

Third Amendment to the Contract

This Third Amendment to the Contract for Iowa Medicaid Enterprise Services (the “Contract”) between the State of Iowa, Department of Human Services (the “Agency” or “DHS”) and Health Management Systems, Inc. (the “Contractor”) is made pursuant to Section 22.5 of the Contract. This Amendment is effective as of June 1, 2014, and will remain coterminous with the Contract. The Amendment modifies, to the extent specified below, the terms and conditions of the Contract:

Section 1: Amendment to Contract Language

The Contract is amended as follows:

Revision 1. Section 6.6.6 of the RFP, MEPD Premium Payments, is hereby deleted and replaced as follows:

6.6.6 MEPD and IHAWP Premium Payments

The Medicaid for Employed People with Disabilities (MEPD) program is available to people who are disabled and have earnings from employment. The Iowa Health and Wellness Plan (IHAWP) provides comprehensive health care coverage to adults age 19-64 with an income up to 133 percent of the Federal Poverty Level. Some MEPD and IHAWP members are required to pay monthly premiums depending on their income level as a percent of poverty. This contractor is responsible for processing the MEPD and IHAWP premium payments.

6.6.6.1 State Responsibilities

- a. Initiate and interpret all policy and make administrative decisions regarding the MEPD and IHAWP programs.
- b. Notify the contractor regarding changes to premium payment processing procedures.

6.6.6.2 Contractor Responsibilities

- a. Post all unprocessed batch payments received from the MEPD or IHAWP lockbox to the system(s) designed to record MEPD or IHAWP premium information. The Department has established an automated bar coding system that electronically captures the required information. Most premium payment transactions are received from the bank electronically. For those that are not, the posting function will be a manual process.
- b. Request assistance from the MEPD or IHAWP program manager for any payment for which the MEPD or IHAWP account cannot be determined.
- c. Notify MEPD or IHAWP program manager of items that are returned by a financial institution because of non-payment.
- d. Send any client correspondence sent to MEPD or IHAWP lockbox to the MEPD or IHAWP program manager for processing.
- e. Assist department with researching and viewing online lockbox transmittal information as needed.

6.6.6.3 Performance Standards

- a. For premium payment checks that are received manually, post the checks to the system(s) designed to record MEPD or IHAWP premium information within one business day of receipt from the bank.

Revision 2. Section 6.6.7 of the RFP is hereby deleted and replaced as follows:

6.6.7 Credit Balance Recovery

The Revenue Collections contractor will be required to pursue recoveries from Medicaid providers who have a credit balance and have no billing activity for at least 60 days.

6.6.7.1 State Responsibilities

- a. Establish and direct credit balance recovery policies.
- b. Establish the credit balance write-off threshold.
- c. Approve all requests for credit balance write-offs.

6.6.7.2 Contractor Responsibilities

- a. Follow-up on balances due to the Department from providers that have not been recouped through the claims processing system if there has been no activity for 60 days.
- b. Refer to the Iowa attorney general's office any providers with credit balances who have filed for Chapter 7 or Chapter 11 bankruptcies.
- c. Refer to the Estate Recovery Services contractor any deceased providers with credit balances.
- d. If a provider is in a credit balance and their federal tax identification number matches that of an actively enrolled provider, prepare and submit the adjustment forms to transfer the credit balance amount to the actively enrolled provider.
- e. If the amount of the credit balance is below a threshold, as determined by the Department, prepare and submit the adjustment forms to write off the credit balance as bad debt.
- f. Within 10 business days of the provider being reported as being in a credit balance and having no activity for 60 days, notify the provider by letter of the amount due and request that the provider send a refund check for the amount due.
- g. Prepare and process credits or adjustments against recoveries received within 30 days of receipt of the recoveries.
- h. If the provider does not respond to the initial letter within 30 days, send a second letter within 10 business days.
- i. If the provider does not respond to the second letter within 30 days, telephone the provider within 10 business days to request the refund and log the date of the call and the response.
- j. If there is still no response after the telephone contact, refer the account to the Department within 10 business days with recommendations for other action to be taken by the Department.
- k. Record payments received in the IME accounts receivable system for generally accepted accounting principle (GAAP) reporting and bank account reconciliation purposes.
- l. Represent the Department at appeal hearings if the provider appeals the credit balance amount.

6.6.7.3 Performance Standards

- a. Prepare and process credits or adjustments against recoveries received within 30 days of receipt of the recoveries.
- b. Send initial provider notification letter within 10 business days of the provider being reported as being in a credit balance and having no activity for 60 days.
- c. If the provider does not respond to the initial letter within 30 days, send a second letter within 10 business days.
- d. If the provider does not respond to the second letter within 30 days, telephone the provider within 10 business days to request the refund and log the date of the call and the response.
- e. If there is still no response after the telephone contact, refer the account to the Department within 10 business days with recommendations for other action to be taken by the Department.

Revision 3. Section 21.3 is hereby added to the Contract:

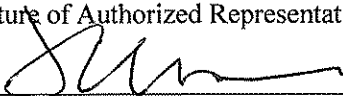

21.3 Foreign Hosting and Storage Prohibited. Department Information shall be hosted and/or stored within the continental United States only. Access to Department Information from outside of the United States and its protectorates, either by the Contractor or any subcontractor, including a foreign office or division of the Contractor or its affiliates, is prohibited.

Section 2: Ratification & Authorization

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.

Section 3: 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.

Contractor, Health Management Systems, Inc	Agency, Iowa Department of Human Services
Signature of Authorized Representative: 	Signature of Authorized Representative: 
Printed Name: Jeffrey Mullins	Printed Name: Charles M. Palmer
Title: SVP, State Government Solutions	Title: Director
Date: 01/07/2015	Date: 1-20-15