**ADDENDUM 1 (JANUARY 12, 2015)**

- Administrative modification to re-post Attachment P

**ADDENDUM 2 (February 6, 2015)**

- Modification to post answers to first set of Vendor's questions.
- Modification to post Attachment A, Attachment B, Attachment G, Attachment H, Attachment I, and Attachment M for updates.
- NOTE: There will be additional documents added to the Procurement Library. All documents should be posted no later than February 10, 2015.

**ADDENDUM 3 (March 6, 2015)**

- Modification to post answers to second set of Vendor's questions.
- Modification to post Attachment A, Attachment B, and Attachment G for updates.
- NOTE: There will be additional documents added to the Procurement Library. All documents should be posted no later than March 10, 2015.

## PROPOSAL SUBMISSION CHECKLIST

The vendor **MUST** include the following with the proposal submission.
If the items highlighted below are not submitted with the proposal submission, the Commonwealth **MUST** deem the proposal non-responsive and SHALL NOT consider for award.

All other items **MUST** be submitted prior to award.

☐ SIGNED AND COMPLETED SOLICITATION ) (Section 60.4 of this RFP)

☐ LATEST ADDENDUM SIGNED (Section 60.4 of this RFP)

☐ *PROPOSED SOLUTION (TECHNICAL UNDER SEALED COVER) AND BY CLOSING DATE (Section 60.5 of this RFP)

☐ *PROPOSED SOLUTION (COST UNDER SEALED COVER) AND BY CLOSING DATE (Section 60.5 of this RFP)

☐ TRANSMITTAL LETTER (Section 60.5 (C.1) of this RFP)

☐ REPORT OF PRIOR VIOLATIONS OF TAX AND EMPLOYMENT TAXES FORM (Section 60.5 (C.2) of this RFP & Attachment C)

☐ REVENUE FORM 10A100 KENTUCKY TAX REGISTRATION APPLICATION

(Section 60.5 (C.3) of this RFP)

- ☐ CERTIFICATE OF AUTHORITY (REGISTRATION WITH SECRETARY OF STATE BY A FOREIGN ENTITY) (Section 60.5 (C.4) of this RFP)

- ☐ REQUIRED AFFIDAVIT/S (Attachment D)

- ☐ EEO FORMS IF APPLICABLE (Section 40.21 of this RFP)

**The Commonwealth defines SEALED as "a closure that must be broken to be opened and that thus reveals tampering". (Merriam-Webster Dictionary, http://www.merriam-webster.com/dictionary/seal)*

***Please see Attachment S - The Protection of Personal Information Security and Breach Investigation Procedures and Practice Act (KRS 61.931), et seq. effective January 1, 2015.**

**ATTACHMENT A**

**COVERSHEET**

**Commonwealth of Kentucky**
**Request for Proposal (RFP)**
**For**
**MEDICAID ENTERPRISE MANAGEMENT SYSTEM AND FISCAL AGENT REPLACEMENT**
**RFP 758 1500000176**

**Release Date: January 8, 2015**
**Closing Date: April 6, 2015**
***(See Section 10.9 for Estimated Schedule of RFP Activities)***

**Issued by**
**The Finance and Administration Cabinet**
**On Behalf Of**
**CABINET FOR HEALTH AND FAMILY SERVICES**
**DEPARTMENT FOR MEDICAID SERVICES**

**Commonwealth Buyer:**
**Donald R. Speer**

**Executive 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**
Don.speer@ky.gov

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## SECTION 10 – INTRODUCTION AND OVERVIEW

10.1 **Purpose**

The purpose of this RFP is to solicit proposals for competitive negotiations pursuant to 200 KAR 5:307. **The Cabinet for Health and Family Services (CHFS)** is seeking a Vendor(s) to provide a configurable Software as a Service (SaaS) solution for the Kentucky MEMS Claims Processing and Fiscal Agent (FA) services, as well as a custom built Encounter Processing solution and a Decision Support System/Data Warehouse (DSS/DW) solution hosted by the Vendor as defined in Section 50 of this RFP. Vendors should note that Utilization Management (UM) Services will not be included in this contract.

The Commonwealth is seeking a new Medicaid Management Information System (MMIS) that is a dramatic departure from traditional MMIS systems in the following ways: it is architecture to support a managed care model, it is modular in design and meets all Medicaid Information Technology Architecture (MITA) 3.0 Standards, meets the Centers for Medicare and Medicaid Services (CMS) Seven Conditions and Standards, is fully compliant with Kentucky's Quality Health Information (QHI) architecture, and fulfills the certification requirements set out by the CMS.

The Commonwealth anticipates a replacement system to be implemented with all transition activities completed by December 1, 2018.

10.2 **Issuing Office**

The Commonwealth of Kentucky, Finance and Administration Cabinet, Office of Procurement Services, is issuing this RFP on behalf of the Cabinet for Health and Family Services (CHFS) Department for Medicaid Services (DMS). 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.

10.3 **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 the response.

The solicitation, addenda, and attachments shall be posted to the Kentucky Vendor Self Service site at http://emars.ky.gov/online/vss/AltSelfService. It is not necessary to register to access the solicitation. Unregistered vendors can access the solicitations by clicking on public access.

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.

10.4 **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, Agency, Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS)
- 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
- Requirements that include the words "Shall", "Will", "Must" indicate a mandatory requirement

10.5 **Restrictions on Communications**

The Commonwealth Buyer named on the Cover Sheet of this RFP 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 the Buyer.

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

10.6 **Written Questions Regarding this RFP**

Vendors are encouraged to submit written questions pursuant to Section 10.9 of this RFP. Written questions shall be submitted to the Commonwealth Buyer via email at don.speer@ky.gov or via fax at 502-564-6013. **Vendor should submit questions on Attachment F-Vendors Question Form.** No questions shall be accepted after the date(s) listed in Section 10.9 unless the question(s) is considered material to the procurement. 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.

10.7 **Notification of Award of Contract**

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.

All applicable statutes, regulations, policies and requirements shall become a part of an Award as well as the Information Technology requirements.

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.

10.8 **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. All protests or notices of other controversies must be in writing and shall be addressed and mailed to:

**Lori H. Flanery, Secretary**
**COMMONWEALTH OF KENTUCKY**
**FINANCE AND ADMINISTRATION CABINET**
**New Capitol Annex**
**702 CAPITOL AVE RM 383**
**FRANKFORT KY 40601**

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.

10.9 **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.

| | |
|---|---|
| Release of RFP | 01/08/2015 |
| 1st Set Of Vendors' Written Questions due by 4:30 PM EST **(SUBMIT QUESTIONS ON ATTACHMENT F-VENDORS QUESTION FORM)** | 01/23/2015 |
| Commonwealth's Response to 1st Set of Vendors' Written Questions | 02/06/2015 |
| 2nd Set Of Vendors' Written Questions due by 4:30 PM EST **(SUBMIT QUESTIONS ON ATTACHMENT F-VENDORS QUESTION FORM)** **NOTE: For the 2nd set of written questions, the number of questions will be limited to 20 questions per vendor. If the vendor submits more than 20 questions, the Commonwealth will choose the first 20 in the Attachment.** | 02/20/2015 |
| Commonwealth's Response to 2nd Set of Vendors' Written Questions | 03/06/2015 |

| | |
|---|---|
| Vendors' Conference (if Vendors' conference held then eliminate the 2nd set of questions<br>Location:<br>Time:<br>*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 E-Procurement Page.* | N/A<br>Vendor's Conference will not be held. |
| Commonwealth's Response to Oral Questions Presented at Vendors' Conference | N/A<br>Vendor's Conference will not be held. |
| Proposals due by 3:30 PM EST | 04/06/2015 |

*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.*

## SECTION 20 – BACKGROUND AND PRESENT SYSTEM SUMMARY

20.1. **General Information**

CHFS DMS is the Medicaid provider for Kentucky's 1,185,224 member population. The Commonwealth provides eighty-nine percent (90%) of Kentucky's Medicaid eligible population through Managed Care Organizations (MCOs), the remaining eleven percent (10%) are through Fee-For-Service (FFS).

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 10.3 of this RFP for instructions to gain access to the site.

20.2. **DMS Program Overview**

The Commonwealth of Kentucky provides comprehensive medical assistance, through the Kentucky Medicaid Program (Title 19 of the Social Security Administration (SSA) Act) and the Kentucky Children's Health Insurance Plan (KCHIP title 21) and other special programs.

Other special programs covered under the DMS include:

1. Long-Term Care (LTC) Services including Intermediate Care Facilities for Individuals with Intellectual Disabilities and Developmental Disabilities (ICF/IID/DD) and Nursing Facilities.
2. Waiver Services are for the elderly or disabled, programs can provide many different services that help you stay in your home.
   - Acquired Brain Injury Waiver
   - Acquired Brain Injury Long Term Care Waiver
   - Home and Community Based Wavier
   - Michelle P. Waiver
   - Model II Waiver
   - Supports for Community Living Waiver

3. 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 (2) components:
   a. EPSDT Screenings.
   b. EPSDT Special Services.
4. Kentucky Children's Health Insurance Plan (KCHIP) – KCHIP is for children younger than nineteen (19) who do not have health insurance and whose family income is less than two hundred percent (200%) of the Federal Poverty Level.
5. 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.
6. 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.
7. Medicaid Works – Program for people with disabilities who work. Under this program, workers with disabilities who earn less than two hundred and fifty percent (250%) of the Federal poverty level can pay a monthly premium and buy into the Medicaid program.
8. 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.
9. Presumptive Eligibility (PE) – PE is a program for pregnant women who have not yet applied for Medicaid. Coverage includes out-patient prenatal care.

10. Title V - Program provided through Department for Community Based Services (DCBS) serving children younger than twenty-one (21) who are in the custody of the Cabinet, under the supervision of the Cabinet, or at risk for Cabinet custody.

## 20.3 MITA and the State Medicaid Health IT Plan (SMHP)

The DMS re-assessed and updated the As Is component of the MITA State Self-Assessment (SS-A) that was completed in 2014. The MITA Business Process Model V3.0 was used to conduct the re-assessment and the MITA Maturity Levels (MMLs) were assessed.

The Commonwealth's MITA 3.0 SS-A documents are located in the Procurement Library.

## 20.4 Description of Current KYMMIS

The current KYMMIS is comprised of the Hewlett Packard Enterprise Services (HPES) interChange (iC) system. The iC system is a rules-based claims processing system that supports both FFS reimbursement as well as Managed Care capitation payments.

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 Non-income eligibility determinations and the Kentucky Health Benefit Exchange (HBE) for income based eligibilities. Staff from the Department for Community Based Services (DCBS) uses these systems 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 Pharmacy Benefits Manager (PBM) services with Magellan Medicaid Administration, Inc. and uses the First Rx PBM System to provide Medicaid pharmacy services to the fee-for-service member population, approximately 40,062 members, over 1,800 pharmacies, and over 19,400 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.

### 20.4.1 Member Management

Individuals are considered to be eligible if they meet the eligibility criteria for an appropriate category of assistance.

Approximately ninety-three thousand (93,000) members who are directly managed by DMS are dual-eligible, Medicare Part D members, for which DMS only pays for "wrap-around" pharmacy coverage. Additionally, approximately seventy-seven thousand (77,000) other members qualify for Qualified Medicare Beneficiary (QMB), Specified Low-income Medicare Beneficiary (SLMB), Qualifying Individual (QI1), and Qualified Disabled Working Individuals (QDWI) coverage. The KCHIP covers approximately fifty thousand (50,000) members.

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.

### 20.4.2 Provider Management

Each medical provider must enroll and meet the requirements in order to be reimbursed either under the FFS or MCO. The requirements and policies that apply to each provider type are in the policies and procedure manuals unique to each provider type.

All MCO providers must be entered into the KYMMIS and meet Commonwealth requirements. 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.

FFS providers are currently enrolled in-house at DMS. There are more than thirty-five thousand (35,000) enrolled medical professionals providing medical services to Kentucky Medicaid members.

### 20.4.3 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 (1) year of the date the service was rendered. The only exceptions to the one (1) 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 twelve (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.

### 20.4.4 Managed Care Programs

KY Medicaid has contracted with five (5) MCOs: 1) Aetna, 2) Anthem, 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.

DMS receives Encounter data from the MCOs for the Medicaid population served by the MCOs. Encounters differ from FFS Claims, as the Encounter data has previously undergone financial processing by the MCO.

### 20.4.5 DMS Organizational Structure

DMS operates under the direction of the Commissioner of Medicaid Services, who reports directly to the Secretary of CHFS. DMS is organized into six (6) divisions, each of which has one (1) or more functional areas of responsibility:

1. Program Quality and Outcomes
2. Community Alternatives
3. Provider and Member Services
4. Fiscal Management
5. Policy and Operations
6. Program Integrity (PI)

Technical support is provided to DMS by the Office of Administrative and Technology Services (OATS).

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

20.5 **Fiscal Agent (FA) Responsibilities**

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

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

20.6 **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.

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 is complete or current.

## SECTION 30 – COMMONWEALTH OFFICE OF TECHNOLOGY (COT) REQUIREMENTS

30.1 **Commonwealth Information Technology Policies and Standards**

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

30.2 **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 Vendor shall stay knowledgeable and shall abide by these standards for all related work resulting from this RFP.

http://technology.ky.gov/governance/Pages/architecture.aspx

30.3 **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.

**Enterprise Policies**

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

**Finance and Administration Cabinet Commonwealth Office of Technology Enterprise IT Policies**
http://finance.ky.gov/services/policies/Pages/default.aspx

30.4 **Compliance with Industry Accepted Reporting Standards Based on Security Controls and Trust Principles**
The vendor must employ a comprehensive risk and threat management approach based on defined industry standards for service organizations such as the Statement on Standards for Attestation Engagements (SSAE 16). The vendor must undergo annual controls reviews based on these standards and have the ability to demonstrate compliance through the applicable reporting mechanisms associated with these reviews. This shall include providing access to any publicly available reports (i.e. SSAE 16 SOC 3) as well as on site reviews of reports available specifically for business partners (i.e. SSAE 16 SOC 2).

30.5 **System Vulnerability and Security Assessments**
The Commonwealth reserves the right to conduct external non-invasive vulnerability and security assessments of the software and infrastructure used to provide services prior to implementation and periodically thereafter. Upon completion of these assessments, the Commonwealth will communicate any findings to the vendor for action. Any cost relating to the alleviation of the findings will be the responsibility of the vendor. Mitigations will be subject to re-evaluation after completion. In cases where direct mitigation cannot be achieved, the vendor shall communicate this and work closely with the Commonwealth to identify acceptable compensating controls that will reduce risk to an acceptable and agreed upon level. An accredited third party source may be selected by the vendor to address findings, provided they will acknowledge all cost and provide valid documentation of mitigation strategies in an agreed upon timeframe.

30.6 **Privacy, Confidentiality and Ownership of Information**
The Commonwealth Office of Technology (COT) is the designated owner of all data and shall approve all access to that data. The Vendor shall not have ownership of Commonwealth data at any time. The 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 will be appropriately displayed on the Commonwealth portal (Ky.gov). The Vendor should provide sufficient security to protect the Commonwealth and COT data in network transit, storage, and cache. **All sensitive data, as defined in Enterprise Standards, must be encrypted at rest and in-transit.**

30.7 **Software Development**

Source code for software developed or modified by the Vendor specifically for the Commonwealth shall become property of the Commonwealth. This is not meant to include minor modifications to the vendor software to configure the software for Commonwealth use. This is meant to include software written to add functionality to the vendor product specifically to meet the requirements of the Commonwealth where the Commonwealth bears the entire cost of creating that functionality.

30.8 **License Agreements**

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

30.9 **Software Version Requirements**

All commercially supported and Commonwealth approved software components such as Operating system (OS), Database software, Application software, Web Server software, Middle Tier software, and other ancillary software must be kept current. In the event that a patch interferes with the solution, the vendor must present a plan for compliance to the Commonwealth outlining the constraints and an appropriate plan of action to bring the solution in to compliance to allow this patch to be applied in the shortest timeframe possible, not to exceed three months, unless otherwise negotiated with the Commonwealth.

The vendors shall keep software in compliance with industry standards to support third party dependencies such as Java, Adobe Flash, Internet Explorer, Mozilla Firefox, etc. at currently supported version, release, and patch levels. In the event that a third party dependency interferes with the solution, the vendor must present a plan for compliance to the Commonwealth outlining the constraints and an appropriate plan of action to bring the solution into compliance to allow this third party dependency to be updated in the shortest timeframe possible, not to exceed three months, unless otherwise negotiated with the Commonwealth.

30.10 **Section 508 Compliance**

All user interfaces to the solution(s) provided, shall be warranted by the vendor to comply with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and the World Wide Web Consortium's (W3C) Web Content Accessibility Guidelines (WCAG) 1.0, conformance level Double-A or greater.

30.11 **No Surreptitious Code Warranty**

The Contractor represents and warrants that no copy of licensed Software provided to the Commonwealth contains or will contain any Self-Help Code or

any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty".

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

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

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the Commonwealth.

The Vendor shall defend the Commonwealth against any claim, and indemnify the Commonwealth against any loss or expense arising out of any breach of the No Surreptitious Code Warranty.

30.12 **Applicable Security Control Framework Compliance**

The vendor must have an awareness and understanding of the NIST Special Publication 800-53 Security Control Framework and employ safeguards that meet or exceed the moderate level controls as defined within the standard. These controls must provide sufficient safeguards to provide reasonable protections around the Commonwealth's data to ensure that the confidentiality, integrity, and availability is maintained at an appropriate level. These include but are not limited to:

- *Access Control*
  The vendor must employ policy and process that provide for stringent control to limit physical and logical access to systems that house Commonwealth data to a need to know basis and provide clear separation of duties.
- *Awareness and Training*
  The vendor must provide the appropriate role specific training for staff to ensure that there is awareness and understanding of roles and responsibilities as they relate to the protections around the Commonwealth's data.
- *Audit and Accountability*
  There must be sufficient auditing capability to ensure that actions are tracked and there is individual accountability for all actions taken by vendor staff.

- *Configuration Management*
  The vendor must work within established baselines that provide minimal functionality needed to ensure service delivery without exposing unnecessary risk. The vendor must also employ structured change control processes that provide a level of coordination with the client agreed upon in a Service Level Agreement (SLA).
- *Contingency Planning*
  The vendor must employ contingent planning policy and procedures that ensure service delivery based on agreed SLA levels while maintaining all Commonwealth data within the continental Unites States.
- *Identification and Authorization*
  The vendor must employ appropriate identity and access management policies and procedures to ensure that access is appropriately authorized and managed at a level to ensure that access is provisioned and de-provisioned in a timely and efficient manner.
- *Incident Response*
  The vendor must employ policy and procedures to ensure that an appropriate response to all identified security incidents are addressed in a timely manner and are reported to the appropriate parties in an agreed upon SLA timeframe. The vendor must also ensure that all staff are sufficient trained to ensure that they can identify situations that are classified as security incidents.
- *Maintenance*
  The vendor must employ policy and procedures that ensure that all maintenance activities are conducted only by authorized maintenance staff leveraging only authorized maintenance tools.
- *Media Protection*
  The vendor must employ policy and procedure to ensure that sufficient protections exist to protect Commonwealth data on all storage media throughout the media lifecycle and maintain documentation from media creation through destruction.
- *Physical and Environmental Controls*
  The vendor must employ physical and environmental policies and procedures that ensure that the service and delivery infrastructure are located in a physically secure and environmentally protected environment to ensure the confidentiality, integrity, and availability of Commonwealth data.
- *Personnel Security*
  The vendor must employ policies and procedures to ensure that all staff that have access to systems that house, transmit, or process Commonwealth data have been appropriate vetted and have been through a background check at the time of hire and periodically thereafter.
- *System and Communications Protections*
  The vendor must employ physical and logical protection that protect system communications and communication media from unauthorized access and to ensure adequate physical protections from damage.

## SECTION 40 – PROCUREMENT REQUIREMENTS

40.1 **Procurement Requirements**

Procurement requirements are 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. The vendor must comply with all applicable statutes, regulations and policies related to this procurement.

40.2 **Contract Components and Order of Precedence**

The Commonwealth's acceptance of the Contractor'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
4. Procurement Statutes, Regulations and Policies
5. Any Best and Final Offer;
6. Any clarifications concerning the Contractor's proposal in response to the Solicitation;
7. The Contractor'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.

40.3 **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.

40.4 **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.

40.5 **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.

40.6 **Contract Usage**

As a result of this RFP, the contractual agreement with the selected Vendor will in no way obligate the Commonwealth of Kentucky to purchase any services or equipment under this contract. The Commonwealth agrees, in entering into any contract, to purchase only such services in such quantities as necessary to meet the actual requirements as determined by the Commonwealth.

40.7 **Addition or Deletion of Items or Services**

The Office of Procurement Services reserves the right to add new and similar items, by issuing a Contract Modification, to this Contract with the consent of the Vendor. Until such time as the Vendor receives a Modification, the Vendor shall not accept Delivery Orders from any agency referencing such items or services.

40.8 **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.

40.9 **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.

40.10 **Contract Conformance**

If the Commonwealth Buyer determines that deliverables due under the Contract 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.

40.11 **Assignment**

The Contract shall not be assigned in whole or in part without the prior written consent of the Commonwealth Buyer.

40.12 **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 40.12.6 within this RFP, or the consequential damages defined in Section 40.12.5 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 40.12.1
2. MEMS Fiscal Agent Operations - Section 40.12.2
3. MEMS Software Maintenance and Modification – Section 40.12.3

40.12.1 **Design, Development, and Implementation (DDI) and Warranty Period Milestone payments**

The Commonwealth may 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 Attachment M. 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 M – 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 40.12.2. 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 40.12.2.1.
2. The performance report card shows that all of the performance standards in Section 2 of the performance report card have been met.

40.12.2 **MEMS Fiscal Agent (FA) Payments**

For payment purposes, in each bid price year for FA operations, 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 40.12.1 within this RFP; (2) reduction for consequential and/or liquidated damages as described in Sections 40.12.5 and 40.12.6 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.
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.

### 40.12.2.1 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 40.12.5 and 40.12.6 within this RFP and shall not be subject to forfeiture of retainage as defined in Section 40.12.1 within this RFP. The second section shall address any and all performance standard requirements identified in Section 50 within this RFP or offered in the Contractor's proposal that are not identified in Sections 40.12.5 and 40.12.6 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.

### 40.12.2.2 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 1 – 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** | |
| **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 |

### 40.12.2.3 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.

40.12.3 **Software Maintenance and Modifications Payments**

For payment purposes, in each bid price year for software maintenance, and modifications, 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 40.12.1 within this RFP; (2) reduction for consequential and/or liquidated damages as described in Sections 40.12.5 and 40.12.6 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 50.7.11.1 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 50 of this RFP shall be made as determined by Section 60 within this RFP and Pricing Proposal.

If, during any operations year, the total number of hours used for modifications is less than the amount specified in Section 50.7.11.1 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.

40.12.4 **Turnover**

No specific or lump sum payment shall be made by the Commonwealth for Turnover services. Payment for such services shall be encompassed in the Operations services.

40.12.5 **Consequential Damages**

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 MEMS 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 40.12.6 within this RFP, or the consequential damages defined in Section 40.12.5 within this RFP, or retainage as defined in Section 40.12.1 within this RFP, at the Commonwealth's discretion.

40.12.5.1 **KY MEMS Operational Start Date—Contract Requirement**

The Contractor should have the KY MEMS fully operational no later than December 1, 2018.

40.12.5.2 **KY MEMS Operational Start Date—Damages**

Compliance with the December 1, 2018 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.

40.12.5.3 **System Certification—Contract Requirement**

The Contractor shall ensure that Federal certification approval for the maximum allowable enhanced Federal Financial Participation (FFP) for the KY MEMS 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 KY MEMS is maintained throughout the life of the Contract. Should certification fail to be achieved within one (1) year of the contractual 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 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 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.

40.12.5.4 **System Certification—Damages**

For any violation of Section 40.12.5.3 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.

40.12.5.5 **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.

40.12.5.6 **Section 40.075.060.060—US DHHS Sanctions—Damages**

If during the 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.

40.12.5.7 **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 or MCOs 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 or MCOs 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 or MCO erroneous payment.

40.12.5.8 **Correctness of Payments—Damages**

If an erroneous payment is made to a Provider or MCO 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 or MCOs. The Contractor may only initiate independent recovery procedures and actions with the prior written approval of the KY MEMS 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 MEMS 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.

40.12.5.9 **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.

40.12.5.10 **IRS—Damages**

The Contractor shall be responsible for payment of IRS penalties/damages for late distribution of 1099s and/or W9s.

40.12.5.11 **Delay or Interruption of Operations—Contract Requirement**

The Contractor shall ensure there will be no delays or interruptions in the operation of the KY MEMS and related services caused by any failure, act, or omission of the Contractor.

40.12.5.12 **Delay or Interruption of Operations—Damages**

Delays or interruptions in the operation of the KY MEMS 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.

40.12.6 **Liquidated Damages**

The Commonwealth and the Contractor shall agree that the operation of the 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 or MCOs 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 MEMS 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.

### 40.12.6.1 Key KY MEMS DDI Phase Milestone Dates—Performance Standards

The Contractor is required to design, develop, test, and implement a New KY MEMS no later than December 1, 2018.

Accomplishment of certain specified KY MEMS DDI Phase activities by the key milestone dates, as defined in Attachment M and established in the approved KY MEMS 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 KY MEMS DDI Phase Detailed Work Plan is not approved, a reduction in compensation may be assessed. Approval of a Contract or KY MEMS 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 40.12.6.2 within this RFP shall be in addition to any amounts assessed for delays in meeting the operational start date.

### 40.12.6.2 Key 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.

40.12.6.3 **KY MEMS DDI Phase Deliverable Due Dates—Performance Standards**

Copies of each deliverable, as defined in the approved KY MEMS 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 KY MEMS DDI Phase Detailed Work Plan. DMS may require one (1) ~~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.

40.12.6.4 **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.

40.12.6.5 **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 MEMS 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 50.7.9 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.

40.12.6.6 **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 thirty (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.

40.12.6.7 **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.

40.12.6.8 **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 40.12.6.7 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 40.12.6.7 within this RFP in consecutive, subsequent months.

40.12.6.9 **Timeliness of Encounter Processing—Performance Standards**

The Contractor shall meet the following requirements:

1. Process all encounter files within twenty-four (24) hours of receipt.

2. Return the appropriate encounter response file(s) within twenty-four (24) hours of receipt.

40.12.6.10 **Timeliness of Encounter 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 40.12.6.9 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 40.12.6.9 within this RFP in consecutive, subsequent months.

40.12.6.11 **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.

40.12.6.12 **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.

40.12.6.13 **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, 24x7x365 except for Commonwealth approved maintenance timeframes. Response time shall be less than or equal to three (3) seconds for Commonwealth access to inquiry and update screens.

40.12.6.14 **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 40.12.6.13 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.

40.12.6.15 **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.

40.12.6.16 **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 40.12.6.15 within this RFP.

40.12.6.17 **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.

40.12.6.18 **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.

40.12.6.19 **Turnover Phase Deliverable Due Dates—Performance Standards**

Copies of each deliverable, as defined in the Attachment M, 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 one (1) ~~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.

40.12.6.20 **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.

40.13 **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.

40.14 **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.

40.15 **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.

40.16 **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.

40.17 **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, and any subcontractor employees, to that effect, provided however, that the foregoing will not apply to:

A. Information which the Commonwealth has released in writing from being maintained in confidence;
B. 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
C. Information, which, after disclosure, becomes part of the public domain as defined above, thorough no act of the Contractor.

40.18 **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 without the expressed written consent of the Agency Technical Contact person listed in this RFP (Section 50.5).

40.19 **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:

A. the combination of such product or part with any other product or part not furnished to the Commonwealth by the Contractor
B. the modification of such product or part unless such modification was made by the Contractor
C. the use of such product or part in a manner for which it was not designed

40.20 **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.

40.21 **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.

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

40.22 **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.

40.23 **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.

40.24 **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 in accordance with KRS 45A.245.**

40.25 **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.

40.26 **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. (See Attachment E).

40.27 **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.

40.28 **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.

40.29 **Vendor Response and Proprietary Information**

The RFP specifies the format, required information, and general content of proposals submitted in response to the RFP. ***The Finance and Administration Cabinet will 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. Although the Commonwealth recognizes the Vendor's possible interest in preserving selected data which may be part of a proposal, the Commonwealth must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 et sequitur.

Informational areas which normally might be considered proprietary shall be limited to **individual personnel data, customer references, selected financial data, formulae, and financial audits** which, if disclosed, would permit an unfair advantage to competitors. If a proposal contains information in these areas that a Vendor declares proprietary in nature and not available for public disclosure, the ***Vendor shall declare in the Transmittal Letter (Section 60.5 (C.1) the inclusion of proprietary information and shall noticeably label as proprietary each sheet containing such information. Proprietary information shall be submitted under separate sealed cover marked "Proprietary Data".*** Proposals containing information declared by the Vendor to be proprietary, either in whole or in part, outside the areas listed above may be deemed non-responsive to the RFP and may be rejected.

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.

40.30 **Contract Claims**

The Parties acknowledge that KRS 45A.225 to 45A.290 governs contract claims.

40.31 **Limitation of Liability**

The liability of the Commonwealth related to contractual damages is set forth in KRS 45A.245.

40.32 **Disclosure of Ownership**

The Vendor shall submit a disclosure of ownership for itself and all subcontractors that meet the content requirements of 42 CFR §455.100-106 on a yearly basis. Additionally, the contractor shall provide a disclosure of ownership within 35 days of a request by the Department or CMS. It is the Vendor's responsibility to verify that all existing employees and management that shall be providing services to DMS (including subcontractor employees) and those who are being considered for employment are not listed on the federal sanctions list located at http://www.oig.hhs.gov/fraud/exclusion.asp or on the System for Award Management (SAM) located at www.sam.gov (proof of verification shall be included with the disclosure of ownership.) If any employee, management, or owner as defined in 42 CFR §455.100-106 is listed on a federal sanctions list then appropriate action may be taken by DMS. The Vendor shall check with the Kentucky State Police or the Administrative Office of the Courts (AOC) to perform a criminal background check of employees. A copy of this report shall be included with the disclosure of ownership.

40.33 **Compliance with Federal Regulations**

**(1)** Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

**(2)** Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of $10,000)
**(3)** Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of $10,000 by grantees and their contractors or subgrantees)
**(4)** Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). (All contracts and subgrants for construction or repair)
**(5)** Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts in excess of $2000 awarded by grantees and subgrantees when required by Federal grant program legislation)
**(6)** Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts awarded by grantees and subgrantees in excess of $2000, and in excess of $2500 for other contracts which involve the employment of mechanics or laborers)
**(7)** Notice of awarding agency requirements and regulations pertaining to reporting.
**(8)** Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.
**(9)** Awarding agency requirements and regulations pertaining to copyrights and rights in data.
**(10)** Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
**(11)** Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.
**(12)** Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of $100,000)
**(13)** Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).
[53 FR 8079, 8087, Mar. 11, 1988, as amended at 60 FR 19639, 19645, Apr

## SECTION 50 – SCOPE OF WORK

50.1 **Agencies to Be Served**

This contract shall be for use by the **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.

50.2 **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).

50.3 **Term of Contract and Renewal Options**

DDI will begin at the Award of this Contract. The initial term of the Contract shall be for a DDI period to be completed by December 1, 2018 and five (5) years of Operations Support that will begin upon production go-live.

This Contract may be renewed at the completion of the initial Contract period for **two (2) additional 2 year** periods upon the mutual agreement of the Parties. Such mutual agreement shall take the form of a Contract Modification as described in Section 40.8 of this RFP.

At the end of the contract the Vendor shall provide all agency data in a form that can be converted to any subsequent system of the agency's choice. The Vendor shall cooperate to this end with the Vendor of the agency's choice, in a timely and efficient manner.

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. 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.

50.4 **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.

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~~. The Contract price may 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.

50.5 **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 during the negotiation phase of this procurement. After the Award of Contract, all communications of a contractual or legal nature are to be made to the Commonwealth Buyer.

50.6 **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.

50.7 **SCOPE OF WORK**

The CHFS, Department for Medicaid Services (DMS) is seeking a Vendor(s) to provide a configurable Software as a Service (SaaS) solution for the Kentucky MEMS Claims Processing and Fiscal Agent (FA) services, as well as a custom built Encounter Processing solution and a Decision Support System/Data Warehouse (DSS/DW) solution hosted by the Vendor as defined in this

Statement of Work (SOW) as well as the services associated with support of the Encounter Processing and Data Warehouse solutions. DMS is utilizing NIST Special Publication 800-145 as a definition for SaaS, as well as hosted environments. Responding vendors should also use NIST Special Publication 500-293 for guidance on the US Government Cloud Computing Technology Roadmap as a guide for the implementation of cloud computing components. Both the Encounter processing and DSS sub-systems should be separate systems implemented in such a way that they can be hosted at Commonwealth Data Center in the future when the Commonwealth chooses.

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 G - MEMS Functional Requirements and Attachment H - MEMS Technical Requirements as well as those FA requirements identified in Attachment I. Detailed requirements gathering as part of this SOW should further refine/define the requirements for this solution. 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. 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.

   CHFS has developed a technological roadmap for the Quality Health Information (QHI) framework. Kentucky views the QHI as a house built on a solid foundation of sharable technical services and a common Enterprise Services Bus (ESB) with various applications as pillars. Details regarding the QHI can be found in Section 50.7.1.

   The QHI facilitates the implementation of technology standards and approaches for the development of an interoperable, scalable and easily adaptable cross-sector technology framework. The MEMS Operating Model, Attachment J to this RFP represents the combined vision for the operation of the interdependent functions of the MEMS Solution as well as shared functions as defined in the QHI.

C. 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 MEMS solution

must interface in real time with the Cabinet's Partner Portal which supports communications between providers and the MEMS, including web chat and, email. A toll free hotline should provide providers with the opportunity to access information via an Interactive Voice Response (IVR) or direct conversation with a Medicaid worker. Paper publications that provide education and access to the MEMS may be mailed on request. The MEMS should use outbound text messaging for notifications or alerts and voicemail functions for outbound call campaigns.

D. The MEMS solution shall adhere to the Medicaid Enterprise Certification Toolkit (MECT) as well as the architecture guidance and the CMS Seven Conditions and Standards for enhanced Federal funding. In alignment with this guidance, the technical solution architecture shall employ a modular design, based on Service Oriented Architecture (SOA) design principles and the MITA framework.

E. The Commonwealth expects the awarded Vendor to prepare the MEMS for Federal certification and to conduct planning activities to assure the new MEMS is developed and enhanced to meet MITA 3.0. The Commonwealth is participating in a new certification process piloted by CMS. This certification is done throughout the lifecycle of DDI and Operations.

F. The timeline for the MEMS Replacement project can be found in Attachment K.

G. The Vendor should assist DMS in the development and implementation of new business processes and workflows.

H. The Vendor should provide DMS training.

I. The Vendor should provide Turnover services.

50.7.1 **Quality Health Information (QHI)**

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.

CHFS legacy systems including KYMMIS were implemented on independent platforms creating individual monolithic architectures. Communication between systems is difficult as is aggregation and correlation of data in the enterprise. CHFS has adopted the QHI framework to promote interoperability, reusability and sharing of information throughout the enterprise as well as across organizational boundaries. Systems proposed with this RFP should be compliant with QHI framework as identified in sections below.

This QHI framework is required for all applications hosted within the Commonwealth. Commonwealth prefers use of the tools identified within the QHI framework for the DDI components of this RFP. However exceptions to this will be considered. The SaaS solution is not required to use the QHI component tools however, the solution should be interoperable with these tools. Commonwealth requires MEMS solution to use KOG as well as compatible and interoperable with all other QHI components. There is no licensing requirement for KOG, all other tools require licenses specifically for the MEMS solution. Vendors will be responsible for all cost associated with interfaces as well as for any licenses required for the MEMS solution.

**QHI Components - Portals**

A. **Citizen Portal:** The CHFS Citizen Portal provides access via single sign-on to view information including eligibility, enrollment status, MCO encounters 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). The new MEMS solution shall interface in real time to the CHFS Citizen Portal to collect or distribute information to and from citizens. The Vendor is responsible for the interface between the MEMS solution and the Citizen Portal.

B. **Partner Portal**: The CHFS Partner Portal, currently being developed by CHFS, provides access via single sign-on for provider enrollment, disenrollment, information inquiry, information management, communication, grievance and appeals, and outreach. The MEMS solution shall be responsible for providing a portal for Claims and Payment related information as well as Prior Approvals and providing Training related functionality. The Providers will be accessing MEMS via Partner Portal. The transition between the MEMS solution and the Commonwealth's Self Service Partner Portal should be transparent and seamless with no additional logins.

C. **Worker Portal:** QHI contains a centralized worker portal however MEMS will not be required to utilize it. MEMS Vendor shall provide a worker portal within the MEMS solution.

**QHI Components - Tools**

D. **Document Management Services (DM):** CHFS has implemented a centralized document management repository utilizing Microsoft SharePoint 2013 server. The new MEMS solution shall utilize a document management solution; however, it is not required to utilize the KY solution.

E. **Business Rules Engine (BRE):** KY has implemented Corticon's Business Rule Engine (BRE) to implement and maintain complex business rules. The new MEMS solution shall utilize a business rules engine; however, it is not required to utilize the KY solution.

F. **Enterprise Service Bus (ESB):** KY has implemented ESB using Microsoft BizTalk Server 2010 with its toolkit 2.1 to provide a framework for integration of services. The new MEMS solution shall utilize an ESB. The Vendor's ESB is required to be compatible and interoperable with the Commonwealth's ESB.

G. **Security Framework:** The Kentucky Online Gateway (KOG) (maintained by the Commonwealth) provides user provisioning and authorization services. The new MEMS solution shall utilize the KOG solution for user provisioning and authorization services. MEMS shall interface with KOG through Active Directory Federation Services (ADFS) for SSO (Single Sign-On). MEMS shall be ADFS/WS Federation/Security Assertion Mark-Up Language (SAML) 2.0 complaint and use Claims for Authentication and Authorization. KOG supports both active (WS-Trust) and Passive (WS-Federation and SAML 2.0) scenarios. MEMS shall invoke KOG services prior to executing a user request from within the MEMS solution. The Vendor is responsible for the interface between the MEMS solution and the KOG.

H. **Master Data Management (MDM):** Kentucky has implemented IBM's Infosphere MDM (standard edition) for suites of MDM services. The main purpose of MDM is to manage an Enterprise Master Person Index for KY citizens and Master Provider Index for KY providers. The MEMS solution shall be required to register persons and providers with the KY MDM solution. The Vendor is responsible for the interface between the MEMS solution and the MDM.

I. **Fulfillment Service:** KY has implemented HP Exstream solution for customer communication services to deliver notices, messages and documents through this shared service. KY plans to use this platform to deliver all communications on-demand or via batch, through multiple channels such as SMS, WEB, email, etc. The proposed Vendor shall provide a notification fulfillment service for the new MEMS solution.

J. **Data/Fraud Analytics Framework:** KY utilizes SAS Fraud Framework (SFF). The new MEMS solution shall interface with the KY SFF solution to provide and receive data. Vendor is responsible for the interface between the MEMS solution and the MDM.

K. **Workflow Management:** : CHFS has implemented K2 Blackpearl, a workflow management tool. The new MEMS solution shall utilize this workflow management tool for any DDI components if a workflow tool is required for the Vendor solution but it is not required to utilize the KY Workflow Management tool for COTS based solutions.

**<u>Other Components</u>**

L. **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 HP's interchange system. It supports both FFS reimbursement as well as Managed Care programs. The MEMS will replace the KYMMIS.

M. **Health Benefit Exchange (HBE):** The Commonwealth of Kentucky has developed a HBE which 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 has implemented a custom E&E solution and COTS-based PMB solution. The core E&E system was developed using Microsoft technologies. The E&E is hosted at the Commonwealth's data center and the PMB is 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 Income Eligible Medicaid members 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 Qualified Health Plan (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.

Non-Income Eligible Medicaid members are currently processed in Kentucky's legacy Kentucky Automated Management and Eligibility System (KAMES). KAMES also support casework and reporting functions for SNAP, Temporary Assistance for Needy Families (TANF), and Medicaid programs.

The HBE solution will be expanded to include the functions for Non-Income Eligible Medicaid, SNAP and TANF to replace the legacy KAMES system by the end of 2015. The new MEMS solution shall interface in real time with the HBE E&E solution for all Medicaid eligibility information.

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

O. **Public Health Systems:** The mission of the Department for Public Health (DPH) is to promote and protect the health and safety of Kentuckians. DPH 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. The Kentucky Immunization Registry (KY IR) is vendor-hosted and it is envisioned that registry data should be accessible through the Provider and Citizen Portals. The KHIE is currently exchanging data with the KY IR.

P. **All Payer Claims Database (APCD)**: Following on Kentucky's implementation of American Recovery and Reinvestment Act (ARRA), Health Information Technology for Economic and Clinical Health (HITECH), and Affordable Care Act (ACA) health care reform and Health Information Technology (HIT) stimulus 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. The new MEMS solution shall be required to supply Medicaid claims and encounter data to the APCD solution.

Q. **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. KHIE will be registering patients with the KY MDM solution. The new MEMS solution shall be required to supply Medicaid claims and encounter data to the KHIE solution.

R. **Electronic Medical Record (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.

### 50.7.2 SOA and MITA Overview

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.

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 new MEMS technical solution shall meet MITA Maturity Level 3 (or above) requirements of the MITA version 3.0 Technical Architecture and Information Architecture components where solution processes and controls are under the control of the Vendor. The MITA Business Architecture shall be reflected within the systems processes. 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 3 increases from its current MML 1 in the MITA Business Architecture component of MITA 3.0. The MITA Information Architecture shall be reflected within the system's data models and information flows. The MITA Technical Architecture shall be reflected within the SOA components of the system and should include:

1. A 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 provides 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.

The Commonwealth will provide the most current MITA Self-Assessment in the MEMS Procurement Library. Bidders should be aware that the MITA Self-

Assessment is for the overall Medicaid Enterprise Environment including all contracted vendors and Medicaid partner's solutions and not just the MEMS technical solution that is requested in this RFP.

50.7.3 **MEMS Responsibilities**

CHFS is the principal contact with the selected system services Vendor(s) for the MEMS solution. The selected Vendor shall be responsible for the activities listed in the following Sections: 50.7.3.3, 50.7.3.4, 50.7.3.5 and 50.7.3.6. Failure to fulfill these responsibilities may result in financial penalties and/or the assessment of consequential or liquidated damages to the selected Vendor.

50.7.3.1 **CHFS Contract Management Responsibilities**

1. Monitor the contract performance and compliance with contract terms and conditions.
2. Serve as a liaison between the selected Vendor(s) and other Commonwealth users.
3. Initiate or approve system change orders and operational procedures changes.
4. Assess and invoke damages and/or penalties for the selected Vendor(s) noncompliance.
5. Monitor the development and implementation of enhancements and modifications to the system.
6. Review and approve completion of the selected Vendor's documentation as required by CHFS.
7. Develop, with participation from the selected Vendor(s), compliance with performance standards, negotiate reporting requirements and measure compliance.
8. Review and approve selected Vendor's invoices and supporting documentation for payment of services.
9. Coordinate state and federal reviews and assessments.
10. Consult with the selected Vendor(s) on quality improvement measures and determination of areas to be reviewed.
11. Monitor the selected Vendor(s) performance of all Vendor(s) responsibilities.
12. Review, approve, and monitor proposed corrective actions taken by the selected Vendor(s).
13. Conduct User Acceptance Testing.

50.7.3.2 **CHFS Project Management Responsibilities**

1. Perform overall monitoring and management overview of the project to ensure timely and satisfactory completion of all tasks and activities.
2. Review and approve the proposed outline format and content of all deliverable documents.
3. Review the selected Vendor deliverables, determine the approval status of the deliverable, and provide written comments to the selected Vendor in accordance with the Quality Assurance Review Process agreed upon with the selected Vendor.

4. Participate in weekly and monthly status meetings with the selected Vendor to review progress against the work plan.
5. Review weekly status meeting work products with the selected Vendor to review progress against work plan.
6. Analyze project issues and approve issue resolutions.
7. Monitor the selected Vendor's progress toward achievement of task milestones and vendor's adherence to the work plan and schedule.
8. Analyze proposed project scope of work changes, and authorize those that are approved.
9. Provide notice to the selected Vendor of inadequate performance; request and approve plans of correction.
10. Assign project resources to the various phases of the contract.
11. Report on risk and status to the project Steering committee per project management standards.
12. Provide information and support to the Independent Verification and Validation (IV&V) Vendor.

50.7.3.3 **MEMS Vendor Contract Management Responsibilities**

1. Develop, maintain and provide access to records required by CHFS, state and federal auditors.
2. Utilize Commonwealth provided SharePoint site as the single repository for all Project Management artifacts and activities, including: tracking of all risks and issues; submission of deliverables, invoices, and status reports; posting of meeting schedules and meeting minutes etc.
3. Provide reports necessary to show compliance with all performance standards, including documentation requirements (artifacts) for CMS Certification audits, System Development Lifecycle (SDLC) Reviews, and any other contract requirements. Assist with the provision of responses and required activities as a result of the above reviews.
4. Provide to CHFS status reports regarding the selected Vendor's activities at agreed upon intervals. The selected Vendor shall provide reports with content and format agreed upon with CHFS. The intent of the reports is to provide CHFS and the selected Vendor with reliable up to date information to manage the progress of the MEMS project.
5. Prepare and submit to CHFS requests for system changes and notices of system problems related to the selected Vendor's operational responsibilities.
6. Prepare and submit for CHFS approval suggestions for changes in operational procedures and implement the changes upon approval by CHFS.
7. Maintain electronic operational procedure manuals and update the manuals to be approved during the change management process.
8. Ensure that effective and efficient communication protocols and lines of communication are established and maintained both internally and with CHFS staff. No action shall be taken which has the appearance of or effect of reducing open communication and association between CHFS

and the selected Vendor's staff. Communication protocols shall be outlined in the Program Management Plan.

9. Meet regularly with key stakeholders in the MEMS to review account performance and resolve issues between the selected Vendor and CHFS.
10. Provide to CHFS progress reports on the selected system Vendor's activity as requested by CHFS, and outlined in the status report requirements in the Program Management Plan.
11. Meet all federal and state privacy, confidentiality and security requirements within the selected Vendor's operation.
12. Monitor the quality and accuracy of the selected Vendor's own work.
13. Submit quarterly reports electronically or in hard copy of the overall project quality assurance activities including quality assurance reviews, findings and corrective actions (if any) to CHFS.
14. Perform continuous analysis based on lessons learned to improve performance of contractor functions and report the results of the analysis to CHFS.
15. Provide CHFS with a description of any changes to agreed processes for approval prior to implementation of the change.
16. For any performance falling below a Commonwealth-specified level, explain the problems and identify the corrective action to improve the rating. The selected Vendor shall be subject to financial penalties and/ or the assessment of consequential or liquidated damages in accordance with the negotiated contract.
17. Provide a written response to CHFS inquiries within two (2) business days, unless otherwise agreed to by both parties.
18. Maintain CHFS-approved documentation of the methodology used to measure and report completion of all requirements and attainment of all performance standards.
19. Provide information and support to the IV&V Vendor.

50.7.3.4 **MEMS Vendor Project Management Responsibilities**

1. Prepare an outline and obtain approval from CHFS for the content, format and acceptance criteria of each deliverable document before beginning work on the deliverable via a deliverable expectation document.
2. Responsible for taking minutes at meetings and providing written meeting minutes within two business days of the occurrence of that meeting. The selected Vendor shall provide sufficiently qualified business and technical staff to document decisions, actions and questions coming out of each meeting.
3. Provide all written documents and deliverables with a level of quality and completeness that indicates that they have been reviewed and proof read by the selected Vendor prior to being delivered to the Commonwealth. Indicators of quality and completeness include:

a. A standard of business and technical writing that limits ambiguity and rework by CHFS;
b. A level of English proficiency that limits CHFS edits for grammar and clarity; and
c. Content is in keeping with expectations set out in Deliverable Expectation Documents and decisions captured in Joint Application Design (JAD) sessions and other meetings.

4. Provide sufficient staff to conduct all project activities (including JAD) sessions).
5. Obtain written approval from the Commonwealth on all final deliverables.
6. Revise deliverables, if required, using Commonwealth review findings to meet content and format requirements.
7. Develop, obtain approval for, and maintain project work plan.
8. Identify issues related to the project using the Commonwealth-approved process for documenting issues, processes for assigning issues to resources, and resolving issues.
9. Use Commonwealth-approved change control / management processes for implementing changes in scope.
10. Report progress against the work plan through weekly written status reports (or on a schedule agreed to by the Commonwealth), at weekly review meetings with the CHFS Project Manager, and through a weekly update of the work plan / task schedule.
11. Deliver written status reports and updated work plans / schedules one business day before the status meeting.
12. Identify scope of work issues. Specify the basis upon which an issue is out of scope, including appropriate RFP references.
13. Maintain all project documentation within the CHFS SharePoint domain, with access provided to Commonwealth staff. Vendor should ensure access restrictions are applied as appropriate to documentation such as financial or contract information. All documentation restrictions shall be approved by the CHFS Project Manager prior to loading of documents on the SharePoint.
14. Provide one (1) week in advance notice for all Commonwealth staff who are required to participate in project activities. Distribute agendas and other materials as appropriate forty-eight (48) hours prior to the event.
15. Document and track all action items through the CHFS SharePoint site.

50.7.3.5 **MEMS Vendor Certification and Review Responsibilities**

1. The selected Vendor shall be responsible for the MEMS solutions passing all external reviews. Details of review can be found in Section 50.7.12. Reviews include:
   a. Federal reviews
      i. CMS Reviews
   b. Independent Security Reviews
   c. Independent Architecture Review

2. The selected Vendor shall be responsible for:
   a. The MEMS solutions passing CHFS Security Accreditation process;
   b. Meeting agreed upon timelines for Deliverables/Milestones; and
   c. Final CMS Approval to operate the KY MEMS solution.

50.7.3.6 **Healthcare Support**

The Commonwealth is seeking a MEMS vendor who will provide strategic support in the following areas:

- Assistance and expertise related to the identification of inefficient, ineffective, or duplicative service patterns based on analysis of claims/encounter activity.
- Recommendations as to possible policy changes to enhance the health of Medicaid recipients and to reduce cost of care.
- Recommendations on methods, processes, or technology that will help Kentucky migrate to a payment model that supports payment for health outcomes instead of payment for health services.
- Research and analysis of healthcare best practices, innovative solutions, and other healthcare industry trends.

The Commonwealth considers this a critical component of the partnership that should be developed with the successful bidder.

50.7.3.7 **MEMS Vendor Other Responsibilities/Services**

1. DSS/DW for MARS, DSS, SURS, PI reporting, AdHoc reporting and advanced analytical reports.
2. Claims and Encounter (analysis and reporting)
3. Program Utilization reviews (analysis and reporting)
4. System Support (data, operations)
5. PI services (analysis and reporting)
6. Contact Center Services (operations and reporting)

50.7.4 **Functional Requirements**

This section of the RFP outlines the narrative descriptions of each of the business functional areas identified in Attachment G – MEMS Functional 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.

50.7.4.1 **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. Many of the

business processes in this area are performed by the HBE/E&E system specifically around the area of eligibility and demographics. The intention is for the HBE/E&E to be the system of record for member demographic and eligibility related information. Information pertaining specifically to claims and other information managed within MEMS shall be available via web services to the citizen's portal created and managed by HBE. This business area is transformed with more patient self-directed decision-making.

In addition, this member information should be available via an intuitive ad hoc reporting tool. Member data gathered from the MCOs should be accurate and consistent with the internal files found at the Managed Care Organizations.

50.7.4.2 **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.

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.

MEMS solution shall provide access to all Provider Management functionality related to all Medicaid Providers and Provider Organizations through Commonwealth's self-service Partner Portal. Commonwealth's self-service Partner Portal, under development using Microsoft .net technology, will provide functionality related to enrollments and eligibility enquiries. The transition between the MEMS solution and Commonwealth's Self Service portal should be transparent and seamless to the end users with no additional logins.

50.7.4.3 **Operations Management**

The Operations Management business area is the focal point of most State Medicaid Enterprises today. It includes operations that supports the payment of providers, managed care organizations (MCOs), other agencies, insurers, and Medicare premiums and supports 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.

The MEMS solution shall be built to support all MITA business processes within the Operation Management business area.

50.7.4.4 **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).

The MEMS solution shall be built to support all MITA 3.0 business processes within the Program Management business area.

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 Third Party Liability (TPL) processing.

50.7.4.5 **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.

The MEMS solution shall be built to support all MITA 3.0 business processes within the Program Integrity Management business area.

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

The Commonwealth has contracted with SAS for the SAS Fraud Framework (SFF) and is utilizing it for Medicaid claims fraud, waste and abuse analysis. The new MEMS solution shall interface with the KY SFF solution.

50.7.4.6 **Contractor Management**

The Contractor Management business area accommodates states that have managed care contracts or a variety of outsourced contracts. 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).

The MEMS solution shall be built to support all MITA 3.0 business processes within the Contractor Management business area.

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 HBE 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. The specifics of the MCO monitoring will be determined during JAD Sessions.

50.7.4.7 **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.

The MEMS solution shall be built to support all MITA business processes within the Business Relationship Management business area.

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.

50.7.4.8 **Care Management**

The Care Management business area illustrates the growing importance of care management as the Medicaid program evolves. Care 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 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 Medicaid Waiver Management Application (MWMA) and Managed Care Organizations with respect to analysis of the member population and future programs. See Section 50.7.4.25 for additional information related to Waiver Management.

The MEMS solution shall be built to support all MITA business processes within the Care Management business area.

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.

50.7.4.9 **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.

The MEMS solution shall be built to support all MITA business processes within the Financial Management business area.

This area needs 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.

50.7.4.10 **DSS/DW**

Provide a DSS/DW to manage data and produce reports needed for operating Medicaid and reporting to Federal requirements. Provide 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.

Data in the DSS/DW is to be refreshed in real time, on a schedule determined by CHFS. The DSS/DW supports security, data cleansing, data archiving, data management, and data standards. The DSS/DW should accept data from a variety of sources, as directed by the Commonwealth, produce data extracts timely and as specified by the Commonwealth, and balance reports to validate accuracy.

50.7.4.11 **Third Party Liability**

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. TPL 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).

Key TPL business area objectives are; process data match and billing, maintain TPL data, research suspect information, cost avoidance, estate recovery, and accident case recovery.

50.7.4.12 **MEMS Functions available via Web Services and Web Portal**

Maintain the MEMS worker portal and Partner Portal interface for use by CHFS staff, providers, and other CHFS authorized parties. 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.

- Maintain the most current and up-to-date provider manuals on the Kentucky Medical Assistance (KMA) website in downloadable format.
- Maintain Preferred Drug List (PDL) on Kentucky Medicaid website.
- Produce Drug Rebate invoices and/or reports.
- Maintain online Prior Authorization (PA) creation, inquiry, and update.

- Maintain the Kentucky Medical Assistance website using KOG as the single sign-on authentication, so that member/provider may seamlessly access relevant information stored in other state enterprise systems.
- 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.

50.7.4.13 **Document Management System**

Document Management 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 by MEMS go-live.

50.7.4.14 **Workflow Management**

Workflow automation shall use software to guide system users through various business activities that 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 new MEMS solution shall utilize the KY workflow management tool for any DDI components but it is not required to utilize for COTS solutions. The MEMS should have the capability to set user defined system and personal alerts, such as ticklers and reminders.

50.7.4.15 **Fulfillment Services**

The 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 new MEMS solution is required to include a notification fulfillment service. However, it is not required to utilize the KY solution.

50.7.4.16 **Rules Engine**

KY has implemented Corticon's Business Rule Engine (BRE) to implement and maintain complex business rules. The new MEMS solution shall utilize a business rules engine; however, it is not required to utilize the KY solution.

CHFS requires business rules in both human-and machine-readable formats.

50.7.4.17 **Customer Service Business Area**

The MEMS Vendor is expected to provide Contact Center infrastructure and staffing support for providers and MCOs.

The MEMS Vendor should implement and operate an integrated customer contact center to provide contact center services to support all KY Medicaid Providers, MCOs and other partners for MEMS related services.

Vendor also maintains Help Desk staffing to provide users of Electronic Control Management (ECM)/Electronic Data Interface (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 Vendor should plan to provide staffing support for the Provider and EDI support.

50.7.4.18 **Managed Care Enrollment**

The maintenance of managed care enrollment 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, LTC, Managed Care, EPSDT, Management and Administrative Reporting (MAR), SUR, and PA.

Support the Interactive Voice Response system (IVR), maintain and update managed care enrollment information, maintain and update Buy-In Information, and interface with the Commonwealth's eligibility and enrollment system.

50.7.4.19 **Managed Care Interfaces**

Implement and maintain all interfaces with MCOs including, but not limited to, transactions for capitation, member enrollment, encounters, and Coordination of Benefits (COB) as required by the Commonwealth. These include both HIPAA compliant transactions, NCPDP standards and Commonwealth defined transactions.

50.7.4.20 **Managed Care Primary Care Case Manager (PCCM)**

Support the administration of a variety of service delivery models, including, but not limited to, full-risk capitation, primary care capitation, physician case management, MCO agreements, vendor contracting arrangements, and utilization controlled FFS arrangements.

50.7.4.21 **Managed Care Prepaid Inpatient Health Plan (PIHP) and Prepaid Ambulatory Health Plan (PAHP)**

Support the administration of a variety of service delivery models, including, but not limited to, full-risk capitation, primary care capitation, physician case management, MCO agreements, vendor contracting arrangements, and utilization controlled FFS arrangements.

50.7.4.22 **Reference**

Operate and maintain the Reference Data maintenance function of the MEMS, in accordance with policy set forth by KY Medicaid. Maintain all Reference Data to consist of proper procedure, diagnosis, and drug pricing codes and other data that support required payment methodologies [e.g., Outpatient Prospective Payment (OPP), Diagnosis-Related Group (DRG), and Resource Based Relative Value Scale (RBRVS)], as required by CHFS, or its designee.

50.7.4.23 **Security and Privacy**

Create a Security Plan using the CMS prescribed Security Plan documents and a User Access Security Plan that incorporates Commonwealth and Federal regulation and publications along with the functional and non-functional requirements created for the MEMS. 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.

50.7.4.24 **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.

50.7.4.25 **Waiver Management**

The MEMS should interface with the MWMA. Operate and maintain the Waiver Services function of the MEMS, in accordance with policy set forth by KY Medicaid. Accept waiver information into the system, at the direction of CHFS, or its designee.

Apply edits/audits that prevent claims from being paid when a member has not received a referral or PA when required by the primary care provider with whom they are enrolled. Produce program data necessary to satisfy Federal Medicaid waiver reporting requirements, monitor utilization, and assess quality of care provided to members.

50.7.4.26 **Federal Reporting**

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.

50.7.4.27 **Global Business Contractor**

Ability to include the items below for each business process impacted by the replacement system including, but not limited to, provider enrollment, prior authorizations, TPL/COB, and claims processing. However, the Vendor may include additional/alternative tasks supported by their methodology, including, but not be limited to:

1. Evaluate current business process documentation.
2. Produce, with assistance from Commonwealth staff, future business models including process descriptions, workflows, staff utilization and skill requirements.
3. Perform gap analysis between current and future business models.
4. Identify deficiencies in the replacement MEMS and define required modifications.
5. Produce, with assistance from Commonwealth staff, migration plans to implement future business models.
6. Provide training to Commonwealth staff on future processes of the MEMS.

50.7.4.28 **General Business Contractor**

Ability to correctly process all transactions and perform all functions under this Master Agreement in accordance with Federal and Commonwealth laws, regulations, and policies and procedures pertaining to the MEMS, Medicaid, and the Kentucky Commonwealth Plan, including the terms and conditions of demonstration waiver.

50.7.4.29 **Facility Management**

Ability to be responsible for all costs related to securing and maintaining the Kentucky MEMS Facility, including, but not limited to, hardware and software maintenance, lease holder improvements, utilities, telephone, office equipment, supplies, janitorial services, storage, transportation, the shredding of confidential documents, courier services, and insurance.

50.7.4.30 **Change Management**

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.

50.7.4.31 **Learning Management**

Provide a training function. Follow approved Training Plans and provide training to DMS, other Commonwealth agencies, and contractors, as directed by DMS. Provide training plans and training materials to the Commonwealth for review and approval, prior to delivery of the training session/workshop. Develop and support a Computer Based Training (CBT) application that can be accessed by various users as a training application, tutorial, or reinforcement training. 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.

50.7.4.32 **Encounters**

MEMS solution shall have an Encounter Processing Sub system with its own encounter processing engine, to validate and process encounters from MCOs, pricing and to monitor MCOs performance. The selected Vendor shall include, prior to or during the Design Phase, conduct a discovery phase for Encounter processing and MCO performance monitoring sub-system, to identify and design all required validation and MCO performance measures functional requirements.

### 50.7.5 Technical Requirements

The awarded Vendor should adhere to the enterprise-wide technical requirements (Attachment H – 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 H – MEMS Technical Requirements and should form the foundational platform upon which the Commonwealth's operational vision for the MEMS should be built.

#### 50.7.5.1 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.

The system's access layer (ACC) 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 must include, but are not limited to, web, phone, email, and mail.

The presentation layer (PRE) 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 shall 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 shall be accessible to individuals in English and Spanish, and should provide the ability to extend support to different languages in the future. The solution must support usable, mobile-friendly browsing and enable access to the site's features and services using smart phones, tablets, and mobile devices. The solution should support creation of and consumption by mobile applications (apps).

#### 50.7.5.2 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. The MEMS solution ESB shall provide services for, but not limited to, SOAP XML web services, HL7, HIPAA, and legacy integrations.

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

The MEMS solution shall feature Application Services that will be utilized by the application to deliver basic commodity features and provide domain business services to the application. The system shall include services for data integration with the KY HBE and other state agencies.

50.7.5.4 **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 shall 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.

The MEMS solution shall provide a normalized extensible relational data model that aligns to the business domain. The selected Vendor's data architecture strategy shall include a data modeling solution that utilizes modeling tools. The data services layer shall maintain data integrity and consistency throughout the system life.

The solution shall include a Master Data Management (MDM) solution for managing master reference data and shall be required to register persons and providers with the KY MDM solution. The selected Vendor shall provide the system architecture components and strategy for master data management.

The DSS portion of the new MEMS solution shall take advantage of the advancements in system architecture and Web technologies to provide an economical and flexible data storage system. The DSS shall integrate seamlessly with the MEMS and take advantage of system interoperability and interface technologies.

The DSS shall 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 shall provide a DSS with capacity on demand infrastructure and planning for efficient operations and growth throughout the life of the contract.

50.7.5.5 **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 shall be designed to enable quality, high-performing, scalable delivery of application services to the end-user.

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

The MEMS solution shall demonstrate high availability to prevent applications from becoming unavailable due to component failures. The solution design shall provide clustered application server environments, load balanced applications and application components, and redundant application data and storage designs for all data stores (data, logs, messages, message queues, etc.).

50.7.5.6 **Security Services (SEC)**

The new MEMS solutions shall integrate with and utilize the CHFS security and enterprise user provisioning system, Kentucky Online Gateway (KOG). The MEMS shall be a claims-aware, Active Directory Federation Services (ADFS) compliant application, and shall provide for configurable, maintainable role-based access to business functions through both public and private MEMS channels.

The Security Services layer of the MEMS technical solution is a cross-cutting virtual architecture layer that addresses security concerns in each facet of the application and technical architecture layers. A core, key component of the MEMS security services architecture will be realized through re-use of the KOG, which will provide capabilities for addressing the MEMS identity and access management controls. KOG will provide user provisioning, de-provisioning, self-service registration, authentication, single-sign-on, and coarse-grained authorization services for the MEMS, and will facilitate the handoff of security tokens for application use within the MEMS. KOG leverages ADFS 2.0.

Security services within the MEMS shall be exposed as standards-compliant, reusable web services whenever feasible, and shall align to the MITA 3.0 and MITA security and policy standards.

50.7.5.7 **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 shall monitor and report the health and status of all applications, services, and system components for the solution. The application monitoring solution shall provide operations users the ability to view health and availability of application resources, application uptime, and service utilization. The server resources shall 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.

50.7.5.8 **Development Architecture Services (DEV)**

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

50.7.5.9 **Interfaces**

Some key elements of the functional requirements of the MEMS hinges on the availability of data from various sources, both internal and external to CHFS and the Commonwealth, in real time. The selected Vendor shall

account for these interfaces, listed in Attachment L to this RFP, in its technical solution and its Preliminary Project Plan. Attachment L lists all known interfaces at the time of issuing this RFP. It is understood that the interfaces listed in Attachment L may not represent all the interfaces required for final implementation of the MEMS. The selected Vendor shall include in its System Design Phase a period for interface discovery and design, to identify and design all interfaces required for the fulfillment of the MEMS functional requirements. Identification of new interfaces during this phase shall not constitute a change in scope for this project.

The Commonwealth requires that all interfaces are real time where technically feasible. In the case where real time interfaces are not feasible, the selected Vendor shall submit a design for batch, or near real-time interfaces for approval by CHFS, and propose SLAs for both parties in that data exchange. It is important to note that while the MEMS shall establish and own the relationship with any third parties with whom data sharing will occur, the selected Vendor shall design, develop and test all necessary physical interfaces, web services, messaging, file sharing specifications and batch processes for data exchange. All data exchanges shall meet MITA 3.0 standards.

50.7.6 **Fiscal Agent Requirements**

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 starting at MEMS go live through the life of the contract.

The Vendor should perform all business functions described in Attachment G – MEMS Functional Requirements and Attachment I – 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 customer contact center service, and other activities as described in the master SLA (Section 40. – Procurement Requirements). 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.

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 Contract. 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 ninety (90) days before the scheduled start of operations. The plan should address the Vendor's 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.

### 50.7.7 Program Management

#### 50.7.7.1 Project Management Framework

The Program Management Plan shall include the Project Management Framework that the Vendor shall follow for all projects in the program. The proposed Project Management Framework shall meet industry standards and contain a Project Management Framework Guide.

After the Vendor proposal has been accepted by CHFS, the Project Framework Guide shall be considered as an addendum to the Contract. The selected Vendor shall follow practices recommended by the Guide, and provide all necessary or recommended documentation. The plans, schedules and documents suggested in the Guide shall be required Vendor deliverables and as such are subject to CHFS approval.
In addition, the selected Vendor shall provide the initial draft of a comprehensive Program Management Plan to the Commonwealth within 10 business days after project initiation, which includes:

A. Program governance structures including Organization Chart and Steering Committee members
B. Standards for program and project communications including weekly and monthly status reporting and Steering Committee meetings
C. A schedule outline for regular status meetings and Steering Committee ~~Program Board~~ meetings with associated required participants
D. A Program Charter which outlines the agreed responsibilities of all participants in the program
E. A preliminary integrated project Work Plan which shows the selected Vendor's approach to completing all work for the MEMS solution. The approach should include a work breakdown structure (WBS) with Task and Subtask descriptions, associated Deliverables, and resource requirements. The integrated project plan shall show details for all projects within the program, including task descriptions, dependencies, resource requirements, task assignments, effort, start and end dates for all activities and tasks, durations, milestones including Deliverable dates and review cycles and federal review dates, and project critical path for the delivery of the MEMS

F. Review and acceptance criteria for completion of each major phase of work

50.7.7.2 **Concurrent Projects**

CHFS has concurrent projects that will deliver solutions expected to integrate with the solutions developed within this project. In addition, the projects will require the sharing of limited resources, including CHFS staff. The selected Vendor for this project shall be required to collaborate and cooperate with other Vendors and CHFS, as needed, in order to develop and maintain a consolidated multi-project Work Plan.

As Vendors may have varying start dates, the Work Plan shall be a living document and the selected Vendor shall be flexible and work with other Vendors and CHFS, as needed, to modify, update and maintain the consolidated Work Plan.

The Integrated Project Work Plan and all updates shall be submitted to CHFS for review and comment prior to approval or acceptance.

50.7.7.3 **Deliverable and Artifact Management**

The Vendor's proposal shall describe a Deliverable and Artifact Management approach that ensures the expectations, requirements, and content associated with each Deliverable and Artifact are clearly defined and agreed to in advance of actual delivery. The selected Vendor shall use Deliverable Expectation Documents (DEDs), which will be submitted to and reviewed with the Commonwealth to ensure the selected Vendor and the Commonwealth have an agreed understanding of the expectations, requirements, and content of each deliverable. The DEDs will be designed to maximize the ability for deliverables to also serve as artifacts for required federal reviews. All deliverables and artifacts are subject to review and approval from the Commonwealth and the IV&V Vendor. The review cycle time required for each deliverable/artifact will be mutually established between the selected Vendor and the Commonwealth in the course of finalizing the Integrated Project Plan and be further reviewed and revised during the DED review cycles. The selected Vendor shall be responsible for managing the schedule for all deliverables/artifacts under the scope of work including the schedule for submission, review, updates and final approval.

All deliverables and artifacts will be maintained by the selected Vendor in a Commonwealth provided Microsoft SharePoint site. The Vendor shall be responsible for maintaining all document directory structures, document versions and ensuring that all documents are accessible to Commonwealth staff within the agreed deliverable schedule.

The selected Vendor shall present its deliverable/artifact schedule in the Integrated Project Plan to be agreed with and approved by the

Commonwealth prior to the commencement of any work. The deliverable/artifact schedule shall conform to any milestones laid out by this RFP and for CMS Certification.

The selected Vendor shall deliver preliminary and interim versions of deliverables/artifacts as required by the schedule for CMS Certification. The final version shall be subject to review and approval by the Commonwealth, regardless of any preliminary or interim versions received and accepted for the purposes of CMS Certification. Payment shall not be issued until the final version of all deliverable documents and artifacts required to meet a payment milestone have been approved by the Commonwealth.

The selected Vendor shall account for at least one resource dedicated to managing the schedule of and repository for deliverables/artifacts. Responsibilities shall include but not be limited to maintaining the SharePoint repository for deliverables/artifacts, tracking the status of deliverables/artifacts in review and deliverables/artifacts approved, tracking the completion of action items and comments on deliverables/artifacts, maintaining communication records of signoffs or deliverable/artifact rejections.

The selected Vendor shall account for the deliverables and review artifacts listed in Attachment M, Kentucky MEMS Deliverables List within its deliverable schedule and Integrated Project Plan.

All deliverables/artifacts are expected to be of a level of quality and completeness that indicates that they have been reviewed and proof read by the selected Vendor prior to being delivered to the Commonwealth. Indicators of quality and completeness include but are not limited to:

A. A standard of business and technical writing and quality assurance that limits ambiguity, errors and rework by CHFS
B. A level of English proficiency that limits CHFS edits for grammar and clarity
C. Content is in keeping with expectations set out in Deliverable Expectation Documents and decisions captured in JAD sessions and other meetings

Attachment M to this RFP contains details of the deliverables and artifacts required as part of the scope of work of the contract. The commonwealth reserves the right to revise Attachment M as required prior to contract award.

The table below provides a summary list of all the required deliverables.

**Table 2 – Summary of Deliverables**

| Description | Deliverable # | Deliverable |
|---|---|---|
| Program Management | | |

| Description | Deliverable # | Deliverable |
|---|---|---|
| | 1.1 | Program Management Plan |
| Project Management and Planning | | |
| | 2.1 | Project Management Plan |
| | 2.2 | Project Work Plan (WBS) |
| Requirements and Design | | |
| | 3.1 | General Design Document* |
| | 3.2 | Detailed Design Document* |
| | 3.3 | Security Plan |
| | 3.4 | System Capacity Plan |
| | 3.5 | Organization Change Management and Business Transformation Plan* |
| | 3.6 | Business Process Model |
| Development | | |
| | 4.1 | Code Review Results* |
| | 4.2 | Configuration Management Plan* |
| Testing | | |
| | 5.1 | Test Management Plan* |
| | 5.2 | System Integration Test Results* |
| | 5.3 | User Acceptance Test Results* |
| | 5.4 | Performance Test Results* |
| Training | | |
| | 6.1 | End User Training Plan* |
| | 6.2 | Training Materials |
| | 6.3 | Training Delivery Report |
| | 6.4 | System Operation Manual |
| Implementation | | |
| | 7.1 | Implementation Plan* |
| | 7.2 | Disaster Recovery and Business Continuity Plan |
| Operational Readiness | | |
| | 8.1 | Operational Readiness Report |
| Operations and Warranty | | |
| | 9.1 | Operations and Maintenance Plan |
| | 9.2 | Operations and Warranty Report |
| | 9.3 | Final Updated Design Documents |
| Project Close | | |

| Description | Deliverable # | Deliverable |
|---|---|---|
| | 10.1 | Project Closeout Report |

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

| Description | Deliverable Number | Deliverable |
|---|---|---|
| ~~Project Management/ Planning~~ | | |
| | ~~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~~ |
| ~~Detailed Requirements Analysis~~ | | |
| | ~~2.1~~ | ~~Detailed Requirements System Design (RSD)~~ |
| | ~~2.2~~ | ~~General System Design (GSD)~~ |
| ~~Design~~ | | |
| | ~~3.1~~ | ~~Detailed System Design (DSD) Version 1~~ |
| | ~~3.2~~ | ~~Implementation Plan – Version 1~~ |
| | ~~3.3~~ | ~~System Architecture and Design Documents~~<br>~~- Interface Detail Design (IDD) and Integration Specification document~~<br>~~- Interface Control Document (ICD)~~<br>~~- Logical Data Model~~<br>~~- Physical Data Model~~<br>~~- Data Dictionary~~ |
| | ~~3.4~~ | ~~Architectural Review Board~~ |
| | ~~3.5~~ | ~~Test Management Plan~~ |
| | ~~3.6~~ | ~~Network Upgrade Requirement~~ |
| | ~~3.7~~ | ~~Data Conversion Strategy~~ |
| ~~Development~~ | | |

| Description | Deliverable Number | Deliverable |
|---|---|---|
| | ~~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~~ |
| ~~Data Conversion~~ | | |
| | ~~5.1~~ | ~~Data Conversion Plan~~ |
| | ~~5.2~~ | ~~Conversion Test Results*~~ |
| ~~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~~ |
| ~~Acceptance Testing~~ | | |
| | ~~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~~ |
| ~~Training~~ | ~~8.1~~ | ~~Training Strategy*~~ |
| | ~~8.2~~ | ~~Training Plan*~~ |
| | ~~8.3~~ | ~~Training Environment*~~ |
| | ~~8.4~~ | ~~Training Materials*~~ |
| | ~~8.5~~ | ~~Training Report*~~ |

| Description | Deliverable Number | Deliverable |
|---|---|---|
| ~~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~~ |
| ~~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~~ |
| ~~Certification~~ | | |
| | ~~11.1~~ | ~~Certification Checklist~~ |
| | ~~11.2~~ | ~~Certification Review Package~~ |
| ~~Systems Operation and Maintenance Support~~ | | |
| | ~~12.1~~ | ~~Systems Support Plan~~ |
| | ~~12.2~~ | ~~Staffing Requirements Capability Report~~ |
| | ~~12.3~~ | ~~Biweekly Status Report~~ |
| | ~~12.4~~ | ~~Annual Status Report~~ |
| | ~~12.5~~ | ~~System Documentation Updates~~ |
| | ~~12.6~~ | ~~Operations & Maintenance Procedures Manual~~ |
| ~~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~~ |

50.7.7.4 **Change Control Management**

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 or Vendor that affects scope, schedule, and/or cost to the Commonwealth.

It is known, at the time of issuing of this RFP, that there will 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 lifecycle of the project. Changes in requirements due to evolution of Federal and Commonwealth regulations that are implemented through business rule changes in the implemented Rules Engine do not constitute a change in scope for this program. Changes in requirements due to evolution of Federal and Commonwealth regulations that are supported by COTS Vendors through normal product maintenance releases or as part of product roadmaps do not constitute a change in scope for this program. All Federal and Commonwealth regulation changes that result in changes to business operations and systems (e.g. business processes, Kentucky specific software, interfaces, reports, fulfillment, documents, operations, hardware for capacity or utilization, Fiscal Agent services) will be handled via the Change Control Process.

The selected Vendor shall inform 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 shall include specific impacts to both schedule and costs. CHFS will work with the selected Vendor to confirm/reconfirm Project scope for subsequent tasks, phases, and/or milestones.

50.7.7.5 **Issue and Risk Management**

CHFS will look to reduce the impact of issues and risks that arise during the program life cycle by requiring the selected Vendor to implement robust Issue and Risk Management processes that will lessen the time it takes to detect, resolve and mitigate them.

The Vendor shall present in the proposal an Issue Management Plan that outlines the procedures for documenting, escalating and resolving issues. This shall include:

A. Procedures and tools for documenting and tracking project and program issues
B. Guidelines for determining severity of issues in terms of impact to the project or program
C. Procedures for review of issue log and escalating issues where required

D. Procedures for resolving issues including responsible parties for decision making based on severity and impact

The Vendor shall present in the proposal a Risk Management Plan that outlines the procedures for documenting, escalating and mitigating risk. This shall include:

A. Procedures and tools for documenting project and program risks
B. Guidelines for evaluation of risks in terms of probability and impact
C. Procedures for review of risk log and escalating risks where required
D. Procedures and guidelines for mitigating risks

### 50.7.8 Systems Development Lifecycle Management

Prior to the commencement of work, the selected Vendor shall submit a description of the SDLC Methodology that it will use for the MEMS, for review, comment, and approval by CHFS.

The selected Vendor shall 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 shall 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.

#### 50.7.8.1 Requirements Analysis

During the Planning and Establishment Phase, where the Commonwealth established its Operating Model for the MEMS, the team compiled a lengthy list of functional and technical requirements through a series of meetings with integrated work groups (Governance, Medicaid and Technical) which discussed critical operational, functional and technical design matters that are essential to the operations of the MEMS. These requirements are included in Attachments G, H, and I to this RFP. It is important to understand that while these preliminary requirements to some extent define the scope and vision for the System, the requirements are not the final detailed requirements for the System. The selected Vendor shall conduct a Requirements Analysis Phase during which they will review, refine and seek approval for all preliminary requirements, and add requirements where gaps are identified through a detailed analysis exercise. Any additional requirement needed in order to meet CMS Certification should be included at no additional cost. All other added requirements will go through the change management process. The end result will be a set of detailed requirements to be used for building the solutions. These requirements will be the basis for the selected Vendor to create usage scenarios and detailed business process workflows. 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 must be updated to identify all possible phases of implementation. Once approved, the updated Requirements Analysis schedule shall be included in the Integrated Project Work Plan.

50.7.8.2 **System Design**

The selected Vendor shall submit its plan for the System Design Phase for approval by CHFS prior to the commencement of that phase of work. The plan shall include the approach for collaborative design with functional and technical subject matter experts, procedures for submission to, and review and approval by CHFS for each design component, and the overall schedule for the System Design Phase. Once approved, the updated System Design schedule shall be included in the Integrated Project Work Plan. A Project Work Plan revision is to be completed by the Vendor and approved by the Commonwealth prior to any phase of the project.

A formal review of the high-level architectural design may be conducted by CMS prior to detailed design of the automated system/application to achieve confidence that the design satisfies the system requirements, is in conformance with the enterprise architecture and prescribed design standards, to raise and resolve any critical technical and/or project-related issues, and to identify and mitigate project, technical, security, and/or business risks affecting continued detailed design and subsequent lifecycle activities. CMS review cycles should be included in the planning process for each necessary phase, time commitments are to be included in the project schedule. During the Design Phase, the selected Vendor shall begin the initial strategy for testing and training.

The selected Vendor shall be required to maintain current and up to date documentation of all System components through the life of the project. The selected Vendor shall work with the Commonwealth to agree on the templates and the appropriate level of detail for documenting the design for each system component. This includes, but is not limited to, user interface, process flow, business logic, business rules, input validation, workflow, forms, data model, data architecture, web services, infrastructure, system architecture, IVR process flows, contact center scripts, and batch processing.

50.7.8.3 **Development**

The Commonwealth and the selected Vendor will agree upon the level of detail required for the development phase. The selected Vendor shall submit a plan for the Development Phase for review, comment and approval by CHFS prior to the commencement of that phase of work. The plan shall include the phased approach for system component development including shared components and base classes. The plan shall also include the selected Vendor's approach for code base management, development

standards, individual developer machine configuration requirements, build machine configuration requirements, unit and integration testing procedures and reporting requirements including code coverage targets, and code check-out and check-in procedures.

Test data and test case specifications are finalized by the selected Vendor. Unit and integration testing is performed by the selected Vendor's developers with expected and actual test results appropriately documented. Data conversion and training plans are finalized and user procedures are baseline, while operations, office and maintenance procedures are also initially developed.

The selected Vendor shall develop the solution using an iterative 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 shall account for durations of Commonwealth testing and feedback, and Vendor System updates, for each logical functional group of system components.

The selected Vendor shall ensure that all System Design documentation is kept up to date with updates to the design that occur due to technical implementation details, change requests, or any other factors that cause a deviation from the original design.

50.7.8.4 **Testing**

The selected Vendor shall submit its Test Plan for all levels of testing for approval by CHFS prior to the completion of the Requirements Definition Phase of work. The Test Plan shall outline how the selected Vendor will test the System throughout the project development lifecycle. Once approved, the updated Test Plan schedule shall be included in the Integrated Project Work Plan. The selected Vendor shall provide tools to track testing that will be utilized in all phases of testing to record scenarios, indicate status, track test results, manage relationships (i.e. to requirements or to specific application components), and produce reports. The selected Vendor shall also establish testing environments, along with the necessary data and application modules, to support unit, integration, iterative functional, system, user acceptance, performance and operational readiness testing activities. Test Plans should trace back to requirements. A requirements traceability matrix should be required and maintained for all requirements. At the minimum, the selected Vendor shall address the following:

- Approach to testing including testing philosophy, test data, test standards, verification approach, approach to non-testable requirements, test phases, test techniques and methods.

- Testing processes including test preparations, orientation and kickoff, test execution, test monitoring, test status meetings and reporting, closure evaluation criteria.
- Approach to creating the test environments needed.
- Provide defect tracking, resolution and aging reports during this phase.

The primary purpose of the Testing Phase is to determine whether the automated system/application software or other IT solution developed or acquired meets the Commonwealth's requirements and is ready for implementation. During the Test Phase, formally controlled and focused testing is performed to detect errors and bugs in the IT solution that need to be resolved. There are a number of specific validation tests that are performed during the Test Phase. Some testing activities will begin during the Development Phase, such as Unit Testing and Integration Testing. All testing activities identified below are to be detailed in the Project Work Plan.

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.

50.7.8.4.1 **Test Plan**

The Test Plan shall include the selected Vendor's testing approach, including test scenarios, test conditions, test scripts, and use cases for the following required testing:

50.7.8.4.2 **Unit Testing**

Unit testing is done to assess and correct the functionality of individual or small groups of code or modules. Unit testing ensures the various objects and components that make up the System are individually tested, and that errors are detected and corrected prior to exiting the development environment.

The selected Vendor shall submit its approach to Unit Testing, including targets for unit test coverage and pass rates, for approval to CHFS prior to the commencement of the development phase.

50.7.8.4.3 **Integration Testing**

Integration Testing is performed by developers after integrating completed components or modules into the overall system codebase. This testing is done in order to ensure that the completed components or modules work at a high level and that existing components and shared components have not been broken by the new module. The selected Vendor shall include its approach to Integration Testing, including the

recommended environment for Integration Testing, in its Test Plan. Integration testing guidelines shall be included in development standards documentation.

50.7.8.4.4 **Iterative Functional Testing**

Iterative functional testing ensures that the components developed for each logical iteration of the system meet all functional and technical requirements as defined and approved in the Test Plan and the Requirements Definition Phase.

50.7.8.4.5 **System Testing**

System Testing assesses the functionality and interoperability of the System and the multiple other systems and subsystems it interacts with, such as databases, hardware, software, rules engine, document management system, identity management system (KOG), workflow, interfaces and web services, and their integration with infrastructure into an overall integrated system. This test includes a test installation and configuration of the System, with a subsequent functional regression test to confirm the installation's success.

50.7.8.4.6 **Interface Testing**

Interface Testing is conducted to ensure the completeness of interface development and the readiness of developed interfaces for integration in the wider system. The selected Vendor shall submit its approach for Interface Testing for approval by CHFS in its Test Plan. This approach shall include strategy for early detection of interface errors such as non-conformation to interface contracts by either consumers or providers of services, and incorrect data being returned through an interface. The Interface Testing approach shall include an approach for testing of all interfaces error codes such as the network errors and unavailable source systems. The Interface Testing approach shall also outline the selected Vendor's strategy for reporting, managing and mitigating defects for interfaces both within the control of CHFS (such as HBE) and outside the control of CHFS (such as the MCOs, PBM and Providers).

50.7.8.4.7 **Regression Testing**

Regression testing should be completed after integration of each major component into the wider system to ensure that components which have already been tested are still working. Regression testing should also be completed after every migration of new build versions to each test environment. Regression test scenarios shall be a subset of System Test scenarios, agreed upon with CHFS, chosen to ensure maximum functional and technical coverage of regression testing.

The selected Vendor shall include its approach to Regression Testing in its Test Plan. The approach should include the use of an automated test

tool to minimize the cycle time and resources required to complete regression testing.

50.7.8.4.8 **Security Testing**

Security Testing is required by the selected Vendor on the functional application, technical and infrastructure components, and other components deemed to be within the compliance boundary as designated in the System Security Plan. The Security Testing will be done to ensure the system meets all system security requirements. Security Testing scenarios and strategy shall be approved by the CHFS Security Compliance Office prior to execution. All Security Testing results shall be reviewed and accepted by the CHFS Security Office. This security assessment shall be done prior to the Commonwealth engaging a Third Party Vendor to conduct the Independent Security Review. The selected Third Party 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.

50.7.8.4.9 **Performance Testing**

Performance Testing is conducted in order to ensure that the System meets the minimum performance service levels required by CHFS, in terms of query and page response times under simulated load for a number of users for multiple concurrent functions in a given period of time. Performance testing scenarios shall take into account expected peak period volumes for application processing such as closing of open enrollment periods. The performance test shall be conducted on a production ready version of the system on production IT infrastructure and Production Managed Network Services, i.e. a version that has passed all requirements validation, system and security testing. The performance test environment shall mirror the final production system specifications in order to accurately predict how the System will behave in the production environment.

50.7.8.4.10 **Usability Testing**

Usability testing is conducted to ensure the System's user interface design takes into account usability considerations for its target user groups. Usability testing will include testing of the user interface for internal and external users, power users, users with limited computer skills, prospective new users, users who will require training in the system to complete their daily work, and users with disabilities. Accessibility standards established under Section 508 of the Rehabilitation Act shall be adhered to.

Feedback from usability testing shall be evaluated in terms of priority in collaboration with the Commonwealth, and a plan shall be developed to include the required updates into the final build.

The selected Vendor shall be responsible for developing a strategy for usability testing that includes usability evaluation from usability experts, testing with Commonwealth workers and representatives from the provider community. The usability testing shall account for testing for compliance as identified in Section 50.7.12. The selected Vendor shall provide a report to CHFS containing the results of the automated scanning tool used for compliance testing, including an action plan to remediate any deficiencies found. CHFS requires use of the Compliance Sherriff and JAWS tools as well as visual testing.

50.7.8.4.11 **Language Testing**

The selected Vendor shall include in its Test Plan a strategy for testing the system in both English and Spanish.

50.7.8.4.12 **Browser Testing**

Browser testing is conducted to ensure that the System operates in the most likely configurations of browser versions and operating systems. Browser testing shall be performed using a subset of System test scripts that ensures maximum system coverage. The selected Vendor shall be responsible for providing the machine configurations to perform all necessary browser testing.

50.7.8.4.13 **User Acceptance Testing**

User Acceptance Testing (UAT) is conducted to ensure that the developed system meets all expectations of the Commonwealth and its eventual users. The selected Vendor must follow exit criteria developed by the Commonwealth to move from System Integration Testing to UAT. The selected Vendor shall be responsible for providing data and environments and test scripts to the Commonwealth for the successful execution of UAT. The selected Vendor will work with the Commonwealth to develop test scripts. UAT test scripts shall cover all facets of the System. The selected Vendor and the Commonwealth shall be responsible for identifying the participants involved in UAT and for the overall execution of UAT scripts and ad-hoc UAT testing. The selected Vendor will review all UAT results with the Commonwealth and a mutual strategy for mitigation shall be agreed for each defect based on severity, priority and impact.

50.7.8.4.14 **Data Conversion Testing**

Data Conversion testing is done to ensure that data migrated from legacy systems is brought across to the new system in a usable, complete, correct, and expected state. The Data Conversion Testing should use

automated tools where possible to test that all data converted in the conversion test environment complies with the standards set out in the Data Conversion Plan. The Data Conversion tools shall be adjusted depending on the test results until all migrated data passes the appropriate tests. Data Conversion exception tolerance levels shall be agreed with and approved by CHFS prior to the commencement of conversion testing. Test results must be approved by CHFS prior to commencement of production Data Conversion.

Additional tests will be conducted to validate documentation, training, contingency plans, disaster recovery, operational readiness and installation. The approach to these additional tests will be evaluated in conjunction with CHFS to assess their necessity and will be included in the final test plan to be approved by CHFS.

50.7.8.5 **Additional Testing Responsibilities**

The selected Vendor will be responsible for developing all test conditions including disaster recovery, scenarios and scripts. These are subject to approval by CHFS prior to execution of any test phase. The selected Vendor is also responsible for preparation of all test data, including identifying data required for each test phase that may require collaboration from Commonwealth resources to acquire that data.

The selected Vendor shall ensure that all System Design documentation is kept up to date with updates to the design which occurs due to changes or fixes that arise in the Testing Phase.

50.7.8.6 **Data Conversion**

The selected Vendor shall propose a Data Conversion Strategy that will describe its approach to migration of existing data from the current KYMMIS and the DSS. The Data Conversion Strategy must be submitted to CHFS for review, comment and approval, prior to the development of a Data Conversion Plan. The Commonwealth foresees the execution of a successful data conversion strategy and plan as one of the key challenges in the successful implementation of the MEMS. Therefore the selected Vendor shall complete a full analysis to identify all systems from which data will be converted to successfully implement the MEMS solution.

The Commonwealth requires a Data Conversion Strategy that is highly automated and minimizes both risk and the disruption to current KYMMIS, the DSS and other systems service. The data conversion strategy should include any data conversion methodology, including data analysis techniques and processes, checks and balances for ensuring data quality and accuracy, as well as data conversion toolsets that the selected Vendor intends to employ.

*Reference Attachment G/H – Data Conversion Requirements.*

50.7.8.7 **Security Plan**

The selected Vendor shall submit its Security Plan for all levels of security in MEMS for approval by CHFS prior to the completion of the System Design Phase of work.

50.7.8.8 **Training**

50.7.8.8.1 **End User Training**

Due to the scale of the organizational and system change involved in the implementation of the MEMS, the Commonwealth views the successful roll-out of a robust end-user training program as one of the critical elements in the overall success of the MEMS. The selected Vendor shall be responsible for all aspects related to user training to ensure the successful implementation of the MEMS. This includes development and maintenance of a Master Training Plan, training location and schedule management, development and maintenance of all training material, appropriate delivery of material to end users according to work functions, quality control reviews, and re-training where necessary. The selected Vendor is required to work cooperatively with the Commonwealth and any other vendors contracted by the Commonwealth to coordinate all training efforts.

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

1. 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 as well as the Fiscal Agent staff. User training should be required in Vendor-provided locations throughout the State.
2. Technical Staff Training – Technical training emphasizes the understanding and skills needed to perform assigned duties in support of the new MEMS including all aspects/tools of the configuration of the solution. Technical training is provided to all designated CHFS systems staff.
3. MEMS Help Desk Staff Training- The MEMS Help Desk Staff Training includes a basic MEMS overview that provides a system orientation and basic operation for all CHFS MEMS users including Providers and MCO's as well as the Fiscal Agent staff. Trainings should include troubleshooting techniques.

50.7.8.8.2 **End User Training - Master Training Plan**

The selected Vendor shall submit a Master Training Plan to CHFS for review, comment and approval, prior to the completion of the System Design Phase. The selected Vendor is responsible for maintaining updates to the Master Training Plan based on actual components developed during the System Design and Development Phases. The Master Training Plan will be used to govern and manage the overall activities, effort, and scope of training for each training group mentioned above. The Master Training Plan will offer a comprehensive, detailed picture of the plan to implement the training effort, and define the approach used to develop and deliver the System training solution to the Commonwealth and detailed in the Project Work Plan.

The selected Vendor shall create, maintain, and update, as required, the approved training plan. At a minimum, the training plan shall include the following:

1. An overview of the training methodology for roles based MEMS training
2. Training objectives for each user role
3. Roles and Responsibilities for the selected Vendor training staff
4. Assumptions
5. Training courses and associated course objectives, competency level and skill set assessment tools, including the format and content of all training material to be developed by the selected Vendor
6. Timelines for the development, review, and completion of all training materials
7. Review and approval process for all training materials by the Commonwealth
8. An overview of the training presentation style and how concepts of Adult Learning will be integrated into the delivery
9. Performance expectations for both instructors and students and approach to performance measurement and reporting
10. Staffing plan that includes a 10:1 student to instructor ratio for all Instructor Led Courses
11. The number of role based training sessions necessary to train all identified users
12. The number of users to be trained by the type of training (should be sufficient for the scope of the Program)
13. The length of each training course
14. Procedures for implementing and maintaining a training database/environment that is a mirror image of the production environment including reports and notices
15. Milestones for training
16. Training schedule and procedures for scheduling end users to their appropriate courses

17. Plan for working cooperatively with and coordinating all training efforts with other vendors, as needed and directed by the Commonwealth.
18. Procedures for updating course material due to system updates or feedback from the initial rounds of training
19. Method for certifying that end users have successfully completed their job based curriculum
20. Criteria for identifying where remedial training is necessary and plan for providing that additional support
21. How the Learning Management System (LMS) will be used to manage the training schedule, instructor/course evaluations, and student competency measurements
22. Methodology for providing technical support for training
23. Methodology for capturing and answering frequently asked questions (FAQs)
24. Documentation of all training sites and types of training equipment needed and how the equipment will be deployed and used in the training process
25. Plan for testing and certifying that each training site is technically and physically ready to meet the requirements to conduct MEMS user training
26. Approach to assure that the training location and delivery is (Americans with Disabilities Act) ADA compliant
27. An Instructor Checklist which identifies items necessary for the instructor in preparation for classroom training:
    a. Necessary technical support information
    b. IDs and Passwords
28. Training Materials
29. On Site Preparation
30. Post-class administrative activities

The selected Vendor will identify any assumptions they have made in proposing the training development and delivery plan.

50.7.8.8.3 **End User Training Strategy**

The selected Vendor shall provide a description of its vision, strategy, and approach for conducting all training related operations. This description shall include detailed information about the level of staffing and the various staffing roles. The selected Vendor shall, at a high level, address each of the items noted above, that at a minimum shall be in the Master Training Plan.

50.7.8.8.4 **End User Training Prerequisites**

The selected Vendor will identify potential prerequisites to any training session. This will also involve developing a plan for how trainees can

fulfill the prerequisites. In this section the selected Vendor shall describe their approach for measuring the skills sets of future MEMS users.

50.7.8.8.5 **End User Training Development**

The selected Vendor shall ensure the training materials address the specific job functions of the trainees. It is critical that the training materials are modified to reflect the latest approved version of the MEMS. The materials shall incorporate currently known concepts of adult learning. All training materials will be reviewed by the Commonwealth at least 30 days prior to the beginning of the training window. Training materials will be developed in, but not limited to, an Instructor Led Training (ILT) format which takes place using a Training Environment and/or web based training (WBT) modules. The format should be based on the extent and difficulty of the course, with the more complex topics handled in the ILT format. Examples of training materials include, but are not limited to, student guides, instructor guides, lesson plans, Frequently Asked Questions (FAQs) documentation, online help, and online policy manual. The selected Vendor will also develop an online training demonstration to guide providers through the Provider Self Service Portal.

Appropriate training materials shall be developed that can be used in a hands-on, interactive manner, using data in the online training database that reflects real world conditions. To assure that the materials focus on specific job functions and reflect real world conditions, the selected Vendor will conduct an audience analysis for each course. Once the content is assessed, the most appropriate delivery approach for training is determined.

The selected Vendor shall meet all material development requirements identified in the Master Training Plan, including all review and completion timelines. The selected Vendor will incorporate and integrate the training materials developed by any Third Party Vendor into the review and completion process as identified in the Master Training Plan.

The selected Vendor shall provide sufficient copies of all training material for all staff. The selected Vendor shall provide all electronic source documents and graphics used in the development and presentation of all aspects of training to the Commonwealth.

50.7.8.8.6 **Updating Training Material and Version Control**

The selected Vendor shall identify a procedure for updating course material due to system updates, feedback from the initial rounds of training delivery, etc. The selected Vendor will use several inputs to support the identification and delivery of timely, consistent and appropriate material updates. Updated material will be presented in the

classroom within 5 business days of the update being identified and approved. This procedure will also document a version control plan.

50.7.8.8.7 **End User Training Delivery**

The selected Vendor shall develop a plan to identify delivery methodology (ILT, WBT, etc.) for each course based on, but not limited to, the type and complexity of the content. ILT will consist of structured presentations delivered by a qualified instructor using a training environment that mirrors production. WBT allows the user to learn at his own pace. The delivery methodology shall incorporate concepts of adult learning and have techniques identified to train personnel who have varying computer skills and job knowledge.

To assure that training delivery is role based and reflects the new business process, the selected Vendor will establish a plan to integrate change request and management decisions into the training delivery process. The selected Vendor will also identify a process for capturing unanswered business process questions that arise in the training classroom, and feeding these back through the deficiency management and change control processes. The selected Vendor shall keep record of who is to be trained and who receives training.

50.7.8.9 **Configuration Management**

The selected Vendor shall present their Configuration Management Approach to CHFS for review, comment and approval prior to the commencement of any development activity. The Configuration Management Approach must demonstrate how the selected Vendor will manage the multiple configurations of the System including:

- Code base management
- Environment management
- Build management
- Deployment management
- Network management
- Security management
- Disaster recovery site management and cutover procedures
- COTS Product Management

50.7.8.10 **Implementation**

The selected Vendor shall submit its Preliminary Plan for the Implementation Phase for approval by CHFS prior to the completion of the Design Phase of Work. The Preliminary Implementation Plan will outline the high level tasks that will be accounted for in the Implementation Phase, as well as the selected Vendor's overall strategy for the production launch of the MEMS, and any potential risks associated with that strategy. The selected Vendor will be responsible for network connectivity up to the Commonwealth Data Center.

The selected Vendor shall submit its Final Plan for the Implementation Phase for approval by CHFS prior to the completion of the Testing phase of Work. The Final Implementation Plan will outline the detailed tasks required for a successful launch of the MEMS, including, but not limited to infrastructure configuration readiness, parallel testing, operation readiness, "Go/No Go" checklist, training readiness, production launch risk mitigation strategies, roll back procedures and post launch monitoring and support procedures.

The MEMS System Documentation should be prepared by the successful Vendor and provided to the State prior to final acceptance of the MEMS. System Documentation will be used during UAT. MEMS System Documentation should be provided to the State. 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.

50.7.8.11 **Disaster Recovery**

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, 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. 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 operations of the MEMS solution in the event of a disaster. The Vendor should provide options for recovery within four (4) hours 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 license, 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.

### 50.7.9 **Project Staffing**

#### 50.7.9.1 **Key Roles**

The Project Staffing Plan shall include 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 Manager for activities related to contract administration, project management, scheduling, correspondence with MEMS staff, and deliverable reviews. Should have a current Project Management Professional (PMP) Certification, and at least ten (10) years of management experience. The Commonwealth will consider equivalent project management certification or demonstrable formal project management training as a substitute for PMP certification.

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 current Project Management Professional (PMP) Certification, and at least five (5) years of management experience. The Commonwealth will consider equivalent project management certification or demonstrable formal project management training as a substitute for PMP certification.

3. Technical Manager: Primary point of contact with MEMS Technical Staff. Should serve as the Technical SME over the selected Vendor's team. Should have at least seven (7) years of similar experience.

4. Functional Manager: 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 MMIS Solution Development of similar size and complexity. Should have at least seven (7) years of similar experience.

5. System 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 at least seven (7) years of similar experience.

6. Implementation Manager: Primary point of contact with Commonwealth staff regarding system implementation. Should have at least five (5) years of similar experience.

7. Operations and Maintenance Manager: Responsible for system operations and ongoing maintenance after implementation. Should have at least five (5) years of similar experience.

8. Data Manager: Responsible for overall data architecture of the system including Master Data Management planning and implementation, data exchange planning and implementation and data migration to new system. Should have at least five (5) years of similar experience.

9. Librarian: Responsible for maintaining the SharePoint repository for deliverables/artifacts, tracking the status of deliverables/artifacts in review and deliverables/artifacts approved, tracking the completion of action items and comments on deliverables/artifacts, maintaining communication records of signoffs or deliverable/artifact rejections.

10. 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. Must have CISM, GIAC or CISSP certification and at least five (5) years of similar experience.

The selected Vendor shall provide an Organizational Chart that will account for all Key Roles as well as the Lead roles listed below.

50.7.9.2 **Lead Roles**

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

1. Quality Assurance Manager: Responsible for the Vendor‘s implementation of their Quality Plan. Responsible for overall effort involved in system testing, including test strategy, planning, execution and status reporting. Performs audits and reviews identifying areas for improvement. Should have at least five (5) years of relevant 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 at least seven (7) years of similar experience.

3. Organizational Change Lead: Responsible for the creation, implementation and coordination of the Organizational Change Management strategy and plan for the MEMS. Should have 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 MEMS server, network and data center operations for all environments including test, production, and disaster recovery sites. Should have at least five (5) years of similar experience.

5. Application Development/Configuration Lead: Responsible for the planning, coordinating, and supervising of all activities related to configuration, system design and development. Should have at least seven (7) years of similar experience.

6. Help Desk Manager: Responsible for internal staff User Support and Contact Center Help Desk operation. Should have at least five (5) 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.

8. Testing Manager: Responsible for the Vendor‘s implementation of their Test Plan. Responsible for testing activities. Should have at least five (5) years of relevant experience.

50.7.9.3 **Other Vendor Activities**

Other activities that should be provided by the Vendor roles include the following:

1. Fiscal Agent Manager
2. Business Analyst for each of the MITA business areas
3. DSS/DW 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)
9. DSS/DW DBA

50.7.9.4 **Vendor Staffing**

During the DDI Phase, CHFS will provide office space in Frankfort, KY for Vendor staff needed for support of the project to include Key Roles and

others such as business analysts, technical staff, etc. All individuals assigned to Lead Roles shall be located on the project site in Frankfort, Kentucky, at a minimum for the duration of the activities they lead, but ideally for the duration of the DDI. Any deviation from this requirement is subject to review with CHFS prior to approval of an alternate staffing location for individuals in Key Roles for any period of time.

The Commonwealth will permit development project work to be performed off-site with prior approval. For off-site 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 off-site relationship.

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

#### 50.7.9.5 Vendor Staffing Levels

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 will be held 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 shall require the selected Vendor to include a contingency plan with the Project Staffing Plan. The contingency plan shall 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.

### 50.7.10 Organizational Change Management

The purpose of Organization Change Management (OCM) 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.

OCM 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 OCM 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 shall work with the Commonwealth to move towards MML 3.

The selected Vendor shall submit its Organizational Change Management and Business Transformation Plan for approval by CHFS prior to the commencement of the System Design phase. The Organizational Change Management and Business Transformation Plan shall outline the Change Management activities that the selected Vendor and other stakeholders will conduct at each phase of the MEMS Lifecycle including post-implementation. The Change Management and Business Transformation Plan shall identify all organizations, groups, bodies, and individuals from the private sector that will be required to participate in Change Management activities. The plan will also outline the schedule, expectations, design documents and participants involved in Business Process Design as part of change management and business transformation activities. The selected Vendor will be responsible for creating and maintaining all business process models in the both human and machine readable forms.

The Organizational Change Management and Business Transformation Plan and the Business Process Models shall be considered living documents, after its initial approval by CHFS.

The selected Vendor shall account for up to 4,500 existing Commonwealth staff to be trained in the new business processes and operating procedures as well as core and specialized system functions.

50.7.11 **Operational Systems Support**

Ongoing operations activities shall begin after all requirements have been successfully implemented and the Commonwealth has determined that those requirements are fully operational in the Production Environment of the System. Operational activities shall consist of operating, supporting, and maintaining the MEMS. The selected Vendor will be responsible for creating a detailed operational plan to meet the needs of the Commonwealth post-implementation. The Vendor must provide the proper level of software maintenance and

modification support service, including meeting Commonwealth defined performance standards. 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.

At a high level, ongoing operational activities may consist of but not be limited to the following:

- System changes, maintenance, and modifications (includes testing, documentation, etc.)
- Software enhancements and updates
- System availability monitoring
- Network Infrastructure monitoring
- Interface maintenance
- Helpdesk and user support
- Security management
- Policy and process changes (business rules engine updates and changes);
- Notifications maintenance (paper and electronic)
- Self Service Portal maintenance
- Documentation maintenance and version control
- Production of ongoing operational reports
- Performance monitoring and tuning
- System defects resolution (record, track, resolve, report)
- Cooperate and comply with State and Federal audit requests
- Escalation Procedure

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

- Deficiency or problem with the application functionality of the transfer system.
- Deficiency or problem with the functionality developed or implemented.
- Deficiency or problem with the functionality of subsequent system enhancements.

The selected Vendor shall take into account the high level operational activities referenced above, as well as any additional operational activities the selected Vendor deems necessary for the successful ongoing operation of the System when creating an Operational Plan. The Operational Plan shall be approved by CHFS prior to commencement of Operational Support Activities.

Within the Vendor hosting Facilities, the Vendor shall procure, install, configure, and operate equipment and software for the MEMS. The Vendor is required to propose a solution that complies with data center and architecture requirements, standards, Federal and State regulations.

#### 50.7.11.1 **Modifications, Changes and Maintenance Staffing**

After system implementation, 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 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. The Commonwealth will not be charged for any configurable items nor will hours go against the pool of change order hours. Examples of configurable items include but are not limited to: adding MCOs, Provider Types, Procedure Codes, TPL Carriers, Rate changes, Notification changes.

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 Operations and Maintenance Manager is responsible for directing the work of Vendor staff to ensure that all maintenance and modification efforts proceed in a timely manner as defined in an agreed upon service level agreement. 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.

50.7.11.2 **Operational Project Location**

Once MEMS is implemented, the technical and fiscal agent staff should be located in a Vendor supported facility within ten (10) miles of the Kentucky

Cabinet for Health and Family Services, CHR facility throughout the life of the contract.

50.7.12 **CMS Certification**

In order to obtain maximum FFP, the new MEMS must meet CMS requirements for federal certification. The Commonwealth has agreed to work with CMS using the Medicaid Enterprise Certification Toolkit which was developed to assist States in all phases of the MMIS/MEMS life cycle beginning with the preparation of an Advance Planning Document (APD) through the certification review process. In addition, the Commonwealth is requesting to use the CMS Gateway Review process. The Commonwealth will work with the selected vendor and the six (6) business area to insure that all twenty (20) checklists meet the requirements specified in the Federal and State laws and regulation.

50.7.12.1 **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. The Commonwealth has been given permission from CMS to participate in a pilot CMS Gateway Review process for the MEMS solution. Therefore during the DDI period, the 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. All additional documentation required should be included in the Project Work Plan.

The awarded Vendor is expected to participate in all CMS Certification activities and provide documentation and artifacts as required for 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.

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. It is expected that Certification should be completed in stages throughout the DDI and Implementation phases with final certification completed based on CMS availability.

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, Certification.

50.7.12.2 **Other Federal Reviews**

In the event that the Commonwealth is required to undergo an IRS or SSA review relating to the system, the selected Vendor shall be responsible to prepare any documentation requested.

50.7.13 **Turnover**

Turnover process will be exercised by CHFS at the end of the Contract period or any termination of the contract. When CHFS exercises this process, the Vendor is required to transfer FA responsibilities and O&M support services for the MEMS to a successor Vendor (designee) at no additional cost. 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 nine (9) months before the end of the Contract period and end six (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 process necessary to ensure a smooth turnover of the MEMS and FA service responsibilities defined in Attachment G – MEMS Functional Requirements and Attachment I – 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.

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.

50.7.14 **IV&V**

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

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.

### 50.7.15 System Compliance

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

The MEMS Security Services shall implement security controls in compliance with NIST special publication 800-53 rev. 4 guidance for moderate baseline controls and will comply with all relevant state and local security and privacy regulations, as well as federal security and privacy standards adopted by the U.S. Department of Health and Human Services for Medicaid systems. The selected Vendor is required to cooperate with any Third Party Vendor that the Commonwealth engages to conduct a Certification and Accreditation of the system controls prior to go-live, in accordance with Enterprise Policies (http://technology.ky.gov/governance/Pages/policies.aspx) and CHFS Policies (http://chfs.ky.gov/os/oats/policies.htm).

The MEMS shall be built using leading practices for secure application development, and shall protect the privacy and disclosure of sensitive, protected health information and personally identifiable information in accordance with HIPAA Security and Privacy Rules.

#### 50.7.15.1 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.

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 the FPL. The MEMS must comply with all ACA standards and interface with the HBE.

50.7.15.2 **Compliance with Federal Regulations and Standards**

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.

50.7.15.3 **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 requires that the new MEMS 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.

50.7.15.4 **Compliance with CMS Seven Conditions and Standards**

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

1) **Modularity**

   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 an SDLC that 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 identified current and potential future interfaces but not limited to those in Attachment L – MEMS Interfaces and Attachment N – Interface Diagram.

**c) Utilize a Rules Engine**

KY has implement Corticon's Business Rule Engine (BRE) to implement and maintain complex business rules. KY has selected Corticon BRE because of its ability to build, test, and deploy complex rules using its studio and its performance. Corticon is deployed as a web service and therefore fits as a SOA infrastructure. The new MEMS solution is required to utilize a business rules engine; however, it is not required to utilize the KY solution.

**2) Align and Advance in MITA Maturity**

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 by end of year 2014 for Version 3.0. 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 shall meet MML 3 requirements of MITA Version 3.0. 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.

**3) 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.

4) **Leverage**

a. **Reuse of efforts**
Wherever possible, the new MEMS should leverage and reuse 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 a SOA, from publicly available or commercially sold components and products, and from the future use of cloud technologies to share infrastructure and applications.

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 to identify gaps between the requirements and the solution.

d. **Transition and retirement plans**
CHFS is already in the process of identifying duplicative systems and services through collaboration with other Commonwealth Cabinets to lower cost of ownership over the long term. 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.
The MEMS Vendor should analyze the existing system services that are currently being used by Commonwealth to support MEMS operations and deliver a transition plan to eliminate duplicative system services during the DDI phase. The plan should also include cost effectiveness of this approach.

5) **Improve Business Results**

a. **Degree of Automation**
Kentucky seeks the highest degree of automation possible and has documented this need throughout the requirements. 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**
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.

6) **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. A current list of reporting requirements can be found in Attachment O – Report Inventory. More requirements will be identified during requirements gathering.

7) **Be Interoperable**
The MEMS should be built with appropriate architecture and utilize 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.

50.7.16 **Independent Security Review**

The selected Vendor shall cooperate with any Third Party Vendor(s) that the Commonwealth engages to complete a Certification and Accreditation of the system controls prior to go-live, in accordance with CHFS standards and policies for Certification and Accreditation. Reviews shall be included in the Project Work Plan.

All MEMS system components including sub systems and components delivered by sub-contractors are subject to the independent review.

50.7.17 **Value Added Services**

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

## SECTION 60 – PROPOSAL SUBMISSION

60.1 **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.

60.2 **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.

60.3 **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.

60.4 **SUBMISSION**

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 should 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.

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. 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. Acknowledgment shall be received

prior to the hour and date specified for receipt of offers. Verbal acknowledgment shall not be accepted.

60.5 **Format**

A. Proposals shall be submitted in **two (2) parts**: the **Technical Proposal** and the **Cost Proposal**.

1. The **Technical Proposal** should include one (1) marked original, twelve (12) copies, and six (6) CDs (in Microsoft Word, Excel or PDF).

2. The **Cost Proposal** should include (1) marked original, five (5) copies, and three (3) CDs (in Microsoft Word, Excel or PDF)

B. *Proposals shall be sealed and submitted to the Commonwealth Buyer by the RFP Closing Date (both are identified on the Cover Page of this RFP). ANY PROPOSAL RECEIVED AFTER THE CLOSING DATE SHALL BE REJECTED AND RETURNED UNOPENED TO THE VENDOR.

****The Commonwealth defines SEALED as "a closure that must be broken to be opened and that thus reveals tampering". (Merriam-Webster Dictionary, http://www.merriam-webster.com/dictionary/seal)***

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. DO NOT SUBMIT ANY PRICING INFORMATION IN THE TECHNICAL PROPOSAL.**

The outside cover of the package containing the Technical Proposal should be marked:

**MEDICAID ENTERPRISE MANAGEMENT SYSTEM AND FISCAL AGENT REPLACEMENT**
**RFP 758 1500000176**
**TECHNICAL PROPOSAL**
**Name of Offeror**

The outside cover of the package containing the Cost Proposal should be marked:

**MEDICAID ENTERPRISE MANAGEMENT SYSTEM AND FISCAL AGENT REPLACEMENT**
**RFP 758 1500000176**
**COST PROPOSAL**
**Name of Offeror**

All submitted Technical and Cost Proposals shall remain valid for a minimum of six (6) months after the proposal due date.

## C. TECHNICAL PROPOSAL CONTENT

1. **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. A statement that **deviations** are included, if applicable. Proposed deviations must be outlined in the Transmittal Letter.
   b. 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;
   c. A sworn statement pursuant to KRS 11A.040 that the Vendor has not knowingly violated any provisions of the **Executive Branch Code of Ethics**;
   d. A sworn statement of that the Vendor is in compliance with Prohibitions of Certain **Conflicts of Interest**;
   e. A statement of certification in accordance with In accordance with Federal Acquisition Regulation 52.209-5, Certification Regarding **Debarment, Suspension, and Proposed Debarment** 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.
   f. 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
   g. 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.
   h. **Subcontractor** information to include name of company, address, telephone number and contact name, if applicable
   i. A Statement of Understanding and Acceptance, a sworn statement that, if awarded a contract as a result of this Solicitation, the Vendor shall comply in full with all requirements outlined in Section 50-Scope of Work and Attachment G - MEMS Functional Requirements, Attachment H – MEMS Technical Requirements, and Attachment I – MEMS Fiscal Agent Responsibilities as written and further understands, and accepts, that the final

solution design shall be determined via Joint Application Design (JAD), as approved by the Commonwealth.

2. **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 C) of this RFP.

3. **Kentucky Tax Registration Application**
   Revenue Form 10A100, Kentucky Tax Registration Application 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."

4. **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, **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.
   Businesses can register with the Secretary of State at https://secure.kentucky.gov/sos/ftbr/welcome.aspx .

5. **Required Affidavits (see Attachments)**

6. **Completed and signed face of solicitation (See Section 60.4) of this RFP)**

7. **Signed face of latest addendum of the solicitation (See Section 60.4 of this RFP)**

8. **EEO Forms if applicable (See Section 40.21 of this RFP)**

9. **Proposed Solution**

Response should be based on the requirements in Section 30 and Section 50 of this RFP. Vendors should propose ~~both a Commonwealth hosted and a~~ Vendor hosted solution ~~if applicable~~. One page is equal to one written page. For example, a front and back of a single sheet of paper equals two (2) pages.

The responses should include the following:

1. **Executive Summary:** (Two (2) page limit).
   Briefly describe the Offeror's proposal. Summary should highlight the major features of the proposal. An evaluator should be able to determine the essence of the Vendor's proposal and their understanding of the Commonwealth's vision by reading the executive summary.

2. **Company Overview:** (Four (4) page limit). (Financial statements, senior staff resumes and details of judgments, etc. will be excluded from the total page count for this section and should be included in an Appendix to the proposal.)

   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 shall provide audited financial statements for the last three (3) years, or similar evidence of financial stability for the last three (3) years in an Appendix 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 not completed in the past five (5) years.
13. Disclosure of any contracts terminated for cause or convenience in the past five (5) years.
14. Disclosure of any conflict of interest.
15. Indication if the Vendor is minority-owned.

3. **Past and Current Performance:** (Ten (10) page limit).
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 demonstrable recent record of accomplishment of completing multiple projects with scope similar in size to that described herein to the satisfaction of its clients.
4. A list of implementations of solutions of similar size and complexity that the prime Vendor has executed within the last five (5) years. Include the following in the list:
   a. Agency name and contact information.
   b. Scope summary.
   c. Planned implementation date.
   d. Actual implementation date.
5. A recent record of the prime Vendor completing concurrent multiple projects with scope similar in size to that described herein should be depicted.

6. 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.
7. 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.

**4. Proposed Solution Including Functional, Technical and Fiscal Agent Requirements:**

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. Vendor is 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 the requirements in this RFP will be met by the proposed solution and how the solution will meet or exceed the items listed below:

4.0 Proposed solution overview should include details on SaaS, Encounter Processing, and DSS. (Twenty (20) page limit)

4.1 Explain how the proposed solution will meet the functions of the MEMS Operating Model and conform to the Commonwealth's QHI vision. (Fifteen (15) page limit)

4.2 How will the overall solution align with SOA and MITA standards. (Ten (10) page limit)

4.3 The Vendor will read and sign the Statement of Understanding and Acceptance. Failure to include a signed Statement of Understanding and Acceptance in the proposal may result in the elimination of the proposal from further consideration. (Statement is to be included in the Transmittal Letter, section I ~~can be found below~~)

4.4 The Vendor will provide an explanation regarding how each functional area and associated MITA business processes will be met in the proposed solution. (One-hundred (100) page limit)

<u>Functional Areas</u>

1. Member Management
2. Provider Management
3. Operations Management
4. Program Management
5. Program Integrity

6. Contractor Management
7. Business Relationship Management
8. Care Management
9. Financial Management
10. DSS/DW
11. TPL
12. Web Services
13. Document Management
14. Workflow Management
15. Fulfillment Services
16. Rules Engine
17. Customer Services
18. Managed Care Enrollment
19. Managed Care Interfaces
20. Managed Care PCCM
21. Managed Care PIHP PAHP
22. Reference
23. Security and Privacy
24. Immunization Registry
25. Waiver Management
26. Federal Reporting
27. Global Business
28. General Business Contractor
29. Facility Management
30. Change Management
31. Learning Management
32. Encounters

4.5 The Vendor will provide an explanation regarding how each technical area will be met in the proposed solution. Specify how the Vendor's solution will meet the performance requirements. (Forty (40) page limit)

<u>Technical Areas</u>

1. Access and Presentation Services
2. Integration Services
3. Application and Shared Services
4. Data and Information Management Services
5. Infrastructure Services
6. Security Services
7. Operations and System Management Services
8. Development Architecture Services
9. Interfaces

4.6 The Vendor will provide an explanation regarding how the Fiscal Agent responsibilities will be met in the proposed solution. (Forty (40) page limit)

4.7 The Vendor should provide narrative that describes the methods and resources to be used to provide the Healthcare Support Services as described in Section 50.7.3.6. (Ten (10) page limit)

4.8 The Vendor should describe the current and future direction of the technology and functionality of the proposed COTS, products and tools. (Ten (10) page limit)

**5. Program Management and Systems Development Lifecycle Methodology** Vendor's Preliminary Work Plan, ~~proposed Project Plan~~ Proposed Program Management Plan, Issue Management Plan, Risk Management Plan, ~~Security Plan and Configuration Management Plan~~ will be excluded from the total page count in this section and should be included in an Appendix to the proposal.

This section should address the requirements related to the Program Management Plan. Please explain how the Vendor intends to meet the Program Management Requirements. Please address the requirements related to the System Development Lifecycle Methodology. Please include in the response**:** (Sixty (60) page limit)

5.1 Program Management Overview.

5.2 The Vendor's proposed Program Management Plan.

- Proposed Program Management Plan Overview.
- The Vendor's proposed Project Management Framework Guidelines. To include but not be limited to, a complete and accurate recommendation for industry best practices, required project and system documentation, plans and project metrics.
- 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 Solution. This may be referenced as an appendix to the proposal. Please 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
- The Vendor's approach to project communications including status reporting, meeting schedules and participants for weekly and quarterly status meetings, and steering committee meetings.

5.3 The Vendor's proposed approach to Deliverable and Artifact management.

5.4 The Vendor's proposed approach to Change Control Management.

5.5 The Vendor's proposed approach to Issue and Risk Management. Please include Issue Management Plan and Risk Management Plan.

5.6 The Vendor's proposal shall present their SDLC Methodology which shall include the Vendor's approach to the following stages in the SDLC:

- Requirements Analysis
- System Design
- Development
- Testing
- Training
- Implementation

5.7 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.

5.8 Response to the Data Conversion Plan Requirements. Please include the checks and balances the Vendor intends to employ in order to ensure the quality and accuracy of the data that will be migrated.

5.9 Response to the Security Plan~~., including a sample Security Plan.~~

5.10 Response to the Configuration Management Requirements. ~~, including a sample Configuration Management Plan~~.

5.11 Response to Disaster Recovery, including Disaster Recovery approach.

## 6. Project Staffing

Resumes (6.3), letters of intent to accept employment (6.7) and Organizational charts (6.9) will be excluded from the total page count for this section and should be included in an Appendix to the proposal. (Fifteen (15) page limit)

Please address project staffing, the proposed approach to staff management, and include:

6.1 The approach to staff resource estimating, staff ramp-up, and resource loading for all phases and sub-projects in the program.

6.2 A list naming each individual assigned to each key role and including a description of the individual's responsibilities.

6.3 The resume of the person proposed for each key role.

6.4 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.

6.5 The percentage of time that each key role proposed individual is allocated to the project.

6.6 Any current or former Kentucky state employee being proposed by the bidder to participate on the project.

6.7 A letter of intent to accept employment signed by the individual for all proposed staff assigned to key roles (with the exception of subcontractor staff members) not currently an employee at the time of proposal submission.

6.8 An organizational chart showing the corporate entities and relationships of prime and subcontractors involved in the project.

6.9 An organizational chart showing the proposed project team, including interaction with or reporting structures to key CHFS staff.

6.10 Vendor to propose number of staffing for each area as defined in Other Vendor's Activities.

**7. Organizational Change Management**

Vendor should propose its approach to Organization Change Management and address how it intends to: (Ten (10) page limit).

1. Maximize positive responses to the new MEMS.
2. Manage stakeholder expectations.
3. Ensure smooth adoption of the new system.
4. Ensure adoption of MITA business processes.
5. Fulfill the requirements specified in this section.
6. Limit disruption of staff.
7. Minimize impact to client services.

**8. Operational System Support**

Vendor should propose its approach to Operational Systems Support including Modifications, Changes and Maintenance Staffing. (Ten (10) page limit)

**9. CMS Certification**

Vendor should propose its approach to CMS Certification. (Five (5) page limit)

**10. Turnover**

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. (Ten (10) page limit)

**11. IV&V**

Vendor should propose its approach to compliance with Independent Verification and Validation. (Two (2) page limit)

**12. System Compliance**

Vendor should propose its approach to all System Compliance components. (Fifteen (15) page limit)

**13. Value Added Services**

Vendor should propose any Value Added Services that could enhance the solution beyond the requirements as requested in the RFP. (Twenty (20) page limit)

***DO NOT INCLUDE ANY COST IN THE TECHNICAL RESPONSE***

**D. Format of the Cost Proposal**

*The Commonwealth of Kentucky is Tax Exempt. Do not include Federal Excise Tax, Kentucky Sales or Use Tax in proposed costs.*

*Costs for developing the proposals are solely the responsibility of the Offerors. The Commonwealth of Kentucky shall not provide any reimbursements for such costs.*

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**

The Vendor should provide its costs for the proposed solution/system on Attachment B, Cost Proposal Form. ~~**PLEASE PROVIDE AN ITEMIZED LIST OF THE PROPOSED COST ON A SEPARATE SHEET OF PAPER.**~~

## SECTION 70 –PROPOSAL EVALUATION

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 Offeror.

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.

The Commonwealth shall evaluate the proposals by assigning scores as indicated below.

| **Technical Proposal Evaluation** | |
|---|---|
| **Criteria** | **Points Possible** |
| Technical Proposal | 1400 |
| **Total Points Possible** | **1400** |

| **Cost Proposal Evaluation** | |
|---|---|
| **Criteria** | **Points Possible** |
| Cost Proposal | 600 |
| **Total Points Possible** | **600** |

*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).***

| **Oral Demonstration/Presentation Proposal Evaluation** | |
|---|---|
| **Criteria** | **Points Possible** |
| Demonstration/Presentation, if required | 400 |
| **Total Points Possible** | **400** |

*The Commonwealth reserves the right to require Oral Presentations/Demonstrations to verify or expand on the Technical or Cost Proposals. This is the opportunity for the vendor to present and demonstrate the solution and to answer questions or to clarify the understanding of the evaluation committee in accordance with the requirements of this RFP. The Commonwealth reserves the right to reject any or all proposals in whole or in part based on the Presentations/Demonstrations.*

***If required, all Vendors will be invited.*** *Scheduling will be 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.*

**PROPOSAL EVALUATION**
**TOTAL POSSIBLE POINTS**

| | |
|---|---|
| **Without Oral Demonstrations/Presentations** | **2,000** |
| **With Oral Demonstrations/Presentations** | **2,400** |

## SECTION 80 –ATTACHMENTS

Attachments indicated below 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.

**ATTACHMENT A – This RFP Document**
**ATTACHMENT B – Cost Proposal Form**
**ATTACHMENT C – Report of Prior Violations of Tax and Employment Laws**
**ATTACHMENT D – Affidavits**
**ATTACHMENT E – Secretary's Order 11-004**
**ATTACHMENT F – Vendors Question Form**
**ATTACHMENT G – Functional Requirements**
**ATTACHMENT H – Technical Requirements**
**ATTACHMENT I – Fiscal Agent Requirements**
**ATTACHMENT J – MEMS Operating Model**
**ATTACHMENT K – MEMS Timeline**
**ATTACHMENT L – Interfaces**
**ATTACHMENT M – Deliverables**
**ATTACHMENT N – Interface Diagram**
**ATTACHMENT O – Report Inventory**
**ATTACHMENT P – Quality Health Information**
**ATTACHMENT Q – Acronym List**
**ATTACHMENT R – Notification Inventory**
**ATTACHMENT S - The Protection of Personal Information Security and Breach Investigation Procedures and Practice Act (KRS 61.931)**

**For the Procurement Library please go to the following link:**
**http://finance.ky.gov/services/eprocurement/Pages/default.aspx**