2 A list naming each individual assigned to each key role and including a description of the individual's responsibilities and an indication of their planned level of effort.

Chapter 12.3 The resume of the person proposed for each key role.

Chapter 12.4 A declaration showing any key roles that are combined to be filled by a single individual or split to be shared between more than one individual and how all job duties can be accomplished by such actions.

Chapter 12.5 The percentage of time that each key role proposed individual is allocated to the project.

Chapter 12.6 Any current or former Kentucky State employee being proposed by the bidder to participate on the project.

Chapter 12.7 A letter of intent to accept employment signed by the individual for all proposed key staff members (with the exception of subcontractor staff members) not currently an employee at the time of proposal submission.

Chapter 12.8 An organizational chart showing the corporate entities and relationships of prime and subcontractors involved in the project.

Chapter 12.9 An organizational chart showing the proposed project team, including interaction with or reporting structures to key CHFS staff.

It is expected that personnel proposed for the project will be committed and truly engaged with the project, and that inexperienced personnel will not be exchanged for them. Should specific personnel proposed by the Vendor not be available, or if Medicaid determines that key personnel are not providing an adequate amount of time onsite, Medicaid reserves the right to cancel the project and all prior agreements with the Vendor or make appropriate adjustments to any work plan and prices to be paid herein under.

The Vendor must maintain staffing levels throughout the project at ninety percent (90%) or more of the staffing plan agreed to during project planning.

This response section should also contain acknowledgement that the Vendor understands its obligation regarding the location of staff and the establishment of an offsite office and equipment.

The Proposed Staffing section should **not exceed fifteen (15) double-sided pages.** Title this section of the Technical Proposal as the "**Proposed Staffing.**"

Section 60.010.010.140—Chapter 13 – Value Added (see Section 30.058.020) (20 Points)

This is an opportunity for Vendors to distinguish themselves from competing Vendors. The vendor should recommend, in summary format, innovative practices, business strategies, and value-added services that will be offered by the Vendor to enable the Commonwealth to be successful in this effort.

The Value Added section should **not exceed five (5) double-sided pages.**

Title this section of the Technical Proposal as the "**Value Added.**"

Section 60.010.010.150—Chapter 14 – "Option to Buy," System Hosting, Operations and Disaster Recovery (Section 30.060.260.010 (Points 100 Points)

The Commonwealth requires that the Vendor propose a solution for each "Option to Buy" or expanded functionality component and include the costs for each item separately in the Cost Schedules detailed in Section 70.

The Vendor's proposal of the System Hosting solution should identify how they plan to meet the ongoing operations once the system has been placed into production. This description should include detailed information about the level of staffing, the staffing roles, and the cyclical and non-cyclical activities that shall be conducted by the Vendor. The description should be comprehensive in nature. Vendors should bear in mind that the bid in this area is both comprehensive and fixed price in nature. Therefore, if any necessary service or other item or piece of equipment is left out of the proposal, and this service, item, or piece of equipment is later deemed necessary and essential to the performance of ongoing operations support, then the Vendor will be responsible for

providing that service, item, or piece of equipment at no additional charge to the Commonwealth. Additional requirements can be found in Attachments F & G.

Response to Disaster Recovery & Business Continuity – Include in response to this section alternative options for disaster recovery to return the system to full operations within 60 minutes, 6 hours, 12 hours, 24 hours, and 48 hours of a disaster event. These alternative options should include an outline of the merits of each strategy including tradeoffs between cost, operational efficiency, and risk mitigation.

The Commonwealth may or may not choose to exercise this option.

The Systems Hosting, Operations and Disaster Recovery section should **not exceed fifteen (15) double-sided pages.**

Title this section of the Technical Proposal as the "**Systems Hosting, Operations, and Disaster Recovery.**"

Section 60.010.010.160—Chapter 15 – Option to Buy; Decision Support System (DSS) (Section 30.060.260.020) (Points 100 Points)

The Commonwealth requires that the Vendor propose a solution for each "Option to Buy" or expanded functionality component and include the costs for each item separately in the Cost Schedules detailed in Section 70.

The Vendor's proposal of the DSS solution should identify how the application can analyze and join data from a variety of data sources, and produce output in a number of formats based on the needs of CHFS.

The Commonwealth may or may not choose to exercise this option.

The Decision Support System (DSS) section should **not exceed fifteen (15) double-sided pages.**

Title this section of the Technical Proposal as the "**Decision Support System (DSS).**"

Section 60.010.010.170—Chapter 16 – Option to Buy; Utilization Management (UM) (Section 30.060.260.030) (Points 100 Points)

The Commonwealth requires that the Vendor propose a solution for each "Option to Buy" or expanded functionality component and include the costs for each item separately in the Cost Schedules detailed in Section 70.

The Commonwealth seeks to continue to reduce medically unnecessary care and improve outcomes through a state-of-the-art UM program. In support of Medicaid modernization, CHFS is seeking a qualified Vendor to develop and administer a robust

UM program to ensure Medicaid members receive safe, quality health care while simultaneously reining in costs for medically unnecessary care.
The Vendor **should** describe how its system meets:

1. An automated rule driven system-based review process through which providers may submit both initial and concurrent requests and clinical information and obtain real-time approvals.
2. Licensing to perform Utilization Review(s) in the State of Kentucky.

The Commonwealth may or may not choose to exercise this option.

The Utilization Management section should **not exceed fifteen (15) double-sided pages.**

Title this section of the Technical Proposal as the "**Utilization Management (UM).**"

Section 60.010.010.180—Chapter 17 - References (20 Points)

Please complete the reference form (Attachment A) for three (3) references. At least one (1) of the references should be from the public sector. All references should be from accounts similar to the scope and complexity of this procurement.

If complete and accurate information is not provided, the Vendor's reference may not be considered for evaluation and may receive a score of zero (0).

References' telephone number and email address shall be included on the reference form otherwise the reference shall receive a score of zero (0). If the reference does not have an email address, please state such on the reference form.

The Commonwealth, not the Vendor, shall contact references; however, it is the Vendor's responsibility to ensure that a reference is aware of and anticipates being contacted by the Commonwealth. If a reference is unable to be reached or does not respond to the Commonwealth, that reference shall receive a score of zero (0). If it is determined as the result of a reference check that a reference is not qualified in accordance with the requirements of this RFP, the reference shall receive a score of zero (0).

All references shall be valid and within the United States.

The Vendor cannot use the Commonwealth of Kentucky as a reference. If the Commonwealth of Kentucky is used as a reference, that reference shall receive a score of zero (0).

Section 60.010.020—Scoring of Technical Proposal

Table 19 Technical Proposal Scoring Points

Criteria	Points Possible
1. Executive Summary	10
2. Company Overview	15
3. Past and Current Performance	25
4. Proposed Solution	200
5. Project Management Approach	120
6. Training	40
7. Organization Change Management Requirements	50
8. Technical, Functional and Fiscal Agent Requirements	400
9. Data Conversion Strategy	40
10. Commonwealth and Federal Standards and Policies	30
11. Software Maintenance and Modifications	90
12. Staffing	40
13. Value Added	20
14. "Option to Buy" – System Hosting, Operations and Disaster Recovery	100
15. "Option to Buy" – Decision Support System	100
16. "Option to Buy" – Utilization Management	100
17. References	20
Total Points Possible	**1,400**

Proposals scoring fewer than one thousand (1,000) points on the Technical Evaluation may be eliminated from further consideration.

Section 60.020—Takeover Technical Scoring Criteria

The objective of the proposal evaluation process is to determine the proposal which provides the most value and functionality in effectively meeting the Commonwealth's goals and the requirements of this RFP. A comprehensive, fair, and impartial evaluation of proposals received in response to this procurement effort will be conducted. Award shall be made in the best interest of the State as determined by the Proposal Evaluation Committee. Consideration may focus on, but is not limited to:

1. Adequacy and completeness of proposal.
2. Bidder's understanding of the project.
3. Compliance with the terms and conditions of the RFP.
4. Experience in providing like services.
5. Qualified staff.
6. Response format as required by this RFP.

Section 60.020.010—Technical Proposal Submission Requirements

General Format Guidelines – The following general format guidelines apply to both the technical and cost proposals. The following should be shown on each page of the proposal:

1. The following should be shown on each page of the proposal:
   a. Proposal for vendor Services (RFP 758 1300000287).
   b. Vendor's name.
   c. Page number.
2. Page numbering should be done by proposal tab and include reference to the total number of pages for that tab (e.g., Tab 1, Page 1 of 10).
3. The Commonwealth prefers the use of 12 point Arial for all text, and 10-12 point Arial for information presented in tables.
4. The font size should be eight point or larger for all figures and exhibits.
5. The text should be single-spaced and left-aligned.
6. Margins should be one inch on the top, bottom, left, and right.
7. Pages, other than foldouts, should not exceed 8.5 inches by 11 inches.
8. Foldouts should be limited to a size no larger than 11 inches by 17 inches.
9. Marketing material and other information the Vendor believes to be of value can be placed in a supporting documentation binder.

Vendor's Takeover Technical Proposal Format
This section specifies the format to which the Vendor's technical proposal should adhere.

Vendors should provide the technical proposal as described in the following outline. The chapter contents will be further defined in following sections.

Transmittal Letter (see Section 50.150 of this RFP)
Completed and signed face of the Solicitation
Signed face of all Addenda, if applicable
EEO Documents if applicable
Table of Contents
Chapter 1 - Executive Summary
Chapter 2 – Company Overview
Chapter 3 – Past and Current Performance
Chapter 4 – Project Management Approach
Chapter 5 – Training
Chapter 6 – Staffing
Chapter 7 - Technical, Functional & Fiscal Agent Requirements
Chapter 8 - References

Section 60.020.010.010—Table of Contents

The table of contents should identify the major parts of the proposal, by page number. All tables, exhibits, and forms should be listed in the table of contents.

Section 60.020.010.020—Chapter 1 – Executive Summary (10 Points)

Provide an Executive Summary that describes the salient features of the Vendor's technical proposal including an overview of the Vendor's company background and qualifications.

The Executive Summary should highlight the technical proposal's contents so that they provide a broad understanding of the proposal, facilitating its evaluation. The executive summary should include conclusions and generalized recommendations. These conclusions and recommendations or any other information in the Executive Summary will not be evaluated and will not be a factor in the selection of the successful Vendor.

The Executive Summary should not exceed two (2) double-sided pages.

Title this section as "**Executive Summary**" in the Technical Proposal.

Section 60.020.010.030—Chapter 2 – Company Overview (See Section 30.058) (15 Points)

Provide information about the Vendor's company capabilities to satisfy the requirements of this RFP and why the company should be selected for this project. The overview should describe the kinds of projects the firm typically performs.

The overview **should** provide a description of the Vendor's company information including:

1. Date established.
2. Ownership (public company, partnership, subsidiary, etc.): If a Vendor is owned or controlled by a parent company, the name, main office address, and parent company's tax identification number shall be provided in the proposal.
3. Organizational chart depicting the Vendor's organization in relation to any parent, subsidiary, or related organization.
4. State in which the Vendor is incorporated.
5. Number of employees and resources.
6. Organizational staffing chart.
7. Names and resumes of Senior Managers and Partners in regards to this contract.
8. Office location(s) responsible for the proposed tasks.
9. Evidence that the Vendor is financially stable and that it has the necessary infrastructure to complete this contract as described in the Vendor's proposal. The Vendor **should** provide audited financial statements for the last three years,

or similar evidence of financial stability for the last three years in Appendix A of their proposal.

10. Vendor's acknowledgment that the Commonwealth will not reimburse the Vendor until: (a) the Commonwealth Project Director has approved the invoice; and (b) the Commonwealth has received and approved all deliverables covered by the invoice.
11. Details of any pertinent judgment, criminal conviction, investigation, or litigation pending against the Vendor or any of its officers, directors, employees, agents, or subcontractors within the last five (5) years related to this RFP, the State or Federal government, Medicaid, any oversight agencies such as Health and Humans Services, Center for Medicare and Medicaid Services and Office of Inspector General, and eligibility enrollment, of which the Vendor has knowledge, or a statement that there are none. The Agency reserves the right to reject a proposal solely on the basis of this information.
12. Disclosure of contracts no completed in the past five years.
13. Disclosure of any contracts terminated for cause or convenience in the past five years.
14. Disclosure of any conflict of interest.
15. Indication if the Vendor is minority-owned.
16. Number of jobs the Vendor will be creating in the Commonwealth of Kentucky during the project duration.

The Company Overview should not exceed four (4) double-sided pages. **Senior staff resumes and details of judgments, etc. may be included in an addendum.**

Title this section "**Company Overview**" in the Technical Proposal.

Section 60.020.010.040—Chapter 3 – Past and Current Performance (See Section 30.058.010) (25 Points)

This section should address the requirements related to past and current performance and include:

1. A proven track record of successfully partnering with its clients to achieve the goals set forth in any contract.
2. A clear, complete and comprehensive vision for the direction of the business and how the selected Vendor's proposed tools should be utilized in the future.
3. A successful track record of commitment to, and support of, the offered product (or its predecessors).
4. A demonstrable recent record of accomplishment of completing multiple projects with scope similar to that described herein to the satisfaction of its clients.
5. A list of implementations of solutions of similar size and complexity that the prime Vendor has executed within the last five years. Include the following in the list:
    a. Agency name and contact information.
    b. Scope summary.
    c. Planned implementation date.
    d. Actual implementation date.

6. A recent record of the prime Vendor completing concurrent multiple projects with scope similar to that described herein should be depicted.
7. A list of projects the prime Vendor has executed with public-sector, and private sector entities. Include the following in the list:
   a. Agency/Company name and contact information.
   b. Scope summary.
   c. Planned implementation date.
   d. Actual implementation date.
8. A list of public-private sector collaborative projects (if any) within the last six (6) years.
9. A clear, complete, and comprehensive vision for the direction of the business and how the Vendor's proposed solution can be utilized in the future, as well as a statement of the Vendor's commitment to and support of, the offered solution should be provided.
10. A complete list of all proposed subcontractors. The list should include a company profile, the number of years the sub-contractor has been in business, a description of services that are to be provided by each subcontractor, and any relevant experience.

The Past and Current Performance should not exceed ten (10) double-sided pages. **Senior staff resumes and details of judgments, etc. may be included in an addendum.**

Title this section "**Past and Current Performance**" in the Technical Proposal.

Section 60.020.010.050—Chapter 4 – Project Management Approach (See Section 30.070.040; Attachment P – Vendor Responsibilities (Takeover) (100 Points)

This section should address the requirements related to the Project Management Approach. The Vendors project methodology should align with the Commonwealths overall project management framework.

In addition, an overview of the full scope and timeline of the project should be described. Also to be included in this section are identified risks associated with the proposed life cycle along with potential mitigation activities.

The proposal should include a summary of efforts to align with standards organizations such as the Project Management Institute's Project Management Body of Knowledge® (PMBOK), the Software Engineering Institute's Capability Maturity Model, ISO 900x standards, the International Institute of Business Analysis Business Analysis Body of Knowledge, Information Technology Infrastructure Library Standards, American Society of Quality Six Sigma standards and efforts to align with any other pertinent SDLC standards organizations.

The Vendor's proposal should present its SDLC Methodology toward this project including a description of the WBS necessary to capture and schedule the work

including the milestones and proposed baselines of the project. The description should include the Vendor's specific approach to the following stages in the SDLC:

1. Requirements Analysis.
2. System Design.
3. Development.
4. Testing.
5. Training.
6. Implementation.

The Vendor should propose an implementation schedule that includes the Vendor's recommended phased approach of implementing MMIS modules and system components before the required full implementation date. Vendors should include the following in the response:

Chapter 4.1 Project Management Overview.

Chapter 4.2 The Vendor's proposed Project Management Plan.

Chapter 4.3 The Vendor's proposed Project Management Framework Guidelines.

Chapter 4.4 The Vendor's proposed use of Microsoft Solutions Framework within its Project Management Framework.

Chapter 4.5 The Vendor's proposed approach to Deliverable and Artifact management.

Chapter 4.6 The Vendor's Preliminary Work Plan showing activities, tasks, resource assignments, start and end dates for all activities and tasks, task relationships and dependencies, and critical path for the delivery of the MMIS Project. This may be referenced as an appendix to the proposal.

Submit a narrative that provides an overview of the work plan and the approach that should be taken to ensure an orderly implementation. The narrative should encompass all activities necessary to begin and complete each phase of the project.

Chapter 4.7 The Vendor's proposed approach to Change Control Management.

Chapter 4.8 The Vendor's proposed approach to Risk and Issue Management.

Chapter 4.9 The Vendor's approach to project communications including status reporting, meeting schedules and participants for weekly and quarterly status meetings, and Steering committee meetings.

Chapter 4.10 An outline of the procedures, processes, and tools the Vendor proposes to use to successfully implement its methodology and to manage the project through its life cycle.

Chapter 4.11 A detailed description of the Vendor's proposed approach to requirements analysis, definition, refinement, approval and traceability. This should include any processes the Vendor proposes to set up for this phase, and a regular meeting schedule including required participants to enable these processes.

Chapter 4.12 Approach to Offsite Project Work – If the Vendor organization is proposing offsite project work, the Vendor **should** specifically address each item listed below. Otherwise, Vendor **should** respond to this section as follows: "**No offsite project work proposed.**"

1. Provide a detailed description of work to be completed offsite along with a breakdown of the type of work to be provided onsite. Quantify this by estimating for each of the deliverables identified in this Section, the percentage of work to be done offsite.
2. Provide an organization chart with job titles of offsite staff and their relationship to the Vendor.
3. Provide a description of what tasks each job title is responsible for performing.
4. Clearly identify if offsite work is to be performed by Vendor staff or sub-contractors.
5. Provide a detailed plan for managing offsite work including communication strategy to accommodate time differences if any. Include contingency plan for completing work should offsite relationship be terminated.
6. Identify the offsite single point of contact who will serve as the project manager of offsite resources. Describe how this project manager and the onsite project manager will interact. The Commonwealth prefers that the offsite project manager be a Vendor employee.
7. Provide a contingency plan for substituting onsite staff if offsite relationship becomes problematic as determined by the Commonwealth.
8. Provide a description of prior Vendor organization experience with use of offsite Vendor staff or subcontractors and provide U.S. client references for that work.
9. Describe your understanding that the Commonwealth will only provide management of this project and Vendor resources through the onsite project manager. All management/relationships with offsite resources, whether Vendor staff or subcontractors, will be handled by the respective bidding organization.

The Project Management Approach section should not exceed fifty (50) double-sided pages.

Title this section of the Technical Proposal as "**Project Management Approach**."

Section 60.020.010.060—Chapter 5 Training (Section 30.070.120) (25 Points)

This section should address the requirements related to Training. A detailed description of the Vendor's proposed Training Strategy that demonstrates the Vendor understands all the various elements required for training of the multiple user types that will interact

with the MEMS. Ensure that the training proposal meets all the training requirements set out in this RFP and includes the following:

1. Training Strategy.
2. Training Plan.
3. Training Environment.
4. Training Materials.
5. Training Report

The Training section should not exceed four (4) double-sided pages.

Title this section of the Technical Proposal as "**Training.**"

Section 60.020.010.070—Chapter 6 Staffing (Section 30.070.070) (100 Points)

This section presents requirements related to project staffing. The Vendor's proposed Staffing Plan **should** include:

1. Approach to staff management, including:
   a. Description of industry standards followed.
   b. Lines of responsibility.
   c. Tools and processes used.
2. Approach to staff resource estimating, staff ramp-up, and resource loading for completing the RFP requirements.
3. A list naming each individual assigned to each key staff position and including a description of the individual's responsibilities.
4. The resume for the person proposed for each key staff position with a minimum of three references.
5. A declaration showing any key staff positions that are combined or shared, and how all job duties will be accomplished.
6. A list of the percentage of time that each key staff position is allocated to the project.
7. A list of whether each key position is local or remote (not in the Frankfort, KY region), and the base location of the proposed staff member if he/she is not local.
8. A list of any current or former Kentucky State employee(s) being proposed by the Bidder and will be participating on the project.
9. A list of any of the proposed key staff members (with the exception of subcontractor staff members) who are not currently an employee of the bidder at the time of proposal submission; the bidder **should** submit a letter of intent to accept employment signed by the individual.
10. An organizational chart showing the corporate entities and relationships of both prime and subcontractors involved in the project.
11. An organizational chart showing the proposed project team.

The Vendor's Proposed Staffing should meet the below requirements:

1. The awarded Vendor **should** provide experienced staff to coordinate testing efforts of the Takeover implementation and interfaces.
2. The awarded Vendor facility will be located within 10 miles of the Cabinet for Human Resources (CHR) Building in KY where DMS and CHFS are located.
3. Reporting Specialists shall be located at the Commonwealth's DMS office location.
4. Provide sufficient Systems Maintenance/Modification Programmers [minimum of twenty (20) Full-Time Equivalents (FTEs)] to perform all the normal systems maintenance responsibilities and approved modification requirements. Any awarded Vendor Systems Maintenance/Modification Programmers beyond the twenty (20) FTE minimum may be located at either the awarded Vendor's Frankfort, KY area facility location or outside of the awarded Vendor's Frankfort, KY area facility, but within the Continental United States. The awarded Vendor should have a mix of programmers whose experience is appropriate to the project phases they are working, i.e., KYMMIS programming skills as outlined within this RFP. If the Commonwealth determines that the awarded Vendor's programming staff is insufficient to complete maintenance activities in a DMS-approved time period, the awarded Vendor shall hire sufficient staff to complete all maintenance activities at no additional cost to the Commonwealth.
5. Ensure that the KYMMIS Maintenance/Modification Programmers have the necessary technical background, education, and skills to perform in the project phase they are assigned, i.e., the KYMMIS environments. KYMMIS skills **should** include, but are not limited to:
   a. Large-scale, client-server integrated healthcare systems (including member eligibility, provider contracting, claims processing, medical management, pharmacy management, fee schedule management, etc.).
   b. Development languages.
   c. Graphical User Interface (GUI) development.
   d. Large application system maintenance and development.
   e. Imaging/data entry equipment application programming.
   f. Relational database development.
   g. PC LAN network support.
   h. Decision support software/data warehouse languages and tools.
   i. American National Standards Institute (ANSI) X12, HIPAA Transaction and Code Sets, Point-of-Sale (POS), and other EDI protocols.
   j. Web-based, secured transactional language/scripting.
   k. Healthcare claims and encounter systems.
6. Key personnel **should** possess the skills and knowledge to support the business unit and users' procedures, as well as understanding the KYMMIS.
7. The Business Analyst's responsibilities **should** include, but are not limited to:
   a. Assist DMS with KYMMIS Maintenance and Modification Requests: **should** be able to define business requirements, identify and evaluate alternatives, propose solutions, and prepare system change requests for DMS user approval.

b. Research Issues: Shall be able to recognize issues and problems, perform the necessary research to determine root cause of the problem, develop a recommended corrective action, and present clear responses and explanations to DMS users.
c. Validate KYMMIS changes: Shall be able to prepare comprehensive test data to test and evaluate the results of proposed system changes. Internal to the awarded Vendor, sign-off on all test system changes after verification and present test results to DMS users for Commonwealth approval.
d. Assist in Developing Test Plans: Shall be able to assist DMS users in developing UAT plans, preparing test data, conducting systems tests, and evaluating and verifying the test data results.
e. DMS User Procedures and Training: Shall be able to assist DMS user in developing detailed procedures and work instructions to operate the system and accommodate ongoing system changes. DMS expects these key personnel to identify the impact of any proposed system changes on existing procedures and make recommendations as to revisions or additional procedures or work instructions that need to be developed.
f. Understand and support DMS' business requirements, procedures, policies, and terminology, in addition to CMS and other Federal and Commonwealth requirements and report and clarify with DMS any found inconsistencies.

8. Provide and maintain adequate Operations Support Staff to ensure that all performance requirements are met throughout the term of the Master Agreement. Operations Support Staff shall include personnel such as Technical Support Staff, Production Schedulers, etc. If the Commonwealth determines that the awarded Vendor's Operations Support Staff is insufficient to complete support activities in a DMS-approved time period, the awarded Vendor shall hire sufficient staff, at no additional cost to the Commonwealth.
9. Provide and maintain adequate System Support Staff at all times during the term of the contract. The minimum personnel shall include:
   a. Production Control Coordinator: Primary responsibility shall be to ensure the integrity of all application software production and test libraries.
   b. Documentation Coordinator: Primary responsibility shall be to ensure that all KYMMIS-related documentation is kept up-to-date, changes are made in DMS required timeframes, and all documentation is in accordance with the standards within this RFP.
   c. Training Coordinator: Primary responsibility shall be to ensure all training activities are adequately completed.
   d. Quality Control Coordinator: Primary responsibility shall be for developing and maintaining a methodical ongoing quality control function that encompasses accurate data entry, identifying, monitoring, and accounting for system inputs, identifying, monitoring, and analyzing and verifying system outputs, validating data integrity, ensuring adequate internal controls and quality checks are in place during processing, and ensuring that continuous improvement opportunities are realized.
10. The awarded Vendor Project Manager shall be located at the awarded Vendor's Frankfort, KY area facility.

11. Provide the Commonwealth the job descriptions for each listed key personnel, with the following minimal information:
    a. Position Title.
    b. Position/Supervisor.
    c. Qualifications.
    d. Experience.
    e. Education.
    f. Specific task responsibility.
12. All key personnel shall be employed by or committed to be employed by the awarded Vendor's organization by the beginning of the task upon which they are proposed to work.
13. Provide a detailed staffing report identifying named personnel/positions and any changes of staff during the term of the Contract. This report shall be forwarded to the Commonwealth by the first business day of the month.
14. Ensure that personnel who are professionally licensed or certified shall be required to keep licensure and/or certifications current and provide proof of continued licensing and/or certification to the Commonwealth within one month of current licensure/certification expiration. The licensing and certification information shall be attached with the monthly detailed staffing report.
15. The Commonwealth reserves the right to approve or reject any key personnel (initial or replacement) prior to their assignment to the KYMMIS project.
16. The Commonwealth reserves the right to require the awarded Vendor to remove any individual (key personnel or not) from assignment to the KYMMIS project, but only for cause and with reasonable notice.
17. Ensure adequate/competent staff, as defined by DMS, is available for each key personnel position to temporarily (i.e., vacation, short-term illness) fulfill responsibilities of any absent key personnel.

The Vendor will provide Staff to meet the qualification requirements identified below:

1. Account Manager
    a. At least eight (8) years previous account management experience on an MMIS or Medicaid Enterprise (ME) implementation or other large-scale healthcare integrated claims processing system, with at least four of the eight years on an MMIS or ME implementation.
    b. Previous experience with an MMIS, ME, or with major operations-related components of an MMIS, ME, or other large healthcare systems, and an ongoing relationship management with a large client. A Bachelor's degree in Business Management or related area.
2. Project Manager
    a. At least 10 years previous project management experience on an MMIS or ME implementation or large-scale integrated healthcare claims processing system. Must have Bachelor's Degree and a current Project Management Professional (PMP) Certification.
    b. Previous experience with the takeover, DDI, and turnover of an existing MMIS, ME, or large-scale integrated healthcare claims processing system.
3. Quality Manager / Operations Manager

   a. At least three years designing and implementing interfaces. A Bachelor's degree in Computer Science ore related area.
   b. Experience with implementing major modifications to an MMIS, ME, or with major operations-related components of an MMIS, ME, or large-scale integrated healthcare claims processing system.
4. Systems Manager
   a. Previous experience with the operations, maintenance, and modifications of the KYMMIS systems technology. A Bachelor's degree in Computer Science or related area.
   b. At least five years experience in managing the claims processing component of an MMIS or ME.
   c. Previous experience with MMIS, ME, or other large-scale integrated healthcare claims processing system. A Bachelor's degree required.
   d. At least seven years experience in MMIS or ME design, development, implementation, operations, maintenance, and modifications. Must have a Bachelor's Degree.
5. Systems Liaison Manager
   a. Experience with implementing major modifications to an MMIS, ME, or with major operations-related components of an MMIS, ME, or large-scale integrated healthcare claims processing system.
   b. Experience with the complete architecture and interfaces related to an MMIS. A Bachelor's degree in Computer Science or related area.
   c. At least four years experience in MMIS or KYMMIS design, development, implementation, operations, maintenance, and modifications.
6. Web Master - DSS/DW Manager
   a. Experience as a liaison between healthcare functional business unit(s) and the systems team. A Bachelor's degree in Computer Science or related area required.
   b. At least four years experience with web development and the responsibility for managing healthcare-related website management processes. A Bachelor's degree required in Computer Science or related area.
7. DSS/DW DBA
   a. At least five years experience with the architecture and data content of the Vendor's specific DSS/DW.
   b. Experience in the analysis of healthcare claims, utilization, encounter, and other healthcare data.
8. Reporting Specialists [five (5) minimum FTE]
   a. Prior experience with ETL tools and techniques to integrate data from multiple sources. A Bachelor's degree required in Computer Science or related area.
   b. At least four years experience having the responsibility for the administration of Vendor's specific DSS/DW and/or any relational databases interconnected to the Vendor's specific DSS/DW.
   c. Prior experience with ETL tools and techniques to integrate data from multiple sources. A Bachelor's degree required in Computer Science or related area.
9. Technical Writers [two (2) minimum FTE]

a. At least four (4) years experience report writing in combination of the Vendor's ad hoc, database, and data warehouse environments.
b. At least four (4) years experience in the analysis of healthcare claims, utilization, encounter, and other healthcare data. A Bachelor's degree required in Computer Science or related area.
c. At least four (4) years of technical writing and quality analysis experience in a healthcare field. High attention to detail and a commitment to creating a quality work product.

10. Systems Programmers [ten (10) minimum FTE]
    a. A Bachelor's degree in English or a related area required. Prefer experience and knowledge of information architecture, development of use cases, and familiarity with MITA. Must be capable of QA/QC and writing Detailed System Designs (DSDs).
    b. At least four (4) years experience programming with the following skills:
        1. Large-scale, client-server integrated healthcare systems (including member eligibility, provider contracting, claims processing, medical management, pharmacy management, fee schedule management, etc.).
        2. Development languages.
        3. GUI development.
        4. Large application system maintenance and development.
        5. Imaging/data entry equipment application programming.
        6. Relational database development.
        7. PC LAN network support.
        8. Decision support software/data warehouse languages and tools.
        9. ANSI X12, HIPAA Transaction and Code sets, POS, and other EDI protocols.
        10. Web-based, secured transactional language/scripting.
        11. Healthcare claims and encounter systems.
        12. A Bachelor's degree in Information Technology (IT) or related area required.
11. Business Analysts [ten (10) minimum FTE]
    a. At least four (4) years experience as an Information Systems Analyst. Experience with Medicaid, Medicare, healthcare claims processing, managed care or large-scale integrated healthcare claims processing systems, related systems and functions. A Bachelor's degree is required.
    b. At least four (4) years of experience for the data administration of an MMIS, ME, or large-scale integrated healthcare claims processing system.
12. Clinical Specialists / DW Business Objects Universe Developer [one (1) FTE]
    a. At least four (4) years of experience with relational databases and MMIS or ME architecture functionality.
    b. Data administration experience in both mainframe and client-server environments with various database environments appropriate to the KYMMIS. A Bachelor's degree is required.
13. DW Data Integrator ETL Developer [one (1) FTE] / DW C Programmer [two (2) FTE]

a. At least two (2) years of experience in the associated specialty field. Professional degree or certification. Must maintain licensure, if professionally required.
b. At least three (3) years of experience developing and managing Business Objects Universes for a star schema design. Strong knowledge of Structured Query Language (SQL), Procedural Language/Structured Query Language (PL/SQL), and query tuning.
c. Experience in the analysis of healthcare claims, utilization, encounter, and other healthcare data.
d. At least four (4) years of experience developing, maintaining, and modifying complex Integrator jobs, work flows and data flows. Strong knowledge of SQL, PL/SQL, and query tuning. Experience in the analysis of healthcare claims, utilization, encounter, and other healthcare data.
e. At least three (3) years experience programming in C, with basic knowledge of using embedded SQL in C. Basic knowledge of SQL programming. Experience in the analysis of healthcare claims, utilization, encounter, and other healthcare data.

The length of this section shall not exceed thirty (30) pages. (Resumes are not included.)

Title this section of the Technical Proposal as "**Proposed Staffing**"

Section 60.020.010.080—Chapter 7 Technical, Functional & Fiscal Agent Requirements (See Sections 30.070.050; 30.070.100; Attachment P) (300 Points)

The Commonwealth seeks responses that demonstrate an understanding of the requirements and explains how the requirements can be accomplished. **Failure to include a signed Statement of Understanding and Acceptance in the proposal may result in the elimination of the proposal from further consideration.**

Vendors should use the following outline in preparing this section:

Chapter 7.1 - Statement of Understanding and Acceptance

_____ (The Vendor providing this proposal) acknowledges that we understand and accept the requirements outlined in Section 30.070- Takeover Scope of Work and Attachment P as written. _____ (The Vendor providing this proposal) further understands, and accepts, that the final solution design shall be determined via Joint Application Design (JAD), as approved by the Commonwealth.

Dated the _____day of _____, 2013.

_____ _____

Signature Title

(Signature and Title of Authorized Representative on the behalf of the Vendor submitting this proposal)

Chapter 7.2 – Response to Requirements

Provide consistent responses for each occurrence of a specific requirement within the RFP.

The Technical, Functional and Fiscal Agent Requirements section must not exceed fifty (50) double-sided pages.

Title this section of the Technical Proposal as "**Technical, Functional and Fiscal Agent Requirements.**"

Section 60.020.010.090—Chapter 8 References (25 Points)

Please complete the reference form (Attachment A) for three (3) references. At least one (1) of the references should be from the public sector. All references should be from accounts similar to the scope and complexity of this procurement.

If complete and accurate information is not provided, the Vendor's reference may not be considered for evaluation and may receive a score of zero (0).

References' telephone number and email address shall be included on the reference form otherwise the reference shall receive a score of zero (0). If the reference does not have an email address, please state such on the reference form.

The Commonwealth, not the Vendor, shall contact references; however, it is the Vendor's responsibility to ensure that a reference is aware of and anticipates being contacted by the Commonwealth. If a reference is unable to be reached or does not respond to the Commonwealth, that reference shall receive a score of zero (0). If it is determined as the result of a reference check that a reference is not qualified in accordance with the requirements of this RFP, the reference shall receive a score of zero (0).

All references shall be valid and within the United States.

The Vendor cannot use the Commonwealth of Kentucky as a reference. If the Commonwealth of Kentucky is used as a reference, that reference shall receive a score of zero (0).

Section 60.020.030—Scoring of Technical Proposal

There are six hundred (600) total points available for the Technical Proposal (60% of 1,000 total points).

Table 20 – Takeover Technical Proposal Scoring Points

Scoring Criteria	Points Possible
1. Executive Summary	10
2. Company Overview	15
3. Past and Current Performance	25
4. Project Management Approach	100
5.Training	25
6.Technical, Functional and Fiscal Agent Requirements	300
7.Staffing	100
8.References	25
Total Points Possible	**600**

Proposals scoring fewer than one thousand (400) points on the Technical Evaluation may be eliminated from further consideration.

END OF SECTION 60

Section 70—Cost Proposal Evaluation

In this RFP, the word "shall" means mandatory.

If a vendor does not comply with the directives contained in the various provisions of this RFP as noted by the word "shall", then the vendor's entire Response shall be deemed "non-responsive" and not be further considered or evaluated by the Commonwealth.

In this RFP, the word "should" means non-mandatory.

If a vendor omits or does not fully respond to a provision in the RFP as noted by the word "should", the specific omission or incomplete response will NOT be deemed to render the entire Response "non-responsive" so as to eliminate the vendor from further consideration and evaluation by the Commonwealth. By not responding to a provision noted by the word "should", the vendor will not be awarded any points for that provision. If the vendor does respond to a provision noted by the word "should", that vendor will be evaluated in accordance with the evaluation criteria set forth in the RFP.

Vendors please note that the scoring methodology that will be utilized by the Commonwealth in evaluating all proposals is based upon the Commonwealth's understanding of the current market.

In provisions noted by the word "should", vendors may propose equipment, software, or services available in the market which further the goals of the Commonwealth previously expressed in this paragraph. Thus, Vendors will be rewarded with points for proposals that achieve these goals for the Commonwealth.

Tax Exempt Status

Do not include Federal Excise Tax, Kentucky Sales or Use Tax in prices quoted in response to this Solicitation.

Vendors **should** submit a Cost Proposal(s) in addition to the Technical Proposal outlined in Section 60 of the RFP. The **Cost Proposal(s)** shall be submitted in a separately sealed envelope from the Technical Response and provided with the original proposal. The Vendor's name(s) **should** be clearly identified on the envelope and on the Price Schedules.

Vendors shall ONLY provide cost on the Cost Proposal forms (Attachment B).

Vendor will submit cost proposals for one of the following options:

1. DDI and ongoing maintenance of a new MMIS and FA services as defined in Section 30.060 of this RFP. (Replacement)

2. Planning, migration, and operations necessary to assume the operation of the current MMIS and FA services as defined in Section 30.070. (Takeover)
3. Providing of all services necessary for Options 1 and 2. (Takeover and Replacement) Cost proposals for Option 3 must include separate pricing for each embedded offering as well as a total cost if both are awarded to the Vendor.

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Section 70.010—Replacement System Cost Proposal

The Cost Proposal shall include all costs required to deliver the entire solution for regardless of the phase in which the work is delivered. Vendors shall provide cost ONLY on the Cost Proposal form. The Vendor shall include costs for all components that are listed as the Commonwealth's Option to Buy. Vendors should submit the following with the Cost Proposal, otherwise the proposal may be deemed non-responsive:

1. Cover Page
2. Table of Contents
3. Chapter 1 – Executive Summary
4. Chapter 2 – MEMS DDI Phase Costs
5. Chapter 3 – MEMS Infrastructure Hardware Costs
6. Chapter 4 – MEMS Infrastructure Software Costs
7. Chapter 5 – MEMS Software Maintenance and Modifications Costs
8. Chapter 6 – MEMS Fiscal Agent Services Costs
9. Chapter 7 – MEMS System Hosting, Operations, Maintenance and DRP – Option to Buy
10. Chapter 8 –Decision Support System – Option to Buy – DDI Phase Costs
11. Chapter 9 –DSS Hardware/Software Costs – Option to Buy
12. Chapter 10 –DSS Operations, Maintenance, and Modifications Costs
13. Chapter 11 – MEMS Utilization Management – Option to Buy DDI Phase Costs
14. Chapter 12 –Utilization Management Operations, Maintenance, and Modifications
15. Chapter 13 – MEMS Costs Sheet Summary

Section 70.010.010—Cost Proposal Cover Page

The cover page for the **Cost Proposal should** be a single page, formatted, and marked according to the response example provided on the next page. This page **should** be used to identify the beginning of the Vendor's Cost Proposal section.

The cover page for the **Cost Proposal should** be a full and first page of this section marked as follows:

Kentucky Cabinet for Health and Family Services

OPTION:
COST PROPOSAL
RFP # 758 1300000287
Opening Date:
Vendor Submitting the Proposal:

_____

Proposal Submitted By (Vendor Representative):

_____

Section 70.010.020—Table of Contents

The Cost Proposal **should** be submitted with a table of contents that clearly identifies and denotes the location of each section of the Cost Proposal. Each page of the response **should** be clearly and uniquely numbered. Additionally, the Table of Contents **should** clearly identify and denote the location of all enclosures and attachments to the proposal.

Section 70.010.030—Executive Summary

The Vendor **should** provide an overview of the Cost Proposal which describes any pricing approaches, discounts, and reasons why the Vendor's combined technical and cost approach is the best value to the Commonwealth.

Section 70.010.040—MEMS DDI Phase Costs (150 Points)

The MEMS Solution DDI Pricing Form (Pricing Schedule B) must be completed by the Vendor to list the Fixed Total Price the Vendor shall charge to deliver the approved MEMS solution. Each of the milestone phases identified in Section 30.060.050 should have a Fixed Price.

The Bidder shall calculate their Fixed Proposal Price to cover their cost for the MEMS solution DDI phases to include the use of subcontractors. Elements of price applicable to the contract such as travel, clerical support, subsistence, training, etc., must also be considered in calculating the solution's Fixed Proposal Price. The Bidder shall provide an MEMS Solution Cost Proposal which outlines the cost associated with implementation of its technical proposal in response to Sections 30.060. *Reference Attachment B2 – Pricing Schedule B.*

The Total Fixed Price should be entered on Line 1 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.050—MEMS Infrastructure Hardware Costs (25 Points)

The Vendor shall list the itemized costs associated with providing the required hardware needed, specifying the required cache servers, web servers, application servers, database servers, and all other associated devices.

The Vendor shall provide, in the proposal, a complete listing of all hardware required to support the solutions at optimum performance. All hardware shall meet COT and CHFS Standards. This listing shall include at a minimum:

1. Hardware.
    a. Type.
    b. Specifications.
    c. Quantity.

d. Usage purpose.
e. Dependencies.
f. Special Considerations.

The Vendor shall include line-item pass-through costs for the purchase of the necessary hardware in the cost proposal.

The Commonwealth reserves the right to approve any or all hardware purchases, and/or the right to procure any or all of the required hardware specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a hardware purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

The Vendor shall include any hardware installation cost as a separate cost from acquisition in its price per line item.

Reference Attachment B3 – Pricing Schedule C.

The Total Fixed Price should be entered on Line 2 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.060—MEMS Infrastructure Software Costs (25 Points)

All third-party products (middleware, database management software, operating system software, compilers, job schedulers, security-related packages, etc.) required to successfully install and operate the proposed solution shall be identified, describing the cost, quantities, release levels, etc., of each of these products.

The Vendor shall also list the itemized costs associated with providing the required systems software needed and applicable systems software.

The Vendor shall provide, in the proposal, a complete listing of all software required to support the solutions at optimum performance. All software shall meet COT and CHFS Standards. This listing shall include at a minimum:

1. Software.
   a. Type.
   b. Product name.
   c. Manufacturer.
   d. Licensing Structure.
   e. License Quantity.
   f. Licensing Period.
   g. Usage purpose.

h. Dependencies.
i. Special Considerations.

The Vendor shall include line-item pass-through costs for the purchase of the necessary software in the cost proposal.

This shall include an additional pass-through cost for four (4) years of maintenance and/or support. The Commonwealth reserves the right to approve any or all software purchases, and/or the right to procure any or all of the required software specified in the Vendor's proposal without Vendor intervention.

The Vendor shall include a software purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the software on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), and their method and process for invoicing the Commonwealth.

The Vendor will responsible for the total licensing requirements for the MEMS. The licensing documentation should be divided between hardware and software where applicable. This licensing detail will include, at a minimum, an explanation of all of the following that apply:

1. End-user licensing.
2. Software module licensing.
3. Concurrent user licensing.
4. Per-user licensing, per-seat licensing.
5. Perpetual per-server licensing.
6. License maintenance.
7. Third-party software licensing.
8. Other licensing requirements including necessary database licenses.

The Vendor shall include any software installation cost as a separate cost from acquisition in its price per line item.

The Commonwealth reserves the right to approve any or all software purchases, and/or the right to procure any or all of the required software specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a software purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B4 – Pricing Schedule D.

The Total Fixed Price should be entered on Line 3 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.070—MEMS Software Maintenance and Modifications Costs (100 Points)

The Vendor shall provide a Summary of annual costs for providing software maintenance including the twenty-five thousand (25,000) hours per year allotted for modifications required to support the MEMS solution.

Reference Attachment B5 – Pricing Schedule E.

The Total Fixed Price should be entered on Line 4 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.080—MEMS Fiscal Agent Services Costs (100 Points)

The Vendor shall provide the pricing for FA Services (see Section 30.60.220) for each contract year for the five years following implementation. Anticipated claim volumes have been provided. Should claim volumes exceed anticipated averages (or come in lower) by more than 20 percent (20%), the contract cost can be renegotiated.

Reference Attachment B6 – Pricing Schedule F.

The Total Fixed Price should be entered on Line 5 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.090—MEMS System Hosting, Operations, Maintenance and DRP—Option to Buy (100 Points)

The Vendor shall provide a Summary of annual costs for hosting all infrastructure required to support the MEMS solution in the production and disaster recovery sites, as well as all required testing regions. The annual cost shall be broken out by contract year (five years) and shall be inclusive of all costs required to operate development, test, implementation, production and disaster recovery operations for the MEMS solution, including all hosted services. Therefore, there will be no incidental cost to the Commonwealth for infrastructure outside of what is included in this annual price.

The Commonwealth reserves the right to approve any or all hardware purchases, and/or the right to procure any or all of the required hardware specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a hardware purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B7 – Pricing Schedule G.

The Total Fixed Price should be entered on Line 6 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.100—Decision Support System—Option to Buy – DDI Phase Costs (25 Points)

The MEMS DSS DDI Pricing Form (Pricing Schedule H) must be completed by the Vendor to list the Fixed Total Price the Vendor shall charge to deliver the approved MEMS DSS solution. Each of the milestone phases should have a Fixed Price.

The Vendor shall provide a Cost Summary of the items required to implement a DSS for the operation of the DSS solution. This includes but is not limited to the hardware and software acquisition and installation, location costs to setup the system, and the ongoing maintenance of the system.

Reference Attachment B8 – Pricing Schedule H.

The Total Fixed Price should be entered on Line 7 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.110—DSS Hardware/Software Costs – Option to Buy (10 Points)

The Vendor shall provide, in the proposal, a complete listing of all hardware required to support the DSS at optimum performance. All hardware shall meet COT and CHFS Standards. This listing shall include at a minimum:

1. Hardware.
    a. Type.
    b. Specifications.
    c. Quantity.
    d. Usage purpose.
    e. Dependencies.
    f. Special Considerations.

The Vendor shall include line-item pass-through costs for the purchase of the necessary hardware in the cost proposal.

The Vendor shall provide, in the proposal, a complete listing of all software required to support the solutions at optimum performance. All software shall meet COT and CHFS Standards. This listing shall include at a minimum:

1. Software.
    a. Type.
    b. Product name.
    c. Manufacturer.

d. Licensing Structure.
e. License Quantity.
f. Licensing Period.
g. Usage purpose.
h. Dependencies.
i. Special Considerations.

The Vendor shall include line-item pass-through costs for the purchase of the necessary software in the cost proposal.

The Commonwealth reserves the right to approve any or all hardware purchases, and/or the right to procure any or all of the required hardware specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a hardware purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B9 – Pricing Schedule I.

The Total Fixed Price should be entered on Line 8 of the Cost Proposal Summary (pricing schedule A)

Section 70.010.120—DSS Operations, Maintenance, and Modifications Costs-Option to Buy (15 Points)

The Vendor shall provide a Summary of annual costs required to support the DSS solution. The annual cost shall be broken out by contract year (five years) and shall be inclusive of all costs required to operate development, test, implementation, production and including staffing. Therefore, there will be no incidental cost to the Commonwealth for infrastructure outside of what is included in this annual price.

The Commonwealth reserves the right to approve any or all hardware/software purchases, and/or the right to procure any or all of the required hardware/software specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a hardware/software purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B10 – Pricing Schedule J.

The Total Fixed Price should be entered on Line 9 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.130—MEMS Utilization Management System – Option to Buy DDI Phase Pricing (35 Points)

The Vendor shall provide a Cost Summary of the items required to provide UM system and services. This includes but is not limited to the hardware and software acquisition and installation, location costs to setup the system, and the ongoing maintenance of the system.

Reference Attachment B11 – Pricing Schedule K.

The Total Fixed Price should be entered on Line 10 of the Cost Proposal Summary (pricing schedule A).

Section 70.010.140—Utilization Management Operations, Maintenance and Modifications Years 1-5 – Option to Buy (15 Points)

The Vendor shall provide a Summary of costs for hosting all infrastructure required to support the KYMMIS solution in the production and disaster recovery sites, as well as all required testing regions. The cost shall be broken out by contract year and shall be inclusive of all costs required to operate development, test, implementation, production and staffing of the UM solution, including all hosted services. Therefore, there will be no incidental cost to the Commonwealth for infrastructure outside of what is included in this annual price.

The Commonwealth reserves the right to approve any or all hardware/software purchases, and/or the right to procure any or all of the required hardware/software specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a hardware/software purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B12 – Pricing Schedule L.

This information will not be included in the summary sheet and will be reviewed separately.

Section 70.010.150—Additional Labor Hour Costs

The Additional Labor Hour Cost Summary is intended to reflect the Vendor's hourly rate for additional work not covered within the SOWin this RFP. The Vendor shall provide a single hourly rate per contract year. The Commonwealth will use this rate to estimate the cost of additional work not covered under this RFP.

Reference Attachment B13 – Pricing Schedule M.

This information will not be included in the summary sheet and will be reviewed separately.

Section 70.010.160—Cost Scoring Criteria – Replacement MEMS

Table 21 – MEMS Cost Scoring Points

Criteria	Points Possible
MEMS Replacement	
MEMS DDI Phase Costs	150
MEMS Infrastructure Hardware Costs	25
MEMS Infrastructure Software Costs	25
MEMS Software Maintenance and Modifications Coss	100
MEMS Fiscal Agent Services Costs	100
Options To Buy	
MEMS System Hosting, Operations, Maintenance and DRP Option to Buy	100
Decision Support System – Option to Buy – DDI Phase Costs	25
DSS Hardware/Software Costs	10
DSS System Operations, Maintenance,and Modifications Costs – Option to Buy	15
MEMS Utilization Management System – Option to Buy – DDI Phase Costs	35
Utilization Management System Operations, Maintenance and Modifications Years 1 – 5 Option to Buy	15
Total Points Possible	600

The Vendor with the lowest Price receives the maximum score. The Vendor with the next lowest Price receives points by dividing the lowest Price by the next lowest price and multiplying that percentage by the available points. For example, 95 points is allocated to the lowest Price criteria for this procurement, Vendor “A” bids $3.00 as the lowest Vendor and receives the maximum 95 points ($3.00 / $3.00 = 1.00 x 95 = 95). Assume Vendor “B” is the next lowest Vendor at $4.00, then “B” receives 71.3 points ($3.00 / $4.00) = .75 x 95 = 71.25).

Section 70.020—KYMMIS Takeover Cost Proposal

The Cost Proposal shall include all costs required to take over the existing KYMMIS system regardless of the phase in which the work is delivered. Vendors shall provide cost ONLY on the Cost Proposal form. Vendors shall submit the following with the Cost Proposal, otherwise the proposal may be deemed non-responsive:

1. Cover Page
2. Table of Contents
3. Chapter 1 – Executive Summary
4. Chapter 2 – Takeover KYMMIS DDI Phase Costs
5. Chapter 3 – Takeover KYMMIS Infrastructure Hardware Costs
6. Chapter 4 – Takeover KYMMIS Software Costs
7. Chapter 5 – Takeover KYMMIS System Hosting, Operations, Maintenance, and Modifications and DRP Costs
8. Chapter 6 - Takeover KYMMIS Fiscal Agent Service Costs
9. Chapter 7 – Takeover Costs Sheet Summary

Section 70.020.010—Cost Proposal Cover Page

The cover page for the **Cost Proposal should** be a single page, formatted and marked according to the response example provided on the next page. This page **should** be used to identify the beginning of the Vendor‘s Cost Proposal section.

The cover page for the **Cost Proposal should** be a full and first page of this section marked as follows:

Kentucky Cabinet for Health and Family Services

OPTION:
COST PROPOSAL
RFP # 758 1300000287
Opening Date:
Vendor Submitting the Proposal:

_____

Proposal Submitted By (Vendor Representative):

_____

Section 70.020.020—Table of Contents

The Cost Proposal **should** be submitted with a table of contents that clearly identifies and denotes the location of each section of the Cost Proposal. Each page of the response **should** be clearly and uniquely numbered. Additionally, the Table of Contents **should** clearly identify and denote the location of all enclosures and attachments to the proposal.

Section 70.020.030—Executive Summary

The Vendor **should** provide an overview of the Cost Proposal which describes any pricing approaches, discounts, and reasons why the Vendor's combined technical and cost approach is the best value to the Commonwealth.

Section 70.020.040—Takeover KYMMIS DDI Phase Costs (125 Points)

The Takeover MMIS DDI Pricing Form (Pricing Schedule M) must be completed by the Vendor to list the Fixed Total Price the Vendor shall charge to take over the existing MMIS solution. Each of the milestone phases identified should have a Fixed Price.

The Bidder shall calculate their Fixed Proposal Price to cover their cost for the Takeover DDI phases to include the use of subcontractors. Elements of price applicable to the contract such as travel, clerical support, subsistence, training, etc., must also be considered in calculating the solution's Fixed Proposal Price. The Bidder shall provide an MEMS Solution Cost Proposal which outlines the cost associated with implementation of its technical proposal in response to Section 30.070 of this RFP.

Reference Attachment B14 – Pricing Schedule N.

The Total Fixed Price should be entered on Line 11 of the Cost Proposal Summary (pricing schedule A).

Section 70.020.050—Takeover KYMMIS Infrastructure Hardware Costs (25 Points)

The Vendor shall list the itemized costs associated with providing the required hardware needed, specifying the required cache servers, web servers, application servers, database servers, and all other associated devices.

The Vendor shall provide, in the proposal, a complete listing of all hardware required to support the solutions at optimum performance. All hardware shall meet COT and CHFS Standards. This listing shall include at a minimum:

2. Hardware.
   a. Type.
   b. Specifications.
   c. Quantity.

d. Usage purpose.
e. Dependencies.
f. Special Considerations.

The Vendor shall include line-item pass-through costs for the purchase of the necessary hardware in the cost proposal.

The Commonwealth reserves the right to approve any or all hardware purchases, and/or the right to procure any or all of the required hardware specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a hardware purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

The Vendor shall include any hardware installation cost as a separate cost from acquisition in its price per line item.

Reference Attachment B15 – Pricing Schedule O.

The Total Fixed Price should be entered on Line 12 of the Cost Proposal Summary (pricing schedule A).

Section 70.020.060—Takeover KYMMIS Software Costs (25 Points)

All third-party products (middleware, database management software, operating system software, compilers, job schedulers, security-related packages, etc.) required to successfully install and operate the proposed solution shall be identified, describing the cost, quantities, release levels, etc., of each of these products.

The Vendor shall also list the itemized costs associated with providing the required systems software needed and applicable systems software.

The Vendor shall provide, in the proposal, a complete listing of all software required to support the solutions at optimum performance. All software shall meet COT and CHFS Standards. This listing shall include at a minimum:

1. Software Type.
    a. Product name.
    b. Manufacturer.
    c. Licensing Structure.
    d. License Quantity.
    e. Licensing Period.
    f. Usage Purpose.
    g. Dependencies.

h. Special Considerations.

The Vendor shall include line-item pass-through costs for the purchase of the necessary software in the cost proposal.

This shall include an additional pass-through cost for four (4) years of maintenance and/or support. The Commonwealth reserves the right to approve any or all software purchases, and/or the right to procure any or all of the required software specified in the Vendor's proposal without Vendor intervention.

The Vendor shall include a software purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the software on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), and their method and process for invoicing the Commonwealth.

The Vendor shall include any software installation cost as a separate cost from acquisition in its price per line item.

The Commonwealth reserves the right to approve any or all software purchases, and/or the right to procure any or all of the required software specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a software purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B16 – Pricing Schedule P.

The Total Fixed Price should be entered on Line 13 of the Cost Proposal Summary (pricing schedule A).

Section 70.020.070—Takeover KYMMIS System Hosting, Operations, Maintenance, Modifications and DRP (100 Points)

The Vendor shall provide a Summary of costs for hosting all infrastructure required to support the KYMMIS solution in the production and disaster recovery sites, as well as all required testing regions. The cost shall be broken out by contract option (one year with two six month options) and shall be inclusive of all costs required to operate development, test, implementation, production and disaster recovery operations for the KYMMIS solution, including all hosted services. Therefore, there will be no incidental cost to the Commonwealth for infrastructure outside of what is included in this annual price.

The Commonwealth reserves the right to approve any or all hardware/software purchases, and/or the right to procure any or all of the required hardware/software

specified in the Vendor's proposal without Vendor intervention. The Vendor shall include a software/hardware purchase plan, including, but not limited to, the impact on any warranties due to third party purchasing of the equipment on behalf of the Commonwealth, (the Commonwealth is recognized as a sales tax exempt entity; therefore, no sales tax shall be charged), their method and process for invoicing the Commonwealth, and a process for inventory tagging.

Reference Attachment B17 – Pricing Schedule Q.

The Total Fixed Price should be entered on Line 14 of the Cost Proposal Summary (pricing schedule A).

Section 70.020.080—Takeover KYMMIS Fiscal Agent Services Costs (100 Points)

The Vendor shall provide the pricing for FA Services for the one year contract with two six month periods following implementation. Anticipated claim volumes have been provided. Should claim volumes exceed anticipated averages (or come in lower) by more than twenty percent (20%), the contract cost can be renegotiated.

Reference Attachment B18 – Pricing Schedule R.

The Total Fixed Price should be entered on Line 15 of the Cost Proposal Summary (pricing schedule A).

Section 70.020.090—Additional Labor Hour Costs (25 Points)

The Additional Labor Hour Cost Summary is intended to reflect the Vendor's hourly rate for additional work not covered within the SOWin this RFP. The Vendor shall provide a single hourly rate per contract year. The Commonwealth will use this rate to estimate the cost of additional work not covered under this RFP.

Reference Attachment B19 – Pricing Schedule S.

This information will not be included in the summary sheet and will be reviewed separately.

Section 70.020.100—Cost Scoring Criteria – Takeover KYMMIS

Table 22 – KYMMIS Cost Scoring Points

Criteria (list Section)	Points Possible
Takeover KYMMIS DDI Phase Costs	125
Takeover KYMMIS Infrastructure Hardware Costs	25
Takeover KYMMIS Software Costs	25
Takeover KYMMIS System Hosting, Operations, Maintenance,	100

Criteria (list Section)	Points Possible
Modifications and DRP	
Takeover KYMMIS Fiscal Agent Services Costs	100
Additional Labor Hour Costs	25
Total Points Possible	400

The Vendor with the lowest Price receives the maximum score. The Vendor with the next lowest Price receives points by dividing the lowest Price by the next lowest price and multiplying that percentage by the available points. For example, 95 points is allocated to the lowest Price criteria for this procurement, Vendor "A" bids $3.00 as the lowest Vendor and receives the maximum 95 points ($3.00 / $3.00 = 1.00 x 95 = 95). Assume Vendor "B" is the next lowest Vendor at $4.00, then "B" receives 71.3 points ($3.00 / $4.00) = .75 x 95 = 71.25).

Section 70.030—Combination Cost Proposal

Section 70.030.010—Cost Proposal Cover Page

The cover page for the **Cost Proposal should** be a single page, formatted and marked according to the response example provided on the next page. This page **should** be used to identify the beginning of the Vendor's Cost Proposal section.

The cover page for the **Cost Proposal should** be a full and first page of this section marked as follows:

Kentucky Cabinet for Health and Family Services

OPTION:
COST PROPOSAL
RFP # 758 1300000287
Opening Date:
Vendor Submitting the Proposal:

_____

Proposal Submitted By (Vendor Representative):

_____

Section 70.030.020—Table of Contents

The Cost Proposal **should** be submitted with a table of contents that clearly identifies and denotes the location of each section of the Cost Proposal. Each page of the response **should** be clearly and uniquely numbered. Additionally, the Table of Contents shall clearly identify and denote the location of all enclosures and attachments to the proposal.

Section 70.030.030—Executive Summary

The Vendor shall provide an overview of the Cost Proposal providing for any costs discounts being provided with the submission of both proposals.

Section 70.030.040—Cost Scoring Criteria – Combination Pricing

Table 23 – Combination Cost Scoring Points

Criteria	Points Possible
Combined Takeover and Replacement Bid	850
Additional Labor Hourly Cost Summary	50
Total Points Possible	900

The Vendor with the lowest Price receives the maximum score. The Vendor with the next lowest Price receives points by dividing the lowest Price by the next lowest price and multiplying that percentage by the available points. For example, 95 points is allocated to the lowest Price criteria for this procurement, Vendor "A" bids $3.00 as the lowest Vendor and receives the maximum 95 points ($3.00 / $3.00 = 1.00 x 95 = 95). Assume Vendor "B" is the next lowest Vendor at $4.00, then "B" receives 71.3 points ($3.00 / $4.00) = .75 x 95 = 71.25).

The scoring of cost is subject to **Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder or the Department of Corrections, Division of Prison Industries (KAR 200 5:410). *Vendors not claiming resident bidder or qualified bidder status <u>need not</u> submit the corresponding affidavit.**

KRS 45A.490 Definitions for KRS 45A.490 to 45A.494.
As used in KRS 45A.490 to 45A.494:
(1) "Contract" means any agreement of a public agency, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item; and
(2) "Public agency" has the same meaning as in KRS 61.805.

KRS 45A.492 Legislative declarations.
The General Assembly declares:
(1) A public purpose of the Commonwealth is served by providing preference to Kentucky residents in contracts by public agencies; and

(2) Providing preference to Kentucky residents equalizes the competition with other states that provide preference to their residents.

KRS 45A.494 Reciprocal preference to be given by public agencies to resident bidders -- List of states -- Administrative regulations.

(1) Prior to a contract being awarded to the lowest responsible and responsive bidder on a contract by a public agency, a resident bidder of the Commonwealth shall be given a preference against a nonresident bidder registered in any state that gives or requires a preference to bidders from that state. The preference shall be equal to the preference given or required by the state of the nonresident bidder.

(2) A resident bidder is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

(a) Is authorized to transact business in the Commonwealth; and

(b) Has for one (1) year prior to and through the date of the advertisement, filed Kentucky corporate income taxes, made payments to the Kentucky unemployment insurance fund established in KRS 341.490, and maintained a Kentucky workers' compensation policy in effect.

(3) A nonresident bidder is an individual, partnership, association, corporation, or other business entity that does not meet the requirements of subsection (2) of this section.

(4) If a procurement determination results in a tie between a resident bidder and a nonresident bidder, preference shall be given to the resident bidder.

(5) This section shall apply to all contracts funded or controlled in whole or in part by a public agency.

(6) The Finance and Administration Cabinet shall maintain a list of states that give to or require a preference for their own resident bidders, including details of the preference given to such bidders, to be used by public agencies in determining resident bidder preferences. The cabinet shall also promulgate administrative regulations in accordance with KRS Chapter 13A establishing the procedure by which the preferences required by this section shall be given.

(7) The preference for resident bidders shall not be given if the preference conflicts with federal law.

(8) Any public agency soliciting or advertising for bids for contracts shall make KRS 45A.490 to 45A.494 part of the solicitation or advertisement for bids.

The reciprocal preference as described in KRS 45A.490-494 above shall be applied in accordance with 200 KAR 5:400.

Determining the residency of a bidder for purposes of applying a reciprocal preference

A bidder claiming Kentucky resident bidder status shall complete the attached Required Affidavit for Bidders, Offerors, and Contractors Claiming Resident Bidder Status. The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

A nonresident bidder shall submit its certificate of authority to transact business in the Commonwealth as filed with the Commonwealth of Kentucky, Secretary of State. The location of the principal office indentified therein shall be deemed the state of residency for that bidder. If the bidder is not required by law to obtain said certificate, the state of residency for that bidder shall be deemed to be that which is identified in its mailing address as provided in its bid.

Preferences for a Qualified Bidder or the Department of Corrections, Division of Prison Industries (KAR 200 5:410).

Pursuant to 200 KAR 5:410, and KRS 45A.470, Kentucky Correctional Industries will receive a preference equal to twenty (20) percent of the maximum points awarded to a bidder in a solicitation. In addition, the following "qualified bidders" will receive a preference equal to fifteen (15) percent of the maximum points awarded to a bidder in a solicitation: Kentucky Industries for the Blind, any nonprofit corporation that furthers the purposes of KRS Chapter 163 and any qualified nonprofit agencies for individuals with severe disabilities as defined in KRS 45A.465(3). Other than Kentucky Industries for the Blind, a bidder claiming "qualified bidder" status shall submit along with its response to the solicitation a notarized affidavit which affirms that it meets the requirements to be considered a qualified bidder- affidavit form included. If requested, failure to provide documentation to a public agency proving qualified bidder status may result in disqualification of the bidder or contract termination.

END OF SECTION 70

Section 80—Oral Presentations/Demonstrations

Section 80.000—Right to Use Oral Presentations/Demonstrations to Verify/Expand on Proposal

The Commonwealth reserves the right to require Oral Presentations/Demonstrations to verify or expand on the Technical or Cost Proposals.

Section 80.010—Right to Reject Based on Oral Presentations/Demonstrations

The Commonwealth reserves the right to reject any or all proposals in whole or in part based on the Oral Presentations/Demonstrations.

Section 80.020—Oral Presentations/Demonstrations Evaluation Criteria

The top **three (3)** highest ranking Vendors may/will be requested to provide oral presentations and demonstrations to answer questions or to clarify the understanding of the evaluation committee in accordance with the requirements of this RFP. The oral presentations shall be scheduled at the discretion of the Commonwealth. The Commonwealth reserves the right to not require oral presentations/demonstrations if they do not affect the final rankings.

MEMS Oral Presentation

Table 24 – MEMS Oral Presentation Points

Criteria	Points Possible
Solution Demonstration	300
Specific questions identified	200
Total Points Possible	**500**

Takeover KYMMIS Oral Presentation

Table 25 – KYMMIS Oral Presentation Points

Criteria	Points Possible
Solution Demonstration	100
Specific questions identified	150
Total Points Possible	**250**

Combination Oral Presentation

Table 26 – Combination Oral Presentation Points

Criteria	Points Possible
Solution Demonstration	250
Specific questions identified	435
Total Points Possible	**685**

END OF SECTION 80

Section 90—Negotiations

Section 90.000—Negotiations

The Commonwealth reserves the right pursuant to KRS 45A.085 to negotiate a contract with the top-ranked Vendor. In the event the Commonwealth cannot reach agreement with the top-ranked Vendor, it may proceed to negotiate with the next highest ranked Vendor, and so on. It is the Commonwealth's intent to award a contract to the Vendor with whom successful negotiations are completed.

Section 90.010—Items to Be Negotiated

Terms and conditions that may be negotiated at the sole discretion of the Commonwealth include but are not limit to issues related to the Technical and/or Cost Proposals.

END OF SECTION 90

Section 100—Ranking of Proposals and Award of Contract

Section 100.000—Best Interest of the Commonwealth

The Commonwealth will rank the proposal in the manner set forth within this Solicitation. However, the Commonwealth reserves the right to reject any or all proposals in whole or in part based on the best interest of the Commonwealth.

Section 100.010—Total Points Possible for Replacement Proposals

Table 27 – MEMS Total Points

Criteria	Points Possible
Technical Proposal	1100
Option to Buy – System Hosting and Disaster Recovery	100
Option to Buy – Decision Support System	100
Option to Buy – Utilization Management Services	100
Cost Proposal	400
Option to Buy – System Hosting and Disaster Recovery	100
Option to Buy – Decision Support System	50
Option to Buy – Utilization Management Services	50
Total Points Possible	2000
Oral Presentations/Demonstrations, if required.	500
Total Points Possible With Oral Presentations/Demonstrations	2500

Section 100.020—Total Points Possible for Takeover Proposals

Table 28 – KYMMIS Total Proposal Points

Criteria	Points Possible
Technical Proposal	600
Cost Proposal	400
Total Points Possible	1000
Oral Presentations/Demonstrations, if required.	250
Total Points Possible With Oral Presentations/Demonstrations	1250

Section 100.030—Total Points Possible for Combination Proposals

Table 29 – Combination Proposal Total Points

Criteria	Points Possible
Replacement Technical Proposal	1100
Option to Buy – System Hosting	100
Option to Buy – Decision Support System	100
Option to Buy – Utilization Management Services	100
Takeover Technical Proposal	600
Cost Proposal	900
Total Points Possible	2900
Oral Presentations/Demonstrations, if required.	685
Total Points Possible With Oral Presentations/Demonstrations	3585

END OF SECTION 100

END OF RFP

ATTACHMENT A

VENDOR REFERENCE FORM

Bidder Name:
Reference Company Name:
Type of Business:
Address:
Contact Name:
Phone Number for Contact:
E-mail Address for Contact:
Period Of Time Doing Business With This Company: From: To:
Type of Business/Services Provided:

ATTACHMENT B1

COST PROPOSAL FORM

Tax Exempt Status

Do not include Federal Excise Tax, Kentucky Sales or Use Tax in prices quoted in response to this Solicitation.

PRICING SCHEDULE A COST SUMMARY		
CONTRACT YEAR	**PHASE/OPERATIONS YEAR**	**PRICE**
1. Pre – 12/2015	MEMS DDI Phase	
2. Pre – 12/2015	MEMS Hardware	
3. Pre – 12/2015	MEMS Software	
4. 12/2015 – 11/2020	Software Maintenance and Modifications Years 1 – 5	
5. 12/2015 – 11/2020	Fiscal Agent Operations Years 1 - 5	
6. 12/2015 – 11/2020	System Hosting, Operations, Maintenance and Disaster Recovery Years 1 - 5	
7. Pre – 12/2015	Decision Support System – DDI (Option to Buy)	
8. Pre – 12/2015	DSS Hardware/Software	
9. 12/2015 – 11/2020	DSS System Operations, Maintenance, and Modifications Years 1 - 5	
10. Pre – 12/2015	Utilization Management – DDI (Option to Buy)	
	Total Costs for MEMS System	Add lines 1 through 10
12. Pre – 12/2014	KYMMIS System Takeover DDI	
13. Pre – 12/2014	KYMMIS System Takeover Hardware	
14. Pre – 12/2014	KYMMIS System Takeover Software	
15. 12/2014 – 11/2016	System Hosting (Operations, Maintenance, and Modifications) and DRP One Year & Two Six Month Options	
16. 12/2014 –	Fiscal Agent Operations One Year & Two Six Month Options	
	Total Costs KY MMIS Takeover	Add lines 12 through 16
	Combined Takeover and Replacement Bid*	

Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

*As indicated in the RFP, it is anticipated that the Combined Takeover and Replacement Bid will reflect a discount or cost savings.

ATTACHMENT B2

PRICING SCHEDULE B COST PROPOSAL PRICING SCHEDULES MEMS DDI PHASE PRICING SCHEDULE		
	Phase	**FIRM –FIXED PRICE**
1.	Design	$
2.	Development and Testing	$
3.	Conversion	$
4.	User Acceptance Testing	$
5.	Implementation	$
6.	Certification	$
MMIS DDI PHASE TOTAL FIRM-FIXED PRICE: (Enter in Line 1, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B3

PRICING SCHEDULE C COST PROPOSAL PRICING SCHEDULES MEMS HARDWARE PRICING SCHEDULE		
	LIST HARDWARE (Add Lines if Needed)	**FIRM –FIXED PRICE**
1.		$
2.		$
3.		$
4.		$
5.		$
6.		$
MEMS HARDWARE TOTAL FIRM-FIXED PRICE: (Enter in Line 2, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B4

PRICING SCHEDULE D COST PROPOSAL PRICING SCHEDULES MEMS SOFTWARE PRICING SCHEDULE		
	LIST SOFTWARE (Add Lines if Needed)	**FIRM –FIXED PRICE**
1.		$
2.		$
3.		$
4.		$
5.		$
6.		$
MEMS SOFTWARE TOTAL FIRM-FIXED PRICE: (Enter in Line 3, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B5

PRICING SCHEDULE E COST PROPOSAL PRICING SCHEDULES SOFTWARE MAINTENANCE and MODIFICATIONS NEW KY MEMS PRICING SCHEDULE						
BID PRICE YEAR	**HARDWARE MAINTENANCE**	**SOFTWARE LICENSING**	**APPLICATION MODIFICATION HOURS**	**DISASTER RECOVERY**	**LABOR**	**FIRM-FIXED PRICE**
12/2015-11/2016 – New KY MMIS Year 1	$	$	$	$	$	$
12/2016-11/2017 – New KY MMIS Year 2	$	$	$	$	$	$
12/2017-11/2018 – New KY MMIS Year 3	$	$	$	$	$	$
12/2018-11/2019 – New KY MMIS Year 4	$	$	$	$	$	$
12/2019-11/2020 – New KY MMIS Year 5	$	$	$	$	$	$
MEMS SOFTWARE MAINTENANCE & MODIFICATIONS YEARS 1 - 5 TOTAL FIRM-FIXED PRICE: (Enter in Line 4, Schedule A)						$
Corporation Name:						
Printed Name:			Title:		Date:	
Signature:						

ATTACHMENT B6

PRICING SCHEDULE F COST PROPOSAL PRICING SCHEDULES FISCAL AGENT OPERATIONS NEW KY MEMS PRICING SCHEDULE					
BID PRICE YEAR	**CLAIMS VOLUME RANGE** **MINIMUM** **MAXIMUM**		**FIRM-FIXED PRICE BASE COST**	**FIRM-FIXED PRICE PER CLAIM FOR CLAIMS UP TO 20% ABOVE THE MAXIMUM CLAIM VOLUME**	**EVALUATED BID FOR PRICE PER CLAIM AMOUNT**
12/2015-11/2016 – New KY MMIS Year 1	68,300,000	74,800,000	$	$	$
12/2016-11/2017 – New KY MMIS Year 2	71,700,000	78,500,000	$	$	$
12/2017-11/2018 – New KY MMIS Year 3	75,300,000	82,500,000	$	$	$
12/2018-11/2019 – New KY MMIS Year 4	79,000,000	86,600,000	$	$	$
12/2019-11/2020 – New KY MMIS Year 5	82,200,000	90,900,000	$	$	$
		Totals	$		$
MEMS FISCAL AGENT OPERATIONS YEARS 1 - 5 TOTAL FIRM-FIXED PRICE: (Enter in Line 5, Schedule A)					$ Totals for columns 4 & 6
Corporation Name:					
Printed Name:			Title:		Date:
Signature:					

ATTACHMENT B7

PRICING SCHEDULE G COST PROPOSAL PRICING SCHEDULES MEMS SYSTEM HOSTING. OPERATIONS, MAINTENANCE & DRP NEW KY MEMS PRICING SCHEDULE					
BID PRICE YEAR	**HARDWARE MAINTENANCE**	**SOFTWARE LICENSING**	**DISASTER RECOVERY SERVICES**	**LABOR**	**FIRM-FIXED PRICE**
12/2015-11/2016 – New KY MMIS Year 1	$	$	$	$	$
12/2016-11/2017 – New KY MMIS Year 2	$	$	$	$	$
12/2017-11/2018 – New KY MMIS Year 3	$	$	$	$	$
12/2018-11/2019 – New KY MMIS Year 4	$	$	$	$	$
12/2019-11/2020 – New KY MMIS Year 5	$	$	$	$	$
MEMS DSS SYSTEM OPERATIONS YEARS 1 - 5 TOTAL FIRM-FIXED PRICE: (Enter in Line 6, Schedule A)					$
Corporation Name:					
Printed Name:			Title:		Date:
Signature:					

ATTACHMENT B8

PRICING SCHEDULE H COST PROPOSAL PRICING SCHEDULES MEMS DECISION SUPPORT SYSTEM DDI PHASE PRICING SCHEDULE		
	Phase	**FIRM –FIXED PRICE**
1.	Design	$
2.	Development and Testing	$
3.	Conversion	$
4.	User Acceptance Testing	$
5.	Implementation	$
6.	Certification	$
NEW KY MEMS DSS DDI PHASE TOTAL FIRM-FIXED PRICE: (Enter in Line 7, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B9

PRICING SCHEDULE I COST PROPOSAL PRICING SCHEDULES DSS HARDWARE/SOFTWARE PRICING SCHEDULE		
	LIST HARDWARE (Add Lines if Needed)	**FIRM –FIXED PRICE**
1.		$
2.		$
3.		$
4.		$
	LIST SOFTWARE (Add Lines if Needed)	**FIRM –FIXED PRICE**
5.		$
6.		$
7.		$
8.		$
NEW KY MEMS DSS HARDWARE/SOFTWARE TOTAL FIRM-FIXED PRICE: (Enter in Line 8, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B10

PRICING SCHEDULE J COST PROPOSAL PRICING SCHEDULES DECISION SUPPORT SYSTEM OPERATIONS, MAINTENANCE, MODIFICATIONS NEW KY MEMS PRICING SCHEDULE					
BID PRICE YEAR	**HARDWARE MAINTENANCE**	**SOFTWARE LICENSING**	**APPLICATION MODIFICATION HOURS**	**LABOR**	**FIRM-FIXED PRICE**
12/2015-11/2016 – New KY MMIS Year 1	$	$	$	$	$
12/2016-11/2017 – New KY MMIS Year 2	$	$	$	$	$
12/2017-11/2018 – New KY MMIS Year 3	$	$	$	$	$
12/2018-11/2019 – New KY MMIS Year 4	$	$	$	$	$
12/2019-11/2020 – New KY MMIS Year 5	$	$	$	$	$
NEW KY MEMS DSS SYSTEM OPERATIONS YEARS 1 - 5 TOTAL FIRM-FIXED PRICE: (Enter in Line 9, Schedule A)					$
Corporation Name:					
Printed Name:			Title:		Date:
Signature:					

ATTACHMENT B11

PRICING SCHEDULE K COST PROPOSAL PRICING SCHEDULES UTILIZATION MANAGEMENT DDI PHASE PRICING SCHEDULE		
	Phase	**FIRM –FIXED PRICE**
1.	Design	$
2.	Development and Testing	$
3.	Conversion	$
4.	User Acceptance Testing	$
5.	Implementation	$
6.	Certification	$
UTILIZTION MANAGEMENT DDI PHASE TOTAL FIRM-FIXED PRICE: (Enter in Line10 Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B12

PRICING SCHEDULE L COST PROPOSAL PRICING SCHEDULES UTILIZATION MANAGEMENT PER MEMBER PER MONTH (PMPM) PRICING SCHEDULE for NON-WAIVER MEMBERS					
Member Counts	2016 Year 1	2017 Year 2	2018 Year 3	2019 Year 4	2020 Year 5
Up to 300,000					
300,001 – 500,000					
500,001 – 700,000					
700,001 – 900,000					
Over 900,001					

UTILIZATION MANAGEMENT PER MEMBER PER MONTH (PMPM) PRICING SCHEDULE for WAIVER MEMBERS*					
Member Counts	2016 Year 1	2017 Year 2	2018 Year 3	2019 Year 4	2020 Year 5
Up to 15,000					
Over 15,001					

(* Exclude Michelle P. and SCL waiver members)

ATTACHMENT B13

PRICING SCHEDULE M COST PROPOSAL PRICING SCHEDULES ADDITIONAL LABOR HOUR COSTS MEMS PRICING SCHEDULE		
BID PRICE YEAR	**LABOR**	**FIRM-FIXED PRICE**
12/2015-11/2016 – New KY MMIS Year 1	$	$
12/2016-11/2017 – New KY MMIS Year 2	$	$
12/2017-11/2018 – New KY MMIS Year 3	$	$
12/2018-11/2019 – New KY MMIS Year 4	$	$
12/2019-11/2020 – New KY MMIS Year 5	$	$

ATTACHMENT B14

PRICING SCHEDULE N COST PROPOSAL PRICING SCHEDULES KY MMIS TAKEOVER DDI PHASE PRICING SCHEDULE		
	Phase	**FIRM –FIXED PRICE**
1.	Design	$
2.	Development and Testing	$
3.	Conversion	$
4.	User Acceptance Testing	$
5.	Implementation	$
6.	Certification	$
KY MMIS TAKEOVER DDI PHASE TOTAL FIRM-FIXED PRICE: (Enter in Line 11, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B15

PRICING SCHEDULE O COST PROPOSAL PRICING SCHEDULES KY MMIS TAKEOVER HARDWARE PRICING SCHEDULE		
	LIST HARDWARE (Add Lines if Needed)	**FIRM –FIXED PRICE**
1.		$
2.		$
3.		$
4.		$
5.		$
6.		$
KY MMIS TAKEOVER HARDWARE TOTAL FIRM-FIXED PRICE: (Enter in Line 12, Schedule A)		$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B16

PRICING SCHEDULE P COST PROPOSAL PRICING SCHEDULES KY MMIS TAKEOVER SOFTWARE PRICING SCHEDULE		
	LIST SOFTWARE (Add Lines if Needed)	**FIRM –FIXED PRICE**
1.		$
2.		$
3.		$
4.		$
5.		$
6.		$
	KY MMIS TAKEOVER SOFTWARE TOTAL FIRM-FIXED PRICE: (Enter in Line 13, Schedule A)	$
Corporation Name:		
Printed Name:	Title:	Date:
Signature:		

ATTACHMENT B17

PRICING SCHEDULE Q COST PROPOSAL PRICING SCHEDULES SYSTEM HOSTING, OPERATIONS, MAINTENANCE, MODIFICATIONS & DRP KY MMIS TAKEOVER PRICING SCHEDULE						
BID PRICE YEAR	**HARDWARE MAINTENANCE**	**SOFTWARE LICENSING**	**APPLICATION MODIFICATION HOURS**	**DISASTER RECOVERY**	**LABOR**	**FIRM-FIXED PRICE**
12/1/2014 – 11/30/2015 Year 1	$	$	$	$	$	$
12/1/2015 – 5/31/2016 Option 1	$	$	$	$	$	$
6/1/2015 – 11/30/2015 Option 2	$	$	$	$	$	$
KY MMIS TAKEOVER SYSTEM HOSTING & DRP OPTIONS 1 - 4 TOTAL FIRM-FIXED PRICE: (Enter in Line 14, Schedule A)						$
Corporation Name:						
Printed Name:			Title:		Date:	
Signature:						

ATTACHMENT B18

PRICING SCHEDULE R COST PROPOSAL PRICING SCHEDULES FISCAL AGENT OPERATIONS KY MMIS TAKEOVER PRICING SCHEDULE					
BID PRICE YEAR	**CLAIMS VOLUME RANGE** **MINIMUM** **MAXIMUM**		**FIRM-FIXED PRICE BASE COST**	**FIRM-FIXED PRICE PER CLAIM FOR CLAIMS UP TO 20% ABOVE THE MAXIMUM CLAIM VOLUME**	**EVALUATED BID FOR PRICE PER CLAIM AMOUNT**
12/1/2014 – 11/30/2015 Year 1	63,500,000	71,300,000	$	$	$
12/1/2015 – 5/31/2016 Option 1	66,700,000	73,100,000	$	$	$
6/1/2015 – 11/30/2015 Option 2	68,400,000	74,900,000	$	$	$
		Totals	$		$
KY MMIS TAKEOVER FISCAL AGENT OPERATIONS OPIONS 1 - 4 TOTAL FIRM-FIXED PRICE: (Enter in Line 15, Schedule A)					$ Totals for columns 4 & 6
Corporation Name:					
Printed Name:			Title:		Date:
Signature:					

ATTACHMENT B19

PRICING SCHEDULE S COST PROPOSAL PRICING SCHEDULES ADDITIONAL LABOR HOUR COSTS KYMMIS PRICING SCHEDULE		
BID PRICE YEAR	**LABOR**	**FIRM-FIXED PRICE**
KYMMIS Takeover Year 1	$	$
KYMMIS Takeover Option 1	$	$
KYMMIS Takeover Option 2	$	$

ATTACHMENT C1

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS

Solicitation/Contract #: _____

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS
PAGE 1 OF 2

FOR BIDS AND CONTRACTS IN GENERAL:

I. Each bidder or offeror swears and affirms under penalty of perjury, that:

a. In accordance with KRS 45A.110 and KRS 45A.115, neither the bidder or offeror as defined in KRS 45A.070(6), nor the entity which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth of Kentucky; and the award of a contract to the bidder or offeror or the entity which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

b. The bidder or offeror swears and affirms under penalty of perjury that, to the extent required by Kentucky law, the entity bidding, and all subcontractors therein, are aware of the requirements and penalties outlined in KRS 45A.485; have properly disclosed all information required by this statute; and will continue to comply with such requirements for the duration of any contract awarded.

c. The bidder or offeror swears and affirms under penalty of perjury that, to the extent required by Kentucky law, the entity bidding, and its affiliates, are duly registered with the Kentucky Department of Revenue to collect and remit the sales and use tax imposed by KRS Chapter 139, and will remain registered for the duration of any contract awarded.

d. The bidder or offeror swears and affirms under penalty of perjury that the entity bidding is not delinquent on any state taxes or fees owed to the Commonwealth of Kentucky and will remain in good standing for the duration of any contract awarded.

FOR "NON-BID" CONTRACTS (I.E. SOLE-SOURCE; NOT-PRACTICAL OR FEASIBLE TO BID; OR EMERGENCY CONTRACTS, ETC):

II. Each contractor further swears and affirms under penalty of perjury, that:

a. In accordance with KRS 121.056, and if this is a non-bid contract, neither the contractor, nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of any contract awarded, have

contributed more than the amount specified in KRS 121.150 to the campaign of the gubernatorial slate elected in the election last preceding the date of contract award.

b. In accordance with KRS 121.330(1) and (2), and if this is a non-bid contract, neither the contractor, nor officers or employees of the contractor or any entity affiliated with the contractor, nor the spouses of officers or employees of the contractor or any entity affiliated with the contractor, have knowingly contributed more than $5,000 in aggregate to the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract award.

Solicitation/Contract #: _____

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS
PAGE 2 OF 2

c. In accordance with KRS 121.330(3) and (4), and if this is a non-bid contract, to the best of his/her knowledge, neither the contractor, nor any member of his/her immediate family, his/her employer, or his/her employees, or any entity affiliated with any of these entities or individuals, have directly solicited contributions in excess of $30,000 in the aggregate for the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract.

As a duly authorized representative for the bidder, offeror, or contractor, I have fully informed myself regarding the accuracy of all statements made in this affidavit, and acknowledge that the Commonwealth is reasonably relying upon these statements, in making a decision for contract award and any failure to accurately disclose such information may result in contract termination, repayment of funds and other available remedies under law.

_____ _____
Signature Printed Name

_____ _____
Title Date

Company Name _____

Address _____

_____

_____

Subscribed and sworn to before me by _____ _____
(Affiant) (Title)

of _____ this _____day of _____,20___.
(Company Name)

_____
Notary Public

[seal of notary] My commission expires: _____

ATTACHMENT C2

Solicitation/Contract #: _____

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING RESIDENT BIDDER STATUS

FOR BIDS AND CONTRACTS IN GENERAL:
The bidder or offeror hereby swears and affirms under penalty of perjury that, in accordance with KRS 45A.494(2), the entity bidding is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

1. Is authorized to transact business in the Commonwealth;
2. Has for one year prior to and through the date of advertisement
    a. Filed Kentucky corporate income taxes;
    b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
    c. Maintained a Kentucky workers' compensation policy in effect.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

_____ _____
Signature Printed Name

_____ _____
Title Date

Company Name _____

Address _____

_____

_____

Subscribed and sworn to before me by _____ _____
(Affiant) (Title)

of _____ this _____day of _____,20___.
(Company Name)

_____
Notary Public

[seal of notary] My commission expires: _____

ATTACHMENT C3

Solicitation/Contract #: _____

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING QUALIFIED BIDDER STATUS

FOR BIDS AND CONTRACTS IN GENERAL:

I. The bidder or offeror swears and affirms under penalty of perjury that the entity bidding, and all subcontractors therein, meets the requirements to be considered a "qualified bidder" in accordance with 200 KAR 5:410(3); and will continue to comply with such requirements for the duration of any contract awarded. Please identify below the particular "qualified bidder" status claimed by the bidding entity.

_____ A nonprofit corporation that furthers the purposes of KRS Chapter 163

_____ Per KRS 45A.465(3), a "Qualified nonprofit agency for individuals with severe disabilities" means an organization that:
(a) Is organized and operated in the interest of individuals with severe disabilities; and
(b) Complies with any applicable occupational health and safety law of the United States and the Commonwealth; and
(c) In the manufacture or provision of products or services listed or purchased under KRS 45A.470, during the fiscal year employs individuals with severe disabilities for not less than seventy-five percent (75%) of the man hours of direct labor required for the manufacture or provision of the products or services; and
(d) Is registered and in good standing as a nonprofit organization with the Secretary of State.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of qualified bidder status. Failure to provide such documentation upon request may result in disqualification of the bidder or contract termination.

_____ _____
Signature Printed Name

_____ _____
Title Date

Company Name _____

Address _____

_____

_____

Subscribed and sworn to before me by _____ _____

_____ _____
(Affiant) (Title)

of _____ this _____day of _____,20___.
(Company Name)

_____
Notary Public
[seal of notary] My commission expires: _____

ATTACHMENT D
SECRETARY'S ORDER 11-004

FINANCE AND ADMINISTRATION CABINET

Vendor Document Disclosure

WHEREAS, in order to promote accountability and transparency in governmental operations, the Finance and Administration Cabinet believes that a mechanism should be created which would provide for review and assistance to an Executive Branch agency if said agency cannot obtain access to documents that it deems necessary to conduct a review of the records of a private vendor that holds a contract to provide goods and/or services to the Commonwealth; and

WHEREAS, in order to promote accountability and transparency in governmental operations, the Finance and Administration Cabinet believes that a mechanism should be created which would provide for review and assistance to an Executive Branch agency if said agency cannot obtain access to documents that it deems necessary during the course of an audit, investigation or any other inquiry by an Executive Branch agency that involves the review of documents; and

WHEREAS, KRS 42.014 and KRS 12.270 authorizes the Secretary of the Finance and Administration Cabinet to establish the internal organization and assignment of functions which are not established by statute relating to the Finance and Administration Cabinet; further, KRS Chapter 45A.050 and 45A.230 authorizes the Secretary of the Finance and Administration Cabinet to procure, manage and control all supplies and services that are procured by the Commonwealth and to intervene in controversies among vendors and state agencies; and

NOW, THEREFORE, pursuant to the authority vested in me by KRS 42.014, KRS 12.270, KRS 45A.050, and 45A.230, I, Lori H. Flanery, Secretary of the Finance and Administration Cabinet, do hereby order and direct the following:

I. Upon the request of an Executive Branch agency, the Finance and Administration Cabinet ("FAC") shall formally review any dispute arising where the agency has requested documents from a private vendor that holds a state contract and the vendor has refused access to said documents under a claim that said documents are not directly pertinent or relevant to the agency's inquiry upon which the document request was predicated.

II. Upon the request of an Executive Branch agency, the FAC shall formally review any situation where the agency has requested documents that the agency deems necessary to conduct audits, investigations or any other formal inquiry where a dispute has arisen as to what documents are necessary to conclude the inquiry.

III. Upon receipt of a request by a state agency pursuant to Sections I & II, the FAC shall consider the request from the Executive Branch agency and the position of the vendor or party opposing the disclosure of the documents, applying any and all relevant law to the facts and circumstances of the matter in controversy. After FAC's review is complete, FAC shall issue a Determination which sets out FAC's position as to what documents and/or records, if any,

should be disclosed to the requesting agency. The Determination shall be issued within 30 days of receipt of the request from the agency. This time period may be extended for good cause.

IV. If the Determination concludes that documents are being wrongfully withheld by the private vendor or other party opposing the disclosure from the state agency, the private vendor shall immediately comply with the FAC's Determination. Should the private vendor or other party refuse to comply with FAC's Determination, then the FAC, in concert with the requesting agency, shall effectuate any and all options that it possesses to obtain the documents in question, including, but not limited to, jointly initiating an action in the appropriate court for relief.

V. Any provisions of any prior Order that conflicts with the provisions of this Order shall be deemed null and void.

Attachment E – Acronyms

AC	Access Control
ACA	Affordable Care Act
ADA	Americans with Disabilities Act
ADA	American Dental Association
ADFS	Active Directory Federation Services
ADO	Annual Disclosure of Ownership
AEVS	Automated Eligibility Verification System
APD	Advance Planning Document
APIs	Application Programming Interfaces
AR	Architecture Review
AR	Accounts Receivable
A/R	Accounts Receivable
ARB	Architecture Review Board
AT	Action Transmittal
ATP	Automated Test Panel
BAA	Business Associates Agreement
BCCTP	Breast and Cervical Cancer Treatment Plan
BCP	Business Continuity Plan
BHDID	Department for Behavioral Health, Developmental and Intellectual Disabilities
BOP	Bureau of Prisons
BPM	Business Process Models
BPR	Business Process Re-engineering
CAP	Corrective Action Plan
CBT	Computer-Based Training
CCB	Change Control Board
CCI	Correct Coding Initiative
CD	Compact Disc
CDC	Centers for Disease Control
CDO	WA2.6 Ability to automate process for background checks for employees (CDO or PDS). PR1.19 PM01 Enroll Provider Provider Management Ability to process enrollment of CDO broker, employer, and employee. Provider JAD Re-Do Session
CDT	Current Dental Terminology
CFR	Code of Federal Regulations
CHFS	Cabinet for Health and Family Services
CIA	Certified Internal Auditor
CISA	Certified Information Systems Auditor
CISM	Certified Information Systems Manager
CISSP	Certified Information Systems Security Professional
CLIA	Clinical Laboratory Improvement Amendments

CMS	Centers for Medicare and Medicaid Services
COs	Change Orders
COB	Coordination of Benefits
COBC	Coordination of Benefits Contractor
COO	Concept of Operations
COS	Category of Service
COT	Commonwealth Office of Technology
COTS	Commercial Off the Shelf
CPA	Certified Public Accountant
CPM	Critical Path Method
CRDP	Concurrent Retirement and Disability Pay
CRM	Customer Relations Management
CPT	Current Procedural Terminology
CPU	Central Processing Unit
CTI	Computer Telephone Integration
CSCI	Computer Software Configuration Items
DBA	Database Administrator
DCBS	Department for Community Based Services
DDE	Direct Data Entry
DDI	Design, Development & Implementation
DDR	Detailed Design Review
DED	Data Element Dictionary
DEA	Drug Enforcement Administration
DEHPG	Disabled & Elderly Health Programs Group
DESI	Drug Efficacy Study Implementation
DHS	Department of Human Services
DM	Document Management System
DME	Durable Medical Equipment
DMMA	Division of Medicaid and Medical Assistance
DMS	Kentucky Department of Medicaid Services
DMZ	In computer security, a DMZ (sometimes referred to as a perimeter networking) is a physical or logical sub-network that contains and exposes an organization's external-facing services to a larger un-trusted network, usually the Internet. The purpose of a DMZ is to add an additional layer of security to an organization's local area network (LAN). The name is derived from the term "demilitarized zone", an area between nation states in which military action is not permitted. (Wikipedia)
DOB	Date of Birth
DOI	Department of Insurance
DRD	Detailed Requirements Document
DRP	Disaster Recovery Plan
DRG	Diagnosis-Related Group
DRP	Designated Record Set (from Security and Privacy)
DRS	Designated Record Set

DSD	Detailed System Design
DSS	Decision Support System/Data Warehouse
DUR	Drug Utilization Review (DUR)
DVD	Digital Video Disk
DW	Data Warehouse
E&E	Enrollment & Eligibility
EAC	Estimated Acquisition Cost
EDI	Electronic Data Interchange
EEO	Equal Employment Opportunity
EFT	Electronic Funds Transfer
EHR	Electronic Health Record
ELC	Exchange Life Cycle
ELT	Extraction, Loading, and Transformation
EOB	Explanation of Benefits
EOMBs	Explanations of Medicaid Benefits
ePHI	Electronic Protected Health Information
EPSDT	Early Periodic Screening, Diagnosis and Treatment Services
ERD	Entity Relationship Diagram
ESB	Enterprise Service Bus
EST	Eastern Standard Time
ETL	Extraction, Transformation and Loading
EVS	Electronic Verification System
F3	BIOS File Extension
F&A	Fraud and Abuse
FA	Fiscal Agent
FAC	Finance and Administration Cabinet
FAD	Fraud and Abuse Detection
FDA	Food and Drug Administration
FDDR	Final Detailed Design Review
FEIN	Federal Employer Identification Number
FFP	Federal Financial Participation
FFS	Fee-For-Service
FIFO	First In First Out
FMAP	Federal Medical Assistance Percentages
FPL	Federal Poverty Level
FQHC	Federally Qualified Health Center
FTP	File Transfer Protocol
FUL	Federal Upper Limit
GAAP	Generally Accepted Accounting Principles (GAAP).
GIAC	Global Information Assurance Certification
GIS	Geographic Information System
GCN	Generic Code
GUI	Graphical User Interface
HBE	Health Benefit Exchange
HCBS	Home and Community Based Waiver Services

HCPCS	Healthcare Common Procedure Coding System
HEDIS	Healthcare Effectiveness Data and Information Set
HHS	Health and Human Services
HIE	Health Information Exchange
HIPAA	Health Insurance Portability and Accountability Act
HIPP	Health Insurance Premium Payment
HIT	Health Information Technology
HITECH	Health Information Technology for Economic and Clinical Health Act
HP	Hewlett-Packard Enterprise Services
HPES	Hewlett-Packard Enterprise Services
HWCI	Hardware Configuration Item
IA	Identification and Authentication
IA	Impact Analysis
IAPD	Implementation Advanced Planning Document
iC	Interchange
ICD	Interface Control Document
ICD-9/10	International Classification of Diseases, 10th Revision
ICFs/MR	Intermediate Care Facilities for individuals with Mental Retardation
IDD	Interface Detail Design
IDE	Integrated Development Environment
IEC	International Electro-technical Commission
IMM	Information Memoranda
IP	Internet Protocol
IRM	Inventory Resource Management System
IRS	Internal Revenue Service
ISO	International Organization for Standardization
IT	Information Technology
ITF	Integrated Test Facility
ITIL	Information Technology Infrastructure Library
IVR	Interactive Voice Response
IV&V	Independent Verification & Validation
JAD	Joint Application Design
KAAAP	Kentucky Access, Accuracy and Accountability Project
KAMES	Kentucky Automated Management Eligibility Systems
KAR	Kentucky Administrative Regulations
KCHIP	Kentucky Children's Health Insurance Plan
KEUPS	Kentucky Enterprise User Provisioning System
KHIE	Kentucky Health Information Exchange
KOOL	Kentucky Online Offender Lookup
KPI	Key Performance Indicator
KRS	Kentucky Revised Statutes
KY	Kentucky
KYMMIS	Kentucky Medicaid Management Information System

LIS	Low Income Subsidy
LOC	Level of Care
LMS	Learning Management System
LTC	Long Term Care
MAC	Maximum Allowable Cost
MAPIR	Medical Assistance Provider Incentive Repository
MAR	Management and Administrative Reporting
MAO	Department of Human Services (DHS), SDX, Medical Assistance Only
MCA	CRB24 Ability to adhere to national imaging standards, as defined by CHFS, to ensure image quality. All imaged documents must be stored for a period specified by CHFS. Destruction of the source document will occur in compliance with Commonwealth and Federal Record Retention Laws, 42 CFR 431, 45 CFR Part 74 and 2-6-212, and MCA.
MCO	Managed Care Organization
MDM	Master Data Management
MECT	Medicaid Enterprise Certification Toolkit
MED	Medicare Exclusion Database
Medicaid Works	Program for people with disabilities who work. Under this program, workers with disabilities who earn less than 250 percent of the Federal poverty level can pay a monthly premium and buy into the Medicaid program.
MEMS	Medicaid Enterprise Management System
MFP	Money Follows the Person
MITA	Medicaid Information Technology Architecture
MMA	Medicare Modernization Act
MMIS	Medicaid Management Information System
MMLs	MITA Maturity Levels
MOUs	Memoranda of Understanding
MQC	Medicaid Quality Control
MS	Microsoft
MSIS	Medicaid Statistical Information System
MWD	Medicaid for Workers with Disabilities
NAIC	National Association of Insurance Commissioners
NDC	National Drug Code
NEMT	Non-Emergency Medical Transportation
NHII	National Health Infrastructure Initiative
NHIN	Nationwide Health Information Network
NIEM	National Information Exchange Model
NIST	National Institute of Standards and Technology
NPI	National Provider Identifier
NPPES	National Plan and Provider Enumerator System
NUCC	National Uniform Claim Committee
OAG	Office of Attorney General

OIG	Office of Inspector General
OATS	Office of Administrative and Technology Services
ODBC	Open Database Connectivity
OSCAR	Online Survey Certification and Reporting
O&M	Operations and Maintenance
OHP	Office of Health Policy
OPM	Office of Personnel Management
OPS	Operations
ORR	Operational Readiness Review
ORT	Operational Readiness Testing
OTC	Over The Counter
PA	Prior Authorization
PAHP	Prepaid Ambulatory Health Plan
PBA	Pharmacy Benefit Administrator
PBR	Project Baseline Review
PBM	Pharmacy Benefit Manager
PCCM	Primary Care Case Manager
PCs	Personal Computers
PCP	Primary Care Physician
PD	Project Director
PDS	WA2.6 Ability to automate process for background checks for employees (CDO or PDS).
PDF	Portable Document Format
PDR	Preliminary Design Review
PE	Presumptive Eligibility
PERM	Payment Error Rate Measurement
PHI	Protected Health Information
PII	Personally Identifiable Information
PI	Program Integrity
PIHP	Prepaid Inpatient Health Plan
PIN	Provider Identification Number (from Immunization Registry)
PLC	Project Life Cycle
PM	Project Manager
PMB	Plan Maintenance and Billing
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute
PMO	Project Management Office
PMP	Project Management Professional
PMPM	Per Member Per Month
POC	Plan of Care
PORR	Pre-Operational Readiness Review
POS	Point of Sale
ProDUR	Prospective Drug Utilization Review
PSR	Project Status Report
QA	Quality Assurance

QC	Quality Control
QHP	Qualified Health Plan
QI1	Qualifying Individual
QIO	Quality Improvement Organization
QMB	Qualified Medicare Beneficiary
QMP	Quality Management Plan
RA	Remittance Advice
RE	Rules Engine
RFP	Request for Proposal
RHC	Rural Health Clinic
RHIO	Regional Health Information Organizations
RSD	Requirements Specification Document
RTM	Requirements Traceability Matrix
RTP	Return to Provider letter
SADD	System Architecture and Design Documents
SCHIP	State Children's Health Insurance Programs
SDLC	System Development Life Cycle
SCOM	Microsoft System Center Operations Manager
SDX	State Data Exchange
SHOP	Small Business Health Options Program
SLA	Service Level Agreement
SLMB	Specified Low-income Medicare Beneficiary
SME	Subject Matter Expert
SMHP	State Medicaid Health Information Technology Plan
SMM	State Medicaid Manual
SNAP	Supplemental Nutrition Assistance Program
SOA	Service Oriented Architecture
SOW	Scope of Work
SPI	Seriously and Persistently Ill
SPI	Schedule Performance Index
SS-A	State Self-Assessment
SQL	Structured Query Language
SSN	Social Security Number
SUR	Surveillance and Utilization Review Module
SV	Schedule Variance
TANF	Temporary Assistance for Needy Families
TCN	Transaction Control Number
TIFF	Tagged Image File Format
TTD	Telecommunication Device for the Deaf
TTY	Text Telephone
TPL	Third Party Liability
UAT	User Acceptance Testing
UI	User Interface
UM	Utilization Management
UPS	Uninterruptible Power Source

WAC	Wholesale Acquisition Cost
WBS	Work Breakdown Structure
WCAG	Web Content Accessibility Guidelines
WRAP	Ability to automatically calculate and pay on a claim by claim basis WRAP Payments.

Attachments F - T

The Attachments indicated above may be downloaded by accessing the "Attachment" link found on the Solicitation Details View page where this RFP was downloaded. Once the Attachment link is accessed, select the file name you wish to download, and select the "Download Attachment" hyperlink. For assistance with downloading these attachments please contact the Commonwealth Buyer.

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