

### **Third Amendment to the Contract**

This Third Amendment to the Contract # MED-10-001-B for Iowa Medicaid Enterprise Services (the "Contract") between the State of Iowa, Department of Human Services (the "Agency", "Department" or "DHS") and Policy Studies Inc. (the "Contractor") is made pursuant to Section 22.5 of the Contract. This Amendment is effective as of July 1, 2011. The Amendment modifies, to the extent specified below, the terms and conditions of the Contract:

**Section 1. Background.** In the 1st Amendment to the Contract, the parties agreed to amend the Contract and add additional scope of work, which was incorporated into the Contract as Attachment 2-1. In addition, the parties agreed to add \$878,830 to the contract value. The parties now wish to revise the HIT project and permit the funding authorized for the scope of work identified in the 1st Amendment to be used to fund the scope of work identified in the modified Attachment 2-1, which is being incorporated into the Contract via this Amendment.

**Section 2. Amendment to the Contract.** The Contract is hereby amended by replacing Attachment 2-1, which was incorporated into the Contract through the 1st Amendment, with the document attached hereto as Attachment 2-1.

**Section 3. Amendment to the Contract.** Section 7.1 of the Contract is amended to read as follows:

Contractor acknowledges that this is a fixed price performance based Contract and that the Contractor is obligated to perform all of the Contractor's Responsibilities and meet all for the Contractor Performance Standards in this Contract. DHS acknowledges that it is responsible for meeting all State Responsibilities in the RFP and this Contract.

The price for Transition is \$0.00

The Price for Operations and Transition in the Base Term are:

SFY 2010	\$0.00
SFY 2011	\$2,896,021.00
SFY 2012	\$2,851,572.00
SFY 2013	\$2,863,270.00

The prices for the three (3) Renewal Option Years are:

SFY 2014	\$2,945,778.00
SFY 2015	\$3,053,898.00
SFY 2016	\$3,145,560.00

In addition to the price identified herein, A) If the Contractor requested equipment and supplies, excluding office supplies in their Bid Proposal for the Transition, the Department will provide the equipment and supplies if approved to the extent permitted under state procurement laws; B) During the Transition, Operations, and Renewal Option  
 Provider Services Unit

Years, if applicable, the Department will provide the Contractor the equipment and supplies specified in Attachment 4 of the Contract.

Without limiting any other provision of this Contract, payment of the Contractor's compensation may, in the sole discretion of DHS, be tied to contract performance as follows:

**Transition Payment:** Eighty percent (80%) of the Transition Price may be invoiced at the end of the first two months of the Contract term after a successful implementation to operations as determined by the Department. Payment shall be made upon presentation of evidence that a successful transition to operations has occurred. Twenty percent (20%) of the Transition Price may be invoiced on or after August 1, 2010, following the Department's approval of the Contractor's successful commencement of the Operations Phase.

**Operations Payment:** One twelfth (1/12) of the annual operations payment shall be earned monthly and invoiced the month following the month in which services are performed. During any state fiscal year the Department may withhold up to twelve (12%) percent of the Contractor's annual compensation for Operations for failure to perform.

No amount shall be withheld when failure to perform is due solely to another's action or failure to act, including, without limitation, the Department's action or failure to act.

The amount withheld for failure to perform a requirement or to meet a performance standard under this Contract shall be released to the Contractor upon presentation to the Department of a successful completion of a corrective action plan to correct the performance failure for which the amount was withheld. If there is an amount withheld at termination of this Contract or at the end of the Contract term, the amount withheld shall be placed in escrow, and the Contractor and the Department shall agree on steps the Contractor shall take to earn the balance in escrow.

Notwithstanding the foregoing, for the scope of work as outlined in Attachment 2-2, the price paid will be actual hours worked at a rate of \$50.00 per hour not to exceed \$50,000, to complete the Website Project, through May 31, 2011.

The Contractor may invoice actual hours at \$40.00 per hour for the Website Project each month, beginning on the first of the month following the start of work. The remainder may be invoiced and payable at the conclusion of the project after all deliverables of the project have been approved and accepted by the Department.

Notwithstanding the foregoing, for the scope of work as outlined in Attachment 2-1, prior to July 1, 2011 the Contractor shall not be paid more than \$154,266 for HIT and Healthcare Reform Project services. Beginning July 1, 2011 the fixed price is \$870,705 for HIT and Healthcare Reform Project, for work performed July 1, 2011 through June 30, 2013 and

includes the current Project Manager, Analyst, and two additional Enrollment staff to begin July 1, 2011 to assist with operational scope involved and continue through June 30, 2013. The fixed price for completion of the Provider Manual Project scope of work shall be \$107,502. The project must be completed no later than October 30, 2011.

The fixed price for the Provider Manual Project (\$107,502) may be invoiced on a monthly basis, in equal installments, beginning on the first of the month following the start of work minus a twenty percent (20%) withhold that will be payable at the conclusion of the projects after all deliverables of the projects have been approved and accepted by the Agency.

For services rendered on the HIT and Health Care Reform Projects beginning July, 2011, the fixed price for the HIT and Health Care Reform Projects (\$870,705) may be invoiced on a monthly basis in equal installments, beginning on the first of the month following the start of work through the conclusion of the Contract or until expiration of the budgeted sum, whichever comes first.

**Section 4. Ratification, Authorization & Contingency.** Except as expressly amended and supplemented herein, the Contract shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery and performance of this Amendment, and this Amendment constitutes a legal, valid and binding obligation upon itself in accordance with its terms. This Amendment is subject to and contingent upon CMS approval.

**Section 5. Execution.** IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Amendment and have caused their duly authorized representatives to execute this Amendment.

**State of Iowa, acting by and through the Iowa Department of Human Services (Agency)**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Charles M. Palmer  
Director

**Policy Studies Inc.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Eric Rubin  
President and Chief Operating Officer  
Provider Services Unit

## Attachment 2-1

Contractor Responsibilities:

- Identify all activities for the scope of work of this project
- Update work plan as required throughout the term of the amendment
- Meet milestones on time according to the Department's approval of work plan and tasks
- Meet with IME staff and other state staff as needed to identify relevant information for contractor deliverables
- Meet with IME management to discuss progress
- Produce monthly summary reports of project status
- Produce other reports and/or presentations as determined necessary by the Department
- Meet with other entities as determined necessary by the IME management (ie DHS Data Management Contractor staff)

Project Management and Technical Assistance Activities**Provider Manual Project**Scope of Work:

Facilitate the development of a comprehensive Iowa Medicaid Provider Manual applicable to all providers prior to implementation of ICD-10 in cooperation with all necessary IME units. The manual should be built in such a way that it is integrated with IME processes so that updates are a regular/ongoing part of IME operations so that the document is always kept current.

Key Activities and responsibilities:

1. **Facilitate the development of a foundational policy matrix source:** Identify all relevant data sources and facilitate by working with stakeholders to research the best method for putting together an infrastructure for supporting a location for all program policy info described by codes and regular descriptions. Make sure this source (or "basic policy matrix") is integrated with IME processes and therefore constantly updated/maintained as things change.
2. **Review and revise all situational/supplemental policy descriptions:** Revise and align all program information supplemental to and/or beyond the foundational policy matrix in a consistent and cohesive way. This could be a series of supplemental guides that describe particular considerations, such as what forms are required and how they are completed, specific information by provider or member eligibility category, etc. Make sure this is also integrated with IME processes and maintained as things change.
3. **Create design specifications (IME would call this a Business Requirements Document) for a communication and access tool:** Review other State's provider manuals

and over view “top 5.” Develop a best practice list and suggest approach for how to publicize and display the new provider manual as well as track usage.

Deliverables:

“A complete provider manual” ahead of ICD-10 implementation; by completing this project before the (massive) ICD-10 effort and in integrating the business process around policy changes with the communication tool, the new manual should carry forward accurately through ICD-10 project.

Performance Measures:

- Within 14 days of contract commencement submit finalized work plan and present a corresponding walk-through for approval by the Department.
- Update work plan as dates change or determined by the Department
- Meet critical path milestones 100% of the time when control is within vendor’s power
- Policy & procedures must be updated within 2 business days of Department approval.
- Monthly reports must be submitted to the Department by the 5th of each month following the end of the month
- Quarterly reports must be submitted to the Department by the 10th of the month following the end of the quarter
- Ad hoc reports/presentations in a timeframe as determined by the Department

## **HIT and Healthcare Reform Project**

Scope of Work-Key activities

Manage the operations of the EHR incentive payment program, including tweaking the processes as it is implemented to achieve maximum effectiveness and efficiencies. Identify and reach out to providers who have not adopted EHR technology to identify barriers and to encourage adoption. Support efforts to implement health care reform initiatives.

- Management of the EHR Incentive Payment Program
- Management of systems and process modifications to support paying providers incentives for the adoption and meaningful use of certified technology.
- Monitor provider adoption of electronic health records
- Research barriers to EHR adoption.
- Plan and execute outreach to providers to encourage them to adopt and meaningfully use electronic health records.

- Plan, develop and implement a program to provide technical assistance to providers for the adoption and meaningful use of EHR. This program will coordinate with and not duplicate efforts of the Iowa HIT Regional Extension Center.
- Educate providers on the EHR incentive payment program
- Communicate with providers regarding status of their EHR application
- Provide application instructions to providers, including directing them to the National Level Repository
- Process provider applications for the EHR incentives.
- Conduct verification activities, in coordination with the Program Integrity Unit.
- Provide lead project oversight and management to all Health Information Technology projects
- Provide weekly status reports regarding HIT project(s) status, items completed, work planned for the next week (including meetings), outstanding action items and issues
- Update the State Medicaid HIT Plan annually or as needed for new initiatives
- Update the HIT I-APD as needed
- Provide HIT I-APD budget planning and tracking
- Provide quarterly update reports for CMS regarding progress on the HIT I-APD
- Provide contract monitoring for HIT project work contracted to other agencies
- Participate in the HIT Regional Extension Center advisory council as directed by the Department
- Participate in the Iowa e-Health advisory council and workgroups as directed by the Department
- Represent Iowa Medicaid Enterprise in presentations and workshops related to Health Information Technology as directed by the Department
- Attend regional and national conferences related to Health Information Technology as directed by the Department, including the Annual CMS HITECH conference and the annual Medicaid Management Information Systems Conference
- Schedule and facilitate monthly status meetings with the project steering team (HIT Project Director, Assistant Medicaid Director, and Medicaid Director) and Provider Services Unit Manager
- Initiate and manage projects related to Health Information Technology as directed by the Project Steering Team. Currently known projects include:
  - Jointly host an annual e-Health Summit conference with Iowa eHealth and the HIT Regional Extension Center
  - Data sharing with the Health Information Network
  - Technical Assistance to providers regarding the meaningful use of electronic health records and the health information network
  - Expand access to clinical information to the appropriate care team members for Medicaid members
  - Medicaid members access to personal health records
  - Application of HIT to reduce costs and/or improve quality outcomes
  - Program evaluation and environmental scans

- Maintain a project library that includes the project deliverables, links to relevant resources, and supporting research
- Document and place in document library all meeting minutes following all meetings with internal and external entities and/or project meetings in which decisions were made or actions items assigned

### Deliverables

The project manager is responsible for producing the following deliverables for each project, within the timelines agreed upon by the Department's Project Director:

- EHR Incentive Payment Operational Procedures for provider services
- Business Requirements for all systems changes requested
- Annual Reports that include:
  - Medicaid Provider Adoption of Electronic Health Records - including percent adoption, compared to state-wide data as available.
  - Current barriers to EHR adoption
- Quarterly report that includes:
  - # providers applying for incentive
  - # of payments made , total dollars distributed, broken down by provider type
  - Average length of time from application to payment
  - Summary of provider outreach efforts to adopt EHR
- Project plan for outreach to providers
- Project plan for technical assistance
- Project Charter – including the project scope
- Cost Benefit Analysis
- Business Requirements
- Project Plan
- Test Plan
- Implementation Plan Checklist for Implementation
- Monthly Project Status Report documenting progress, plans, issues and risks regarding outreach and technical assistance

### Performance Measures

- Within 14 days of contract commencement submit finalized project plans and present a corresponding walk-through for approval by the Department.
- Update work plan as dates change or determined by the Department
- By the 5th of each month following the end of the month, submit monthly project status reports to the Department
- By the 10th of the month following the end of the quarter, submit quarterly reports to the Department

- Within 30 days of contract commencement, work with program integrity group to draft EHR incentive payment operational procedures for provider services scope
- Project documents will be delivered within the timeframes agreed upon between the contractor and the Project Director in the project charter