

**THIRD AMENDMENT TO CONTRACT**

This Third Amendment to Contract Number MED-04-034-A (“Contract”) between the Iowa Department of Human Services (“Department”) and the Iowa Foundation for Medical Care (the “Contractor”), is effective as of July 1, 2007, and shall remain coterminous with the original Contract.

**Section 1. Amendment to Contract.** The Contract is amended and supplemented as follows:

***Add the following paragraph as the last bulleted item in Contractor Responsibility 20 in Attachment 5, section 8.2.6 (Medical Support) that reads as follows:***

Conduct annual onsite MDS validation reviews on twenty-five (25) percent of Medicaid-eligible residents in each of Iowa’s certified nursing facilities. The sample shall include a representative from each Resource Utilization Group (RUG) category, with a minimum of forty (40) percent of the sample being residents identified in the Physical Function Reduced Case Mix category. The MDS shall be utilized to determine the resident’s case mix classification and ensure appropriate level of care. The review will ensure a minimum inter-rater reliability of ninety-five (95) percent. The onsite validation review will utilize all pertinent information, including the MDS, the resident’s medical record, interviews with facility staff and observation of the resident. If a facility has an error rate greater than twenty-five (25) percent, the review shall be increased to include an additional twenty-five (25) percent of the Medicaid recipients. An exit conference shall be conducted with the facility administrative staff. The exit conference shall include MDS assessment with patterns of errors, areas that need improvement, staff education and training needs, and notice of when the final report will be sent to the facility.

***Add Required Report 6 in Attachment 5, section 8.2.8 (Medical Support) that reads as follows:***

6. The facility, the Department and the Department of Inspections and Appeals shall receive a formal written report on the MDS Validation Review within thirty (30) calendar days of the last date of the onsite review.

***Add Contractor Responsibility 10 in Attachment 5, section 8.8.6 (Long Term Care Assessments) that reads as follows:***

10. Conduct annual quality reviews of all Iowa Medicaid certified NFs and ICF MRs. Conduct annual quality reviews for HCBS waiver programs, as requested by the Department. The quality reviews evaluate level of care needs, person-centered care planning, effective services delivered timely, and discharge plans. These assurances need to be at a satisfactory level as evidenced by:

- Services are individualized and reflect member's preferences
- Services are implemented as planned and produce the desired results
- Members are safe and secure
- Members are free to exercise their rights
- Services strive to improve quality outcomes for members

***Add Contractor Responsibility 25 in Attachment 5, section 8.2.6 (Medical Support) that reads as follows:***

25. Develop a comprehensive approach to improving quality and value for Iowa Medicaid members. Implement based on approval from Department.

***Add Required Report 7 in Attachment 5, section 8.2.8 (Medical Support) that reads as follows:***

7. Provide quarterly the results from the review of the claims checklist. This would include Iowa Medicaid norms, industry standards, and quality indicators. Recommendations will be provided to the Department as they are identified.

***Add Performance Standard 6 in Attachment 5, section 8.2.9 (Medical Support) that reads as follows:***

6. Refresh annually the Iowa Medicaid norms, industry standards and quality indicators.

***Add Contractor Responsibility 7 in Attachment 5, section 8.7.6 (Quality of Care) that reads as follows:***

7. Perform external quality review (EQR) audits to comply with CMS mandated regulations and protocols requiring external evaluations of the quality and utilization processes for managed care organization (MCO) systems. These reviews are performed for the MCOs contracted as Medicaid providers in Iowa.

***Add Required Report 4 in Attachment 5, section 8.7.8 (Quality of Care) that reads as follows:***

4. Complete EQR report as required by CMS following each onsite MCO audit.

***Add Performance Standard 3 in Attachment 5, section 8.7.9 (Quality of Care) that reads as follows:***

3. Submit EQR Report to the Department within 120 days of the on-site audit to a Managed Care Organization.

***Add the following as the last paragraph in Contractor Responsibilities in Attachment 5, section 8.6.6 (Prior Authorization) that reads as follows:***

Contractor will complete prior authorization review of remedial services. Review will include approval of remedial plan, progress note review and provider education.

***Add the following sentence in Prior Authorization Processing in Attachment 5, section 8.6.7 (Prior Authorization) item 14 that reads as follows:***

For remedial services, provide to Department monthly activity reports and quarterly progress reports. Also, provide a quarterly report to remedial service providers that includes summary of feedback following progress notes review.

***Add the following as Item 16 in Prior Authorization Processing in Attachment 5, section 8.6.7 (Prior Authorization) that reads as follows:***

16. For remedial services, the contractor will report on the following performance standards:
- a. Complete initial plan review within 2 days of receipt of information
  - b. Complete continuing review within 5 days of receipt of information
  - c. Complete quality improvement reviews within 30 days of receipt of information

**Add Contractor Responsibility 11 in Attachment 5, section 8.8.6 (Long Term Care Assessments) that reads as follows:**

11. For Habilitation Services, complete level of care review and approve initial and annual service plans.

**Add Required Report 8 in Attachment 5, section 8.8.8 (Long Term Care Assessments)) that reads as follows:**

8. For Habilitation Services, provide to Department monthly activity reports and other reports as requested by the Department.

**Add Performance Standard 10 in Attachment 5, section 8.8.9 (Long Term Care Assessments) that reads as follows:**

- 10. For Habilitation Services, the contractor will report on the following performance standards:
  - a. Complete level of care review within 5 days of notification in ISIS
  - b. Approve service plan within 2 business days of notification in ISIS

**Modify 6.0, payment for Terms and Compensation, prices for Operations and Transition in the Base Term and two renewal option years as follows, detailed in new Attachment 7, cost proposal:**

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

SFY 2008 \$ 8,734,398 (an additional \$74,400 to be billed only as costs incurred)

The prices for the two (2) Renewal Option Years are:

SFY 2009 \$ 9,110,993

SFY 2010 \$ 9,493,045

**Section 2. Ratification.** 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.

**Section 3. Authorization.** Each party to this Amendment represents and warrants to the other that:

- 3.1 It has the right, power, and authority to enter into and perform its obligations under this Amendment.
- 3.2 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.

**Section 4. Contingency**

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**

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

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

Name: Kevin W. Concannon

Title: Director

**Iowa Foundation for Medical Care  
IME Medical Services**

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

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment 7**  
**Cost Proposal MED 04-034-A**  
**Amended Effective July 1, 2007**

**Amendment Activity Costs**

<b>Item</b>	<b>Annual Cost 2007- 2008</b>	<b>Annual Cost 2008 - 2009</b>
MDS Validation	\$ 441,017	\$ 461,763
LTC Quality Reviews	\$ 17,438	\$ 18,259
Medicaid Value Management	\$ 105,516	\$ 115,677
MCO External Quality Review	\$ 27,802	\$ 29,110
Remedial Authorizations	\$ 1,035,183	\$ 1,083,879
Habilitation Reviews	\$ 572,303	\$ 599,225
<b>TOTAL</b>	<b>\$ 2,199,259</b>	<b>\$ 2,307,913</b>

	<b>2007-2008</b>	<b>2008-2009</b>
<b>AMENDMENT TOTAL</b>	<b>\$ 2,199,259.00</b>	<b>\$ 2,307,913.00</b>
75% Federal Funds	<b>\$ 1,649,444.25</b>	<b>\$ 1,730,934.75</b>
25% State Funds	<b>\$ 549,814.75</b>	<b>\$ 576,978.25</b>