C.1 Subcontracts

REQUIREMENT: RFP Section 60.7.C.1
1. Subcontracts (Sections 4.3 Delegations of Authority and 6.0 Subcontracts)
   a. Describe the Vendor's approach to subcontracting services for this Contract, and how the Ven..dor will ensure ongoing collaboration with Subcontractors for a streamlined and coordinated approach to serving Enrollees and Providers.
   b. Describe how the Vendor will ensure responsiveness of its Subcontractors to all requests from DMS for reporting, data and information specific to operation of the Medicaid managed care program. How will Subcontractors be held accountable for a delay in or lack of response?
   c. Provide a listing, including roles and locations, of known Subcontractors that will support the Contract resulting from this RFP.
   d. Describe the relevant experience of each Subcontractor. Indicate whether the Vendor has subcontracted with the entity for prior contracts of similar size and scope.

Our organization's more than 25 years of Medicaid managed care experience, combined with proven processes and tools, ensures best-in-class oversight and monitoring controls for the seamless integration of subcontractors with proven expertise and the capability to deliver high-quality care to Medicaid beneficiaries nationwide.

As a company whose primary focus is serving individuals who receive their insurance through government-sponsored programs, Molina brings a deep understanding of the unique and diverse needs of Medicaid members. Our experience has shown that to meet those specialized needs, it is important to partner with companies that share our vision and commitment to serving the Medicaid population and have expertise in providing high-quality services. The subcontractors we have selected will help us ensure we deliver the full scope of covered services, including dental, vision, pharmacy, and other important services to Enrollees.

We use best-in-class standards for selection, oversight, and management of our subcontractors. ***For this opportunity, we have chosen longtime partners with proven records of providing quality services to Kentucky Medicaid Enrollees.*** They further have the proven ability to meet all requirements set forth in Attachment C, Draft Medicaid Managed Care Contract and Appendices, Section 6, Subcontracts.

- Trusted national subcontractor partners offering long-term experience in Kentucky
- Avesis, March Vision, and CVS already partner with many Molina affiliated health plans
- Delegated credentialing partnerships with University of Louisville Hospital and KPCA
- Collaborative subcontractor monitoring/oversight approach ensuring compliant, consistent performance

Ultimately, we will partner with the Commonwealth to maximize physical and financial resources for the benefit of Medicaid Enrollees. This partnership means we will hold ourselves and our delegates accountable for Enrollee outcomes, overall performance, and every dollar spent.

First and foremost, ***our strong subcontracting partnerships for the Kentucky Medicaid program begins with our parent company, Molina Healthcare, Inc.,*** which will provide a wide range of corporate administrative services to ensure our health plan operates with optimal efficiency and scalability.

Molina's behavioral health services will be administered in-house, supported by our close partnership with our parent company and without using a third-party subcontractor or affiliate company. By maintaining responsibility for these important services, we will provide whole-person care for our Enrollees that seamlessly integrates physical health and behavioral health services.

Through our comprehensive contract vetting process, we carefully vet and select subcontractors that have experience with our parent company and our affiliated health plans enterprise wide, and/or proven experience successfully serving the diverse needs of Medicaid populations. Except for Louisville-based

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Lucina Analytics, our subcontractors for the Kentucky Medicaid program are also partners with Molina affiliated health plans in other Medicaid markets. We describe our subcontractors below.

- **Molina Healthcare, Inc.** Our parent company works seamlessly with its subsidiary health plans enterprise wide to provide a wide range of administrative resources and support, including:
  - Corporate Executive Leadership
  - Enrollee and Provider Call Center Services
  - 24/7 Nurse Advice Line
  - Behavioral Health Hotline
  - Enterprise Pharmacy Operations
  - Corporate Quality
  - Models of Care
  - Marketing
  - Treasury/Actuarial
  - Real Estate / Facilities Management
  - Government Policy/Affairs
  - Corporate Compliance
  - Project Management/Implementation
  - Strategy/Innovation
  - Enterprise Information Management
  - Claims/Encounters Processing
  - Appeals and Grievances
  - Program Integrity
  - Medical Policy
  - Risk Adjustment
  - Management Information Systems
  - Finance/Accounting
  - Medical Economics
  - Human Resources
  - Legal
  - Growth / Business Development
  - Marketplace-/Medicare-segment Leadership
  - National Provider Network Management/Credentialing
  - Subcontractor/Delegation Oversight
- **Avesis Third Party Administrators, Inc. (Avesis).** Our dental services subcontractor, Avesis, is currently contracted with four of the five current Kentucky Medicaid MCOs and has more than twice the number of contracted dental providers in the Commonwealth than any other dental vendor.
- **CVS Health (CVS).** Our PBM, CVS, contracts with more than 1,100 pharmacies in Kentucky (54% of which are independent pharmacies), specialty pharmacies, and mail order pharmacies, operating more than 67,000 retail pharmacies, while also supporting 29 Medicaid health plans and more than 12 million members nationwide.
- **March Vision Care Group, Inc. (March).** Our vision benefit subcontractor, March, has partnered with our affiliated health plans since 2001 and currently administers vision services for D-SNP plans in the Commonwealth, which include Medicare- and Medicaid-eligible Enrollees.
- **Lucina Analytics.** Headquartered in Louisville, Lucina Analytics manages a proprietary risk stratification analytics platform that promotes early identification of and outreach to pregnant Enrollees. Lucina Analytics also brings experience working with Medicaid MCOs in Kentucky, Florida, and Washington, D.C.

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Our delegation agreements ensure compliance with NCQA delegation requirements as well as all requirements identified in Draft Contract, Section 4.3, Delegations of Authority, and Section 6, Subcontracts. Our subcontractor agreements clearly define the responsibilities of our subcontractors and Molina, including:

- Monthly and quarterly reporting requirements
- Revocation and termination language if a subcontractor does not meet expectations
- Requirements for encounter data submissions

Each contract also includes language that confirms the right of the Department to inspect, audit, or evaluate subcontractor books, records, contracts, or systems for up to ten years after the end of the Contract period or the date of completion of any audit.

We will ensure subcontractor compliance through a variety of monitoring and auditing efforts. These will include review of monthly and quarterly reports summarizing delegated responsibilities, monthly and quarterly meetings with subcontractor staff and health plan participants, annual delegation audits, and regular review of complaints and grievances to ensure timely resolution of Enrollee issues. If we identify areas of non-compliance with contractual performance expectations, we will implement corrective action measures, up to and including financial penalties.

Molina acknowledges the requirements set forth in RFP Section 60.7.C.1, Subcontracts, and accepts full responsibility for the performance of its subcontractors. We describe our approach to subcontracting services and collaboration below.

a. APPROACH TO SUBCONTRACTING SERVICES AND COLLABORATION

Close collaboration with our Kentucky Medicaid subcontractors will be foundationally supported by robust oversight that will ensure consistent compliance, high-quality performance, and an improved Enrollee experience. Each of our valued subcontractors will be vital to our efforts to offer the most comprehensive, high-value services possible to our Enrollees. Molina understands that the success of the health plan is dependent not only on our own performance, but the performance of—and our ongoing collaboration with—our subcontractors to provide consistently high-quality services to Kentucky Medicaid Enrollees.

Our approach to subcontracting services includes a rigorous selection process designed to match Molina with companies that have proven success in key aspects of working with the Medicaid population. Once selected, we provide multi-level subcontractor oversight and monitoring that has proven successful in all our affiliated health plans.

ONGOING SUBCONTRACTOR COLLABORATION

Emphasizing open communication, collaboration, and proactive problem-solving, Molina's Kentucky Medicaid subcontractor oversight program will adhere to the proven policies and procedures leveraged by all our affiliated health plans. Supported by our dedicated Delegation Oversight staff and a proactive provider engagement approach, these established processes will drive close, ongoing collaboration between the health plan and our subcontractors, supporting effective monitoring and continual evaluation of subcontractor performance to ensure compliance with all Contract requirements.

Our planned collaboration approach with our Kentucky Medicaid subcontractors will largely mirror the subcontractor relations activities of our Mississippi affiliate, which include:

- Inviting subcontractors to participate in provider workshops throughout the state on an annual basis to address any billing, claims, or authorization questions and ensure open communication, collaboration, and ongoing training

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- Inviting subcontractor representatives to attend member workshops annually throughout the state to provide information and answer questions related to subcontractor services
- Encouraging subcontractor participation in monthly/quarterly meetings with the state's Department of Medicaid, as applicable, based on agenda topics
- Engaging subcontractors as part of external audits or quality reviews to address firsthand all aspects of their health plan relationship and services provided
- Requiring strict monthly reporting from all subcontractors to demonstrate compliance, and conducting regular audits to validate performance
- Fostering ongoing relations with all subcontractors through regular meetings and other open communications
- Employing a local delegation oversight manager within the health plan to oversee all aspects of subcontractor performance

Furthermore, our subcontractor relations approach will be guided by subcontractor oversight policies and procedures that cover a comprehensive range of activities and protocols that support our ongoing collaborative subcontractor relationships, streamline subcontractor service delivery, and foster improved subcontractor performance and accountability. Moreover, ***these policies and procedures will support and ensure Molina's compliance with Contract requirements as well as document our full responsibility for all subcontractor performance and deliverables,*** including Department requests for reporting, data, and other information specific to Kentucky Medicaid program operations.

Subcontractor Collaboration for Kentucky Medicaid—Year One and Beyond

As is standard practice for our affiliated health plans enterprise wide, we will hold biweekly meetings with our subcontractors in contract year one of our Kentucky Medicaid program operations, and then monthly thereafter. These meetings will include regular conferences (at least quarterly) with contracted providers, Enrollees, and other stakeholders, and will be designed to ensure we and our subcontractor partners understand and can address provider concerns or challenges (e.g., claims processing, claims configuration, and so forth), and/or similar concerns for Enrollees and other stakeholders.

Moreover, Molina will dedicate both corporate and local health plan Provider Engagement staff to each of our subcontractors, ensuring consistent lines of communication and collaboration, understanding of program requirements and deliverables, and identification of areas of concern / opportunities for improvement. Beyond managing day-to-day subcontractor relationships, our Provider Engagement staff will facilitate monthly touch-base and quarterly Joint Operating Committee meetings and schedule ad hoc meetings, as needed, to review subcontractor performance and potential areas for improvement.

If there are any changes to the Kentucky Medicaid Contract, or other Commonwealth or regulatory agency requirements, Molina will first conduct a comprehensive internal review of the changes. Once impacts of the changes to delegated functions have been determined, we will notify and work closely with our subcontractors to ensure compliance with the new requirements, including setting expected implementation dates.

Organizational Infrastructure Supporting Subcontractor Oversight and Collaboration

Helping guide our subcontractor engagement and collaboration efforts, our chief compliance officer, in conjunction with our health plan president, will direct our subcontractor oversight program and will receive support from our Delegation Oversight department, Delegation Oversight Committee, and Quality Improvement Committee. The functions and structure of these entities are detailed in the following paragraphs.

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Delegation Oversight Department. Oversees day-to-day subcontractor oversight and subcontractor auditing and performance monitoring, including performance requirements for all delegated functions; required reporting and interfaces; and a review of contract compliance, logged complaints, and functional performance measurements. Dedicated delegation oversight specialists will monitor subcontractor performance and contract compliance in their assigned functional areas of expertise using internal and external performance metrics that flag non-compliant delegates for follow-up and intervention.

Delegation Oversight Committee. The Delegation Oversight Committee is the governing committee responsible for evaluating subcontractor performance. Committee leadership will include our medical director and managers and directors across key functional areas such as Quality Improvement, Compliance, Enrollee Services, Credentialing, and Provider Services. The Delegation Oversight Committee will review the evaluation of subcontractor performance and will ultimately be responsible for analyzing the information reported through regular dashboard reports, ad hoc reports, subcontractor audits, performance checks, and in-person, onsite monitoring. The committee will conduct a monthly review of subcontractor oversight activities and make delegation decisions. The committee can recommend actions to take against non-compliant or underperforming subcontractors from corrective action plans (CAPs) up to contract termination.

Quality Improvement Committee. The Quality Improvement Committee will review regular monthly reporting on subcontractor performance, including any corrective actions implemented. The committee will review auditing and monitoring activities and where necessary, provide quality improvement recommendations to the Delegation Oversight Committee.

Chief Compliance Officer. As a voting member of the Delegation Oversight Committee, our chief compliance officer will also work closely with subcontractors to ensure they implement, maintain, and monitor a compliance program based on Kentucky Medicaid Contract requirements. Subcontractors also must report program integrity issues to the chief compliance officer.

For more information about our approach to subcontractor monitoring and oversight, please see Proposal Section 11, Monitoring and Oversight.

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Collaboration to Drive Medicaid Utilization Improvement in Washington and Utah

Through a comprehensive review of historical utilization data, our affiliate health plans, **Molina Healthcare of Utah and Molina Healthcare of Washington, working collaboratively with March Vision Care (March), identified a low number of members with diabetes receiving their annual diabetic retinal eye exams (DREs).** Since March's covered services offerings include DREs, the health plans and March together developed a comprehensive member and provider education campaign with the goal of increasing the overall number of DREs conducted.

March and the two Molina affiliated health plans developed targeted call scripts to educate members with diabetes about the importance of the annual exams.

March also sent notices to its contracted network reminding providers to schedule appointments for members who had not received their annual exams. The health plans kept March informed on the status of members receiving their DREs via a diabetic indicator on eligibility files.

Follow-up calls were then made to members with care gaps, augmented by additional provider education and provider Web portal alerts about care gaps.

Moreover, March provided regular progress reports to our affiliated health plans and members' identified PCPs. Updates on this campaign were a fixed topic at quarterly Joint Operating Committee calls with care staff from March and our affiliated health plans to discuss any additional outreach or education needed.

This collaborative campaign proved successful, and the **rate of annual DREs for members with diabetes increased 10% in our Washington affiliate and 7% in our Utah affiliate.** As a result of this success, March and our Idaho affiliate implemented a similar targeted campaign in late 2019.

408.KY19

Subcontractor Selection—Pre-Assessment Audits

Our close working relationship with a subcontractor begins with a comprehensive pre-assessment audit to evaluate a potential subcontractor's ability to meet all contractual agreements and Medicaid MCO requirements; CMS, federal, and Commonwealth requirements; and NCQA standards, where applicable. During these audits, we review policies, procedures, and applicable files, and interview subcontractor staff.

Identified deficiencies in a subcontractor's processes during the pre-assessment audit are addressed through our corrective action process. Corrective action measures can include policy and process revisions implemented before go-live, increases to reporting frequency or content, focused file reviews, and/or auditing more frequently than annually.

By scheduling pre-assessment audits, we can verify a potential subcontractor's readiness to provide such services and confirm that we will meet all Kentucky Medicaid Contract requirements and standards.

Our process also includes a Subcontractor Risk Assessment. Our due diligence selection process ensures potential new subcontractors will meet contractual obligations and our Enrollees' needs through legal contract assessments, assessments of financial qualifications and ability to perform, and a security assessment to ensure the subcontractor's infrastructure can protect PHI.

Subcontractor Selection

We weigh many factors in selecting a subcontractor for our Medicaid contracts, including, but not limited to:

- Medicaid experience
- Provider network
- Access to care / quality of care
- Member satisfaction
- Provider relations and satisfaction
- Compliance history on similar contracts
- Quality of care
- Innovation and robust technology
- Cost viability

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When we decide to enter into a Master Services Agreement / Third Party Agreement (MSA/TPA) with a vetted subcontractor, our chief compliance officer, or designee, will notify (and secure prior approval from) the Department of our intent to enter into the MSA/TPA. Upon Department approval, we will work collaboratively with the subcontractor to ensure compliance with the terms of the MSA/TPA and will notify the Department if there are any significant changes in the agreement. Our Delegation Oversight team, under the direction of our Provider Network team and our Delegation Oversight Committee, will also provide monthly reports to the Department as required.

Subcontractor Collaboration: Molina Healthcare of Mississippi

Enterprise wide, our affiliated health plans proactively partner and collaborate with a diverse range of Medicaid stakeholders, including state agencies, members, providers, community-based organizations, and, importantly, our subcontractors. This proactive approach supports the development of new initiatives, sharing of best practices, achieving program goals, and addressing key population health, social determinants of health, health care access, and member and provider satisfaction priorities.

For example, our Mississippi affiliate plays a key leadership role in regular meetings with the Mississippi Department of Medicaid, other MCOs, and other stakeholders. When applicable based on meeting agenda topic, **the health plan invites appropriate subcontractor representatives to attend and engage in valuable face-to-face discussion and collaboration with representatives from the Department of Medicaid, other Medicaid MCOs, and other key stakeholders.**

The Mississippi health plan has found that such collaborative efforts with its subcontractors work best when all key stakeholders are in the same room and able to interact freely, allowing attendees to focus on the discussion at hand, engage in problem-solving and better ensure issues resolution, and drive more productive outcomes.

409.KY19

b. SUBCONTRACTOR RESPONSIVENESS

A rigorous quality assurance process will verify the deliverables, activities, and services that subcontractors provide to our Enrollees adhere to a defined set of quality criteria, and subcontractors respond to requests in a timely manner. These criteria will be derived from the Kentucky Medicaid Contract but also will be taken from other sources such as NCQA and internal quality metrics.

Delegation Oversight staff and dedicated national account managers for each subcontractor will monitor weekly reports before contract go-live, and monthly and quarterly performance reports submitted by subcontractors thereafter. Monitoring will include reminder emails before due dates, confirmation of compliance with report due dates, and review of reports for completeness and accuracy. If they identify any area of concern, the national account manager or Delegation Oversight staff will outreach to the subcontractor to confirm if the issue is related to a reporting issue or an actual performance issue and will then work collaboratively with all impacted teams on a resolution before submission due dates to the Department.

Depending on the severity of the area of concern, issues can be addressed through immediate outreach and resolution, monthly touch-point meetings with the Molina account manager and subcontractor staff, or quarterly Joint Operating Committee meetings with the Molina account manager, Delegation Oversight, Network and Contracting staff, as well as subcontractor participants. If it is determined the issue is related to a delegated function, corrective action will be pursued through delegation oversight processes.

We will apply various ongoing measurement and analysis tools to monitor the quality of delegated functions. Additionally, we will continually evaluate the effectiveness of subcontractor performance and look for areas of improvement through the work performed by the teams described previously. As a result, we will institute rapid-cycle process improvements based on the feedback and data received from

quality control monitoring conducted by our Delegation Oversight department to make appropriate recommendations to the Delegation Oversight Committee, Quality Improvement Committee, and senior leadership, which will then develop a course of action and applicable interventions.

We describe our overall approach to ensuring subcontractor responsiveness and accountability, including responsiveness to Department requests for Medicaid program-related data, reporting, and other key information below.

RESPONSIVENESS AND ACCOUNTABILITY

Language will be included in contracts with our Kentucky Medicaid subcontractors that will allow Molina to impose liquidated damages for not meeting contractual expectations. Non-compliance will include untimely report submission, failure to meet delegated functional performance expectations, or a network that does not meet Kentucky Medicaid Enrollee access needs. These performance penalties will increase with continued non-compliance and will remain in place until the subcontractor demonstrates two consecutive months of acceptable performance, ensuring subcontractors respond quickly to resolve areas of concern to Molina's satisfaction.

The most effective way to keep subcontractors responsive and accountable is to pass on the penalties that Molina incurs from the Commonwealth. To that end, we make it clear ***to all our subcontractors that they will be held to the language and penalties*** listed in the Contract, Section 39, Remedies for Violation, Breach, or Non-Performance of Contract.

As part of the contract development process, we will carefully draft and negotiate (proof of concept through scope of work) all applicable master services, business associates, nondisclosures, independent contractors, and other necessary agreements.

Once approved for delegation, our parent's national account manager and Delegation Oversight staff will monitor subcontractors on a monthly and quarterly basis. Subcontractors also will submit monthly performance reports that are reviewed by both teams against performance expectations. Any areas of concern or performance issues will be reviewed and addressed with the subcontractor.

Depending on the severity of an issue, remediation measures can include changes to reporting frequency or content, focused performance audits, or auditing more frequently than annually. CAPs can also be used to influence a subcontractor's compliant performance of a function. Updates on performance and all performance-related CAPs will be taken to the Delegation Oversight Committee at least quarterly, to ensure all accountable parties are aware of performance concerns with a specific subcontractor. Based on the updates made by subcontractors, the Delegation Oversight Committee may request additional corrective action measures, including termination of a delegated function. For an in-depth explanation of our monitoring and oversight process, see Proposal Section 11, Monitoring and Oversight.

Monitoring Subcontractor Data Submissions

We will proactively evaluate and ensure provider/subcontractor compliance with data submission requirements, including encounter data. Contracts with subcontractors will contain specific data and reporting requirements and performance targets specifying timeliness, accuracy, and data quality metrics, including all related Department reporting requirements. We will perform quality and completeness checks throughout the claims/encounter submission process to validate appropriate volumes of received and submitted encounters. Monthly reports will identify, track, and benchmark metrics (e.g., encounter submission rates) that will enable us to identify underperforming or non-compliant entities.

As part of our quality and completeness checks, we will accept and verify submissions through our secure Web portal. Providers, provider groups, and our subcontractors will submit claims/encounters through secured socket layer, and submissions will be automatically logged and tracked. Submissions, including errors, can be viewed to enable resubmissions as needed. Further, claims/encounters will be received daily from clearinghouses that format electronic data into standard 837 formats. The claim will be routed

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through a pre-processor and then through our claims gateway. An image of the claim will be generated and can be retrieved through a claim viewer. We will work with providers and an electronic data interchange clearinghouse to identify barriers in moving to electronic functionality and regularly evaluate systems to determine areas for improvement.

As part of our oversight process, we also will audit subcontractors to ensure they are submitting all encounters. We will require subcontractors to submit their complete claims dataset for specific dates of services. Then, we will complete a data integrity check by comparing the data to the encounters we have for the subcontractor. Furthermore, we recently rolled out a new custom-developed, Web-based application that automates most of the functions/requirements. The tool will help monitor the subcontractor submission, identify the resubmissions of the previously denied encounters, check encounter completeness, and monitor file failure. Our process will generate complete and accurate encounter data and facilitate the timely submission of encounters consistent with required formats.

Auditing and Correcting Subcontractor Data - Avesis

During a recent annual claims and utilization management audit, Molina was not receiving accurate universal denial reports from our dental services subcontractor, Avesis. These reports are critical to determine the selection of files to be reviewed during an audit to determine the appropriateness of both claims and utilization management denials. Avesis' submitted utilization denial report contained approved authorizations. The claims denial report that was submitted contained adjusted claims.

In both cases, these reports should have contained only denials. Upon notice of the deficiency, Avesis submitted two more reports with the same errors. We proactively worked with Avesis to correct the issue until an accurate report was produced. To help mitigate this issue in the future, we requested Avesis add a "status" column on the report to assist in their own review to produce accurate reports. We also had Avesis complete attestations to confirm the accuracy of the reported data.

Moreover, as a result of this experience and our consistent drive to identify opportunities to strengthen subcontractor monitoring and oversight, ***we adopted and implemented the CMS Audit protocol for all Medicaid providers and vendors.*** The protocol results in a failed file audit after three failed attempts by a vendor to produce accurate reporting from which file selection is made. Follow-up file reviews will be completed 60 calendar days from the date of the last failed universe submission, allowing groups adequate time to correct their universe issues. Molina has met with Avesis compliance leadership to discuss this new protocol, with both parties agreeing to adoption, as we continue to work in partnership to achieve compliance.

Monitoring Appropriate Service Utilization

We will adopt the NCQA-standard delegation oversight approach for delegated functions. We have MSA/TPAs with subcontractors to promote compliance and ensure appropriate service utilization is occurring each month. To verify that Kentucky Medicaid services are provided without issue, we will never delegate responsibilities to our subcontractors without full oversight. Our local operations team will monitor utilization levels and when variances occur or fall outside the normal range of what is expected, we will then assign a CAP through the Delegation Oversight Committee and monitor to full resolution. Monthly report submissions also will support ongoing monitoring.

Our Quality Improvement Committee will also provide oversight and require NCQA-standard annual delegation audits of all our major subcontractors to ensure full contract compliance and delivery of quality services. Quality assurance will help ensure that the deliverables, activities, and services subcontractors provide to our Enrollees adhere to a defined set of quality criteria.

Monitoring Adherence to Complaints and Grievances Standards

Molina will retain handling of complaints and grievances related to services from subcontractors. We will require and work collaboratively with our delegates to fully participate in the complaint and grievance investigation process. Our internal processes and workflow measures will instruct our subcontractors to

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place warm transfer calls to our Enrollee Services staff if they are regarding a complaint or grievance. We will also require a Daily Summary Report of all calls to ensure timely adherence to policies and procedures as well as Department requirements. To ensure the performance of all delegated functions and responsibilities and compliance with MSA/TPAs, we will further review monthly and quarterly reports, including, but not limited to, claims payment timeliness and grievances and appeals.

Subcontractor Network Evaluation and Monitoring

Our Network Development leadership will closely monitor each subcontractor's network development and compliance with adequacy requirements. During the initial network build, subcontractors must submit weekly status reports of development activities and adequacy that we will review and assess during weekly network development project management calls.

Once the subcontractor achieves network adequacy, they must submit monthly network reports that include identification of any new providers, terminated providers, and provider demographic changes, and they must attest to continued network adequacy or provide gap remediation.

Oversight of Subcontractor Credentialing and Recredentialing

We will delegate credentialing and recredentialing activities to subcontractors and provider groups that meet our requirements for delegation and when the delegation will improve efficiency and Enrollee access to quality care. The Delegation Oversight Committee must approve all delegation arrangements, and it will retain the right to limit or revoke delegated credentialing activities when a subcontractor fails to meet NCQA, Commonwealth Medicaid contractual, and/or Molina internal requirements. To be delegated for credentialing for our Kentucky Medicaid program Contract, subcontractors must:

- Agree to our contract terms and conditions and be compliant with the Kentucky Medicaid program Contract
- Submit timely and complete reports to Molina as directed by our policies and procedures
- Correct deficiencies within mutually agreed-upon timeframes when Molina identifies issues of non-compliance
- Comply with all applicable federal and Commonwealth laws and regulations

As stated above, we will conduct pre-assessments before delegation to determine compliance with regulatory and accrediting requirements. The pre-assessment will include a compliance review of all applicable delegation requirements and performance standards and a review of the potential subcontractor's credentialing evidence for all activities to be delegated.

We will require our subcontractors to submit reports with contractually defined timeframes that include information needed to ensure information systems accuracy for claims payment and network composition. We will further require subcontractors to notify us within two business days of any provider terminated for cause, suspended, or when disciplinary action has been taken against a provider by any state or federal agency.

Each month, subcontractors must provide us with a list of providers who have been credentialed or recredentialed during that month; a list of providers terminated and termination reason; credentialing timeliness data; and copies of new or revised credentialing policies and procedures approved during the month.

Subcontractor performance will be monitored for ongoing compliance through reviews of monthly reports and annual assessments. Subcontractors unable to maintain established standards will be subject to a CAP to address areas of deficiency. These CAPs will be monitored for timely implementation; sanctions may be applied when deficiencies have not been resolved in a timely manner, and revocation of delegation may occur if performance is inadequate.

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Monitoring and Correcting Subcontractor Credentialing Processes – March Vision

During our parent company's 2018 annual audit of MARCH's credentialing process, Delegation Oversight staff identified a change in documentation for review of the Social Security Administration's Death Master File. March had updated processes to attempt to show proof of a practitioner not being listed on the Death Master File by providing screen shots of the query; however, the verification source being used, and clear documentation of whether the practitioner was included in the list, was not consistent throughout the files we reviewed.

Our Delegation Oversight staff and March staff worked collaboratively to ensure documentation included clear evidence of the verification source, the verification date, and the results of the query. We then collected an example of the updated documentation to be added to the file. Continued compliance with documentation requirements was validated during our annual audit conducted in August 2019.

Kentucky Medicaid Delegated Credentialing Partnerships—University of Louisville and Kentucky Primary Care Association (KPCA)

For the Kentucky Medicaid program, Molina has entered into arrangements with the University of Louisville Hospital and the KPCA to delegate provider credentialing relative to their respective contracted networks. To be delegated for credentialing, these healthcare entities must:

- Be NCQA accredited or certified for credentialing or pass our credentialing delegation pre-assessment (based on NCQA credentialing standards and requirements for Medicaid and Medicare programs)
- Correct deficiencies within mutually agreed-upon time frames when issues of non-compliance are identified by Molina at pre-assessment
- Agree to our contract terms and conditions for credentialing delegates and be compliant with the Kentucky Medicaid program Contract
- Submit timely and complete reports to us as stated in our delegation agreement
- Comply with all applicable federal and Commonwealth laws

Our Delegation Oversight Committee will approve all delegation arrangements and retain the right to limit or revoke delegated credentialing activities if the delegate fails to meet NCQA, Commonwealth, or Molina requirements.

Addressing Subcontractor Deficiencies or Contractual Variances

Our policies and procedures include guidelines for enforcement of underperformance, non-performance, and corrective actions employed to improve performance of our subcontractors. We will perform ongoing oversight of delegated functions as stated in each written agreement to ensure each subcontractor meets responsibilities. The agreement specifies activities and reporting responsibilities delegated to the subcontractor and provides remedies for under-/non-performance.

Enforcement of under-/non-performance may include corrective actions, sanctions, penalties (if contract contains performance guarantees) or revocation of delegated functions, or the imposition of other sanctions if subcontractor performance is inadequate. We will require and work collaboratively with our subcontractors to demonstrate that they provide all services as intended and meet all contractual obligations. We will also collaborate with our subcontractors to build performance guarantees into the contract, so non-performance/poor performance results in significant financial penalties. We will conduct oversight internally for virtually all operations, as well as through outside audit firms (e.g., pharmacy). Our affiliated health plans have a successful history of effectively monitoring, evaluating, and implementing corrective action when appropriate. Exhibit C.1-1 demonstrates how we will identify and address subcontractor non-compliance.

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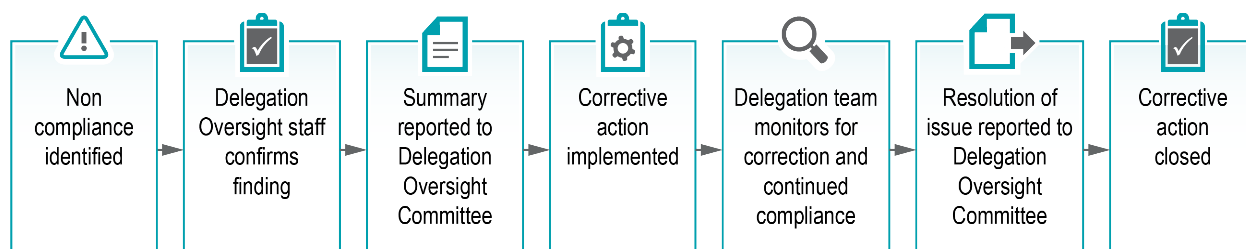

Exhibit C.1-1. Identifying and Addressing Subcontractor Non-compliance

Addressing Subcontractor Non-compliance – Molina Healthcare of Florida

A non-emergent transportation subcontractor that partnered with our Florida affiliate has contract language that passes through any liquidated damages assessed by the Florida Agency for Healthcare Administration. The state assessed liquidated damages for four areas of non-compliance, all of which were imposed against the subcontractor. The subcontractor identified a downstream partner that was not picking up members at agreed-upon pick-up locations, resulting in these members missing important medical appointments. The subcontractor placed the downstream partner on a CAP for non-compliance with contract requirements, and redirected transportation appointments to other downstream partners. After two months of unsuccessful remediation efforts, the contract with the non-compliant downstream partner was terminated.

c. LISTING OF SUBCONTRACTORS

As part of our comprehensive effort to operate the highest-quality health plan, we have chosen four subcontractors, along with our parent company, with which our affiliated health plans have an extensive and successful working history with their Medicaid contracts. Table C.1-2 provides the locations of their offices that will partner with Molina to administer and provide the full spectrum of covered services to Kentucky Medicaid Enrollees.

Table C.1-2. Subcontractor, Roles, and Locations

Subcontractor	Role	Office Locations
Molina Healthcare, Inc.	Administrative and support functions	**Corporate Headquarters:** 200 Oceangate, Suite 100 Long Beach, CA 90802
Avesis Third Party Administrators, Inc.	Dental services	**Corporate Headquarters:** 10400 N 25th Ave Suite 200 Phoenix, AZ 85021 **Executive Offices:** 10324 S Dolfield Rd Owings Mills, MD 21117 Guardian, Avesis' parent company, has 14 employees who live and work in Kentucky, many of whom support providers and Medicaid Enrollees across the Commonwealth. Each of these employees work from home using secure, Guardian-supported equipment and in alignment with Guardian work-from-home policies. There is no Guardian office in Kentucky.

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Subcontractor	Role	Office Locations	
CVS Health	PBM services	**CVS Health Headquarters** One CVS Drive Woonsocket, RI 02895	**CVS Health Mail Service Program** **Mail Service Pharmacies** **Regional Order Creation Centers (ROCCs)** 620 Epsilon Drive Pittsburg, PA 15238-2808 1400 Business Center Drive Mt. Prospect, IL 60056 - 6071 6935 Alamo Downs Parkway San Antonio, TX 78238 - 4501
		PBM Operations Centers 2211 Sanders Road Northbrook, IL 60062 9501 E. Shea Boulevard Scottsdale, AZ 85260 750 West John Carpenter Freeway Suite 1200 Irving, TX 75039	**Prescription Processing (Front-end) Centers** Number 1 Great Valley Boulevard Wilkes-Barre, PA 18702 620 Epsilon Drive Pittsburgh, PA 15238 7034 Alamo Downs Parkway San Antonio, TX 78238 4121 E. Cotton Center Boulevard Phoenix, AZ 85040 800 Biermann Court Mount Prospect, IL 60056
		CVS Caremark Medicare Part D **Medicare Part D Operations Centers** 9501 E. Shea Boulevard Scottsdale, AZ 85260	**Dispensing Pharmacies** 1780 Wall Street Mount Prospect, IL 60056 Number 1 Great Valley Boulevard Wilkes-Barre, PA 18702
		Data Services Scottsdale Data Center 9501 E. Shea Boulevard. Scottsdale, AZ 85260 ***Back-up Site*** One CVS Drive Woonsocket, RI 02895	**Consumer Health Interactive** **Consumer Website Developer** 539 Bryant Street, Suite 200 San Francisco, CA 94107
		Government Affairs 1300 I Street NW, Suite 525 West Washington, D.C. 20005	**CVS Health Specialty Pharmacy** **Care Team—Accordant** 4900 Koger Boulevard, Suite 100 Greensboro, NC 27407-2710
		CVS Health Customer Care **Customer Care Facilities**	
		2401 Cherahala Boulevard Knoxville, TN 37932	6950 Alamo Downs Parkway San Antonio, TX 78238
		600 Penn Center Boulevard Pittsburgh, PA 15235	2700 W. Frye Road Chandler, AZ 85224
		800 NW Chipman Road Suite 5830 Lee's Summit, MO 64063	4121 East Cotton Center Boulevard Phoenix, AZ 85040

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Subcontractor	Role	Office Locations
March Vision Care Group, Inc.	Vision services	**Corporate Headquarters:** 6701 Center Drive West Suite 790 Los Angeles, CA 90045 (310) 216-2300
Lucina Analytics	Maternal, prenatal, and perinatal care analytics	**Headquarters:** 4801 Olympia Park Plaza Suite 4800 Louisville, KY 40241

d. SUBCONTRACTOR EXPERIENCE

We have selected subcontractors with extensive experience providing services to MCOs nationwide, as well as for their ability to tailor their service models, networks, and support structures based upon the unique needs of the Kentucky Medicaid population. Most of these trusted vendors have proven long-term experience with Molina affiliated health plans. In the following pages, we provide Molina's planned major subcontractors for the Kentucky Medicaid program Contract along with a description of their operations and relevant experience with Medicaid programs and services and with Molina affiliated health plans.

MOLINA HEALTHCARE, INC.—ADMINISTRATIVE AND SUPPORT SERVICES

Company Description

Our parent company, Molina Healthcare, Inc., has been a leader in providing quality healthcare to those who depend on government assistance. What began in 1980 as a single clinic has blossomed into a ***national managed healthcare leader with 15 health plans serving approximately 3.4 million members, including 14 health plans serving individuals in Medicaid programs. Medicaid is our core business, and state governments and federal agencies trust us to provide a wide range of quality healthcare services to families and individuals.*** Our parent's commitment to its members has made it a national leader in providing affordable healthcare to families and individuals. Our parent company will work seamlessly with our health plan by providing robust resources for a variety of administrative functions including claims processing, management information system functions, credentialing, nurse advice line, marketing assistance, professional liability insurance, legal, actuarial, human resources, government advocacy, and accounting services.

Relevant Medicaid Experience

With more than 25 years of experience managing Medicaid health plans, Molina Healthcare, Inc., is uniquely positioned to help Molina Healthcare of Kentucky and the Commonwealth achieve their goals. State governments and federal agencies trust our parent to provide a wide range of quality Medicaid healthcare services to families and individuals. Molina Healthcare, Inc., through its subsidiary health plans, currently supports 14 Medicaid plans. These subsidiary health plans provide care to populations similar to Kentucky Medicaid, including Temporary Assistance for Needy Families (TANF), Aged, Blind, or Disabled (ABD), and long-term Care (LTC), as well as long-term services and supports (LTSS), Medicare Advantage Special Needs Plan (D-SNP), Fully Integrated Dual Eligible Special Needs Plan (FIDE-SNP), and/or Medicare-Medicaid Plan (MMP) programs. Some subsidiary health plans also integrate Children's Health Insurance Program (CHIP) members in their Medicaid plans, while other plans serve CHIP members in standalone programs.

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Contracts of Similar Scope and Size

Our parent manages subsidiary health plans serving approximately three million Medicaid members in California, Florida, Idaho, Illinois, Michigan, Mississippi, New York, Ohio, Puerto Rico, South Carolina, Texas, Utah, Washington, and Wisconsin.

Along with the above-mentioned Medicaid contracts in 14 markets, our parent also administers Medicare, MMP, and/or Marketplace contracts in all 15 of its current markets.

Molina Healthcare, Inc., serves more than 101,000 Medicare members, most of whom are dually eligible, through Medicare Advantage plans, including Dual-Eligible Special Needs Plans (D-SNP), Medicare-Medicaid Plans (MMP), and a Fully Integrated Dual Eligible Special Needs Plan (FIDE-SNP).

Our parent is also the nation's largest Financial Alignment Duals Demonstration project plan (MMP) with more than 60,000 members in six states. In the MMP and FIDE-SNP programs, our affiliated health plans provide all Medicare and Medicaid services, including state programs, such as home- and community-based services and behavioral health through an integrated care model.

Our parent is also a leader in serving special needs populations receiving government assistance including more than 230,000 members eligible for LTSS provided through Medicaid programs in nine states, six integrated MMPs, and a FIDE-SNP. LTSS includes home- and community-based services as well as long-term institutional care that enables members to live in the least restrictive setting of their choice, promoting independence and dignity.

Molina Healthcare, Inc., further offers Marketplace plans in 11 states where it has Medicaid health plans, including two new plans launched January 1, 2020, in Mississippi and South Carolina. When members enroll in a Molina Healthcare, Inc., Marketplace plan upon loss of Medicaid eligibility, it enables them to stay with existing providers and keep out-of-pocket expenses to a minimum. Continuity of care without changing providers also is possible for our parent's Marketplace members who regain their Medicaid eligibility and re-enroll in a Molina Healthcare, Inc., Medicaid health plan. Our parent remains fully committed to these strategically important programs to serve its members and extend its mission. Today, our parent serves approximately 350,000 members through Marketplace plans. In keeping with the model in other states, our parent intends to file for entry into Kentucky Marketplace if we are awarded a Medicaid contract.

AVESIS THIRD PARTY ADMINISTRATORS, INC. —DENTAL CARE SERVICES

Company Description

Since 2006, Avesis Third Party Administrators, Inc. (Avesis), a wholly owned subsidiary of the Guardian Life Insurance Company of America, has provided best-in-class, cost-effective dental and hearing care services to millions of CHIP, Medicaid, and Medicare Advantage beneficiaries in partnership with MCOs. Their dental care network comprises general dentists, orthodontists, pediatric dentists, endodontists, prosthodontists, and oral surgeons.

Relevant Medicaid Experience

Avesis has served the Kentucky market for nearly 10 years. During this time, they have built strong relationships with MCOs, provider groups, academic medical centers, and community organizations that are working together to strengthen the Medicaid safety net for the benefit of all Medicaid managed care vendors in the Commonwealth. ***Avesis has more than twice the number of Kentucky dental providers than any other Kentucky dental vendor,*** and they offer the following advantages:

- Their networks were built by getting signed provider agreements as opposed to passively amending providers into the network. Now providers will accept Kentucky Medicaid members without hesitation.

- They use in-state dentists for claims review, including a licensed orthodontic specialist for orthodontic review. This is beneficial because their reviewers have firsthand knowledge of the Commonwealth and Kentucky Administrative Regulations, which allows them to work with the local dentists to eliminate or reduce unnecessary appeals.
- They use a cutting edge proprietary "artificial intelligence" dashboard to ferret out fraud, waste, and abuse (FWA) and follow it up with personal contact from their state dental director or clinically trained provider relations representatives to fully understand any outlier status. This helps reduce disruption within the network and lends credibility to the entire FWA process.
- Avesis state dental directors are actively engaged across the Commonwealth in State Fair Hearings, FWA, and peer-to-peer visits, and will attend every dental-related meeting representing the interests of Molina. In addition, Dr. Jerry Caudill, the company's Kentucky-based dental director, has a six-year, 100%-win record testifying as an expert witness at State Fair Hearings for their MCO partners.
- Dr. Daniel Levy, the company's chief optometric officer, is also very active in Kentucky Advisory Council for Medical Assistance and Technical Advisory Committee meetings, always keeping an eye on the pulse of the provider community.

Avesis' growth in managed care in Kentucky also speaks to their capabilities. Starting in 2007 with the administration of a single Medicaid vision plan, they have grown to work with four of the five current Kentucky Medicaid MCOs managing more than 90% of dental enrollment.

The company has long understood the importance of improving access to dental care for Medicaid Enrollees living in remote areas of the Commonwealth. This is particularly acute for those living in the rural counties of Appalachia, more than half of which are designated as dental health professional shortage areas by the federal Health Resources and Services Administration.

Recognizing this population health challenge, Avesis is poised to partner with Molina to leverage teledentistry as a strategy to maintain and expand access to dental providers in traditionally underserved regions of Kentucky. Following the Commonwealth's release of final telehealth regulations, Avesis, under the leadership of Dr. Jerry Caudill, is laying the groundwork to pilot the regulations in collaboration with one federally qualified health center and one rural health clinic. This pilot may include collaborating with public health hygienists in individual county health departments to help facilitate Enrollees' access to their dental appointments using synchronous teledental technologies.

Contracts of Similar Scope and Size

Since 2008, Molina affiliated health plans and Avesis have collaborated across multiple lines of business, including Medicaid, Medicare Advantage, MMPs, and commercial segments, for nearly 400,000 members spanning 12 states. Molina and Avesis will improve Enrollees' use of primary and preventive care services by partnering to provide the highest levels of customer service, together maximizing benefits, increasing provider network access and retention, and improving Enrollee access to needed dental services.

CVS HEALTH—PBM SERVICES

Company Description

CVS Health contracts with 1,100 pharmacies in Kentucky (54% of which are independent pharmacies), specialty pharmacies, and mail order pharmacies, and operates more than 68,000 retail pharmacies throughout the nation. It works with more than 2,000 clients including employers, health insurance companies, the government, and other health benefit program sponsors to design and administer prescription coverage plans. CVS Health has been providing PBM services since 1969. The company has been recognized as #29 on Corporate Responsibility Magazine's Best Corporate Citizens list and as #31 on Fortune Magazine's Change the World list.

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Relevant Medicaid Experience

CVS Health supports 29 Medicaid health plans and more than 12 million members. It manages 165 distinct lines of business in 25 states for these clients. Its Medicaid experience enables it to provide recommendations for a highly managed, cost-effective formulary while remaining clinically appropriate. CVS Health creates Medicaid-specific criteria for prior authorization, step therapy, and quantity limit programs. These procedures in turn help our organization control high utilization, abuse, and access to high-cost drugs. CVS Health helps members and states manage health with such programs as:

- **HealthTag®.** This program offers better coordination and provides more comprehensive care to members. CVS Health's channels promote positive member behavioral change and address opportunities to reduce healthcare costs. CVS Health has industry-leading data and targeting algorithms that provide a near real-time view of member behavior, allowing better identification of members who are most likely to positively respond to interventions.
- **Pharmacy Advisor Counseling.** CVS Health's Pharmacy Advisor® Counseling program has helped improve adherence to chronic medications to manage the most common conditions in the Medicaid population, reducing associated adverse events and total healthcare costs. CVS Health accomplishes this through proactive one-on-one member counseling in person at retail locations or by phone.

Contracts of Similar Scope and Size

CVS Health has worked with our organization since 1995 and now provides PBM support to all our affiliated health plans. This includes formulary management, discounted drug purchase arrangements, and clinical services and healthcare interventions. CVS Health currently supports Kentucky's Medicaid program as the PBM for multiple Kentucky MCOs.

MARCH VISION CARE GROUP, INC.—VISION SERVICES

Company Description

March Vision Care Group, Inc. (March) administers vision benefits for Medicaid and Medicare members in 27 states, including the Commonwealth of Kentucky. March currently has 300+ provider locations in Kentucky and continues to expand its network development efforts.

The March provider services team has visited provider offices in Kentucky for network development and provider education activities. The company is focused on early disease detection and ensuring all members have access to a quality, comprehensive eye examination. To promote access, March works with mobile providers, supports community health fairs, and is exploring various telemedicine options.

Relevant Medicaid Experience

The company's experience with government-sponsored membership (including Medicaid, CHIP, D-SNP, MMP, and Medicare contracts) started in 2001 with approximately 20,000 members and has grown to a current membership of 6.2 million with more than 10,000 provider access points. Nationwide, March administers routine vision benefits as well as comprehensive eye examinations, eyeglasses, and contact lenses under these contracts.

Contracts of Similar Scope and Size

March first partnered with Molina's California affiliate in 2001. Since then, our relationship has grown to include Molina affiliated health plans in Illinois, Mississippi, Ohio, South Carolina, and Wisconsin. March serves 2.6 million Molina affiliated health plan members across all lines of business, including Medicaid, CHIP, D-SNP, MMP, and Medicare. For example, March administers routine and limited medical vision benefits in Mississippi for 250,000 Medicaid beneficiaries, including more than 56,000 members enrolled in our Mississippi affiliate.

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LUCINA ANALYTICS—MATERNAL AND PERINATAL CARE ANALYTICS SERVICES

Company Description

Lucina Analytics, Inc., was established in 2016 and has maintained a primary base of operation in Louisville, Kentucky since its inception. Lucina Analytics pivoted from a previous entity, Cervilenz, under the remaining ownership to tackle preterm birth and maternal health issues using data analytics and technology platforms that drive improved outcomes. Lucina Analytics employs 15 full-time employees, all of which are based in the Commonwealth.

Lucina Analytics' product offering includes pregnancy identification and risk-stratification, maternity-specific care management plans (developed with OB-GYN clinicians), and a maternity care management platform. The package of information is presented in Lucina's proprietary care management workflow system developed for use by care management teams within the MCO. The care management plans are unique and specific to each patient's condition and circumstance to maximize the outcomes for mothers and babies.

The Lucina Analytics platform quickly prioritizes at-risk mothers and uncovers potential risks and complications. Its HIPAA-compliant solution delivers actionable insights, streamlining care management, and optimizing patient engagement with personalized pregnancy plans. The platform uses maternity-specific algorithms to client data to find more than 3,000 early pregnancy identifiers to find mothers as early as possible. The company's analytics capability consistently finds more than 76% of mothers in the first and second trimesters, allowing a health plan to communicate and develop personalized care plans to improve outcomes and cost. In comparison, most health plans identify pregnant mothers in the second and third trimesters.

Relevant Medicaid Experience

Besides Molina, Lucina Analytics is currently under contract with four additional Medicaid MCOs totaling more than 100,000 covered lives in Kentucky, Florida, and the District of Columbia. Since 2016, Lucina Analytics has partnered with a Kentucky MCO with 300,000 members. That partnership has resulted in improved outcomes for preterm birth, NICU average length of stay, and time of gestation within the Kentucky Medicaid population.

Contracts of Similar Scope and Size

As stated above, Lucina Analytics is contracted with four Medicaid MCOs in Kentucky and other states. These four plans encompass more than 100,000 Medicaid covered lives. The company recently announced a new agreement with Trusted Health Plan, a Medicaid MCO in Washington, D.C. The partnership is aimed at helping reduce preterm birth and maternal mortality for applicable Medicaid populations in the District. Trusted also manages the DC Healthcare Alliance program MCO providing medical assistance to District residents who are not eligible for Medicaid.

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