CONTRACT AMENDMENT

ARIZONA DEPARTMENT OF HEALTH SERVICES
1740 W. Adams, Room 303
Phoenix, Arizona 85007
(602) 542-1040
Contract Management Specialist/Buyer:
Christine Ruth

Contract No: HP532003-002 **Amendment No:** 3

PROGRAM:

Behavioral Health Services Administration - Cenpatico

Amendment Effective Date: July 1, 2006

It is mutually agreed that the Contract referenced is amended as follows:

1. Replace Fiscal Year 2006 Capitation Rate sheets with Fiscal Year 2007 Capitation Rate Sheets
2. Replace the existing Special Terms and Conditions and Scope of Work with the revised Special Terms and Conditions and Scope of Work attached, which incorporates
   a. Technical changes to the Contract to allow for consistency with all RBHA contracts
   b. The AHCCCS contract amendment
   c. The Balance Budget Act requirements
   d. The Medicare Modernization Act requirements
   e. Revisions to JK Settlement Requirements

All other provisions shall remain in their entirety.

Vendor hereby acknowledges receipt and acceptance of above amendment and that a signed copy must be filed with the Procurement Office before the effective date.

Signature 7/18/06 Date

Authorized Signatory's Name and Title:

Terry Stevens, CEO

Cenpatico Behavioral Health of Arizona

Contractor's Name

The above referenced Contract Amendment is hereby executed this 19th day of July 2006 at Phoenix, Arizona

Karen Boswell

Procurement Administrator

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SCOPE OF WORK
SOLICITATION NO. HP532003

Scope of Work

A. BACKGROUND AND PURPOSE

1. The Arizona Department of Health Services/Division of Behavioral Health Services (DHS) administers behavioral health programs and services for children and adults and their families. DHS is responsible for administering behavioral health services for several populations funded through various sources.

   a. The State Medicaid agency, Arizona Health Care Cost Containment System (AHCCCS), contracts with DHS to administer the behavioral health benefit for Title XIX and Title XXI children and adult acute care members. Additionally, Department of Economic Security (DES) contracts with DHS to administer the behavioral health benefit for Developmentally Disabled Arizona Long Term Care System (DD ALTCS) eligible members.

   b. State law requires DHS to administer community based treatment services for adults who have been determined to have a serious mental illness (SMI).

   c. DHS administers behavioral health services funded through federal block grants from the Substance Abuse and Mental Health Services Administration (SAMHSA). The federal block grants include the:

      1) Substance Abuse Prevention and Treatment Performance Partnership (SAPT) and

      2) Community Mental Health Services Performance Partnership (CMHS).

   d. DHS administers other federal, state and locally funded behavioral health services.

2. Throughout the state, DHS contracts with organizations to administer integrated managed care delivery systems in specified geographic service areas. Organizations that are contracted with the state (Contractor) to administer these behavioral health delivery systems are referred to as Regional Behavioral Health Authorities (RBHA). A DHS Tribal Contractor is called a Tribal Regional Behavioral Health Authority (TRBHA).

3. The Contractor shall administer managed care behavioral health delivery systems in the designated geographic service area(s) pursuant to its awarded contract. The requirements stated herein are applicable to fourteen (14) counties assigned to five (5) geographic service areas (GSAs). The 5 GSA's and 14 counties are:

GSA	Counties
1	Apache, Coconino, Mohave, Navajo, Yavapai
2	La Paz, Yuma
3	Cochise, Graham, Greenlee, Santa Cruz
4	Gila, Pinal
5	Pima

Following is a graphic showing all GSAs and all counties statewide.

Arizona Department of Health Services
Division of Behavioral Health Services
Geographic Service Areas (GSA)

GSA	Counties
GSA 1	Apache, Coconino, Mohave, Navajo, Yavapai
GSA 2	La Paz, Yuma
GSA 3	Cochise, Graham, Greenlee, Santa Cruz
GSA 4	Gila, Pinal
GSA 5	Pima
GSA 6	Maricopa (not included in this solicitation)

4. DHS requires the Contractor to administer a managed care behavioral health delivery system that shall provide services that are individual and family centered and culturally relevant that result in:

   a. Improved functioning,
   b. Reduced symptoms stemming from behavioral health problems, and
   c. Improved quality of life for families and individuals.

5. The Contractor shall be proactive and innovative in organizing and administering a behavioral health delivery system that meets the behavioral health service needs of individuals and families. As new information and knowledge is obtained, the Contractor shall adjust operations to be responsive to the needs of the individuals and families being served.

6. The Contractor's use of managed care practices shall be applied in a manner that results in individuals and families accessing and receiving behavioral health services that are individual and family centered.

7. The Contractor will operate in partnership with DHS and other stakeholders to ensure that operations are effective and efficient and result in the delivery of effective behavioral health services. The Contractor shall have processes that solicit routine input from the community including, but not limited to, input from persons and family members receiving services to inform the Contractor about how to better organize its operations and how to improve the behavioral health delivery system.

8. Arizona System Principles

   The Contractor shall organize its operations to ensure that the behavioral health delivery system operates in accordance with the following System Principles.

   a. Easy Access to Care

      1) Accurate information is readily available that informs behavioral health recipients, family members and stakeholders how to access services.
      2) The behavioral health network is organized in a manner that allows for easy access to behavioral health services.
      3) Services are delivered in a manner, location and timeframe that meet the needs of behavioral health recipients and their families.

   b. Behavioral Health Recipient and Family Member Involvement

      1) Behavioral health recipients and family members are active participants in behavioral health delivery system design, prioritization of behavioral health resources and planning for and evaluating the services provided to them.
      2) Behavioral health recipients, family members and other parties involved in the person's and family's lives are central and active participants in the assessment, service planning and delivery of behavioral health services and connection to natural supports.

   c. Collaboration with the Greater Community

      1) Stakeholders including general medical, child welfare, criminal justice, education and other social service providers are actively engaged in the planning and delivery of integrated services to behavioral health recipients and their families.

2) Relationships are fostered with stakeholders to maximize access by behavioral health recipients and their families to other needed resources such as housing, employment, medical and dental care, and other community services.
3) Providers of behavioral health services collaborate with community stakeholders to assist behavioral health recipients and family members in achieving their goals.

d. Effective Innovation

1) Behavioral health providers are continuously educated in, and use, best practices.
2) The services system recognizes that substance use disorder and other mental health disorders are inextricably intertwined, and integrated substance abuse and mental health assessment and treatment are the community standard.
3) Behavioral health recipients and family members (who want to) are provided training and supervision to become, and be retained as, providers of peer support services.

e. Expectation for Improvement

1) Services are delivered with the explicit goal of assisting people to achieve or maintain success, recovery, gainful employment, success in age-appropriate education; return to or preservation of adults, children and families in their own homes; avoidance of delinquency and criminality; self-sufficiency and meaningful community participation.
2) Services are continuously evaluated, and modified if they are ineffective in helping to meet these goals.
3) Behavioral health providers instill hope, even for the most disabled, that achievement of goals is possible.

f. Cultural Competency

1) Behavioral health service providers are recruited, trained and evaluated based upon competence in linguistically and culturally appropriate skills for responding to the individual needs of each behavioral health recipient and family members.
2) Corporate management reflects cultural diversity in values and action.
3) Corporate management and behavioral health service providers strive to improve through periodic cultural self assessment and modify individual services or the system as a whole as needed to achieve this goal.

B. ELIGIBILITY GROUPS COVERED UNDER THIS CONTRACT

1. The following individuals and families are covered under this contract:

a. Title XIX and Title XXI Eligible Children and Adults

1) The ADHS/DBHS Provider Manual lists the AHCCCS eligibility key codes for all Title XIX and Title XXI children and adults that are covered under this contract.

2) The Title XIX eligible children include but are not limited to:

a) Title XIX children who have been adjudicated by the court to be in the care and custody of:

i. Arizona Department of Economic Security/Division of Children, Youth and Families (Child Protective Services);
ii. Arizona Department of Juvenile Corrections (except for those who are adjudicated delinquents and are in a correctional institution);
iii. Administrative Office of the Courts/Juvenile Probation.

These Title XIX eligible children in the care and custody of the state are enrolled with the Comprehensive Medical and Dental Program (CMDP) health plan. CMDP is responsible for the acute care medical health benefit for these children.

b) Title XIX children in the Arizona Department of Economic Security/Division of Children Youth and Families Adoption Subsidy Program.

c) Title XIX children in the Arizona Department of Economic Security/Division of Children Youth and Families voluntary foster care arrangements.

3) Title XIX and Title XXI eligible Native Americans regardless if they live on or off reservation, except when enrolled with a DHS Tribal Contractor.

b. Developmentally Disabled (DD) ALTCS Children and Adults

The ADHS/DBHS Provider Manual lists the DD ALTCS eligibility key code groups that are covered under this contract.

c. Non-Title XIX/XXI Persons with a Serious Mental Illness (SMI)

These are persons who are determined to have a serious mental illness in accordance with the SMI Eligibility Determination policy requirements outlined in the ADHS/DBHS Provider Manual.

2. The following individuals and families are covered under this contract to the extent that funding is available and allocated to the Contractor. The Contractor may limit the scope of services provided to these populations:

a. Non-Title XIX/XXI General Mental Health Adults (GMH)

Adult persons age eighteen and older who have general behavioral health issues and have not been determined to have a serious mental illness.

b. Non-Title XIX/XXI Substance Abuse Adults (SA)

Adult persons age eighteen and older who have a substance use disorder, or are referred for DUI screening, education and treatment, and have not been determined to have a serious mental illness.Non-Title XIX/XXI Children

Children up through the age of seventeen who are in need of behavioral health services.

c. Prevention Participants

Any child or adult who participates in prevention programs provided by the Contractor. These individuals are not enrolled into the behavioral health system.

C. SERVICES TO BE PROVIDED UNDER THIS CONTRACT

1. The Contractor shall, either through direct delivery or through subcontracts, provide the following services:

a. Treatment Services
   1) Behavioral Health Counseling and Therapy
   2) Assessment, Evaluation and Screening Services
   3) Other Professional

b. Rehabilitation Services
   1) Skills Training and Development and Psychosocial Rehabilitation Living Skills Training
   2) Cognitive Rehabilitation
   3) Behavioral Health Prevention/Promotion Education and Medication Training and Support Services (Health Promotion)
   4) Psychoeducational Services and Ongoing Support to Maintain Employment

c. Medical Services
   1) Medication, as outlined in the ADHS/DBHS Provider Manual
   2) Laboratory, Radiology and Medical Imaging
   3) Medical Management
   4) Electro-Convulsive Therapy

d. Support Services
   1) Case Management
   2) Personal Care Services
   3) Home Care Training Family (Family Support)
   4) Self-Help/Peer Services (Peer Support)
   5) Therapeutic Foster Care
   6) Unskilled Respite Care
   7) Supported Housing
   8) Sign Language or Oral Interpretive Services
   9) Non-Medically Necessary Covered Services (Flex Fund Services)
   10) Transportation (Emergency and Non-emergency)

e. Crisis Intervention Services
   1) Crisis Intervention Services (Mobile)
   2) Crisis Intervention Services (Stabilization)
   3) Crisis Intervention (Telephone)

f. Inpatient Services
   1) Hospital
   2) Subacute Facility
   3) Residential Treatment Center

g. Residential Services
   1) Behavioral Health Short-Term Residential (Level II), Without Room and Board
   2) Behavioral Health Long-Term Residential (Non-medical, Non-acute) Without Room and Board (Level III)
   3) Mental Health Services – Not Otherwise Specified (NOS) (Room and Board)

h. Behavioral Health Day Program
   1) Supervised Behavioral Health Treatment and Day Programs
   2) Therapeutic Behavioral Health Services and Day Programs
   3) Community Psychiatric Supportive Treatment and Medical Day Programs

i. Prevention Services

2. The ADHS/DBHS Covered Behavioral Health Services Guide provides a full description of these services including definitions; service standards/provider qualifications; code specific information; and billing limitations for each service. The ADHS/DBHS Covered Behavioral Health Services Guide specifies the funding sources that shall be used to reimburse the provision of covered services based upon eligibility of the person and the permissible reimbursement for Title XIX/XXI funding.

3. Contractor has no responsibility for payment for covered behavioral health services rendered at an IHS Facility or a 638 tribal entity for Native American Title XIX and Title XXI members; AHCCCS is responsible for those payments. Contractor is responsible for behavioral health services to Native American Title XIX and Title XXI members referred by an IHS or Tribal facility for emergency services rendered at non-IHS facilities, except when member is enrolled with a DHS Tribal Contractor. The Contractor is responsible for services to Title XIX/XXI members provided by a contracted non-IHS facility even when an IHS facility is providing some services. For example, a Title XIX/XXI person may be receiving case management services from a contracted non-IHS facility and counseling from an IHS facility. In this example, the Contractor would be responsible for the case management service.

4. DHS may from time to time add or delete specific codes and services.

D. CONTRACTOR ADMINISTRATIVE ORGANIZATION

1. The Contractor shall maintain an organizational structure of sufficient size and scope that:

   a. Implements the Arizona System Principles – Scope of Work Paragraph A.8, Principles for Persons with a Serious Mental Illness – Scope of Work Paragraph G.8 and the Arizona Children's Vision and Principles – Scope of Work Paragraph G.9, as outlined herein;

   b. Adapts to changing needs of behavioral health recipients;

   c. Ensures that all eligible persons have access to, and receive services through, an individual and family centered approach;

   d. Supports the effective operations of a managed care behavioral health delivery system;

   e. Complies with all requirements contained within this contract, including, but not limited to, personnel requirements outlined in the Special Terms and Conditions, Paragraph C.1 and the network management, service delivery, quality management, utilization management, financial management, and training requirements outlined in the Scope of Work; and

   f. Allows for clear lines of responsibility, authority, communication and coordination within and between functions and departments of the organization and

addresses, including but not limited to: personnel requirements outlined in the Special Terms and Conditions, Paragraph C.1; and administrative requirements outlined in the Scope of Work (i.e. network management, service delivery, quality management, utilization management, financial management, management information systems and training).

2. The Contractor shall document and communicate to its personnel the organizational structure including the lines of responsibility, authority and coordination within and between departments of the organization.

E. NETWORK REQUIREMENTS, MANAGEMENT AND REPORTING

1. Overview

The provider network requirements, management and reporting specifications contained within this section apply to:

a. Title XIX, Title XXI and Non-Title XIX SMI populations; and

b. Non-Title XIX/XXI populations, as funding is available and services are delivered to these populations.

Requirements that apply exclusively to the Title XIX and Title XXI populations are specified.

2. Provider Network Requirements

a. The Contractor shall develop a network of providers by GSA that:

1) Is sufficient in size, scope and types of providers to provide all covered behavioral health services under this contract and fulfill all the service delivery requirements contained within Scope of Work Paragraph G and the ADHS/DBHS Provider Manual. In establishing and maintaining the network, the Contractor shall at a minimum consider the following:

a) Current *and* anticipated Title XIX and Title XXI eligibles data;
b) Current *and* anticipated Title XIX and Title XXI behavioral health enrollment data;
c) Current *and* anticipated Non-Title XIX SMI behavioral health enrollment data;
d) Current *and* anticipated other Non-Title XIX/XXI population behavioral health enrollment data;
e) Current *and* anticipated utilization of services, considering behavioral health recipient characteristics and behavioral health care needs;
f) Cultural needs of behavioral health care recipients, which shall be assessed by the Contractor;
g) The number of network providers who are not accepting new persons;
h) The geographic location of providers and persons, considering distance, travel time, the means of transportation used by persons and whether the location provides physical access for persons with disabilities;
i) The prevalent language(s), including sign language, spoken by populations in the geographic service area;
j) Quality management data including but not limited to appointment standard data, problem resolution, concerns reported by eligible or enrolled persons;

k) Behavioral health recipient Satisfaction Survey data;
l) Results from Independent Case Reviews conducted by DHS;
m) Complaint, grievance and appeal data;
n) Issues, concerns and requests brought forth by other state agency personnel who also have involvement with persons covered under this contract; and
o) Demographic data.

2) Has the minimum number of providers by provider type or service:

a) As specified in the Contractor's proposal for the first year of the contract, or
b) As specified in the Contractor's Annual Provider Network Development and Management Plan minimum network requirements, as approved by DHS, or
c) As specified in any changes to either of the two preceding documents above as approved in advance by DHS.

3) Responds to referrals 24 hours per day, 7 days per week and can respond to immediate, urgent, and routine needs within the timeframes outlined in the ADHS/DBHS Provider Manual.

4) Responds to persons and their families in a culturally relevant manner and addresses their service needs in a way that is consistent with their cultural and linguistic heritage and preferences.

5) Has providers to deliver services, including crisis telephone services, in the behavioral health recipient's primary or preferred language including services delivered by behavioral health professionals, behavioral health technicians and paraprofessionals. In cases where the primary or preferred language is a rare language spoken in the geographic service area, services shall be provided through qualified interpreter services.

6) Includes a sufficient number of providers who offer evening and weekend access to services for persons and families who are unavailable for appointments during normal business hours.

7) Has a sufficient number of providers to fulfill the function and role of the Clinical Liaison as outlined in the ADHS/DBHS Provider Manual.

8) Utilizes behavioral health recipients and family members, who have received appropriate training and preparation, as providers of peer support services.

9) Is geographically accessible to all behavioral health recipients.

10) Includes the Arizona State Hospital as a subcontracted provider for the reimbursement of Title XIX, and Title XXI services up to the IMD limitations.

11) Ensures availability of 24-hour substance use disorder/psychiatric crisis stabilization within a reasonable geographic distance.

12) Has programs and services for priority populations consistent with the requirement of the Substance Abuse Prevention and Treatment Performance Partnership Block Grant Scope of Work Paragraphs G.10 and G.11 and the ADHS/DBHS Provider Manual. The network shall be configured to provide the following:

a) Priority access for pregnant women/teenagers,
b) Specialized programs and services for pregnant women and women with young children,
c) Services for injection drug abuse, and
d) Provision of HIV early intervention services.

13) Has providers co-located at ADES/CPS offices.

14) Has sufficient providers to ensure culturally appropriate services for Native American recipients.

15) Has a network sufficient to allow recipients choice in behavioral health providers.

16) Ensures that contracting arrangements with providers guarantees that behavioral health recipients reaching the age of majority are provided continuity of care without service disruptions or mandatory changes in service providers. Further, the network shall be organized in a manner that allows enrolled children and enrolled parents to receive services from the same provider.

3. Network Management

a. The Contractor shall have a sufficient number of qualified provider services staff to manage the network. Unless approved in advance by DHS, the Contractor shall not delegate the function of network management, network reporting and assurance of network sufficiency except for credentialing and privileging of providers. Network management functions shall include:

1) Recruiting and retaining providers.

2) If the Contractor is not delivering services directly, developing contracts prudently and expeditiously and ensuring that the subcontract requirements outlined in Special Terms and Conditions Paragraph D.1 are met.

3) Responding to provider inquiries and as applicable, coordinating with, or expeditiously referring inquiries to, other parts of the organization.

4) Managing the credentialing and privileging of providers.

5) Utilizing the Contractor's established processes to communicate network development needs to and from other parts of the Contractor's organization.

6) Coordinating with the Contractor's quality management personnel in fulfilling provider monitoring requirements as outlined in Scope of Work Paragraph K and ADHS/DBHS QM/UM Plan.

7) Continually monitoring the network capacity to ensure that there are sufficient providers to provide services to behavioral health recipients including those with specialized needs including provision of services to persons with limited proficiency in English. DHS intends to enhance its ability to identify the linguistic needs of individuals with limited proficiency in English and to more effectively monitor Contractor's ability to provide services to these

individuals. As these processes are developed, the Contractor shall adjust its operations to conform.

8) Monitoring of the network including review of various data sources to determine sufficiency.

9) Ensuring that providers operate under a current license, registration, certification or accreditation as required by the ADHS/DBHS Covered Behavioral Health Services Guide or other state or federal law and regulations.

b. The Contractor shall ensure that all relevant information is disseminated to all behavioral health providers. The Contractor shall ensure that all providers have access to the ADHS/DBHS Covered Behavioral Health Services Guide and ADHS/DBHS Provider Manual and any updates either through the Internet, or provision of paper copies to providers who do not have Internet access.

c. The Contractor shall ensure that the use of subcontracted service providers does not result in duplication of administrative functions between the Contractor and subcontractors including but not limited to quality management and utilization management functions. Subcontracts with service providers shall focus on service delivery rather than delegation of administrative responsibilities the Contractor is required to fulfill under this contract. The Contractor may not delegate administrative functions to a provider beyond what is required of service providers as outlined in the ADHS/DBHS Provider Manual without the prior written approval of DHS.

d. The Contractor shall ensure that providers obtain and maintain all applicable insurance as outlined in Special Terms and Conditions Paragraph E.1. The Contractor shall obtain and keep on file copies of provider insurance certificates, and shall make them available for review by DHS upon request.

e. The Contractor shall select providers based upon at a minimum:

1) The provider meeting the qualifications stated in the ADHS/DBHS Covered Behavioral Health Services Guide.

2) The provider fulfilling any credentialing and privileging requirements contained in the ADHS/DBHS Provider Manual.

f. The Contractor shall retain providers based upon performance and quality improvement data acquired while delivering services under this contract.

g. Providers shall be registered with AHCCCS (or DHS as applicable) as provider types that are specified in the ADHS/DBHS Covered Behavioral Health Services Guide. Providers shall meet all provider qualifications and operate within the scope of their practice.

h. The Contractor shall credential and privilege providers as required in the ADHS/DBHS Provider Manual including processes to expedite temporary credentialing and privileging when needed to ensure the sufficiency of the network and add to specialized providers. The Contractor's credentialing and privileging processes shall be in compliance with AHCCCS Medical Policy Manual Chapter 900.

i. The Contractor shall not discriminate, with respect to participation in the DHS program, against any provider based solely on the provider's type of licensure or

certification. In addition, the Contractor shall not discriminate against providers that service high-risk populations or specialize in conditions that require costly treatment. This provision, however, does not prohibit the Contractor from limiting provider participation to the extent that the Contractor is meeting the needs of those persons covered under this contract. This provision also does not interfere with measures established by the Contractor to control costs consistent with its responsibilities under this contract nor does it preclude the Contractor from using different reimbursement amounts for different specialists or for different practitioners in the same specialty. If the Contractor declines to include individuals or groups of providers in its network, it shall give the affected providers written notice of the reason for its decision. The Contractor may not include providers excluded from participation in Federal health care programs, pursuant to Section 1128 or Section 1128 A of the Social Security Act.

j. Providers shall not be restricted or inhibited in any way from communicating freely with or advocating for persons regarding:

1) Behavioral health care, medical needs and treatment options, even if needed services are not covered by the Contractor or if an alternate treatment is self-administered;
2) Any information the behavioral health recipient needs in order to decide among all relevant treatment options;
3) The risks, benefits, and consequences of treatment or non-treatment; and,
4) The behavioral health recipient's right to participate in decisions regarding his or her behavioral health care, including the right to refuse treatment, and to express preferences about future treatment decisions.

k. If the network is unable to provide services required under this contract, the Contractor shall ensure timely and adequate coverage of these services through an out of network provider until a network provider is contracted. The Contractor shall ensure coordination with respect to authorization and payment issues in these circumstances.

4. Network Reporting Requirements

a. Assurance of Network Adequacy and Sufficiency

1) The Contractor shall submit to DHS by July 1, 2005, and by March 1 of each contract year thereafter, an assurance of the adequacy and sufficiency of the provider network operated through this contract. The assurance, signed by Contractor's Chief Executive Officer, shall verify that the network:

a) Offers an appropriate range of services, including specialty services, that is adequate for the anticipated number of Title XIX, Title XXI, and Non-Title XIX SMI persons in each geographic service area;

b) Maintains a network of providers that is sufficient in number, mix, and geographic distribution to meet the accessibility and service needs of the anticipated number of Title XIX, Title XXI and Non-Title XIX SMI persons in the geographic service area; and

c) Affirms that service areas requiring further development to meet a) and b) above will be developed as outlined in the Annual Provider Network Development and Management Plan.

2) The Contractor shall also submit an assurance when there is a significant change in operations impacting services and capacity, including but not limited to:

   i. a) Changes in Services
   ii. Covered benefits,
   iii. Geographic services areas
   iv. Payments; or

   b) Addition of new eligibility populations

b. Notification Requirements for Changes to the Network

1) The Contractor shall notify and obtain written approval from DHS before making any expected network material changes in the size, scope or configuration of the Contractor's provider network as indicated in the most recent network inventory. This includes any significant reduction in a provider's workforce or any plan to not fill, or delay filling, staff vacancies.

2) The Contractor shall notify DHS in writing within one (1) day of becoming aware of any unexpected network material change, or learning of a network deficiency, or anticipating a network material change that could impair the provider network. The notice shall include:

   a) Information about how the change will affect the delivery of covered services;

   b) The Contractor's plan to ensure that there is minimal disruption to the behavioral health recipient's care and provision of service. The plan shall also address that clinical team meetings with the behavioral health recipient will be provided to discuss the options available to the behavioral health recipient and that treatment plans will be revised to address any changes in services or service providers; and

   c) The Contractor's plan to address and resolve any network deficiency.

3) The Contractor shall notify DHS in writing within five (5) days of a decision by the Contractor to terminate, suspend or limit a subcontract, if the decision impacts the sufficiency of the network, including situations that require behavioral health recipients to transition care to a different provider.

   a) The notice shall include:

      i. The number of individuals to be impacted by the termination, limitation or suspension decision including the number of Title XIX and Title XXI and Non-Title XIX/XXI behavioral health recipients affected by program category.

      ii. The Contractor's plan to ensure that there is minimal disruption to the behavioral health recipient's care and provision of service. The plan shall also address that clinical team meetings with the behavioral health recipient will be provided to discuss the options available to the behavioral health recipient and that treatment plans

will be revised to address any changes in services or service providers.

iii. The Contractor's plan for communicating changes to affected behavioral health recipients.

b) DHS may require the Contractor to submit a transition plan for individual behavioral health recipients who are impacted by the change.

c) The Contractor shall track all persons transitioned due to a subcontract suspension, limitation or termination to ensure service continuity. Required elements to be tracked include: Name, Title XIX/XXI status, date of birth, population type, current services that the behavioral health recipient is receiving, services that the behavioral health recipient will be receiving, new agency assigned, and date of first appointment and activities to re-engage persons who miss their first appointment at the new provider. Other elements to be tracked may be added based on the particular circumstances.

c. Quarterly Reports

1) The Contractor shall submit Quarterly Network Status Reports in a format approved by DHS and according to the following schedule:

Due to DHS on:	For the reporting period:
October 31	July 1 through September 30
January 31	October 1 through December 31
April 30	January 1 through March 31
July 31	April 1 through June 30

2) The Quarterly Report shall include the following elements: providers lost and gained, the name and address of provider, provider type and contracted capacity, AHCCCS provider identification number, populations served, and an analysis of the impact on the sufficiency of the network. Where, as a result of the losses, a material gap or deficiency is identified, the Contractor shall include a plan for addressing the gap and the plan for transitioning persons to appropriate alternate services as outlined in the network notification requirements. The Contractor will also report progress to date in implementing priority development areas in the Annual Provider Network Development and Management Plan or barriers they have encountered and actions planned to address the barriers.

d. Annual Reports

1) Network Inventory

a) The Network Inventory is due annually to DHS on January 15th in a format approved by DHS.

b) The purpose of the Network Inventory is to quantify number of providers available by all categories of covered services.

c) The Network Inventory requires the reporting of the number of agencies, the number of full and part-time staff, units/slots, beds and dollars allocated, as appropriate for each covered service by population (e.g.

SMI, GMH, SA, Child). The Network Inventory shall be reported in the manner prescribed by DHS.

d) The Network Inventory also includes categories in addition to covered services that DHS is monitoring, such as: the number of staff competent in delivering services to behavioral health recipients with developmental disabilities; number of staff with bilingual capabilities delivering services, including sign language; and prescriber availability.

2) The Annual Provider Network Development and Management Plan

a) The Annual Provider Network Development and Management Plan is due to DHS on July 1, 2005 and annually thereafter on May 30.

b) The purpose of the plan is to identify the current status of the network at all levels to identify network development and/or enhancement needs for the upcoming contract year and to identify plans for addressing those needs. The identification of development needs shall be based on a methodology approved by DHS for assessing network sufficiency, capacity, and minimum network standards.

c) The plan shall include a narrative analysis of the sufficiency of the Title XIX, Title XXI and Non-Title XIX/XXI SMI behavioral health recipient network using a method approved by DHS. The analysis shall be based on multiple data sources including, but not limited to: performance on appointment standards/appointment availability, problem resolution, concerns reported by eligible or enrolled persons, grievances, appeals, and requests for hearings, Title XIX and Title XXI eligibility data, penetration rates, utilization data, network inventory, behavioral health recipient satisfaction survey, demographic data and information on the cultural needs of the communities. The analysis shall include the identification of any material gaps and any barriers encountered in fulfilling the prior year plan.

d) The Plan shall include a description of programs for substance abuse prevention and treatment services funded through the SAPT Block Grant. In developing the description, the Contractor shall review and analyze capacity data including wait list management methods for SAPT Block Grant Priority populations and the capacity of other specialized programs.

e) Based upon the data analysis, the Contractor shall propose minimum network standards for the GSA as outlined in the following table. In fulfilling the minimum network standards, the Contractor shall include the minimum number of stated providers or services directly available to the Contractor and not merely the licensed capacity of a provider. The Contractor's proposed minimum network standards shall be subject to DHS approval.

SCOPE OF WORK
SOLICITATION NO. HP532003

Provider Type/Service	Minimum Number	Unit	List Service Location(s) by Town/City
Subacute facility capable of accepting walk-ins *Provider types B5, B6, B7*		Number of facilities	
Subacute facility (excluding detox services) *Provider types B5, B6*		Number of adult beds	
		Number of child beds	
		Number of adolescent beds	
Inpatient service *Provider types 02,71*		Number of adult beds	
		Number of child beds	
		Number of adolescent beds	
Inpatient detoxification services *Provider types 02, 71, B5, B6*		Number of adult beds	
RTC *Provider types 78, B1, B2, B3*		Number of child beds	
		Number of adolescent beds	
Level II *Provider type 74*		Number of adult beds	
		Number of child beds	
Level III *Provider type A2*		Number of adult beds	
		Number of child beds	
Therapeutic Foster Care Homes *Provider type A5*		Number of adult placements	
		Number of child placements	
Housing		Number of persons with a serious mental illness who will be assisted in locating or maintaining housing	Not applicable.
Pharmacy locations *Provider type 03*		Number of locations	Not applicable.
Methadone maintenance services *Provider type 77*		Number of agencies	
Outpatient agencies *Provider type 77*		Number of agencies	
Habilitation Providers *Provider type 39*		Number of agencies	
		Number of habilitation providers not associated with agencies	
Community Service Agencies *Provider type A3*		Number that are consumer-operated	
		Number that are not consumer-operated	
Behavioral Health Recipients to deliver Peer Support Services		Full Time Equivalents working in community service agencies or outpatient agencies	Not applicable.

Provider Type/Service	Minimum Number	Unit	List Service Location(s) by Town/City
Family Members to deliver Peer Support Services		Full Time Equivalents working in community service agencies or outpatient agencies	Not applicable.
Crisis response telephone		Full Time Equivalents for am shift	Not applicable.
		Full Time Equivalents for pm shift	Not applicable.
		Full Time Equivalents for night shift	Not applicable.
Mobile crisis		Full Time Equivalents for am shift	Not applicable.
		Full Time Equivalents for pm shift	Not applicable.
		Full Time Equivalents for night shift	Not applicable.

f) Based upon the data analysis the Contractor shall determine the minimum total number of full time equivalents that will be working within outpatient clinics or operating independently, as applicable for each professional level stated below:

Staffing type	Minimum Number	Units
Paraprofessionals		Full Time Equivalents
Behavioral Health Technicians (BHT)		Full Time Equivalents
		Of the above stated FTE number of BHTs, how many Full Time Equivalents will be performing as Clinical Liaisons or conducting assessments
Behavioral Health Professionals (BHP) (Do not include Psychiatrists, Nurse Practitioners, or Physician Assistants)		Full Time Equivalents
		Of the above stated FTE number of BHPs, how many Full Time Equivalents will be performing as Clinical Liaisons or conducting assessments
Psychiatrists, Nurse Practitioners, or Physician Assistants		Full Time Equivalents
		Of the above stated FTE number of BHPs in this category, how many Full Time Equivalents will be performing as Clinical Liaisons or conducting assessments
		Number of hours per week dedicated to medication assessment and prescribing

g) Status of provider network issues that occurred over the prior year that were of a significant nature or required corrective action by DHS.

h) Identification and evaluation of interventions and network development efforts during the prior year.

i) Plans to resolve any current material gaps in the network and barriers in network development.

j) Priority areas for network development activities for the following year and goals, activities, timelines and measurement methodologies for addressing the priorities.

k) A listing of providers by GSA. The listing shall distinguish between providers serving Title XIX and Title XXI children and adults. If a provider has multiple sites in which it provides service, all sites should be listed. The provider listing should include the provider's name, physical address, county, telephone number, hours of operation and available languages spoken. The list should be organized to include all categories of covered services.

F. OUTREACH

The Contractor shall conduct outreach activities in each GSA designed to inform persons in a culturally and linguistically appropriate manner regarding the availability of behavioral health services. Outreach activities shall include, but are not limited to:

1. Participation in local health fairs, or health promotion activities;

2. Involvement with local school districts;

3. Routine contact with AHCCCS Health Plan Behavioral Health Coordinators and/or primary care providers (PCPs);

4. Homeless Outreach;

5. Publication and distribution of informational materials;

6. Liaison activities with local and county jails, Arizona Department of Corrections and Arizona Department of Juvenile Corrections;

7. Routine interaction with agencies that have contact with substance abusing pregnant women;

8. Development and implementation of outreach programs that identify persons with co-morbid medical and behavioral health disorders, persons with co-occurring developmental disabilities and behavioral health disorders, and those who may be seriously mentally ill within the Contractor's geographic service area, including persons that reside in jails, homeless shelters or other settings; and

9. Providing information to mental health advocacy organizations.

Outreach activities shall include dissemination of information to the general public, other human service providers, school administrators and teachers, county and state governments, and other interested parties regarding behavioral health services available to eligible persons.

G. SERVICE DELIVERY SYSTEM

1. General Requirements

The Contractor shall ensure that services are delivered in accordance with the requirements contained within this contract and the:

a. ADHS/DBHS Policies and Procedures Manual which contains administrative requirements of the Contractor;

b. ADHS Covered Behavioral Health Services Guide which provides a full description of the services covered under this contract including definitions; service standards/provider qualifications; code specific information; and billing limitations for each service; and

c. ADHS/DBHS Provider Manual, which contains service delivery policies that shall be adhered to by providers. The Contractor is required to add the Contractor's specific provider operational requirements and information into the ADHS/DBHS Provider Manual. DHS will provide the Contractor an electronic version of the ADHS/DBHS Provider Manual that allows the Contractor to add Contractor specific information within the ADHS/DBHS Provider Manual. The ADHS/DBHS Provider Manual contains at a minimum the following policies pertaining to:

1) Clinical Operations
   a) Accessing and Interpreting Eligibility and Enrollment Information and Screening and Applying for AHCCCS Health Insurance
   b) Appointment Standards and Timeliness of Service
   c) Referral Process
   d) Co-payments
   e) Third Party Liability and Coordination of Benefits
   f) Member Handbooks
   g) Clinical Liaison
   h) Outreach, Engagement, Re-Engagement and Closure
   i) Intake, Assessment and Service Planning
   j) SMI Eligibility Determination
   k) General and Informed Consent to Treatment
   l) Advance Directives
   m) Covered Behavioral Health Services
   n) Securing Services and Prior Authorization
   o) Psychotropic Medications: Prescribing and Monitoring
   p) Medication Formulary
   q) Transition of Persons
   r) Pre-petition Screening, Court Ordered Evaluation and Treatment
   s) Special Populations
   t) Credentialing and Privileging
   u) Service Prioritization for Non-Title XIX/XXI Funding
   v) Out-of-State Placements for Children and Young Adults

2) Communication and Care Coordination
   a) Disclosure of Behavioral Health Information
   b) Behavioral Health Medical Record Standards
   c) Coordination of Care with AHCCCS Health Plans and PCPs
   d) Coordination of Care with Other Governmental Entities

3) Member Rights and Provider Appeals
   a) Notice Requirements
   b) Member Complaints and Appeal Process for Title XIX and Title XXI Eligible Persons
   c) Grievances and Requests for Investigation for Persons Determined to Have a Serious Mental Illness (SMI)
   d) Special Assistance for SMI Members
   e) Notice and Appeal Requirements (SMI and Non-SMI/Non-Title XIX/XXI)
   f) Provider Claims Disputes

4) Data and Billing Requirements
   a) Submitting Claims and Encounters

5) Reporting Requirements
   a) Fraud and Abuse Reporting
   b) Institutions for Mental Disease (IMD) Reporting
   c) Seclusion and Restraint Reporting for Level I Facilities
   d) Reporting of Incidents, Accidents and Deaths
   e) Enrollment, Disenrollment and other Data Submission

6) Periodic Audits and Surveys
   a) Encounter Validation Studies
   b) Independent Case Review
   c) Consumer and Family Satisfaction Survey
   d) Quality Improvement Projects

7) Training and Development
   a) Training Requirements

d. The Contractor shall ensure that behavioral health providers are continuously educated in and use best practices. For purposes of this contract, best practices are evidence-based practices, promising practices, or emerging practices. Behavioral health service providers shall use the ADHS/DBHS Clinical Guidance Documents, when applicable, as resources in delivering behavioral health services. The ADHS/DBHS Clinical Guidance Documents are available on the ADHS/DBHS website.

e. Development and/or Adoption of Best Practices [(42CFR 438.236 (b)].
   1. Are based on valid and reliable clinical evidence or a consensus of behavioral health care professionals in the particular field;
   2. Consider the needs of the Contractors members;
   3. Are adopted in consultation with contracting behavioral health care professionals;
   4. Are reviewed and updated periodically as appropriate;
   5. Are disseminated by the Contractor to all affected providers and upon request to behavioral health recipients [42 CFR 438.236(c)]; and
   6. Provide a basis for consistent decisions for utilization management, member education, coverage of services and other areas to which the guidelines apply [42 CFR 438.236 (d)].

2. Customer Service

a. The Contractor shall have a customer service function that is responsive to behavioral health recipients, family members and stakeholders. At a minimum the customer service function shall:

1) Be customer oriented;

2) Respond to inquiries and assist behavioral health recipients, family members and stakeholders in a manner that resolves their inquiry, including having the ability to respond to, and provide language assistance services for, those with limited English proficiency;
3) Connect behavioral health recipients, family members or stakeholders to the crisis line when indicated;
4) Process referrals including request for services;
5) Be customer oriented; assist the individual in telephonically connecting with the agency to which they are being referred, i.e., "warm transfer";
6) Provide information on where and how to access behavioral health services;
7) Log all complaints and resolution of the complaints and notify the behavioral health recipient regarding the resolution; train staff to know how to distinguish between a complaint, SMI Grievance, and Member Appeal; and know how to triage these to the appropriate personnel;
8) At a minimum, have customer service personnel answering the phones and responding to inquiries from 8 am to 5 pm weekdays. If the Contractor does not have customer service staff answering phones twenty-four (24) hours per day, the Contractor shall transfer the customer service telephone line to the crisis telephone line. In this circumstance, the crisis telephone line personnel shall accept and process referrals twenty-four (24) hours per day, seven (7) days per week regardless of the nature of the referral;
9) Have one toll free number and may also have a local telephone number; and
10) Have patch capabilities to the crisis line and 911: and;
11) Inform behavioral health recipients and/or family members about required documents needed to prove citizenship for Title XIX and Title XXI eligibility and assist in obtaining such documentation.

3. Behavioral Health Recipient Provider Choice

The Contractor shall give behavioral health recipients choice in behavioral health providers within the network. The Contractor shall ensure that behavioral health recipients are free to exercise their right to services from an alternative provider consistent with the SAPT Block Grant and the ADHS/DBHS Provider Manual.

4. Assignment to a Clinical Liaison

a. The Contractor shall assign each behavioral health recipient to a Clinical Liaison in accordance with the ADHS/DBHS Provider Manual.

b. The Contractor shall maintain a roster that identifies the Clinical Liaison and Clinical Liaison contact information for each behavioral health recipient. The Contractor shall update the roster as the Clinical Liaison changes.

5. Crisis Response System

a. The Contractor shall maintain a twenty-four (24) hours per day, seven (7) days per week crisis response system. The crisis response system shall fulfill the following requirements:

1) The Contractor shall have one toll free crisis telephone number and may have a local crisis telephone number. The crisis telephone number shall be widely publicized within the GSA, including being listed in the resource directory of local telephone books. Having one publicized telephone crisis response line for the geographic service area does not preclude the

Contractor from allowing or requesting providers to be the primary contact for crisis calls from behavioral health recipients that the provider serves.

2) A telephone crisis response line shall be sufficiently staffed to meet the service demand of all persons in the geographic service area. The crisis phone response service shall be answered within three (3) telephone rings, with a call abandonment rate less than three percent (3%). Crisis phone response shall include triage, referral and dispatch of service providers and patch capabilities to and from 911 and other crisis providers as applicable.

3) Response to crisis calls shall meet the immediate and urgent response requirements as outlined in the ADHS/DBHS Provider Manual and have the ability to record referrals, dispositions, and overall response time.

4) The Contractor shall ensure availability of 24-hour substance use disorder/psychiatric stabilization within a reasonable geographic distance.

5) The crisis response system may respond with any of the services outlined in Scope of Work Paragraph C of this contract but the service shall be clinically responsive to the needs of the person.

6) Services provided in response to immediate and urgent response needs shall be provided in order to intervene and offer resolutions, not merely triage and transfer, and shall be provided in the least restrictive setting possible, consistent with individual and family need and community safety.

7) The crisis response system must have the capacity to communicate with individuals who do not speak or understand English.

8) Emergency behavioral health services shall not require prior authorization and shall be delivered in compliance with the ADHS/DBHS Provider Manual policy on Prior Authorization.

9) The Contractor's customer service department shall have patch capabilities to the crisis response system.

10) The Contractor shall initiate and maintain a collaborative effort with fire, police, emergency medical services, hospital emergency departments, AHCCCS Health Plans and other providers of public health and safety services to inform them of how to use the crisis response system. The Contractor shall meet regularly with representatives of fire, police, emergency medical services and hospital emergency departments to coordinate services and to assess and improve the Contractor's crisis response services.

11) The Contractor is responsible for psychiatric and/or psychological consultations provided to Title XIX and Title XXI enrolled behavioral health recipients in emergency room settings. The person's AHCCCS acute care health plan is responsible for all other medical services including triage, physician assessment and diagnostic tests for services delivered in an emergency room setting.

12) The Contractor shall be responsible for any Level I inpatient hospital services provided to Title XIX and Title XXI behavioral health recipients when the

Contractor or subcontracted provider has had contact with the person prior to the admission into the Level I inpatient service.

13) The Contractor shall have a process to ensure persons who have emergency medical needs access emergency medical services. The Contractor shall not exclusively rely upon Emergency Rooms to fulfill this requirement.

14) If a provider determines that the person receiving services may need court-ordered evaluation pursuant to A.R.S. §36-520 et seq., a pre-petition screening shall be performed for court ordered evaluations.

6. Psychotropic Medications

a. Formulary

The Contractor shall maintain a formulary that at a minimum contains the medications listed on the ADHS/DBHS Medication List that is in the ADHS/DBHS Provider Manual.

b. Psychotropic Medication Monitoring

The Contractor shall develop a monitoring system consistent with requirements of the ADHS/DBHS Provider Manual pertaining to psychotropic medications, the ADHS/DBHS Quality Management and Utilization Management Plan, and ADHS/DBHS Clinical Guidance Documents.

c. Pharmacy Rebates

The Contractor shall seek to obtain best pricing and pharmacy rebates for psychiatric medications purchased and report such rebates in accordance with requirements set forth in the Financial Reporting Guide for Regional Behavioral Health Authorities.

7. Coordination of Behavioral Health Benefits and Collection Practices

a. Coordination of Behavioral Health Benefits

1) The Contractor shall adhere to coordination of benefits and third-party liability requirements described in the ADHS/DBHS Provider Manual.

2) The Contractor shall also coordinate benefits as follows. The Contractor shall take reasonable measures to determine the legal liability of third parties who are liable to pay for covered services. The Contractor shall cost-avoid a claim if it establishes the probable cause of a third party or has information that establishes that third party liability exists. However, if the probable existence of third party liability cannot be established or third party liability benefits are not available to pay the claim at the time the claim is files, the Contractor must process the claims.

If a third-party insurer requires the behavioral health recipient to pay any co-payment, coinsurance or deductible, the Contractor is responsible for making these payments, even if the services are provided outside of the Contractor's network. The Contractor is not responsible for paying coinsurance and deductibles that are in excess of what the Contractor would have paid for the entire service per a written contract with the provider performing the service,

or the ADHS/DBHS fee-for-service payment equivalent. The Contractor must decide whether it is more cost-effective to provide the service within its network or pay coinsurance and deductibles for a service outside its network. For continuity of care, the Contractor may also choose to provide the service within its network. If the Contractor refers the behavioral health recipient for services to a third-party insurer , and the insurer requires payment in advance of all co-payments, coinsurance and deductibles, the Contractor must make such payments in advance. Medicare cost sharing requirements are outlined in the ADHS/DBHS Provider Manual and Chapter 200 of the AHCCCS Contractor Operations Manual.

3.) Effective January 1, 2006, Medicare eligible behavioral health recipients, including persons who are dually eligible for Medicare (Title XVIII) and Medicaid (Title XIX/XXI), will receive Medicare Part D prescription drug benefits through Medicare Prescription Drug Plans (PDPs) or Medicare Advantage Prescription Drug Plans (MAPDs) Prescription drug coverage for Medicare eligible behavioral health recipients enrolled in Part D will be based on Part D plans' formularies. State funds will be used to pay or reimburse Medicare Part D cost sharing for behavioral health recipients who are dual eligible or Non-Title XIX Medicare eligible and determined to have a Serious Mental Illness (SMI), as outlined in the ADHS/DBHS Provider Manual. Payment of any Medicare Part D cost sharing or any Medicare Part D excluded or non-covered drugs for Non-Title XIX eligible, Non-SMI behavioral health recipients is based on available funding as determined by the Tribal and Regional Behavioral Health Authority (T/RBHA).

b. Collections from Third Party

The Contractor may retain up to one hundred percent (100%) of its third-party collections if all of the following conditions exist:

1) Total collections received do not exceed the total amount of the Contractor's financial liability for the behavioral health recipient;
2) There are no payments made by AHCCCS related to fee-for-service, reinsurance or administrative costs (i.e., lien filing, etc.); and
3) Such recovery is not prohibited by State or Federal law or other regulation.

c. Reporting of collections and additional health insurance

If the Contractor knows that the third party insurer will not pay the claim for a covered service due to untimely claim filing, or as the result of the underlying insurance coverage (e.g. the service is not a covered benefit), the Contractor shall not deny the service, deny payment of the claim based on third party liability, or require a written denial letter if the service is medically necessary. The Contractor may be required to report case level detail of third-party collections and cost avoidance including number of referrals on total plan cases. The Contractor shall communicate any known change in or addition to health insurance information, including Medicare, to AHCCCS, Division of Member Services, not later than ten (10) days from the date of discovery using the AHCCCS Approved Third-Party Change Correspondence found in the ADHS/DBHS Provider Manual. In the event that the service is not covered by the third party, the Contractor shall arrange for the timely provision of the service.

d. Limitation on billing and collections

The Contractor shall comply with the ADHS/DBHS Provider Manual regarding collection of fees from behavioral health recipients. Except as provided in federal and state laws and regulations the Contractor shall not bill, nor attempt to collect payment directly or through a collection agency from a person claiming to be AHCCCS eligible without first receiving verification that the person was ineligible for AHCCCS on the date of service, or that services provided were not covered services.

8. Service Delivery Requirements for Persons Determined to have a Serious Mental Illness

a. Overview

Persons who have been determined to have a serious mental illness have distinct behavioral health care needs. DHS is committed to meeting the behavioral health care needs of persons who have been determined to have a serious mental illness. Towards that end, the Contractor shall fulfill the additional requirements set forth in this section to meet the needs of persons with a serious mental illness. DHS has promulgated Administrative Rules, A.A.C.R9-21, that direct the delivery of services for persons determined to have a serious mental illness. In addition to the service delivery requirements in Scope of Work Paragraphs G.1. through G.7. above, the Contractor shall fulfill the following services delivery requirements for services provided to persons who have been determined to have a serious mental illness.

b. Service Delivery and Program Requirements

1) The Contractor shall fulfill the following requirements for persons with a serious mental illness:

a) Principles for Persons with a Serious Mental Illness

The service delivery system shall operate in accordance with the following principles for persons who have been determined to have a serious mental illness and their families:

i. Human dignity;
ii. Respect for the person's individuality, abilities, needs, and aspirations without regard to the client's psychiatric condition;
iii. Self-determination, freedom of choice and participation in treatment to the individual's fullest capacity;
iv. Freedom from the discomfort, distress and deprivation which arise from an unresponsive and inhumane environment;
v. Privacy including the opportunity, wherever possible, to be provided clearly defined private living, sleeping and personal care spaces;
vi. Humane and adequate support and treatment that is responsive to the person's needs, that recognizes that a person's needs may vary, and that is sufficiently flexible to adjust to a person's changing needs;
vii. The opportunity to receive services which are adequate, appropriate, consistent with the person's individual needs, and least restrictive of the person's freedom;
viii. The opportunity to receive treatment and services that are culturally sensitive in their structure, process and content;

ix. The opportunity to receive services on a voluntary basis to the maximum extent possible and entirely if possible;
x. Integration of individuals into their home communities through housing and residential services which are located in residential neighborhoods, which rely as much as possible on generic support services to provide training and assistance in ordinary community experiences, and which utilize specialized mental health programs that are situated in or near natural community services;
xi. The opportunity to live in one's own home and the flexibility of a service system which responds to individual needs by increasing, decreasing and changing service as needs change;
xii. The opportunity to undergo normal experiences, even though such experiences may entail an element of risk; provided however, that an individual's safety or well-being or that of others shall not be unreasonably jeopardized;
xiii. The opportunity to engage in activities and styles of living, consistent with the person's interests, which encourage and maintain the integration of the individual into the community.

b) Eligibility Determinations for Serious Mental Illness

i. The Contractor, or its designee, shall conduct reviews to determine if an adult person has a serious mental illness as defined in the SMI Eligibility Determination policy contained within the ADHS/DBHS Provider Manual. These reviews shall be conducted for all persons who request a determination or those who meet criteria during an assessment as outlined in the ADHS/DBHS Provider Manual .In addition, the Contractor, or its designee, shall screen persons determined to have a serious mental illness for Title XIX eligibility as outlined in the ADHS/DBHS Provider Manual.

ii. The Contractor shall ensure that processes developed and utilized to determine if a person has a serious mental illness do not result in barriers for behavioral health recipients and excessive expense due to multiple layers of reviews beyond what is required by the SMI Eligibility Determination policy.

c) Special Assistance

i. The Contractor shall create a process to notify the ADHS/DBHS Office of Human Rights and the appropriate Human Rights Committee of all individuals deemed to be in need of special assistance.

ii. The Contractor shall ensure its staff has the necessary skill and knowledge to identify and refer all persons in need of special assistance.

d) Housing Program

i. The Contractor shall be responsible for the development and management of a housing program for individuals with a serious mental illness.

ii. The housing program shall include a range of housing options from independent living to settings with needed supports based upon the individual's needs.

iii. The Contractor shall have professional staff dedicated to the housing function that have technical knowledge and established relationships with behavioral health and housing providers.

iv. The Contractor shall have a unified mechanism for advocacy, networking and resource development related to housing issues.

v. The Contractor shall accept any assignment of grant-funded contracts previously developed for housing programs in the GSA. The Contractor shall assume management of all program activities and accountability to funding agencies as required under the assigned Contract.

vi. The Contractor shall cooperate with any other entity under contract or partnership with DHS which is administering a supplemental housing or homeless outreach program for DHS for persons with a serious mental illness. This includes but is not limited to a subcontractor who is administering a PATH grant for DHS.

vii. The Contractor shall utilize all housing units previously obtained in the GSA including units acquired through the use of HB2003 funding for purposes of providing housing for persons with a serious mental illness.

viii. The Contractor, its subsidiary, or subcontractor shall be a non-profit entity that is capable and eligible to administer a variety of low-income housing grant programs, including rental assistance and real property-based housing programs requiring development, ownership and/or property management.

ix. The Contractor shall pursue the renewal of existing housing grants and develop new housing funding resources.

x. The Contractor shall keep an accounting of all persons obtaining housing through the Contractor's Housing program. The Contractor shall update the accounting monthly and include a listing of both housing and service providers.

xi. The Contractor shall monitor all housing and residential programs including the physical plant and program services on at least an annual basis. The Contractor shall monitor housing and residential programs that have been found to be problematic more frequently until all issues have been resolved.

xii. Any real property or buildings and improvements to buildings ("the property") purchased by the Contractor or its subcontractor with funds provided by DHS under the Contract, excluding net profits earned under the Contract, for housing for behavioral health recipients shall include (1) a use restriction in the deed, or (2) covenants, conditions or restrictions, or (3) another legal instrument acceptable to DHS that requires the property to be used solely for

the benefit of behavioral health recipients. Notwithstanding the funding source used to purchase the property, prior to the purchase of the property the Contractor shall:

(a) Disclose to DHS the funding source used to purchase the property to demonstrate whether the purchase is to be made with funds provided by DHS under the Contract or from funds from net profits earned under the Contract or other funds;

(b) Disclose to DHS the financing arrangements made to purchase the property; and

(c) If the property is purchased with funds provided by DHS under the Contract, submit to DHS, for prior approval, a deed containing the use restrictions, covenants, conditions or restrictions or another legal instrument that ensures the property is used solely for the benefit of behavioral health recipients and that failure to comply with the use restrictions allows the State to take title to the property or otherwise enforce the restrictions.

e) Residential Placements or Independent Housing

The Contractor shall not place persons with a serious mental illness in a residential program where more than eight (8) persons reside at the same address. Additionally, no more than twenty-five percent (25%) of any housing complex can house individuals with a serious mental illness.

f) Supervisory Care Homes and Unlicensed Board & Care Homes

i. The Contractor shall assess the living situation for all persons with a serious mental illness to ensure that the person's basic needs are met in an environment that is safe, secure and consistent with their behavioral needs. The Contractor shall ensure that any situations observed that pose a threat to the health or safety of a person are promptly resolved.

ii. The Contractor shall use its best efforts to assist individuals interested in moving to locate alternative settings with appropriate supports, consistent with their individual needs and preferences.

g) Services for Incarcerated Individuals Determined to have a Serious Mental Illness

i. The Contractor shall work with jails and prisons to coordinate the discharge and transition of incarcerated individuals to ensure the continuation of prescribed medication and other behavioral health services.

ii. The Contractor shall collaborate with the County jail diversion programs for persons with a serious mental illness.

h) Arizona State Hospital

i. The Contractor shall subcontract with the Arizona State Hospital for services provided to Title XIX and Title XXI persons.

(a) Charges for covered services provided by or at the Arizona State Hospital for Title XIX and Title XXI enrolled persons, under the age of 21 and over 65 years of age, shall be paid in the same manner as other covered services rendered to Title XIX and Title XXI eligible persons if and to the extent service authorizations are in effect and to the extent that Arizona State Hospital is a registered AHCCCS provider.

(b) Charges for covered services provided by or at the Arizona State Hospital for Title XIX enrolled persons, ages of 21 through 64, shall be paid in the same manner as other covered services rendered to Title XIX eligible persons subject to the Title XIX IMD benefit limitations as outlined in the ADHS/DBHS Provider Manual and the ADHS/DBHS Covered Behavioral Health Services Guide, and also to the extent service authorizations are in effect and provided that Arizona State Hospital is a registered AHCCCS provider.

ii. The Contractor shall collaborate with the Arizona State Hospital per the ADHS/DBHS Arizona State Hospital Practice Improvement Protocol, for referrals, census management, coordination of care, discharge planning, and dispute resolution. This Practice Improvement Protocol shall be in effect beginning September 1, 2006. The current Collaboration Agreements and Letters of Agreement shall remain in effect through August 31, 2006; after which time the Practice Improvement Protocol and related policies will replace these Agreements.

iii. The Contractor shall ensure coordination and continuity of care for behavioral health recipients admitted to the Arizona State Hospital, per the ADHS/DBHS Arizona State Hospital Practice Improvement Protocol, including but not limited to the following:

(a) diversion of potential admission from the Arizona State Hospital, as appropriate;

(b) coordination of the admission process with the Arizona State Hospital Admissions Office;

(c) participation in the Arizona State Hospital treatment and discharge planning;

(d) forwarding of available clinical and medical record information upon or shortly after admission; and

(e) any other requested communication and/or collaboration with the Arizona State Hospital.

iv. The Contractor shall make available and maintain community living arrangements, provide appropriate supports necessary to meet the individual needs, and ensure the appropriate, timely discharge of persons with a serious mental illness from the Arizona State Hospital

as set forth in the ADHS/DBHS Arizona State Hospital Practice Improvement Protocol.

9. Service Delivery Requirements for Services Delivered to Title XIX and Title XXI Children

a. In addition to the service delivery requirements in Paragraph G.1. through G.7. above, the Contractor shall fulfill the following service delivery requirements for services provided to Title XIX and Title XXI Children.

b. DHS is fully committed to fulfilling its obligations under the JK Settlement Agreement. DHS entered into this Agreement because it believes that these obligations are the best way to serve Title XIX children and families in need of behavioral health care. The obligations under the agreement emphasize partnering with families and children, interagency collaboration, and individualized services aimed at achieving meaningful positive outcomes for children and families.

c. The Contractor shall operate the delivery system in accordance with the Arizona Vision set forth in the JK Settlement Agreement and the Title XIX Children's Behavioral Health Annual Action Plan. The Arizona Children's Vision is as follows:

In collaboration with the child and family and others, Arizona will provide accessible behavioral health services designed to aid children to achieve success in school, live with their families, avoid delinquency, and become stable and productive adults. Services will be tailored to the child and family and provided in the most appropriate setting, in a timely fashion, and in accordance with best practices, while respecting the child's and family's cultural heritage.

d. The Contractor shall operate the delivery system in accordance with the JK Settlement Agreement which shall require effective front-line practice, sufficient capacity of providers to deliver needed services, and collaboration with other child serving state agencies.

e. Although the general service delivery requirements contained in this contract and the ADHS/DBHS Provider Manual set forth the requirements for services delivered to Title XIX and Title XXI children and their families, following are highlighted expectations of the Contractor:

1) Arizona Children's Principles

The Contractor shall service all children according to the Arizona Children's Principles:

a) Collaboration with the Child and Family

Respect for and active collaboration with the child and parents is the cornerstone to achieving positive behavioral health outcomes. Parents and children are treated as partners in the assessment process, and the planning, delivery, and evaluation of behavioral health services, and their preferences are taken seriously.

b) Functional Outcomes

Behavioral health services are designed and implemented to aid children to achieve success in school, live with their families, avoid delinquency, and become stable and productive adults. Implementation of the behavioral health services plan stabilizes the child's condition and minimizes safety risks.

c) Collaboration with Others

When children have multi-agency, multi-system involvement, a joint assessment is developed and a jointly established behavioral health services plan is collaboratively implemented. Client-centered teams plan and deliver services. Each child's team includes the child and parents and any foster parents, any individual important in the child's life who is invited to participate by the child or parents. The team also includes all other persons needed to develop an effective plan, including, as appropriate, the child's teacher, the child's Child Protective Services and/or Division of Developmental Disabilities case worker, and the child's probation officer. The team

i. develops a common assessment of the child's and family's strengths and needs,
ii. develops an individualized service plan,
iii. monitors implementation of the plan and
iv. makes adjustments in the plan if it is not succeeding.

d) Accessible Services

Children have access to a comprehensive array of behavioral health services, sufficient to ensure that they receive the treatment they need. Case management is provided as needed. Behavioral health service plans identify transportation the parents and child need to access behavioral health services, and how transportation assistance shall be provided. Behavioral health services are adapted or created when they are needed but not available.

e) Best Practices

Behavioral health services are provided by competent individuals who are adequately trained and supervised. Behavioral health services are delivered in accordance with guidelines adopted by DHS that incorporate evidence-based "best practice." Behavioral health service plans identify and appropriately address behavioral symptoms that are reactions to death of a family member, abuse or neglect, learning disorders, and other similar traumatic or frightening circumstances, substance abuse problems, the specialized behavioral health needs of children who are developmentally disabled, maladaptive sexual behavior, including abusive conduct and risky behavior, and the need for stability and the need to promote permanency in class members' lives, especially class members in foster care. Behavioral health services are continuously evaluated and modified if ineffective in achieving desired outcomes.

f) Most Appropriate Setting

Children are provided behavioral health services in their home and community to the extent possible. Behavioral health services are

provided in the most integrated setting appropriate to the child's needs. When provided in a residential setting, the setting is the most integrated and most home-like setting that is appropriate to the child's needs.

g) Timeliness

Children identified as needing behavioral health services are assessed and serviced promptly.

h) Services Tailored to the Child and Family

The unique strengths and needs of children and their families dictate the type, mix, and intensity of behavioral health services provided. Parents and children are encouraged and assisted to articulate their own strengths and needs, the goals they are seeking, and what services they think are required to meet these goals.

i) Stability

Behavioral health service plans strive to minimize multiple placements. Service plans identify whether a class member is at risk of experiencing a placement disruption and, if so, identify the steps to be taken to minimize or eliminate the risk. Behavioral health service plans anticipate crises that might develop and include specific strategies and services that shall be employed if a crisis develops. In responding to crises, the behavioral health system uses all appropriate behavioral health services to help the child remain at home, minimize placement disruptions, and avoid the inappropriate use of the police and the criminal justice system. Behavioral health service plans anticipate and appropriately plan for transitions in children's lives, including transitions to new schools and new placements, and transitions to adult services.

j) Respect for the Child and Family's Unique Cultural Heritage

Behavioral health services are provided in a manner that respects the cultural tradition and heritage of the child and family. Services are provided in Spanish to children and parents whose primary language is Spanish.

k) Independence

Behavioral health services include support and training for parents in meeting their child's behavioral health needs, and support and training for children in self-management. Behavioral health service plans identify parents' and children's need for training and support to participate as partners in the assessment process, and in the planning, delivery, and evaluation of services, and provide that such training and support, including transportation assistance, advance discussions, and help with understanding written materials, shall be made available.

l) Connection to Natural Supports

The behavioral health system identifies and appropriately utilizes natural supports available from the child and parents' own network of

associates, including friends and neighbors, and from community organizations, including service and religious organizations.

2) Family Voice and Involvement

The Contractor shall ensure that families have a voice in their individual treatment decisions and a voice in the operations of the behavioral health delivery system.

3) Child and Family Teams

The Contractor shall ensure that all children are served through child and family teams. Further, the Contractor shall ensure that Clinical Liaisons and Case Managers,(or other staff who perform the same functions), have knowledge and skill to involve others in the child and family process. The Contractor shall develop a JK Child and Family Team Plan for expanding the delivery of services through the child and family team process. The Plan, subject to Department of Health Services (DHS) approval, at a minimum must identify quarterly goals so that: 1) the number of child and family teams increases incrementally, and 2) by December 31, 2008 there will be functioning child and family teams for 100% of the children enrolled for ninety (90) days or longer. DHS has the sole discretion in defining a functioning Child and Family Team.

4) Support Services

The Contractor shall ensure that the delivery of services shall not only include the traditional outpatient treatment services but shall also use support services that are delivered in a timeframe needed by the child and family. In-home and out-of-home respite shall be readily available when needed.

5) Children in the Care and Custody of the State

Children who are in the care and custody of the state often have high intensity service needs and need to have care coordinated among state agencies. It is an expectation that the Contractor has providers that have the clinical knowledge and expertise to appropriately address the unique clinical interventions and service needs for these children. It is essential that services are provided in a timeframe that is consistent with their clinical and service needs. Behavioral health services shall be planned and delivered in a manner that minimizes foster family and behavioral health placement disruptions. The Contractor shall also have providers with expertise in meeting the needs of children in foster care and those in the adoption subsidy program who have been adopted through the state.

6) Training to the Arizona Practice Model

Training shall be provided to Contractor personnel, service providers and family members who provide peer support to support them in successfully fulfilling the requirements of their position and to assist in achieving the Arizona Children's Vision and Principles.

7) Stakeholder Involvement

The Contractor shall seek out and consider any input from stakeholders in designing and managing the behavioral health delivery system. The Contractor shall provide information to advocacy organizations and other stakeholders regarding outcomes and status of services delivered to children.

8) Out of State Placement

In accordance with the Children's Principles, children shall receive services to the extent possible in their home and community. In rare situations, the Contractor, in collaboration with the Child and Family Team, may decide to have a child or adolescent receive services out of state to address the unique treatment needs of the child. In these situations, the Contractor shall fulfill the following requirements:

a) The Contractor shall ensure that placements are made in accordance with requirements stated in the ADHS/DBHS Provider Manual.

b) The Contractor shall submit an Initial Out of State Placement Notification to DHS concurrent with the placement and shall submit quarterly reports to the ADHS Medical Director regarding the status of those children placed out of state. The required content of the report shall be defined by the ADHS Medical Director.

9) Practice According to DHS Protocols

The Contractor shall implement the DHS protocols in Special Terms and Conditions, (B). Supporting Documents, (2). Documents Incorporated by Reference, (a). Document Listing (18) ADHS/DBHS Protocols.

Contractor Specific Highlighted Expectations:

The Contractor is expected to demonstrate progress towards addressing ADHS' Obligations under the JK Settlement Agreement. Therefore, the Contractor is required to submit status reports, in the timeframes specified by DHS, indicating the progress the Contractor has made on the highlighted contractor expectations. Status reports may include specific, detailed reference to existing reports (i.e. Network Development Reports, JK Annual Action Plan Measurement Criteria, etc.) along with any new information that will indicate the status of each item.

a) As per Volume 3 – Service Delivery System item q. Supporting ADHS' Obligations under JK Settlement Agreement, the Contractor will provide a Training Status Report indicating the progress on each of the following activities every six (6) months beginning September 1, 2006:

1. Provide Contractor staff members with annual training in Cultural Competency. The Contractor will contractually require all network providers to complete an annual training in cultural competency, will conduct this training with all network providers and will monitor training outcomes.

2. Partner with leadership at Community Provider Organizations to design and implement effective training curricula and will monitor and profile provider outcomes to assess and offer feedback on providers' adherence to the Arizona Principles.

3. Develop training activities and provider technical assistance programs by contracting with other community provider agencies that have been successful in implementing the

Arizona Principles in their own clinics and operations. Specific trainings will be conducted on topics such as:

a) The Child and Family Team (CFT) process,
b) Conducting the Strengths and Culture Discovery,
c) Engaging natural supports in treatment,
d) Engaging appropriate family members as part of the Child and Family Team,
e) Monitoring and appropriate prescribing of Psychotropic Medications, and
f) How the Clinical Liaison interacts with the Child and Family Team.

4. Conduct audits and analyze data monthly to assess providers' compliance with the Arizona Principles, and will sponsor both individual and group provider- training activities to improve compliance.

5. Sponsor Provider Training to make new treatment modalities available in local communities.

b) As per Volume 3 – Service Delivery System item q. Supporting ADHS' Obligations under JK Settlement Agreement, the Contractor will promote Community-Based alternatives instead of treatments that remove the child from his/her family. In cases where a more restrictive level of care is temporarily necessary, will work with the behavioral health recipient to transition back into community-based care settings as rapidly as is clinically feasible and will partner with community provider agencies to develop and offer services that are alternatives to more restrictive institutionally based care. The Contractor will provide an Out of Home Status Report related to this requirement including evidence of their partnering with community providers every six (6) months starting September 1, 2006.

c) As per Volume 3 – Service Delivery System item q. Supporting ADHS' Obligations under JK Settlement Agreement, the Contractor will provide a Substance Abuse Program Status Report related to the following activities including evidence of their partnering activities, every six (6) months starting September 1, 2006.

1. Sponsor provider training activities to promote the use of Motivational Interviewing Principles in substance abuse treatment, develop new treatment alternatives targeted to the needs of specific high-risk populations such as behavioral health recipients with co-occurring substance abuse and mental illness, and monitor and train providers in the provision of substance abuse services consistent with the Arizona Principles for behavioral health care.

2. The Contractor will work with local provider agencies to develop home-based substance abuse services that engage the entire family and offer wraparound support, following the model of the Arizona F.I.R.S.T. Program in Maricopa County, will develop Adolescent Substance Abuse Day Programs and will promote the use of ASAM criteria to assess the substance abuse treatment needs of behavioral health recipients and their families.

d) As per Volume 3 – Service Delivery System item q. Supporting ADHS' Obligations under JK Settlement Agreement, the Contractor will promote community service development and provide a Community Services Development Status Report including evidence related to the following activities every six (6) months starting September 1, 2006:

1. The Contractor will employ community development staff to identify community resources, will train family members who wish to be family support partners, and will work with community boards to identify community services, faith-based services, and other resources such as Boys and Girls' Clubs or supported employment settings developed in partnership with local business leaders.

2. The Contractor will maintain an up-to-date list of services that are available in behavioral health recipients' local communities, including support services, housing services, substance abuse services, and employment services.

3. The Contractor will encourage and support the use of Best Practices by providing information to behavioral health recipients about available treatment options and the research related to their benefits.

4. The Contractor will work to expand the range of culturally competent services available to behavioral health recipients through continuing network development and community development efforts and will work with local provider agencies to ensure that culture-specific support system members, such as religious leaders, will be offered the opportunity to participate as members of Child and Family Teams.

5. The Contractor will offer reimbursement for a variety of community-based treatment options, and will encourage and support behavioral health recipients in accessing these community-based services.

6. The Contractor will partner with provider agencies, government agencies, community service providers, faith-based organizations, the correctional system, and community leaders to develop new services and natural supports in each GSA.

e) As per Volume 3 – Service Delivery System item q. Supporting ADHS' Obligations under JK Settlement Agreement and the Contract Scope of Work Item 9. Therefore, the Contractor is required to submit a General Status Report every six (6) months beginning September 1, 2006 on the following items:

1. The Contractor will promote stability by offering training programs for family members who wish to function as Family Support Partners for children with behavioral health problems.

2. The Contractor will conduct, as part of the annual work plan, at least three (3) clinical quality improvement activities that are designed to improve outcomes for Arizona mental health behavioral health recipients.

3. The Contractor will proactively work with the child, when the child(ren) reaches the age of majority, to re-engage him or her in the process of care and to help him or her enter the adult treatment system, so that the work of the Child and Family Team will flow seamlessly into the work of the behavioral health recipient's Adult Treatment Team .

4. The Contractor will work with providers to periodically assess the behavioral health recipient's perspective on treatment progress, in order to ensure that the child and family's perspectives are honored and they are effectively engaged in treatment planning and in the process of care.

10. Service Delivery Requirements for Persons with Substance Use Disorders

a. Overview

In addition to service delivery requirements in Scope of Work Paragraphs G.1. through G.7. above, the Contractor shall fulfill the following service delivery requirements for service provided to Title XIX/Title XXI and Non-Title XIX/XXI persons with substance use disorders. Substance use disorders covered under this contract include a range of conditions that vary in severity over time, from

problematic, short-term use/abuse of substances to severe and chronic disorders requiring long-term and sustained treatment and recovery management. The Contractor shall develop and maintain a continuum of culturally competent substance use disorder services and supports that meet the individualized needs of persons for education, brief intervention, acute stabilization/treatment and long-term recovery management for substance abuse/dependence problems.

b. Service delivery and program requirements

The Contractor shall develop services that meet the individualized needs of persons with substance use disorders and their children and families, and:

1) Are designed to reduce the intensity, severity and duration of substance use and the number of relapse events, including a focus on life factors that support long-term recovery;

2) Provide ongoing monitoring, feedback and re-engagement into treatment based on changing needs of the individual;

3) Treat the family as a unit and include the family in the treatment process, when determined to be clinically appropriate;

4) Ensure that behavioral health recipients are assessed for co-occurring mental health conditions and physical disability/disease and these co-occurring issues are addressed;

5) Include, as appropriate, a focus on returning the individual to the workforce;

6) Provide physician oversight of medical treatments including methadone, medications and detoxification to ensure services are rehabilitative in focus and directed to long-term recovery management;

7) Ensure coordination and continuity within and between behavioral health service providers and natural supports to reduce premature discharge/disenrollment and support continuity of care over time;

8) Are delivered by staff competent to assess and treat substance use disorders in individuals and families.

c. Substance Abuse Prevention and Treatment Block Grant Requirements

The Contractor shall ensure that services funded under the federal block grants meet all requirements outlined in the Special Terms and Conditions Paragraph F.10., Management of Block Grant Funds, and the ADHS/DBHS Provider Manual.

The Substance Abuse Prevention and Treatment Performance Partnership Block Grant is an annual formula grant to the states authorized by the U.S. Congress to support a national system of substance abuse treatment and prevention programs and services. DHS is the designated Single State Agency to administer the Block Grant in Arizona. The Block Grant supports primary prevention and treatment services for priority substance abuse populations and others through an annual allocation to Arizona.

The Contractor shall establish program and financial management procedures consistent with requirements of The Children's Health Act of 2000 and 45 CFR Part 96 as amended. Financial requirements are identified in Special Terms and Conditions Paragraph F.10. Management of Block Grant Funds.

1) Use of Block Grant Funding

   a) Services funded through the SAPT Block Grant are based on available funding. The Contractor shall prioritize expenditure of Block Grant funds and delivery of services for the following priority populations:

      i. To ensure access to treatment and long-term recovery support services for pregnant women and teenagers who use substances, persons who use drugs by injection, and women/teenagers with young (dependent) children and their families;

      ii. To provide HIV Early Intervention services at the site where persons receive covered behavioral health services for their substance use; and

      iii. To provide primary prevention services to individuals and families who do not require covered behavioral health services.

   b) Minimum expenditure levels for priority SAPT populations are established by the DHS through the annual Schedule of Non-Title XIX/XXI Funding.

   c) Upon meeting service requirements for women with children and their families, the Contractor may propose to establish or expand network services for other populations requiring substance abuse interventions and supports, including homeless individuals, sight/hearing impaired, criminal justice populations and persons with co-occurring mental health disorders so long as Grant funds may be tracked for their authorized purpose.

2) Program Requirements for Women, Children and Families

   a) The Contractor shall establish a sufficient network for services and supports to engage, retain and treat pregnant women and women/teenagers with young children who request and are in need of substance use disorder treatment. Services shall be designed to support the long-term recovery needs of women and their families and include targeted outreach activities to identify and enroll women with substance use disorders, supported employment and coordination of housing needs. The Contractor shall prioritize new and existing undedicated monies available for substance abuse to treatment services for pregnant women pursuant to A.R.S. § 36-141.

      i. Preferential Access for Pregnant Women

         The Contractor shall establish mechanisms to ensure that each pregnant woman who requests and is in need of substance use disorder treatment is admitted within forty eight (48) hours and is provided interim services in conformance with the ADHS/DBHS Provider Manual.

ii. Specialty Programs for Women and Children

The Contractor shall establish, develop and expand network capacity to provide outreach, specialized treatment and recovery support services for women who are pregnant or have young children and their families, including women who are attempting to regain custody of their children. Services shall treat the family as a unit and admit both women and their children into treatment.

b) Specialty programs for women and children shall include the following components at the treatment site:

i. Delivery or referral for primary medical care for women;
ii. Delivery or referral for primary pediatric care for children;
iii. Gender-specific substance abuse treatment;
iv. Therapeutic interventions for children;
v. Child care;
vi. Case management and transportation to access medical and pediatric care.

3) Program Requirements for Injection Drug Abuse

The Contractor shall ensure:

a) Behavioral health recipients who use drugs by injection receive services within timeframes outlined in the ADHS/DBHS Provider Manual.

b) Providers conduct scientifically sound outreach activities to encourage individuals in need to undergo treatment.

4) Program Requirements for Tuberculosis Services

The Contractor shall ensure that persons with substance use disorders are referred for tuberculosis services.

5) Program Requirements for HIV Early Intervention Services

The Contractor shall establish services for HIV in conformance with the ADHS/DBHS Provider Manual.

6) Non-Title XIX/XXI Wait List

The Contractor shall establish and maintain a Non-Title XIX/XXI wait list for SAPT Block grant priority populations. The wait list shall include at a minimum:

a) A unique identifier for each injection drug abuser seeking treatment and/or receiving interim services; and

b) A unique identifier for each pregnant/parenting woman seeking treatment and receiving interim services.

The Contractor may request to waive wait list management requirements upon submission and approval of performance and outcome data as directed by DHS under the SAPT Performance Partnership Block Grant.

d. COOL (Correctional Officer/Offender Liaison) Program

The COOL Program serves the substance abuse treatment and behavioral health needs of high-risk offenders on parole from ADOC. The COOL Program provides designated staff and additional funding to support offenders requiring treatment and support services in the community.

The Contractor shall:

1) Have staff for the offender treatment and offender housing program, based on funds available each fiscal year.

2) Coordinate service referrals and appropriate service placements of offenders with ADOC parole officers as outlined in the ADHS/DBHS Provider Manual.

3) Provide oversight of services and agencies serving COOL participants, including submission of attendance verification and non-compliance reports.

4) Submit quarterly reports and housing referral data to DHS.

5) Maintain a current roster of offender referrals, placements, housing services, and case status, including individuals returned to the prison system/re-incarcerated.

11. Service Delivery Requirements for Community Mental Health Services Block Grant

a. The Contractor shall ensure that services funded under the federal block grants meet all requirements outlined in Special Terms and Conditions Paragraph F.10. Management of Block Grant Funds and the ADHS/DBHS Provider Manual.

b. The Community Mental Health Services Block Grant is an annual formula grant to the States authorized by U.S. Congress through the Department of Health and Human Services, Center for Mental Health Services (CMHS), Substance Abuse and Mental Health Services Administration (SAMHSA). Block grants are awarded to States to establish or expand an organized community-based system of care for providing mental health services to adults with a serious mental illness (SMI) and children with a serious emotional disturbance (SED). DHS is the designated Single State Agency to administer the Block Grant in Arizona.

c. Services funded through the CMHS Block Grant are based on available funding. The Contractor shall prioritize expenditures of Block Grant funds and delivery of services for the following priority populations:

1) Non-Title XIX/XXI adults with Serious Mental Illness and

2) Non-Title XIX/XXI children with a Serious Emotional Disturbance

d. Mental Health Block Grant funds may not be used to:

1) Provide inpatient services;

2) Make cash payments to intended recipients of behavioral health services;

3) Purchase or improve land; purchase, construct, or permanently improve (other than minor remodeling) any building or other facility; or purchase major medical equipment;

4) Satisfy any requirement for the expenditure of non-Federal funds as a condition of the receipt of Federal funds; or

5) Provide financial assistance to any entity other than a public or nonprofit entity.

H. TRAINING OF CONTRACTOR PERSONNEL AND SERVICE PROVIDERS

1. The Contractor shall allocate sufficient financial and personnel resources to maintain a training function to enhance the knowledge and skills of all personnel, service providers and behavioral health recipients and family members (who provide peer support) that shall support the behavioral health delivery system in achieving the Arizona System Principles, Arizona Children's Vision and Principles, and Principles for Persons with a Serious Mental Illness. Training shall take multiple forms including but not limited to formal trainings, coaching, modeling and observation.

2. The Contractor shall:

   a. Provide orientation and ongoing training to all personnel;
   b. Provide the minimum training requirements outlined in the ADHS/DBHS Provider Manual to all providers;
   c. Have qualified personnel develop and deliver trainings;
   d. Involve behavioral health recipients and family members in the development and delivery of trainings, and
   e. Address in all trainings, the cultural relevance and considerations pertaining to each training topic.

3. The Contractor shall assist DHS in coordinating and delivering trainings initiated by DHS due to identified needs, including but not limited to ADHS/DBHS Strategic Plan and those needs identified in collaboration with other State agencies.

4. The Contractor shall have processes to identify the training needs of its personnel, service providers, and behavioral health recipients and family members and then provide such trainings, orientation or technical assistance to support them in successfully fulfilling the requirements of their position and to assist in achieving the Arizona System Principles, Arizona Children's Vision and Principles, and Principles for Persons with a Serious Mental Illness. The Contractor's training function shall build into its routine processes the provision of orientation and required trainings for new providers entering the field of behavioral health and other providers new to the Contractor's network. The training function shall work in tandem with supervision needs of providers. The training function shall ensure that Clinical Supervisors are well trained in, and committed to, the Arizona Children's Vision and Principles and Principles for Persons with a Serious Mental Illness.

5. The Contractor shall use systematic processes such as case file review results, complaint data, utilization data and grievance and appeal data to identify providers who require training or technical assistance above the required minimum if they are not practicing in accordance with the Arizona Children's Vision and Principles, and Principles for Persons with a Serious Mental Illness. The Contractor shall also provide or ensure that all appropriate personnel, service providers and behavioral health recipients and

family members are provided training and/or technical assistance regarding new initiatives and best practices, including ADHS Clinical Guidance Documents, that impact the delivery of behavioral health services. The Contractor shall provide or ensure availability of training or technical assistance that is requested by personnel, service providers or behavioral health recipients and family members.

6. The Contractor shall provide trainings to child serving state agencies (DES, ADJC, AOC and ADE) regarding the Arizona model for delivering services to behavioral health recipients and for coaching state agency personnel in working with children and families who have behavioral health needs.

7. The Contractor shall have processes to document the delivery of all trainings to personnel, service providers and behavioral health recipients.

I. SYSTEM COLLABORATION

1. System Collaboration with State Agencies/County Agencies

a. The Contractor shall work collaboratively with state agencies and county agencies at the local system level.

b. The Contractor shall meet, agree upon and reduce to writing collaborative protocols with each County, District, or Regional Office of:

1) Arizona Department of Economic Security/Child Protective Services;
2) Arizona Department of Economic Security/Division of Developmental Disabilities;
3) Arizona Department of Economic Security/Rehabilitative Services Administration;
4) Administrative Office of the Courts;
5) Arizona Department of Corrections; and
6) Arizona Department of Juvenile Corrections.
7) Pima County (for GSA 5).

c. At a minimum, the collaborative protocols shall address:

1) How the Contractor will work with the entity in coordinating the delivery of behavioral health services to persons served by both entities;
2) Mechanisms for resolving problems;
3) Information sharing;
4) Resources each contributes to the care and support of persons mutually served;
5) Arrangement for co-location, if applicable;
6) How to identify and address joint training needs.

d. These written protocols shall be developed by December 31, 2005 and a copy of each shall be provided to DHS. These protocols shall be updated as needed and a copy shall be provided to DHS.

e. The Contractor shall communicate to behavioral health providers through the ADHS/DBHS Provider Manual in the applicable content area any agreed upon protocols that shall be carried out by providers.

f. The Contractor shall address and attempt to resolve coordination of care issues with other state agencies at the lowest possible level. In the event that the

Contractor is unable to resolve issues with state agencies, the Contractor shall forward the following in writing to DHS:

1) The issue that the Contractor is unable to resolve,
2) The actions already taken that have not resulted in resolution of the issue, and
3) Recommendations for resolution of the problem.

g. The Contractor shall collaborate with local county health departments.

2. System Collaboration with AHCCCS Acute Care Health Plans

a. The Contractor shall meet with the AHCCCS Health Plans operating in the GSA. These meetings shall be held to address coordination of care issues between the two systems including but not limited to sharing information with Health Plans regarding referral and consultation services and solving identified problems. The frequency of these meetings shall be often enough to identify and resolve issues in a timely manner but held at least quarterly. The meetings shall be facilitated by Contractor staff that have sufficient program and administrative knowledge and authority to resolve issues.

b. The Contractor shall address and attempt to resolve coordination of care issues at the lowest possible level. In the event that the Contractor is unable to resolve issues with AHCCCS Health Plans, the Contractor shall forward the following in writing to DHS:

1) The issue that the Contractor is unable to resolve,
2) The actions already taken that have not resulted in resolution of the issue, and
3) Recommendations for resolution of the problem.

c. The Contractor shall ensure adherence to all coordination of care requirements outlined in the ADHS/DBHS Provider Manual.

3. System Collaboration with Tribes

The Contractor shall work collaboratively with tribes in the GSA to meet the service needs of Tribal members enrolled with the Contractor.

J. COMMUNICATION WITH BEHAVIORAL HEALTH RECIPIENTS, FAMILY MEMBERS, STAKEHOLDERS, AND PROVIDERS

1. Overview

a. The Contractor shall be proactive in communicating information to behavioral health recipients, family members, and stakeholders and providers to foster a community that understands the behavioral health delivery system including but not limited to the following information:

1) How to access services,
2) The covered behavioral health services available to the various populations,
3) Information on treatment of behavioral health problems,
4) Customer service contact information,
5) Information pertaining to new initiatives within the behavioral health system,

6) Information regarding the status of the Contractor's operations, including the financial status of the Contractor and how the Contractor is allocating and managing resources in the delivery system,
7) Information describing the provider network.

b. The Contractor shall ensure timely and accurate dissemination and communication of information required by DHS. Upon request, the Contractor shall assist DHS in the dissemination of information to behavioral health recipients prepared by the federal government, AHCCCS, or DHS. The cost of disseminating and communicating information shall be borne by the Contractor. The Contractor shall submit all materials to DHS for approval prior to distribution.

c. All advertisements, publications, and printed materials which are produced by the Contractor and refer to Title XIX and Title XXI covered services shall state that such services are funded under a contract between AHCCCS and DHS. All advertisements, publications, and printed materials, which are produced by the Contractor and refer to Non-Title XIX/XXI covered services shall state that such services are funded through DHS.

d. At a minimum, information shall be updated as needed and made available to the following groups: behavioral health recipients, family members, community stakeholders and State agencies.

e. Communication requirements with Providers are outlined in Scope of Work Paragraph E.3.

2. Communications with Behavioral Health Recipients

a. Written Communication

1) The Contractor shall educate behavioral health recipients about covered behavioral health services and where and how to access services. At a minimum, the Contractor shall communicate with behavioral health recipients through the following:

a) Member Handbook.

i. DHS has a Handbook template which the Contractor shall augment with Contractor specific information. At a minimum, the Member Handbook shall be updated by the Contractor by August 1st of each year. The Contractor shall have the Member Handbook approved by DHS prior to printing.

ii. The Member Handbook shall be provided to behavioral health recipients within ten (10) days of receiving a first service.

iii. The Contractor's updated Member Handbook must be provided to all enrolled persons on an annual basis.

b) Notices for denials, reductions, suspensions or terminations of services for Title XIX and Title XXI behavioral health recipients.

c) Other information as specified in the ADHS/DBHS Provider Manual.

2) When a provider is terminated, behavioral health recipients shall receive a written notice within fifteen (15) days of receipt or issuance of termination notice.

3) Written material shall contain easily understood language and format. The Contractor shall make every effort to ensure that all information prepared for distribution to behavioral health recipients is written at a 4th grade level.

4) When there are program changes, written notification shall be provided to the affected persons at least thirty (30) days before implementation.

5) All informational materials intended for distribution to behavioral health recipients shall be reviewed for accuracy by the Contractor and approved by DHS prior to distribution.

b. Written Translation Requirements

1) All materials shall be translated into another language when the Contractor is aware that the other language is spoken by three thousand (3,000) individuals or ten percent (10%), whichever is less, of behavioral health recipients in a geographic service area who also have Limited English Proficiency (LEP).

2) All vital material should be translated into another language when the Contractor is aware that the other language is spoken by one thousand (1,000) or five percent (5%), whichever is less, of behavioral health recipients in a geographic service area who also have LEP. Vital materials include, at a minimum, notice for denials, reductions, suspensions or terminations of services and consent forms.

3) All written notices informing persons of their right to interpretation and translation services shall be translated when the Contractor is aware that one thousand (1,000) or five percent (5%), whichever is less, of the behavioral health recipients in a geographic service area speak that language and have LEP.

4) Written materials shall be available in alternative formats for the visually impaired.

5) The Contractor shall inform all behavioral health recipients that information is available in alternative formats and how to access those formats.

c. Oral Interpretation Requirements

1) The Contractor shall make oral interpretation services available free of charge to all Title XIX and Title XXI persons. This applies to all non-English languages, not just those that the Contractor identifies as prevalent.

3. Communications with Family Members

a. General Information to Family Members

1) The Contractor shall, at a minimum, make available the following general written information to family members:

a) Where and how to access behavioral health services including emergency/crisis services,

b) Information on the family members' role in the assessment and treatment for behavioral health recipients,

c) Generic information on the treatment of behavioral health problems,

d) Any limitations in involving family members or providing behavioral health recipient information for adult persons who do not want information shared with family members,

e) Customer service telephone numbers and hours of operation,

f) How to identify and contact a behavioral health recipient's Clinical Liaison, and

g) Covered behavioral health services.

2) The Contractor shall give the above stated written materials to providers to distribute to family members.

3) The Contractor shall educate providers regarding having a warm and welcoming environment for both behavioral health recipients and their families.

b. Behavioral Health Recipient Information to Family Members

1) The Contractor shall require that providers encourage adult persons to include family members in the assessment and treatment for behavioral health recipients, unless it is contraindicated by family circumstances.

2) The Contractor shall ensure that information regarding behavioral health recipients is shared in accordance with confidentiality and HIPAA rules and policy as outlined in Federal and State law, the ADHS/DBHS Provider Manual the ADHS/DBHS Policies and Procedures Manual, and the ADHS/DBHS Clinical Guidance Documents.

4. Communications with Stakeholders and State Agencies

a. The Contractor shall periodically disseminate the following information, and other information upon request by DHS, to relevant community stakeholders and State agencies:

1) How to access behavioral health services, including emergency/crisis behavioral health services,

2) Customer service telephone numbers and hours of operation,

3) How to identify and contact a behavioral health recipient's Clinical Liaison, and

4) Covered behavioral health services, and a listing and locations of contracted behavioral health providers.

b. The Contractor shall communicate with stakeholders and conduct outreach as outlined in Scope of Work Paragraph F.

5. Web Posting

a. The Contractor shall maintain a website. The website shall be organized to allow for easy access of information by behavioral health recipients, family members, providers and stakeholders.

b. The website shall contain at a minimum the following information or links:

1) How to access behavioral health services, including crisis contact information
2) Provider Listing
3) Behavioral Health Recipient Handbook
4) Customer service contact information
5) Contractor's hours of operation
6) ADHS/DBHS Provider Manual and Contractor specific information, including formulary information
7) Advocacy organizations, including advocacy for family members
8) A hyperlink to the ADHS/DBHS Covered Behavioral Health Services Guide.

c. The Contractor shall ensure that the website is in compliance with the Americans with Disabilities Act.

K. QUALITY MANAGEMENT/UTILIZATION MANAGEMENT

1. Quality Management and Improvement Program

a. The Contractor shall institute processes to assess, plan, implement and evaluate the quality of care provided to behavioral health recipients. The Contractor shall have a quality management and improvement program that fulfills all requirements on Quality Management contained within the ADHS/DBHS QM/UM Plan, ADHS/DBHS Policies and Procedures Manual, ADHS/DBHS Provider Manual, and requirements from the AHCCCS quality management requirements outlined in AHCCCS Medical Policy Manual (AMPM), Chapter 900. The Quality Management Program shall require monitoring, reporting, and performance improvement activities by each GSA.

b. The Contractor shall have a sufficient number of qualified personnel to fulfill all quality management functions. The Contractor shall ensure that all activities within quality management are for the purpose of improving quality of care and meeting requirements set forth in this contract. The Contractor shall conduct provider monitoring activities according to the ADHS/DBHS QM/UM Plan and avoid unnecessary review and monitoring that will not assist in improving the quality of care or meeting the requirements of this contract.

c. The Contractor shall ensure active participation in data collection and analysis. The Contractor shall actively participate in the monitoring and tracking of quality improvement findings and shall take such actions as determined necessary to improve the quality of care provided to behavioral health recipients. The Contractor shall actively monitor subcontractors' quality management activities to ensure compliance with federal regulations, AHCCCS and DHS requirements, and adherence to its quality management plan.

d. The Contractor shall inform DHS within one (1) day of its knowledge of significant incidents/accidents and all cases of suspected abuse and neglect, in accordance with the ADHS/DBHS Policy and Procedure Manual, involving behavioral health recipients and provide a summary of findings and corrective actions required, if any, following investigation of the incident/accident.

e. DHS intends to enhance its quality management system in order to more effectively monitor the process of improving services under the JK Settlement Agreement. The enhanced quality management system will measure whether services to children are consistent with and designed to achieve the Arizona Twelve (12) Principles. The measurement process will include as an integral component, an in depth case review, performed by the Contractor, of a sample of individual children's cases that includes interviews of relevant individuals in the child's life. As these changes are implemented, the Contractor shall conform its quality management systems to be consistent with DHS quality management systems including monitoring and performance improvement activities.

2. Performance Standards

a. The Contractor shall meet ADHS Minimum Performance Standards for all Title XIX, Title XXI, and Non-Title XIX/XXI SMI behavioral health recipients and services. Beyond the minimum requirements, it is equally important that the Contractor continually improve performance measure outcomes from year to year, as defined by DHS. The Contractor shall strive to meet the ultimate Goal, or Benchmark, established or approved by DHS. Any statistically significant drop in the Contractor's performance level for any measure shall be explained by the Contractor in its Annual Quality Management Plan Evaluation. If the Contractor has a statistically significant drop in any measure without a justifiable explanation, the Contractor shall be required to submit a corrective action plan to DHS, and may be subject to sanctions until an adequate level of performance is achieved. All targeted performance measures are subject to the contract between DHS and AHCCCS. DHS has established three levels of performance:

1) Minimum Performance Standard

A Minimum Performance Standard is the minimally expected level of performance by the Contractor.

2) Goal

A Goal is a reachable standard for a given performance measure for the contract year. If the Contractor has already met or exceeded the DHS established or approved Minimum Performance Standard for any measure, the Contractor shall strive to meet the established Goal for the measure.

3) Benchmark

A Benchmark is the ultimate standard to be achieved. If the Contractor has already achieved or exceeded the Goal for any performance measure, the Contractor shall strive to meet the Benchmark for the measure. If the Contractor has achieved the Benchmark, the Contractor is expected to maintain this level of performance for future years.

b. If the Contractor does not show demonstrable and sustained improvement toward meeting DHS established Performance Standards, DHS shall notify the

Contractor to develop a corrective action plan. The corrective action plan shall be received by DHS within thirty (30) days after notification to Contractor. This plan shall be approved by DHS prior to implementation. DHS may conduct one or more follow-up onsite reviews or other audit processes to verify compliance with a corrective action plan. Failure to achieve adequate improvement may result in sanctions imposed by DHS.

c. The Contractor shall require a corrective action from any subcontractor not showing demonstrable and sustained improvement toward meeting DHS established or approved Minimum Performance Standards.

d. The Contractor shall require a corrective action plan from, and may impose sanctions on, any subcontractor when:

1) The subcontractor does not achieve the minimum standard for any measure;
2) The subcontractor's performance for any measure declines to a level below the DHS established or approved Minimum Performance Standard;
3) There is a statistically significant drop in the subcontractor's performance on any measure without a justifiable explanation.

e. The following table identifies the Minimum Performance Standards, Goals and Benchmarks for each required aspect of performance by GSA:

ADHS MINIMUM PERFORMANCE STANDARDS

Aspect of Performance	How Measured	Minimum Performance Standard	Goal	Benchmark
QUARTERLY				
Access to care/Appointment Availability for emergency, routine assessments, and routine appointments (medication and other): Appointments are available to individuals referred for/requesting services within the contractually required timelines (emergency/urgent within 24 hours of referral; routine assessments within 7 days of referral; and routine appointments for ongoing services within 23 days of initial assessment).	Review of contractor, subcontractors and/or provider logs for emergency and referral to routine assessments; encounter reports for initial assessment to first service	85%	90%	95%
ANNUALLY				
Coordination of care with AHCCCS Health Plans/PCPs: The disposition of the referral is communicated to the PCP/Health Plan, within thirty (30) days of initial assessment. If a member declines behavioral health services, the Contractor shall ensure communication of the final disposition to the referral source within thirty (30) days of referral. Behavioral health service providers communicate with and attempt to coordinate care with the member's acute health plan's PCP in compliance with ADHS/DBHS Policies and Procedures Manual.	ICR	75%	80%	90%
Sufficiency of assessments: Assessments are sufficiently comprehensive for the development of functional treatment recommendations.	ICR	85%	90%	95%
Member/family involvement: Staff actively engage members/families in the treatment planning process.	ICR	85%	90%	95%
Cultural competency: Members'/families' cultural preferences are assessed and included in the development of treatment plans.	Behavioral Health Recipient Satisfaction Survey	70%	80%	95%
Appropriateness of services: The types and intensity of services, including case management, are provided based on the member's assessment and treatment recommendations.	ICR	85%	90%	95%
Informed consent for psychotropic medications: Members and/or parents/guardians are informed about and give consent for prescribed medications.	ICR	80%	90%	95%
Quality clinical outcomes: There is evidence of positive clinical outcomes for members receiving behavioral health services.	ICR	80%	82%	85%

3. DHS Quality Improvement Activities

a. The Contractor shall participate in the following DHS quality improvement activities:

1) Independent Case Review (ICR)

The Contractor shall make available records and other documentation, and ensure Subcontractor's participation in, and cooperation with, the Independent Case Review. The Contractor shall participate in the performance improvement process and use findings from the ICR to improve care for behavioral health recipients.

2) Behavioral Health Recipient Satisfaction Survey

The Contractor and its Subcontractors, as applicable, shall actively participate in the development and implementation of the annual satisfaction survey. The Contractor shall use findings from the Satisfaction Survey to improve care for behavioral health recipients.

3) Performance Improvement Projects

The Contractor and its Subcontractors, as applicable, shall actively participate in Performance Improvement Projects. This includes implementation of improvement activities targeted to improve the quality of care provided to behavioral health recipients.

In addition, the Contractor shall participate in a quarterly meeting with DHS. The topics of the quarterly meeting between the Contractor and DHS will be jointly developed.

4. Utilization Management

a. The Contractor shall comply with Chapter 1000 of the AHCCCS Medical Policy Manual (AMPM), the ADHS/DBHS QM/UM Plan, the ADHS/DBHS Policies and Procedures Manual and the ADHS/DBHS Provider Manual. The Contractor shall comply with federal utilization control requirements, including the certification of need and recertification of need for continued stay in inpatient settings. The Contractor shall also ensure that hospitals, mental hospitals and inpatient psychiatric facilities (acute, subacute, and residential treatment centers) comply with federal requirements regarding utilization review plans, utilization review committees, plan of care and medical care evaluation studies as prescribed in 42 CFR, Parts 441 and 456. The Contractor shall actively monitor subcontractors' utilization management activities to ensure compliance with federal regulations, AHCCCS and DHS requirements, and adherence to its utilization management plan. The Contractor shall be responsible for the monitoring and reporting of utilization data by each GSA. The Contractor and its subcontractors shall incorporate the DHS definition of medically necessary covered behavioral health services into Contractor documents where applicable.

b. The Contractor shall have processes that monitor for under and over utilization of services. The Contractor shall review utilization data to evaluate that services are being provided in a manner that is consistent with the Arizona Children's Vision and Principles and Principles for Persons with a Serious Mental Illness. The Contractor shall have personnel who have knowledge and ability to extract

utilization data and have the ability to analyze and interpret if there is under utilization, over utilization and if utilization is consistent with the Arizona Children's Vision and Principles and Principles for Persons with a Serious Mental Illness.

c. The Contractor shall ensure that there are processes to track and monitor cumulative service utilization across providers and ensure Title XIX and Title XXI reimbursement is not made beyond the following service limitations:

1) Title XIX and Title XXI behavioral health recipients age 21 through 64 receiving services in an Institution for Mental Disease does not exceed thirty (30) days per admission or sixty (60) days per contract year.

2) Title XIX and Title XXI behavioral health recipients receiving respite services does not exceed 720 hours per contract year.

d. The Contractor shall provide subcontractors with technical assistance regarding utilization management.

e. The Contractor shall maintain a risk management program and ensure that appropriate action is taken as needed. The Contractor shall use information obtained to improve the quality of care.

f. The Contractor shall ensure the completeness and accuracy of utilization management data reported to DHS.

g. The Contractor shall actively monitor and analyze utilization and cost data for covered services, including case management, by provider and program type.

h. The Contractor shall monitor and analyze pharmacy data.

5. Quality Management and Utilization Management Reporting

The Contractor shall submit the following quality management and utilization management deliverables in accordance with requirements outlined in the ADHS/DBHS Policies and Procedures Manual, ADHS/DBHS Quality Management Utilization Management Plan and timeframes outlined in Exhibit A - Contractor Periodic and Ad Hoc Reporting Requirements. The Contractor shall be responsible for the monitoring and reporting of quality management and utilization management data, and performance improvement activities by each GSA.

a. Quality Management and Utilization Management Plan

The Contractor shall submit an annual Quality Management and Utilization Management Plan and Quality Management Utilization Management Evaluation of the previous year's Quality Management Utilization Management program. The Plan(s) shall include requirements from AHCCCS Medical Policy Manual Chapter 900, Quality Management and Quality Improvement Program; Chapter 1000, Utilization Management; the ADHS/DBHS Quality Management Utilization Management Plan; and this Contract. The Plan(s) shall be submitted to DHS by November 30 of each contract year.

b. Showing Report

The Contractor shall complete the Quarterly Showing Report, which is a report that demonstrates compliance with federal requirements related to certification of

need and re-certification of need for Level I behavioral health services, according to ADHS/DBHS Policies and Procedures Manual on Showing Reports. The Contractor's Chief Executive Officer or Chief Medical Officer shall attest in writing that the information is accurate and complete. The Showing Report is due to DHS no later than ten (10) days after the end of the quarter.

c. Medical Care Evaluation (MCE) Studies

The Contractor shall ensure that Subcontracted Level I facilities conduct MCE Studies in accordance with 42 CFR, Part 456, Subpart C and D and ADHS/DBHS Policies and Procedures Manual on Medical Care Evaluation Studies. The Contractor shall ensure that MCE Studies undertaken by Level I Subcontractors are completed, analyzed, and utilized to improve care.

d. Reports of Incidents, Accidents, and Deaths

The Contractor and its Subcontractors, as applicable, shall report incidents, accidents, and deaths according to ADHS/DBHS Policies and Procedures Manual on Reports of Incidents, Accidents, and Deaths.

e. Reporting and Monitoring the Use of Seclusion and Restraint

The Contractor and Level I Subcontractors, as applicable, shall report all incidents of seclusion and restraint according to ADHS/DBHS Policies and Procedures Manual on Reporting and Monitoring the use of Seclusion and Restraint.

Contractor shall submit a Quarterly Seclusion and Restraint analysis according to the Performance Improvement Specification Manual.

f. Quarterly Trending Analysis of Incidents, Accidents and Deaths

The Contractor shall submit a Quarterly Trending of Incidents, Accidents, and Deaths Report according to the Performance Improvement Specification Manual.

g. Pharmacy Data Report

The Contractor shall submit a Pharmacy Data Report on a quarterly basis according to the Performance Improvement Specification Manual.

h. Behavioral Health Recipient Satisfaction Survey

The Contractor shall participate in the Behavioral Health Recipient Satisfaction Survey on an annual basis as identified by DHS.

i. Quarterly Member Services Report

The Contractor shall submit, quarterly, a report that contains an analysis of the number and types of complaints received by the Contractor and subcontractors. The Contractor must also include identified trends and performance improvement activities. Information gained from this process must be included in the overall quality management system in order to improve the quality of care provided to members, and implement system improvements.

6. Investigation, Analysis, Tracking and Trending of Quality of Care Issues

The Contractor shall investigate, analyze, track and trend quality of care issues, abuse and/or complaints that include:

a) Acknowledgement letter to the originator of the concern
b) Documentation of all steps utilized during the investigation and resolution process
c) Follow-up with the member to assist in ensuring immediate health care needs are met
d) Closure/resolution letter that provides sufficient detail to ensure that the member has an understanding necessary care needs are met, and a contact name/telephone number to call for assistance or to express any unresolved concerns
e) Documentation of implemented corrective action plan(s) or action(s) taken to resolve the concern;
f) Evidence of the resolution implemented
g) Referring the issues to the Contractor peer review committee when appropriate
h) Referring/reporting the issue to appropriate regulatory agency, Child or Adult Protective Services and AHCCCS for further research/review or action
i) Notifying the appropriate regulatory/licensing board or agency, and AHCCCS when a health care professional's organizational provider or other provider's affiliation with their network is suspended or terminated because of quality of care issues.

L. COMPLAINTS, SMI GRIEVANCES, MEMBER APPEALS, AND PROVIDER CLAIM DISPUTES

1. General

a. The Contractor shall have in place complaint, SMI grievance, member appeal and provider claim dispute processes for providers and members consistent with ADHS/DBHS Policies and Procedures Manual and ADHS/DBHS Provider Manual. The Contractor shall ensure that providers and members are advised of their grievance and appeal rights, have access to the applicable complaint, SMI grievance, member appeal and provider claim dispute processes, and that the applicable complaint, SMI grievance, member appeal and provider claim dispute processes are handled competently, expeditiously and equitably for all members and providers.

b. The Contractor may not delegate or subcontract the administration of complaint, SMI grievance, member appeal, or provider claim dispute processes. The Contractor shall provide the appropriate personnel to establish, implement and maintain the necessary functions of the complaint, SMI grievance, member appeal, and provider claim dispute processes. For issues related to decisions and/or actions of the Contractor and/or their subcontractor that rise to the level of an administrative hearing and/or judicial review, the Contractor shall provide the necessary professional, paraprofessional and administrative services for the representation of the Contractor and/or provider, unless the issue relates to a provider claim dispute. For provider claim disputes that rise to the level of an administrative hearing and/or judicial review, each party shall provide the necessary professional, paraprofessional and administrative services for each respective party.

c. The DHS, at its discretion, may participate in or review any complaints, SMI grievances, member appeals, and provider claim disputes and require the Contractor to carry out DHS decisions pending the formal resolution of the issue.

d. All informal conferences must be held at a convenient time and location for the behavioral health recipient. The location must provide all the privacy required by law. The behavioral health recipient must be notified in writing of the time, date

and location within two (2) days of the informal conference. An informal conference may be held telephonically if the behavioral health recipient agrees. An informal conference can never be held via videoconferencing.

2. Complaints

The Contractor shall develop and implement an informal dispute resolution process including timeframes for resolution that are consistent with ADHS/DBHS Policies and Procedures Manual. These procedures shall comply with all applicable federal and state laws and the ADHS/DBHS Provider Manual. The Contractor shall try to informally resolve complaints, SMI grievances, member appeals and provider claim disputes whenever possible. However, the Contractor shall not prohibit or interfere with a member's or provider's right to use the formal resolution process.

3. SMI Grievances and Member Appeals

The Contractor shall develop and implement an SMI grievance and member appeal process in accordance with all federal and state laws, the ADHS/DBHS Policies and Procedures Manual, and the ADHS/DBHS Provider Manual.

4. Provider Claim Disputes

a. The Contractor shall develop and implement a provider claim disputes process in accordance with all applicable federal and state laws, the ADHS/DBHS Policies and Procedures Manual, and the ADHS/DBHS Provider Manual.

b. When the Contractor denies a claim, the Contractor shall notify the provider in writing of the claim denial and inform the provider of the right to appeal and the specific procedures to file an appeal.

M. ELECTRONIC DATA REQUIREMENTS

1. Encounter Submissions

a. The Contractor shall submit encounters to DHS in accordance with the CIS File Layout and Specifications Manual, ADHS/DBHS Program Support Procedures Manual, ADHS/DBHS Provider Manual, and the Financial Reporting Guide for Regional Behavioral Health Authorities. The Contractor shall meet all timeliness requirements of processing encounters as outlined in the ADHS/DBHS Program Support Procedures Manual. The Contractor shall meet all encounter submission requirements including timeliness of encounters or be subject to financial sanction.

b. The Contractor shall require subcontracted providers to submit encounters or claims for every service rendered to a client in accordance with encounter and claims submission requirements outlined in the ADHS/DBHS Provider Manual.

c. The Contractor shall participate in Data Validations Studies in accordance with Special Terms and Conditions Paragraph G. Compliance Provisions and the ADHS/DBHS Program Support Procedures Manual.

d. The Contractor shall require subcontracted providers to obtain a National Provider Identification (NPI) by May 23, 2007.

2. Enrollment and Demographic Data Submission

a. The Contractor shall submit enrollment and demographic data per the CIS File Layout and Specifications Manual, the ADHS/DBHS Provider Manual and the ADHS/DBHS Program Support Procedures Manual.

b. The Contractor shall meet all enrollment and data submission requirements outlined in the CIS File Layout and Specifications Manual and the ADHS/DBHS Provider Manual or be subject to sanctions.

3. Grievances and Appeals Data Submission

a. The Contractor shall enter grievances, appeals and requests for hearing information into the ADHS Office of Grievance and Appeals database in accordance with Office of Grievances and Appeals Database Manual.

b. The Contractor shall make initial and updated entries in the Office of Grievances and Appeals database within three (3) days of an event requiring entry.

4. Eligibility Inquiries

The Contractor shall use electronic processes to access Title XIX/XXI eligibility information as outlined in the ADHS/DBHS Provider Manual including web based inquiries. The Contractor can access and utilize the AHCCCS Prepaid Medical Management Information System (PMMIS) to determine Title XIX and Title XXI eligibility and AHCCCS Health Plan enrollment information. The Contractor shall identify staff that will utilize the PMMIS system and obtain log-on clearance by contacting and requesting such through the ADHS/DBHS Office of Program Support. ADHS/DBHS Office of Program Support shall provide the Contractor technical assistance and training regarding the use and interpretation of the PMMIS data screens.

5. AHCCCS Eligibility Applications Status Reports

The Contractor shall accept electronic data from DHS regarding the status of AHCCCS eligibility applications that have been sent by behavioral health providers into Arizona Department of Economic Security/Family Assistance Administration and AHCCCS Central Screening Unit for processing.

6. Ad Hoc Electronic Data Requests

The Contractor shall respond to any ad hoc electronic data submission, processing or review requests from DHS. DHS shall provide at least a thirty (30) day notification for any ad hoc electronic data requests.

N. CORPORATE COMPLIANCE

Contractor is responsible for complying with ADHS/DBHS Fraud and Abuse Operations and Procedures Manual, which outlines the Contractor's requirements for a Corporate Compliance Program pertaining to fraud and abuse. The Contractor shall ensure that subcontractors comply with the Corporate Compliance Program. Failure to comply may result in the penalty described in A.R.S. §13-2310.

O. PREVENTION PROGRAMS

1. The Contractor shall develop and implement primary prevention services in accordance with ADHS/DBHS Covered Behavioral Health Services Guide and ADHS/DBHS Prevention Framework for Behavioral Health. Prevention services shall be provided for non-enrolled persons, their families and communities to reduce the risk of development or emergence of behavioral health disorders and to improve overall behavioral health status in targeted families and communities.

2. DHS has established a process for focusing behavioral health prevention services on key target populations and areas. The Contractor shall target prevention strategies on the prevention of substance abuse, child abuse and suicide based on the following:

   a. Provide services based on identified risk factors;
   b. Address communities and neighborhoods with high proportion of low income persons.

3. The Contractor shall submit an annual report describing the Contractor's prevention program and prevention activities in a format outlined in the ADHS/DBHS Prevention Framework for Behavioral Health.

P. PASRR SCREENINGS

1. The Contractor shall conduct Pre-Admission Screening and Resident Review (PASRR) Level II evaluations conducted by a licensed physician who is Board certified in psychiatry. PASRR Level II evaluations are conducted to determine the need for admitting persons with mental impairments to Medicaid certified Nursing Facilities (NF) and to ensure the care provided by the NF is needed, by determining if the person needs 1) the service provided by the NF and 2) specialized services for persons with mental impairments. PASRR Level II evaluations shall be performed in accordance with 42 CFR Part 483, Subpart C, and ADHS/DBHS Policies and Procedures Manual.

Q. FINANCIAL MANAGEMENT

1. Contractor shall have adequate professional staff and sufficient internal controls and systems in place designed to account for both DHS related revenue/expenses and non-DHS related revenue/expenses by type and program. Internal controls shall also be in place to prevent and detect fraud.

2. Contractor is required to submit monthly, quarterly, and annual financial reports as outlined in the Financial Reporting Guide for Regional Behavioral Health Authorities and as delineated in Exhibit A – Contractor Periodic and Ad Hoc Reporting Requirements. Financial reports shall be submitted in electronic and hard copy form.

3. Financial reports shall be submitted in accordance with Generally Accepted Accounting Principles (GAAP). Where specific guidance is not provided by authoritative literature (e.g., FASB), or where there are multiple acceptable methods available to record accounting transactions, DHS may occasionally require the Contractor to follow guidance outlined in the Financial Reporting Guide. Contractor may be required to provide clarification on financial reports/accounting issues that arise as a result of periodic analysis by DHS.
4. Annual audited financial reports shall be audited in accordance with Generally Accepted Auditing Standards (GAAS). Annual audited financial reports shall be audited by an independent Certified Public Accountant. The Contractor, whether a for-profit or non-profit entity, shall provide financial reports audited in accordance with OMB Circular A-133 and a cost allocation plan in accordance to OMB Circular A-122. Additional agreed upon procedures may be required of the Contractor's auditor as determined by DHS.

Special Terms and Conditions

A. STANDARD PROVISIONS

1. Warranty of Services

Contractor, by execution of this contract, warrants that it has the ability, authority, skill, expertise and capacity to perform the services specified in this contract and that all services shall be performed in conformity with the requirements of this Contract by qualified personnel in accordance with standards required by Federal or State law, rules and regulations.

2. No Guaranteed Quantities

DHS does not guarantee Contractor any minimum or maximum quantity of services or goods to be provided under this Contract.

3. Term of Contract

The term of any resultant contract shall commence on July 1, 2005 and shall continue for a period of three (3) years thereafter, unless terminated, canceled or extended.

4. Contract Extension

By mutual written contract amendment, any resultant contract may be extended for supplemental periods of up to a maximum of twenty four (24) months. If a Contractor has been awarded more than one GSA, each GSA will be considered separately for contract extension.

5. Contract Type

☒ Fixed Price
☐ Cost Reimbursement
☐ Revenue

6. Contract Amendments

a. Changes Requiring Written Contract Amendment

1) Changes within the General Scope of the Contract

a) DHS may, at any time, by written notice to Contractor, make changes within the general scope of this Contract. If any change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this Contract, Contractor may assert its right to an adjustment in compensation paid under this Contract. Contractor shall assert its right to such adjustment within thirty (30) days from the date of receipt of the change notice. Any dispute or disagreement caused by such notice shall constitute a contract claim and can be settled in accordance with Special Terms and Conditions, Paragraph H.3, Contract Disputes.

b) When DHS issues an amendment to modify the Contract, and Contractor does not assert a right to an adjustment in contract compensation and/or

other dispute or disagreement with the DHS notice to Contractor, the provisions of the amendment shall be deemed to have been accepted sixty (60) days after the date of mailing by DHS, even if Contractor has not signed the amendment. If the Contractor refuses to sign the amendment, DHS may exercise its remedies under Special Terms and Conditions Paragraph H.

2) Merger, Reorganization and Change in Ownership

A merger, reorganization or change in ownership of Contractor, or of a subcontracted provider that is related or affiliated with Contractor, shall require a written Contract amendment and the prior approval of DHS.

3) Changes to Documents Incorporated by Reference

Changes to any of the documents in Special Terms and Conditions Paragraph B.2., do not require a written contract amendment and are effective upon notification to Contractor.

7. Definition of Terms

All the definitions contained in the solicitation and the resulting contract, including the definitions in the Uniform Terms and Conditions, Section A and in the Uniform Instructions to Offerors, Section A are incorporated herein. For ease of readability, definitions are placed at the end of this document.

8. Computation of Time

Unless a provision of this Contract or Documents Incorporated by Reference explicitly states otherwise, periods of time referred to in this Contract shall be computed as follows:

a. The period of time shall not include the day of the act, event or default from which the designated period of time begins to run.

b. The period of time shall include each day after the day of the act, event or default from which the designated period of time begins to run.

c. If the period of time prescribed or allowed is less than eleven (11) days, the period of time shall not include intermediate Saturdays, Sundays and legal holidays.

d. If the period of time is eleven (11) days or more, the period of time shall include intermediate Saturdays, Sundays, and legal holidays.

e. If the last day of the period of time is not a Saturday, Sunday or legal holiday, the period of time shall include the last day of the period of time.

f. If the last day of the period of time is a Saturday, Sunday, or legal holiday, the period of time shall extend until the end of the next day that is not a Saturday, Sunday or legal holiday.

B. SUPPORTING DOCUMENTS

1. Subjection of DHS Contract with AHCCCS

The terms of this contract shall be subject to the applicable material terms and conditions of the contract existing between DHS and AHCCCS for the provision of Title XIX and Title XXI covered behavioral health services.

2. Documents Incorporated by Reference

a. Document Listing

The following documents, and any subsequent amendments, modifications, and supplements to these documents adopted by DHS or AHCCCS (as applicable) during the Contract period, are incorporated and made a part of this Contract by reference:

1) ADHS/DBHS Covered Behavioral Health Services Guide

2) ADHS/DBHS Provider Manual

3) ADHS/DBHS Policies and Procedures Manual

4) ADHS/DBHS Program Support Procedures Manual

5) Fraud and Abuse Operations and Procedures Manual

6) Client Information System (CIS) File Layout and Specifications Manual

7) Office of Grievances and Appeals Database Manual

8) ADHS Accounting and Auditing Procedures Manual

9) Financial Reporting Guide for Regional Behavioral Health Authorities

10) ADHS/DBHS Quality Management Utilization Management (QM/UM) Plan

11) ADHS/DBHS Prevention Framework for Behavioral Health

12) AHCCCS Medical Policy Manual (AMPM) - Chapters 900 and 1000

13) ADHS/DBHS Strategic Plan

14) ADHS/DBHS Cultural Competence Plan

15) ADHS/DBHS Clinical Guidance Documents

16) Title XIX Children's Behavioral Health Annual Action Plan

17) ADHS Performance Improvement Specifications Manual

18) ADHS/DBHS Protocols:

a. The Child and Family Team
b. The Adult Clinical Team
c. Transitioning to Adult Services
d. Therapeutic Foster Care Services for Children

e. Out of Home Care Services
f. Pervasive Developmental Disorders and Developmental Disabilities
g. Informed Consent for Psychotropic Medication Treatment
h. Providing Services to Children in Detention
i. The Unique Behavioral Health Service Needs of Children, Youth, and Families Involved with CPS

b. Revisions to Documents Incorporated by Reference

1) Contractor shall comply with the terms, conditions, and requirements of these documents, as amended/revised from time to time, consistent with State and Federal law and the Contract Order of Precedence as outlined in the Uniform Terms and Conditions, as if the terms and conditions of the documents had been fully set forth in this contract.

2) DHS and Contractor acknowledge that the behavioral health system is constantly changing and evolving to reflect new and innovative approaches to treatment, and the delivery and management of behavioral health services. The common goal of DHS and Contractor is to develop and apply new and innovative strategies to better serve behavioral health recipients. As a result, DHS, from time to time, may revise and update the above stated documents to allow for the orderly implementation of changes to the behavioral health system.

3) DHS will notify the Contractor when changes will be made to the Documents Incorporated by Reference. The Contractor shall have thirty (30) days to notify DHS if it has any disagreement with the new provisions.

3. Other Documents

This section contains references to documents, also incorporated by reference where applicable, that guide the development of the behavioral health system requirements. From time to time these documents may be amended. If any such amendments result, there may be changes to this contract or documents incorporated by reference in accordance with Special Terms and Conditions Paragraph A.6. or B.2. as applicable.

a. Administrative Rules

1) Arizona Administrative Code Title 2, Chapter 19
Administrative hearing rules.

2) Arizona Administrative Code Title 9, Chapter 20
DHS rules for the licensing of behavioral health agencies.

3) Arizona Administrative Code Title 9, Chapter 21
DHS rules for service delivery for persons with a serious mental illness.

4) Arizona Administrative Code Title 9, Chapter 22
AHCCCS rules for the Title XIX acute program.

5) Arizona Administrative Code Title 9, Chapter 28
AHCCCS rules for the Title XIX DDD ALTCS program.

6) Arizona Administrative Code Title 9, Chapter 31
AHCCCS rules for the Title XXI program.

7) Arizona Administrative Code Title 9, Chapter 34 AHCCCS rules for the grievance system.

9) Balance Budget Act of 1997

b. Legal Document

1) JK vs. Eden Settlement Agreement

c. Federal Block Grants

1) Community Mental Health Services Performance Partnership Program pursuant to Division B, Title XXXII, Section 3204 of the Children's Health Act of 2000 (CMHS)

2) Substance Abuse Prevention and Treatment Performance Partnership Program pursuant to Division B, Title XXXIII, Section 3303 of the Children's Health Act of 2000 and pursuant to Section 1921-1954 of the Public Health Service Act and 45 CFR Part 96 Interim Final Rules (SAPT)

d. Intergovernmental Agreements, Interagency Service Agreements and Memorandums of Understanding

1) Intergovernmental Agreements

a) Intergovernmental Agreement between ADHS and the Arizona Department of Economic Security/Division of Children, Youth and Families (DCYF) (This IGA is under review.)
b) Intergovernmental Agreement between ADHS and the Arizona Department of Economic Security/Division of Developmental Disabilities (DDD)
c) Intergovernmental Agreement between ADHS and the Arizona Department of Economic Security (ADES)-Joint Substance Abuse Treatment Fund (Expires June 30, 2005 but may be extended.)
d) Intergovernmental Agreement between ADHS and Pima County (for GSA 5.)

2) Interagency Service Agreements

a) Interagency Service Agreement between ADHS and the Arizona Administrative Office of the Courts (AOC)
b) Interagency Service Agreement between ADHS and the Arizona Department of Economic Security/Rehabilitation Services Administration (ADES/RSA)
c) Interagency Service Agreement between ADHS and the Arizona Department of Juvenile Corrections (ADJC)
d) Interagency Service Agreement between ADHS and the Arizona Department of Corrections-Correctional Officer/Offender Liaison (COOL) Program
e) Interagency Service Agreement between ADHS and the Arizona Department of Housing

3) Memorandum of Understanding

Memorandum of Understanding between ADHS and the Arizona Department of Economic Security, Arizona Health Care Cost Containment System, Arizona Department of Education, Arizona Department of Juvenile Corrections and Administrative Office of the Arizona Supreme Court (Children's Executive Memorandum of Understanding)

e. Other

1) State Plan – AHCCCS State Plan with Center for Medicare and Medicaid Services (CMS)
2) AHCCCS Medical Policy Manual

C. ADMINISTRATION PROVISIONS

1. Key Personnel and Staff Requirements

It is essential that Contractor have sufficient number of personnel in Arizona, capable of and devoted to the successful accomplishment of work to be performed under this contract. Contractor shall ensure that all staff have appropriate training, education, experience, orientation and credentialing, as applicable, to fulfill the requirements of their positions.

a. Key Personnel

Contractor shall assign specific individuals to the following key positions:

1) Chief Executive Officer, who has ultimate responsibility to oversee the management of, and adherence to, requirements set forth in this Contract.

2) Chief Medical Officer, who is an Arizona-licensed physician, board-certified in psychiatry, and shall be actively involved in all major clinical programs and QM/UM components, and shall ensure timely medical decisions.

3) Chief Financial Officer, who shall oversee the budget, accounting systems and all financial operations of the Contractor.

Contractor agrees that, once assigned to work under this contract, key personnel shall not be removed or replaced without prior written notice to DHS. Assignment of new key personnel is subject to approval by DHS. If key personnel are not available for work under this contract for a continuous period exceeding thirty (30) days, or are expected to devote substantially less effort to the work than initially anticipated, Contractor shall notify DHS within seven (7) days, and shall, subject to the concurrence of DHS, replace the personnel with other personnel of substantially equal ability and qualifications.

b. Staff Requirements

Contractor shall maintain organizational, managerial and administrative systems and staff capable of fulfilling all contract requirements. In addition to the required key personnel listed in Section C.1.a. above, at a minimum, Contractor shall employ the following staff:

1) Clinical Operations Administrator, who is responsible for clinical program development and oversight of personnel and services to children/adolescents, adults with serious mental illness, adults with substance use disorders and adults with general mental health conditions.

Additionally, the Clinical Operations Administrator shall oversee vocational/employment, housing, and prevention services.

2) Children's Medical Administrator, who is an Arizona licensed physician, board-certified in child/adolescent psychiatry or certified in adolescent psychiatry, or board certified in general psychiatry with significant experience and expertise in child and adolescent psychiatry, who shall be actively involved in all children's clinical programs and children's QM/UM components.

3) Child Welfare Expert, who is an expert in the requirements of the Arizona Child Welfare system and the special needs of children taken into the care and custody of ADES/CPS and special needs of children adopted through the state. This expert shall assist the Contractor in designing, implementing, and adjusting the behavioral health delivery system operations to ensure the needs of children in the child welfare system are met.

4) Cultural Expert, who is an expert in understanding how to identify and address the cultural needs of behavioral health recipients. This expert shall assist the Contractor in designing, implementing, and adjusting the behavioral health delivery system operations to ensure the cultural needs of behavioral health recipients are met.

5) Training Administrator, who develops and implements training for Contractor's staff, subcontracted providers and staff of other State agencies who provide or coordinate services to enrolled persons.

6) Pharmacy Administrator, who is an Arizona licensed pharmacist who oversees the Contractor's medication services.

7) Quality Management Administrator, who is responsible for oversight of the quality management requirements of the Contract.

8) Utilization Review Administrator, who is responsible for oversight of the utilization management requirements of the Contract.

9) Customer Services Administrator, who coordinates communications with eligible and enrolled persons and acts as, or coordinates with, advocates, subcontracted providers and others to resolve complaints.

10) Provider Services Administrator, who develops and manages the network of providers to fulfill the requirements under this contract, oversees execution of service provider contracts, coordinates communications between Contractor and its Subcontractors, and resolves informal provider complaints.

11) Information Systems Administrator, who is responsible for oversight of the management information systems requirements of the Contract.

12) Claims/Encounters Administrator, who is responsible for the timely and accurate processing and adjudication of all claims and encounters.

13) Grievances and Appeals Administrator, who oversees and ensures appropriate processing of SMI grievances, member appeals and provider claim disputes. This individual shall have a legal background which shall be either a licensed attorney, law degree, or completion of a professional

paralegal program. Contractor shall not use its in-house legal counsel, corporate attorney or risk management attorney as Contractor's Grievances and Appeals Administrator, nor supervise grievances and appeals staff or function.

14) Corporate Compliance Officer, who is responsible for oversight, administration and implementation of the Contractor's Fraud and Abuse Program. The Corporate Compliance Officer is a senior onsite official, available to all employees and shall have designated and recognized authority to access provider records and make independent referrals to AHCCCS Office of Program Integrity.

15) COOL Program Administrator, who oversees services in the COOL Program and will serve as a single point of contact for DHS, local parole officers and agencies delivering services through the COOL program. This position shall work under the direction of the Clinical Operations Administrator.

16) AHCCCS Eligibility Liaison who oversees the AHCCCS eligibility screening and referral requirements of this contract and is the primary point of contact for DHS, AHCCCS, and DES.

17) Arizona State Hospital Liaison, who shall be a point of contact with the State Hospital and DHS regarding coordination of admission, care and discharge issues for persons in the State Hospital.

18) Human Rights Liaison, who shall be a point of coordination contact with ADHS Office of Human Rights and shall be responsible to provide information to Human Rights Committees.

19) Interagency Liaison, who shall be a point of contact regarding coordination of care with State Agencies.

20) Health Plan Liaison, who shall be a point of contact regarding coordination of care with AHCCCS Health Plans.

21) Emergency Response Liaison, who shall be a point of contact regarding disaster response needs.

22) Policy Liaison, who shall be a point of coordination contact with ADHS Policy Office.

23) Business Continuity and Recovery Liaison, who shall be a point of contact with ADHS regarding recovery and continuity of business functions in the event of a disaster or power outage.

Contractor shall inform DHS in writing within seven (7) days of personnel changes in any of the staff listed in Section C.1.b.

2. Periodic Report Requirements

a. Contractor is responsible for submitting to DHS the periodic reports detailed in Exhibit A - Contractor Periodic and Ad Hoc Reporting Requirements. The Exhibit includes a key, which describes the formation requirement for each report relative to the geographic service area(s). The submission of late, inaccurate or otherwise incomplete reports shall constitute failure to report, and the Contractor

will be subject to Special Terms and Conditions Paragraph H.4 Corrective Actions and Sanctions. Standards applied for determining adequacy of required reports are as follows:

1) Timeliness - Reports or other required data shall be received on or before scheduled due dates. All required reports shall be submitted and shall be received by DHS no later than 5:00 p.m. M.S.T. on the date due. Request for extension of reporting deadlines shall be submitted in writing and shall be received by DHS prior to the report due date.

2) Accuracy – Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources.

3) Completeness – All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.

b. DHS requirements regarding reports, report content and frequency of submission of reports are subject to change and shall be amended according to Special Terms and Conditions, Paragraph A.6. Contract Amendments.

3. Requests for Information

DHS may request financial or other information from Contractor. Upon receipt of a request for information, Contractor shall provide complete and accurate information no later than thirty (30) days after the receipt of the request unless otherwise specified by DHS.

4. Records

a. Contractor shall maintain all forms, records, reports and working papers used in the preparation of reports, files, correspondence, financial statements, records relating to quality of care, medical records, prescription files, statistical information and other records specified by DHS for purposes of audit and program management. Contractor shall comply with all specifications for record keeping established by DHS. All books and records shall be maintained to the extent and in such detail as shall properly reflect each service provided and all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which payment is made to the Contractor.

b. Contractor shall preserve and make available all records for a period of six (6) years from the date of final payment under this contract except as provided in paragraphs 1) and 2) below:

1) If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of six (6) years from the date of any such termination.

2) Records which relate to disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by the state, shall be retained by Contractor until such disputes, litigation, claims or exceptions have been disposed of.

c. In addition to the requirement to retain business records as provided in the Uniform Terms and Conditions, Section C.1, Contractor shall ensure that all medical records are retained as prescribed in A.R.S. § 12-2297 and as required in the ADHS/DBHS Provider Manual.

5. Cooperation with Other Contractors

DHS may, directly or by Contract with others, provide covered services or other services in addition to covered services furnished or to be furnished by or through Contractor. Contractor shall cooperate fully with other contractors and/or State employees in scheduling and coordinating its services with other related services for enrolled persons. Contractor shall afford other contractors reasonable opportunity to provide services and shall not commit or permit any act that interferes with the performance of services by other contractors or by State employees. DHS shall equitably enforce this section as to Contractor and other contractors to prevent unreasonably burdening Contractor and other contractors.

D. SUBCONTRACTING

1. Subcontracts

Contractor shall be responsible for Contract performance whether or not Contractor uses subcontracts. Contractor's use of a subcontract shall not terminate Contractor's responsibility to ensure that all activities carried out by a Subcontractor conform to the provisions of this Contract.

Contractor shall not include covenant-not-to-compete requirements in its subcontracts. Specifically, Contractor shall not prohibit a subcontracted provider from providing services to DHS, AHCCCS or any other DHS or AHCCCS contractor. All subcontracts shall comply with applicable provisions of Federal and State laws, regulations and policies. Contractor and its subcontracted providers shall not contract with any individual or entity that has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity. Contractor shall maintain fully executed originals of all subcontracts which shall be accessible to DHS within two (2) days of request by DHS.

The Contractor must enter into a subcontract with any provider the Contractor anticipates will be providing services on its behalf except in the following circumstances:

1) A provider is anticipated to provide services less than 25 times during the subcontract year;

2) A provider refuses to enter into a subcontract with the Contractor, in which case the Contractor shall submit documentation of such refusal to ADHS within seven (7) days of its final attempt to gain such Agreement; or

3) A provider performs emergency services.

All subcontracts shall incorporate:

a. The Uniform Terms and Conditions of this contract;
b. Warranty that the Subcontractor is in compliance with all Federal Immigration laws and regulations; and

c. The breach of any such warranty shall be deemed a material breach of the applicable subcontract, subject to monetary penalties up to and including termination of the subcontract.

a. Management Services Subcontracts

Contractor may subcontract with qualified organizations for management services upon the prior written approval of DHS (e.g., pharmacy benefits management, automated data processing or claims processing).

Upon written request by DHS, the Contractor may be required to submit a corporate cost allocation plan for the management services subcontractor and proposed management services fee agreement. DHS reserves the right to perform a thorough review and audit of actual management fees charged and/or allocations made. If the fees or allocations actually paid out are determined to be unjustified or excessive, amounts may be subject to repayment to the Contractor and/or DHS; financial sanctions and corrective actions may be imposed.

Contractor shall forward copies of all management services subcontracts to the ADHS/DBHS Policy Office.

b. Behavioral Health Provider Subcontracts

Contractor may subcontract for the delivery of behavioral health services. Upon written request from DHS, provider subcontracts may require approval from the DHS prior to implementation. When subcontracting with behavioral health service providers, the emphasis of the work to be performed by the behavioral health service providers shall be service delivery rather than administrative functions. Contractor shall forward copies of sample provider subcontracts to the ADHS/DBHS Policy Office at the start of this contract and upon changes to provider subcontracts.

1) Behavioral Health Provider Subcontract Provisions

Each behavioral health provider subcontract shall contain the following:

a) Identification of the name and address of the subcontractor.

b) Full disclosure of the method and amount of compensation or other consideration to be received by the subcontractor.

c) Identification of the population, to include behavioral health recipient capacity, to be served by the subcontractor.

d) The amount, duration and scope of covered services to be provided, and for which compensation shall be paid.

e) The term of the subcontract including beginning and ending dates, procedure for extension, termination and renegotiation.

f) The specific duties of the subcontractor relating to coordination of benefits and determination of third party liability.

g) A provision that the subcontractor agrees to identify Medicare and other third party liability coverage and to seek such Medicare or third party

liability payment before submitting claims and/or encounters to Contractor.

h) A provision that the subcontractor shall maintain a cost record keeping system.

i) A provision that the subcontractor shall comply with DHS' and Contractor's quality management programs.

j) A provision that a merger, reorganization or change in ownership or control of a subcontractor that is related to or affiliated with Contractor shall require a Contract amendment and prior approval of DHS.

k) A provision that the subcontractor shall obtain and maintain all applicable insurance as outlined in Special Terms and Conditions Paragraph E.1 of this contract and shall submit a copy of insurance certificates to the Contractor.

l) A provision that the subcontractor shall be fully responsible for all tax obligations, Worker's Compensation Insurance, and all other applicable insurance coverage obligations as stated in Special Terms and Conditions Paragraph E.1 of this contract, for itself and its employees, and that AHCCCS or DHS shall have no responsibility or liability for any such taxes or insurance coverage.

m) Incorporate by reference the ADHS/DBHS Covered Behavioral Health Services Guide and the ADHS/DBHS Provider Manual. Require that the subcontractor adhere to all requirements stated within these documents.

n) A provision that the subcontractor shall comply with encounter reporting and claims submission requirements as described in the ADHS/DBHS Provider Manual.

o) A provision that the subcontract may appeal a claim denial of the Contractor in accordance with the ADHS/DBHS Provider Manual.

o) A provision that the subcontractor shall assist eligible and enrolled clients in understanding their right to file grievances and appeals and follow requirements stated in the ADHS/DBHS Provider Manual with regard to these processes.

p) A provision that the subcontractor shall comply with audits, inspections and reviews that are outlined in the ADHS/DBHS Provider Manual and any reviews the Contractor, DHS, or AHCCCS may conduct.

q) A provision that the subcontractor shall cooperate fully with other contractors and/or State employees in scheduling and coordinating its services with other related services for enrolled persons. The Subcontractor shall afford other contractors reasonable opportunity to provide services and shall not commit or permit any act that interferes with the performance of services by other contractors or by State employees.

r) A provision that the subcontractor shall carry out DHS, AHCCCS, or Contractor decisions issued with respect to a complaint, SMI grievance, member appeal, and/or claim dispute.

s) A provision that compensation to individuals or entities that conduct utilization management activities is not structured so as to provide incentives for the individual or entity to deny, limit, or discontinue medically necessary services to any enrollee according to 42 CFR 438.12(e).

t) A provision that requires all qualified clinicians/providers to be registered as a Medicare services provider. For the purpose of this provision, a qualified/provider means a clinical/provider who is a valid Medicare provider type and provides services that could be billed under Medicare.

u) A provision that requires all qualified clinicians/providers to be registered as Medicaid service providers.

2) Level I, II and III Subcontract Provisions

In addition to the subcontract language for behavioral health services providers in Special Terms and Conditions Paragraph D1.b.1) above, each subcontract with a Level I, II and III provider shall contain a provision that the subcontractor shall accept all referrals of behavioral health recipients made by the Contractor and that the subcontractor shall not arbitrarily or prematurely deny, suspend, or terminate services to a behavioral health recipient without prior notification to the Contractor.

3) Level I Subcontract Provisions

In addition to the subcontract language for behavioral health services providers in Special Terms and Conditions Paragraph D.1.b.1) above, each subcontract with a Level I provider shall contain a provision that the subcontractor shall comply with the Contractor's quality management programs and the utilization control and review procedures specified in 42 CFR, Parts 441 and 456, as implemented by AHCCCS and DHS.

4) IMD Facilities Subcontract Provisions

In addition to the subcontract language for behavioral health services providers in Special Terms and Conditions Paragraph D1.b.1) above, the Contractor shall include the following minimum provisions as part of its subcontract with IMD facilities provider types B6 and 71:

a) The IMD facility shall keep track of the number of days a Title XIX or Title XXI behavioral health recipient is in the facility and may only bill for services within the limitations of the IMD expenditure authority for Title XIX services. The Title XIX service limitations are thirty (30) days per admission, and sixty (60) days per contract year for those aged 21 through 64 for services provided in IMDs. Service limitations are cumulative across providers. For persons under 21 and over 64, there are no IMD service limitations.

b) The IMD facility shall notify AHCCCS Member Services according to the requirements outlined in the ADHS/DBHS Provider Manual.

c) The IMD facility shall provide written notification to Title XIX and Title XXI behavioral health recipients aged 21 through 64 that their AHCCCS eligibility may end if they remain in an IMD longer than thirty (30) days per admission or sixty (60) days per contract year.

5) Level II and III Behavioral Health Residential that Serve Juveniles

In addition to the above stated minimum subcontract provisions, the Contractor shall include a provision that the subcontractor shall comply with all relevant provisions in A.R.S § 36-1201.

c. Prevention Subcontracts

Subcontracts for prevention services shall contain the following:

1) A provision incorporating by reference the ADHS Prevention Framework for Behavioral Health.

2) A provision that specifies the work to be performed; type, duration and scope of the prevention strategy to be delivered; and approximate number of participants to be served.

3) A provision about the evaluation methods to be used and specific reporting requirements.

4) A provision regarding the method and amount of payment for satisfactory completion of services.

5) A provision that references the Substance Abuse Prevention and Treatment (SAPT) Block Grant requirements.

E. INSURANCE AND BONDING PROVISIONS

Contractor shall indemnify, defend, save and hold harmless the State of Arizona, Department of Health Services (hereinafter referred to as “Indemnitee:)” from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorney’s fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as “Claims”) for bodily injury or personal injury (including death), or loss of damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnify includes any claim or amount arising out of or recovered under the Workers’ Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statue, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State of Arizona.

This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or University of the State of Arizona.

1. Insurance

If the social services program utilizes the Social Service Contractors Indemnity Pool (SSCIP) for insurance coverage, SSCIP is exempt from the A.M. Best's rating requirements listed in this contract. If contractor and/or subcontractor choose to use SSCIP as their insurance provider, the contractor/subcontractor would be in full compliance with insurance requirements.

Contractor and subcontractors shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

a. Minimum Scope and Limits of Insurance

Contractor shall provide coverage with limits of liability not less than those stated below.

1) Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

General Aggregate	$2,000,000
Products – Completed Operations Aggregate	$1,000,000
Personal and Advertising Injury	$1,000,000
Blanket Contractual Liability – Written and Oral	$1,000,000
Fire Legal Liability	$50,000
Each Occurrence	$1,000,000

The policy shall be endorsed to include coverage for sexual abuse and molestation. This coverage shall apply to any provider with responsibility for consumer interaction in person.

a) The policy shall be endorsed to include the following additional insured language: "The State of Arizona, Department of Health Services shall be named as additional insured with respect to liability arising out of the activities performed by or on behalf of the Contractor." For GSA 5 Contractor, Pima County must also be named as additional insured.

c) Policy shall contain a waiver of subrogation against the State of Arizona, Department of Health Services for Losses arising from work performed by or on behalf of the Contractor.

2) Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned

vehicles used in the performance of this Contract.

Combined Single Limit (CSL)	$1,000,000

a) The policy shall be endorsed to include the following additional insured language: "The State of Arizona, Department of Health Services shall be named as additional insured with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor." For GSA 5 Contractor, Pima County must also be named as additional insured.

3) Worker's Compensation and Employer's Liability

Worker's Compensation	Statutory
Employer's Liability	
Each Accident	$500,000
Disease – Each Employee	$500,000
Disease – Policy Limit	$1,000,000

a) Policy shall contain a waiver of subrogation against the State of Arizona, Department of Health Services losses arising from work performed by or on behalf of the Contractor.

b) This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. §23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

4) Professional Liability (Errors and Omissions Liability)

Each Claim	$1,000,000
Annual Aggregate	$2,000,000

a) In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

b) The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

c) Professional Liability shall include Medical Malpractice for licensed medical providers.

b. Additional Insurance Requirements

The policies shall include, or be endorsed to include, the following provisions:

1) The State of Arizona, Department of Health Services wherever additional insured status is required such additional shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract. For GSA 5, Contractor shall

name Pima County as an additional insured.

2) The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.

3) Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

c. Notice of Cancellation

Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to ADHS Procurement Office 1740 W. Adams Rm. 303 Phoenix, AZ 85007 and shall be sent by certified mail, return receipt requested.

d. Acceptability of Insurers

Insurance is to be placed with duly licensed or approved non-admitted insurers in the State of Arizona with an "A.M. Best" rating of not less than A-VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

e. Verification of Coverage

Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to ADHS Procurement Office 1740 W. Adams Rm. 303 Phoenix, AZ 85007. The State of Arizona Project/Contract Number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT SECTION.**

f. Subcontractors

Contractor's certificate(s) shall include all subcontractors as insured under its policies or Contractor shall obtain from the subcontractor(s) separate certificates and endorsements for each subcontractor. The Contractor shall maintain certificates of insurance from all subcontractors and providers and ensure adequate coverage is provided throughout the term of the subcontractors' agreement. All coverages for subcontractors shall be subject to the minimum requirements identified above.

g. Approval

Any modification or variation from the insurance requirements in this Contract shall be made by the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

h. Exceptions

In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

2. Performance Bond

a. Bond Requirements

On or before June 15, 2005, the Contractor shall establish and maintain a performance bond rated at least A by A.M. Best Company of a standard commercial scope issued by a surety company or companies holding a certificate of authority to transact surety business in this state issued by the Director of the Department of Insurance pursuant to Title 20, Chapter 2, Article 1, and in a form prescribed by R2-7-505; or a certified or cashier's check for as long as the Contractor has liabilities relating to performance of this Contract of $50,000 or more outstanding, or twelve (12) months following the ending date of this Contract, whichever is later.

1) The performance bond or bond substitute shall guarantee payment of Contractor's obligations to providers, non-contracting providers, and non-providers and performance by Contractor of its obligations under this Contract.

2) The Performance Bond shall be in a form acceptable to DHS and shall be payable to DHS or its designee(s).

3) Contractor shall not leverage the bond for another loan or create other creditors using the bond as security.

4) The State of Arizona Project/Contract Number shall be noted on the performance bonds.

5) Failure to maintain the performance bond as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

6) All performance bonds required by this Contract shall be sent directly to the DHS Office of Financial Review.

b. Amount of Performance Bond

Contractor shall obtain a performance bond equal to one hundred ten percent (110%) of the first monthly Title XIX/XXI Capitation and Non-Title XIX/XXI payment to Contractor under this Contract. For Contractor(s) awarded more than one GSA, one performance bond shall reflect the total performance bond

required for all GSAs awarded to the Contractor. When the monthly Title XIX/XXI capitation and non-Title XIX/XXI payments change, plus or minus by ten percent (10%), DHS shall notify Contractor that the amount of the bond shall be adjusted to equal one hundred ten percent (110%) of the current monthly Title XIX/XXI capitation and non-Title XIX/XXI payments for all GSAs awarded, combined. When notified of a required change to the performance bond amount, Contractor shall obtain the performance bond not later than thirty (30) days after notification by DHS of the amount required.

F. FINANCIAL PROVISIONS

1. Sources of Revenue

The method of compensation under this Contract shall be Title XIX/XXI capitation payments, Non-Title XIX/XXI payments, and financial incentives as described and defined in this Contract in accordance with applicable laws, regulations or policies. Payments made by DHS to Contractor are conditioned upon the availability of funds authorized and appropriated to DHS for expenditure in the manner and for the purposes provided in this contract. DHS shall not be responsible for payment to Contractor for any purchases or subcontracts made by the Contractor in anticipation of funding.

a. Title XIX and Title XXI Capitation Payments

DHS shall make monthly capitation payments to Contractor for each AHCCCS Title XIX and Title XXI person, eligible for behavioral health care coverage in the Geographic Service Area on the first of the month, as payment in full for any and all Title XIX and Title XXI covered services provided to all enrolled persons who are Title XIX or Title XXI eligible during the month, including all administrative costs of Contractor. Payment shall be made no later than the tenth (10th) working day of the month for which payment is due. No adjustments to the capitation payment shall be made for Title XIX or Title XXI eligible or enrolled persons who are enrolled or disenrolled with AHCCCS after the first of the month.

b. Non-Title XIX/XXI Payments

Non-Title XIX/XXI funds consist of non-capitated sources of funds, including CMHS and SAPT Federal block grant funds, State appropriations, county and other funds, which are used for Non-Title XIX/XXI services and populations not otherwise covered by Title XIX or Title XXI funding. The Non-Title XIX/XXI Allocation Schedule is prepared annually (subject to change during the fiscal year) and outlines the specific funding sources by program. These payments are inclusive of all administrative costs to the Contractor. Non-Title XIX/XXI funds shall be paid to Contractor in twelve (12) monthly installments through the Contract year. These payments shall be made no later than the tenth (10th) working day of each month. Contractor shall manage available funding to ensure that services are continuously provided throughout the year. Some funding allocations afford themselves to alternative payment schedules (e.g., one time funding.)

c. Incentives

DHS shall use a Performance Incentive System to encourage the Contractor to promote improved quality of care for behavioral health recipients. The incentive system is performance based and financial reimbursements are issued based on

the Contractor meeting or exceeding set performance targets. Incentive payments are for services delivered to Title XIX and Title XXI behavioral health recipients and subject to the availability of funding. Satisfaction of the performance measures subject to incentives does not relinquish the Contractor from meeting requirements and standards on other quality management and performance measures identified in this contract.

1) Amount of Incentives

The Contractor can earn an incentive up to one percent (1%) of the annual Title XIX and Title XXI capitation amounts for the GSA if the Contractor meets or exceeds the measures in the next paragraph and for the percent as stated in the matrix. For illustrative purposes, the matrix below displays an amount that could be paid based upon 2004 annual capitation payments.

2) Performance Measures Subject to Incentives

All targeted performance levels are subject to the contract between DHS and AHCCCS. Contractor shall receive an incentive payment for meeting the following:

a) Year 1 (July 2005 – June 2006)

				Example of incentive payment Provided for illustrative purposes only. The amounts are based on 2004 annual capitation payments.				
Performance Measure	**Measured through**	**Thresholds that shall be met to earn incentive**	**Percent of incentive payment**	**GSA 1: Example of incentive payment amount.**	**GSA 2: Example of incentive payment amount.**	**GSA 3: Example of incentive payment amount.**	**GSA 4: Example of incentive payment amount.**	**GSA 5: Example of incentive payment amount.**
Access to Care/ Appointment Availability: Emergency appointments are made available within 24 hours of referral	Contractor/ Subcontractor Logs	85%	30%	$169,500	$70,800	$75,300	$85,500	$293,700
Access to Care/ Appointment Availability: Routine assessment appointments are made available within 7 days of referral	Contractor/ Subcontractor Logs	85%	35%	$197,750	$82,600	$87,850	$99,750	$342,650
Access to Care/ Appointment Availability: Routine appointments for ongoing services within 23 days of initial assessment	CIS	85%	35%	$197,750	$82,600	$87,850	$99,750	$342,650
Total Incentives Payment				**$565,000**	**$236,000**	**$251,000**	**$285,000**	**$979,000**

b) Year 2 (July 2006 - June 2007)

Performance Measure	**Measured through**	**Thresholds that shall be met to earn incentive**	**Percent of incentive payment**
Symptomatic Improvement	ICR	80%	20%
Functional Improvement	ICR	80%	20%
Overall Satisfaction	Behavioral Health Recipient Satisfaction Survey	80%	15%
Coordination of Care with PCP and other state agencies	ICR	75%	15%
Cultural Competency: Member/Families cultural preferences are assessed and included in the development of treatment plans	Behavioral Health Recipient Satisfaction Survey	70%	15%
Member/Family Involvement: Staff actively engage members/families in the treatment planning process	ICR	85%	15%

c) Year 3 (July 2007 – June 2008)

Performance Measure	**Measured through**	**Thresholds that shall be met to earn incentive**	**Percent of incentive payment**
Symptomatic Improvement	ICR	80%	20%
Functional Improvement	ICR	80%	20%
Overall Satisfaction	Behavioral Health Recipient Satisfaction Survey	85%	15%
Coordination of Care with PCP and other state agencies	ICR	75%	15%
Cultural Competency: Member/Families' cultural preferences are assessed and included in the development of treatment plans	Behavioral Health Recipient Satisfaction Survey	70%	15%
Member/Family Involvement: Staff actively engage members/families in the treatment planning process	ICR	85%	15%

3) Earning the Incentives

In order to qualify for incentive payments, the Contractor shall meet all contractually required data submission requirements, (834 Enrollment/Disenrollment Transaction and Demographics as outlined in the ADHS/DBHS Provider Manual, ADHS/DBHS Program Support Procedures Manual, Financial Reporting Guide for Regional Behavioral Health Authorities, and the CIS File Layout and Specifications Manual) including encounter submission requirements. For purposes of qualifying for incentive payments, if not stated otherwise, an 85% data submission requirement must be met. This threshold does not supercede any higher data submission requirement stated elsewhere. Contractor shall earn the incentive money by satisfying the criteria for the above performance measures and meeting all the contractually required data and encounter submission requirements.

4) Time Frames for Measuring, Meeting and Payment for Performance Measures.

The time frame for measuring and meeting performance measures shall be from July 1 through June 30. The measures shall be measured through existing performance measures and required data submission requirements. For measures derived from routinely collected data submission requirements, the average of the data collected across the twelve (12) months shall be used to determine if the measure is met. Payment shall be made in or about the month of October for the preceding State fiscal year.

2. Payment

a. Subject to the availability of funds and the terms and conditions of this Contract, DHS shall pay Contractor, provided that Contractor's performance is in compliance with the terms and conditions of this Contract. Payments shall be in compliance with A.R.S. Title 35, *Public Finance*.

b. DHS reserves the option to make payments to the Contractor by wire or NACHA transfer and shall provide Contractor at least thirty (30) days notice prior to the effective date of any such change. Where payments are made by electronic funds transfer, DHS shall not be liable for any error or delay in transfer nor indirect or consequential damages arising from the use of the electronic funds transfer process.

c. A payment error discovered by DHS shall be subject to adjustment or repayment by Contractor, by making a corresponding decrease in a current Contractor's payment or by making an additional payment to Contractor.

d. Contractor shall not assign any payment due by DHS. This section shall not prohibit DHS at its sole discretion from making payment to a fiscal agent hired by Contractor.

3. Profit and Loss Corridors

Contractor has limitations in its potential profits and/or losses, depending upon the program as outlined below. The profit and loss corridors apply to the profits and losses derived from this contract and apply in the aggregate to the Contractor including income/revenue earned by its related parties that perform any requirement or function of the contract. In addition to financial sanctions that may be applied in Special Terms and

Conditions Paragraph H.4.b., the profit and loss corridors specified below shall be reduced by the amount of any sanctions imposed on the Contractor. Amounts permanently withheld from the Contractor for failure to meet the final encounter withhold calculations of 85% of "service payments" eight (8) months after fiscal year end (as described in the ADHS/DBHS Financial Reporting Guide, Fiscal Monitoring and Financial Viability section III.c8) will not be considered a sanction for the purposes described in the previous sentence (which reduces the profit and loss corridors by any sanctions imposed). Performance incentives earned under Special Terms and Conditions Paragraph F.1.c shall not be included as revenue for the purpose of calculating profit corridors.

a. Title XIX Profit and Loss Corridors

Contractor's profits and losses for Title XIX revenues are limited to four percent (4%) of service revenue per contract year. Service revenue equals ninety-two point five percent (92.5%) of total DHS revenue adjusted for payables and receivables from/to DHS. Profits and losses are defined as service revenues less service expenses. This profit and loss corridor is applied separately for the adult population and the children's population. Excess profit in the adult population may be used to offset losses in the children's population. Excess profit in the children's population shall not be used to offset losses in the adult population. Profit and loss calculations will be combined among all GSAs awarded to the Contractor under this contract, limiting total profit and loss to four percent (4%).

b. Title XXI Profit and Loss Corridors

Contractor's profits and losses for Title XXI revenues are limited to four percent (4%) of service revenue per contract year. Service revenue equals ninety-two point five percent (92.5%) of total DHS revenue adjusted for payable and receivables from/to DHS. Profits and losses are defined as service revenues less service expenses. This profit and loss corridor is applied separately for the adult population and the children's population. Excess profit in the adult population may be used to offset losses in the children's population. Excess profit in the children's population shall not be used to offset losses in the adult population. Profit and loss calculations will be combined among all GSAs awarded to this Contractor under this contract, limiting total profit and loss to four percent (4%).

c. Non-Title XIX/XXI Profit Limit

Contractor's profits for Non-Title XIX/XXI programs are limited to four percent (4%) of service revenue per contract year. There is no maximum loss for Non-Title XIX/XXI. Service revenue equals ninety-two point five percent (92.5%) of total DHS revenue adjusted for payable and receivables from/to DHS. Profits and losses are defined as service revenues less service expenses. This profit limit is applied separately for the adult population and the children's population. Excess profit in the adult population may be used to offset losses in the children's population. Excess profit in the children's population shall not be used to offset losses in the adult population. Profit and loss calculations will be combined among all GSAs awarded to this Contractor under this contract, limiting total profit to four percent (4%). The Contractor is limited to no more than eight percent (8%) combined administration and profit for HB2003 funding.

4. Funding Withholds and Recoupments

a. Upon receipt of the Contractor's Final Audited Financial Statements, DHS shall perform an analysis of the profit or loss of Contractor for the Title XIX, Title XXI and for Non-Title XIX/XXI programs. DHS shall consider the following in its review methodology: analysis of Contractor encounters and review and analysis of Contractor IBNR amount for appropriateness. Upon completion of this analysis, not later than twelve (12) months after the end of the fiscal year, any profits or losses on service revenue in excess of four percent (4%) for Title XIX and four percent (4%) for Title XXI shall be returned to DHS (profits) or reimbursed to Contractor (losses), subject to available funding. Any Non-Title XIX/XXI profits in excess of four percent (4%) shall be returned to DHS.

b. DHS shall notify Contractor of its draft determination of its profit/loss analysis in writing within thirty (30) days after receiving the Final Audited Financial Statements, Statement of Changes in Net Assets from the fourth quarter and the schedule reconciling the audited statements to the fourth quarter statements. Contractor shall have twenty (20) days to comment on the determination prior to a final determination of profit issued which shall be sixty (60) days following the receipt of the Final Audited Financial Statement. One time funding sources and revenue distributed by DHS within one hundred twenty (120) days of the end of a fiscal year for which Contractor may not have anticipated may be excluded from the calculation. Any recoupments imposed by the federal government and passed through to the Contractor shall be reimbursed to DHS upon demand.

c. Contractor agrees to reimburse DHS immediately upon demand for all Contract funds expended which are determined by DHS or the Auditor General not to have been disbursed by the Contractor in accordance with the terms of this Contract. If the party responsible to repay the Contract payments is other than Contractor, Contractor and DHS shall work together to identify the responsible party(ies).

5. Title XIX/XXI Capitation Review

DHS may review the capitation rates for the Title XIX and Title XXI programs and may make retrospective and/or prospective adjustments to the capitation rates for the Title XIX and Title XXI programs for a gain or loss of more than four percent (4%), subject to available funding. DHS reserves the right to re-evaluate the capitation rates up to four times per year in order to make adjustments to capitation payments as needed when it sees profits or losses outside this corridor.

6. Availability of Funds

Payments made by DHS pursuant to this Contract are conditioned upon the availability to DHS of funds authorized for expenditure in the manner and for the purposes provided herein. DHS shall not be liable for any purchases or subcontracts entered into by any subcontracted provider in anticipation of funding.

7. Financial Reporting and Viability Measures

a. General Requirements

1) All funds received by Contractor pursuant to this Contract shall be separately accounted for, by GSA, in accordance with the requirements outlined in the Financial Reporting Guide for Regional Behavioral Health Authorities.

2) Contractor shall, on a monthly basis, meet the financial viability criteria as outlined in the Financial Reporting Guide for Regional Behavioral Health Authorities, Financial Ratios and Standards.

b. Financial Viability Standards

DHS has established financial viability standards/performance guidelines. On a monthly basis, DHS shall review the following ratios with the purpose of monitoring the financial health of the Contractor. The Contractor shall comply with the following financial viability standards. Information taken from the financial statement will be combined among all GSAs under this contract in order to make this calculation.

1) Defensive Interval: Must be greater than or equal to thirty (30) days.

$$\text{Defensive Interval} = \frac{\text{(Cash + Cash Equivalents)}}{\text{((Operating Expense – Non Cash Expense)/(Period Being Measured in Days))}}$$

2) Equity per enrolled member: Must be greater than or equal to $300 per enrolled member on the first day of the month.

3) Current Ratio: Current assets divided by current liabilities must be greater than or equal to 1.00.

c. Performance Guidelines

DHS shall also monitor the Services Expense Percentage and the Administrative Cost Percentage. These guidelines are analyzed as part of DHS' due diligence in financial statement monitoring. These standards are identified in the Financial Reporting Guide for Regional Behavioral Health Authorities. DHS may subsequently revise or modify these standards and the Contractor is obligated to comply with these revisions. The guidelines below will be calculated separately for each GSA.

1) Administrative Cost Percentage:

a) Total Title XIX Administrative Costs divided by total Title XIX revenue shall be less than or equal to 7.5%
b) Total Title XXI Administrative Costs divided by total Title XXI revenue shall be less than or equal to 7.5%
c) Total Non-Title XIX/XXI Administrative Costs divided by total Non-Title XIX/XXI revenue shall be less than or equal to 7.5%

2) Service Expense Percentage:

a) Total Title XIX Service Expense divided by total Title XIX revenue shall be no less than 88.5% and no more than 96.5%, will be adjusted for effective tax rate .

b) Total Title XXI Service Expense divided by total Title XXI revenue shall be no less than 88.5% and no more than 96.5%, will be adjusted for effective tax rate.

c) Total Non-Title XIX/XXI Service Expense divided by total Non-Title XIX/XXI revenue shall be no less than 88.5%, will be adjusted for effective tax rate.

8. Capitalization Requirements

a. In order to facilitate successful contract performance, Contractor must maintain net assets greater than or equal to the amount indicated in the table below or ninety percent (90%) of the monthly Title XIX/XXI capitation and Non-Title XIX/XXI payments to Contractor under the Contract, whichever is greater.

GSA	Minimum Capitalization	Counties
1	$2,000,000	Apache, Coconino, Mohave, Navajo, Yavapai
2	$1,000,000	La Paz, Yuma
3	$1,000,000	Cochise, Graham, Greenlee, Santa Cruz
4	$1,000,000	Gila, Pinal
5	$5,000,000	Pima

b. The Contractor shall meet the capitalization requirement on or before June 15, 2005.

c. If the Contractor is awarded contracts in multiple GSAs, the capitalization requirement shall be equal to the sum of the capitalization requirements for each GSA awarded.

d. This capitalization requirement is in addition to the performance bond requirements outlined in the Special Terms and Conditions – Paragraph E.2. Performance Bond.

9. Advancement of Funds by the Contractor

The Contractor may advance funds to subcontracted providers to ensure maintenance of essential covered services to enrolled persons. The DHS may require the Contractor to obtain prior approval from DHS for any such advance.

10. Management of Block Grant Funds

The practices, procedures and standards specified in and required by the ADHS Accounting and Auditing Procedures Manual shall be used by the Contractor in the management, recording and reporting of Federal Block Grant funds. The Contractor shall use the Financial Reporting Guide for Regional Behavioral Health Authorities in reporting financial information pertaining to Federal Block Grants.

The Contractor shall comply with all terms, conditions and requirements of the CMHS and SAPT Block Grants (Children's Health Act of 2000, P.L. 106-310 Part B of Title XIX of the Public Health Service Act [42 U.S.C. 300 x et seq.] and 45 CFR Part 96 as amended). Financial, performance, and program data subject to audit, shall be retained by the Contractor and shall be made available at the request of DHS as documentation of compliance with federal requirements.

a. Authorized Activities

1) SAPT Block Grant: The Contractor is authorized to expend funds for planning, carrying out and evaluating activities to prevent and treat substance abuse and related activities addressing HIV and tuberculosis services;

2) CMHS Block Grant: The Contractor is authorized to expend funds for services for adults with serious mental illnesses and children with serious emotional disturbances.

b. General Requirements

The Contractor shall:

1) Establish fiscal controls consistent with authorized activities of the Performance Partnership Grants and this Contract, including the ADHS/DBHS Provider Manual, the ADHS/DBHS Prevention Framework for Behavioral Health and DHS accounting, auditing and financial reporting procedures;

2) Ensure that funds are accounted for in a manner that permits separate reporting of mental health and substance abuse grant funds and services;

3) Upon request, provide DHS with information relative to block grant expenditures.

c. Allocations (SAPT Block Grant)

Consistent with funding levels established annually in the ADHS/DBHS Allocation Schedule of Non-Title XIX/XXI Funding, the Contractor shall ensure delivery of grant services and submission of data for certain allocations of the SAPT Block Grant:

1) Alcohol/drug abuse treatment services;

2) Primary prevention services;

3) Specialty programs and services for pregnant women and women with dependent children; and

4) HIV Early Intervention Services.

d. Obligation, Expenditure and Transfers

1) Funds paid to Contractor for each fiscal year shall be available for obligation and expenditure until the end of the fiscal year for which the funds were paid.

2) All transfers involving Federal funds shall be in accordance with the Federal Funds Transfers, Cash Management Improvement Act of 1990 and any rules or regulations promulgated by the United States Department of the Treasury (31 CFR. Part 205).

e. Restrictions on Expenditure

1) Non-Discrimination

The Contractor may not discriminate against non-governmental organizations on the basis of religion in the distribution of grant funds.

2) Prohibited Expenditures

Contractor may not expend Federal Block Grant funds for the following:

a) to provide inpatient services;

b) to make cash payments to intended recipients;

c) to purchase or improve land, purchase, construct or permanently improve (other than minor remodeling) any building or facility;

d) to purchase major medical equipment;

e) to provide financial assistance to any entity other than a public or non-profit private entity;

f) to carry out any program of distributing sterile needles for the hypodermic injection of any illegal drug;

g) to carry out any testing for the etiologic agent for acquired immune deficiency syndrome unless such testing is accompanied by appropriate pre-testing counseling and appropriate post-test counseling.

h) to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of $175,700 per year; and

i) to purchase treatment services in penal or correctional institutions of the State of Arizona.

11. Service Prioritization for Non-Title XIX/XXI Funding

Funding resources are limited for Non-Title XIX/XXI programs. The Contractor shall ensure that the funding for services shall be applied consistently across the geographic service area. The Contractor shall also manage Non-Title XIX/XXI funding to ensure that services are continuously provided throughout the contract year. Service provision for persons with serious mental illness shall comply with A.A.C., Title 9, Chapter 21.

a. The Contractor shall submit an Annual Non-Title XIX/XXI Service Prioritization Plan by GSA by March 1st of each contract year. The Plan is subject to approval by DHS. When establishing service priorities, the Contractor shall take into consideration, at a minimum, risk, acuity, continuity of care, level of functioning, capacity to benefit, crisis services, Federal Block Grant requirements, and other state priorities that may be established from time to time.

b. Behavioral health recipients may not file appeals on the established service priorities delineated in the Contractor's Annual Non-Title XIX/XXI Service Prioritization Plan; however, they may appeal how the service priorities were applied.

12. Mortgages/Financing of Property

If Contractor intends to obtain a mortgage or financing for the purchase of real property or construction of buildings on real property, DHS is under no obligation to assist, facilitate, or help Contractor secure the mortgage or financing.

G. COMPLIANCE PROVISIONS

1. Audits, Surveys, Inspections, and Reviews

If more than one GSA is awarded under this contract, there may be requirements for audit, survey, inspection and review activities by each GSA. In addition to the Uniform Terms and Conditions, Section C.3 Audit, the following terms and conditions shall apply.

Contractor and its Subcontractors shall comply with all Federal, State and local laws, rules, regulations, standards and executive orders governing performance of duties under this contract without limitation to those designated within this contract.

Contractor and its Subcontractors shall comply with all applicable AHCCCS Rules and Audit Guide, policies and procedures relating to the audit of Contractor's records, medical audit protocols, the inspection of Contractor's facilities, the survey of behavioral health recipients and providers and reviews.

At any time during the term of this Contract, Contractor and its subcontractors shall fully cooperate with DHS, AHCCCS, the U.S. Department of Health and Human Services, the U.S. Office of Civil Rights, The Center for Medicaid and Medicare Services or any authorized representative of the state or federal governments and allow them:

- access to Contractor's and Subcontractors' staff and behavioral health recipients;
- access to, inspection and reproduction of books and records related to the performance of the Contract or Subcontracts; and
- through on-site inspection, or other means, to evaluate the quality, appropriateness and timeliness of services performed under this Contract.

The following audits, surveys, inspections and reviews shall be conducted by DHS, DHS contractor or other state or federal agency.

a. Audits

Audits may be conducted periodically to determine Contractor's and Subcontractor's compliance with state and federal codes, rules, regulations and requirements. These audits include, but are not limited to, the following:

1) Auditor General Audits

Contractor and its Subcontractors shall comply with and participate as required in the Performance Audit and other audits conducted by the Arizona Auditor General.

2) Other Federal and State Audits

Contractor and its Subcontractors shall comply with and participate as required in other federal and state audits including the audit of an inpatient facility.

3) Encounter Validation Study

Contractor and its Subcontractors shall participate in the required Center for Medicaid and Medicare Services (CMS) data validation studies conducted by AHCCCS and other validation studies as may be required by DHS. Any and all covered services may be validated as part of the studies. Center for Medicaid and Medicare Services data validation studies shall be conducted at least annually.

Per CMS requirement, AHCCCS conducts encounter validation studies of the Title XIX and XXI encounter submissions sent to AHCCCS from Contractor via DHS and compares this to the information in the medical or other record to assess for timeliness, correctness and omissions of data. The ADHS/DBHS Program Support Procedures Manual contains specifications regarding this encounter validation study. AHCCCS has reserved the right to revise the study methodology, timeliness, and sanction amounts based on its review or as a result of consultations with CMS. Contractor shall be notified in writing of any significant change in study methodology.

All sanctions imposed against DHS by AHCCCS as a result of data validation studies to DHS from AHCCCS shall be passed on to Contractor according to the Special Terms and Conditions Paragraph H.4 Corrective Actions and Sanctions. DHS shall notify Contractor in writing of the sanction amounts.

b. Surveys

1) Behavioral Health Recipient Satisfaction Survey

The Contractor and its Subcontractors, as applicable, shall actively participate in the development and implementation of the behavioral health recipient annual satisfaction survey. Participation may include, but is not limited to, attending planning meetings and assisting with the distribution of surveys to behavioral health recipients. The Contractor shall use findings from the Satisfaction Survey to improve care for behavioral health recipients.

c. Inspections

1) General Inspections

Contractor agrees to make available at the office of Contractor, at all reasonable times, any of its records for inspection, audit or reproduction, by any authorized representative of the state or federal governments.

2) Inspections of Service Delivery Sites

Contractor and subcontractors shall allow an authorized representative of the state or federal government access to inspect any service delivery site for the purpose of determining the quality and safety of services being delivered. This shall be conducted at reasonable times unless the situation warrants otherwise.

3) Inspections of Employee Records

Contractor shall allow DHS to inspect the records of any employee who works on the contract to ensure that the contractor is in compliance with all Federal Immigration laws and regulations.

d. Reviews

1) Annual Administrative Review

DHS shall conduct an Annual Administrative Review of the Contractor for the purpose of ensuring operational and financial program compliance for all programs, including but not limited to the following:

a) compliance with state, federal and contractual requirements
b) a review of clinical and business practices and policies
c) a review of financial reporting systems
d) the quality outcomes, timeliness, and access to healthcare services, and
e) any other operational and program areas identified by DHS.

The reviews shall be conducted to identify areas where improvements can be made and make recommendations accordingly, monitor Contractor's progress toward implementing mandated programs and corrective action plans, and provide Contractor with technical assistance if necessary.

The type and duration of the Administrative Review shall be solely at the discretion of DHS. In preparation for the on-site Administrative Review, Contractor shall fully cooperate with the DHS Review Team by forwarding, in advance, policies, procedures, job descriptions, contracts, logs, and other information that DHS may request. Contractor shall have all requested medical records available. Any documents not requested in advance by DHS shall be made available upon request of the Review Team during the course of the review. Contractor personnel, as identified in advance, shall be available to the Review Team at all times during DHS on-site review activities. While on-site, Contractor shall provide the Review Team with work space, access to a telephone, electrical outlets and privacy for conferences.

Contractor shall be furnished a copy of the Administrative Review Report and given an opportunity to comment on any review findings prior to DHS publishing the final report. Recommendations made by the Review Team shall be implemented by Contractor to bring Contractor into compliance with Federal, State, AHCCCS, DHS, and/or Contract requirements. DHS may conduct follow-up Administrative Reviews to determine Contractor's progress in implementing recommendations and achieving program compliance. Follow-up reviews may be conducted at any time after the initial Administrative Review. Contractor shall submit the Status of Administrative Review Corrective Actions Report by June 15th of each year to the Office for Compliance.

2) AHCCCS Operational and Financial Reviews of DHS

Contractor and its Subcontractors shall comply with these Reviews and participate as required in the AHCCCS/ADHS contract in accordance with CMS requirements for the purpose of, but not limited to, ensuring operational and financial program compliance for Title XIX and Title XXI programs. The reviews identify areas where improvements can be made and make recommendations accordingly, monitor DHS and Contractor's progress toward implementing mandated programs and provide DHS with technical assistance if necessary. Contractor and its Subcontractors shall comply with all audit provisions as required by AHCCCS.

3) Independent Case Review (ICR)

The Contractor shall make available records and other documentation, and ensure Subcontractor's participation in, and cooperation with, the ICR. This may include participation in staff interviews and facilitation of behavioral health recipient/family member and subcontractor interviews. The Contractor shall use findings from the ICR to improve care for enrollees.

4) SAMHSA Core Reviews (SAPT and CMHS Block Grants)

The Contractor and its Subcontractors shall comply with and participate as required in DHS and federal audits and Core Reviews of services and programs funded through the Substance Abuse Prevention and Treatment and Community Mental Health Services Performance Partnership Grants. Core Review findings shall be used to enhance and improve the delivery of Grant-required services for behavioral health recipients.

H. DISPUTES, NON-PERFORMANCE, TERMINATION, AND CANCELLATION PROVISIONS

1. Complaints, SMI Grievances and Member Appeals

a. Complaints

All members' complaints shall be resolved according to the Scope of Work Paragraph L.2. Complaints, ADHS/DBHS Provider Manual, and ADHS/DBHS Policies and Procedures Manual.

b. SMI Grievances and Member Appeals

All SMI grievances and member appeals shall be resolved according to A.A.C. Title 9, Chapter 21, Article 4; Scope of Work Paragraph L.3. SMI Grievances and Member Appeals; and the ADHS/DBHS Provider Manual**.**

c. Order of Precedence for Controlling Legal Authority

In the event of a complaint, SMI grievance, or member appeal, the following authority shall control in the order of precedence set forth below, as applicable:

1) The United States Code
2) Code of Federal Regulations
3) Arizona State Statutes
4) Arizona Administrative Code
5) AHCCCS/ADHS Contract
6) ADHS/T/RBHA Contract
7) ADHS/DBHS Policies and Procedures Manual
8) ADHS/DBHS Provider Manual
9) T/RBHA internal policy and procedure manuals
10) Members Handbook

2. Behavioral Health Provider Claim Disputes

a. Provider Claim Disputes

All provider claim disputes shall be resolved according to requirements outlined in the Scope of Work Paragraph L.4. Provider Claim Disputes, ADHS/DBHS Policies and Procedures Manual, and the ADHS/DBHS Provider Manual.

b. Order of Precedence for Controlling Legal Authority

In the event of a provider claim dispute, the following authority shall control in the order of precedence set forth below, as applicable:

1) The United States Code
2) Code of Federal Regulations
3) Arizona State Statutes
4) Arizona Administrative Code
5) AHCCCS/ADHS Contract
6) ADHS/T/RBHA Contract
7) ADHS/DBHS Policies and Procedures Manual
8) ADHS/DBHS Provider Manual
9) T/RBHA internal policy and procedure manuals

3. Claim Disputes

All Contractor appeals shall be resolved in accordance with DHS Policy on Contractor Disputes and other documents incorporated by reference.

4. Contract Disputes

a. Contract Claims

A contract claim is any claim or controversy arising out of the terms of this contract. Except for claim disputes as provided in Special Terms and Conditions, H.3 all contract claims or controversies under this contract shall be resolved according to Uniform Terms and Conditions, Paragraph J. Contract Claims. Prior to filing a contract claim, the Contractor is encouraged to attempt to resolve the dispute informally with DHS; however, nothing in the informal dispute resolution process shall waive applicable time deadlines within which to file a contract claim.

b. Payment Obligations

Contractor shall pay and perform all of its obligations and liabilities when and as due; provided, however, that if and to the extent there exists a bona fide dispute with any party to whom Contractor may be obligated, Contractor may contest any obligation so disputed until final determination by a court of competent jurisdiction; provided, however that Contractor shall not permit any judgment against it or any levy, attachment, or process against its property, the entry of any order or judgment of receivership, trusteeship or conservatorship or the entry of any order to relief or similar order under laws pertaining to bankruptcy, reorganization or insolvency, in any of the foregoing cases to remain undischarged or unstayed by good and sufficient bond, for more than fifteen (15) days.

5. Corrective Actions and Sanctions

a. Corrective Actions

Contractor shall comply with corrective action when it is determined that the Contractor has not fulfilled its obligations under this contract. The need for corrective action may be identified through various means including but not limited to, grievance and appeals information; quality management; problem resolution; financial information; Administrative Reviews; or information obtained in any contract deliverable or investigations.

If required, Contractor shall develop a written Corrective Action Plan using a format prescribed by DHS. A Corrective Action Plan shall be the means of communication between Contractor and DHS regarding resolution of the identified issue.

b. Sanctions

1) DHS may impose financial sanctions for failure to comply with the terms of this contract or requirements set forth in the documents incorporated by reference in Special Terms and Conditions Paragraph B.2 or failure to comply with a corrective action. Sanctions shall be assessed according to the severity of the violation. Unless explicitly stated otherwise in this contract or document incorporated by reference, at the discretion of DHS, sanctions shall be applied as follows:

a) Non-compliance with a contract requirement by the Contractor that has an extreme negative impact on the service delivery system or that causes or results in extreme harm to a behavioral health recipient shall result in a severe financial sanction ranging from $5,000 to $100,000,

b) Non-compliance with a contract requirement by the Contractor that has a significant negative impact on the service delivery system or that causes or results in significant harm to a behavioral health recipient shall result in an intermediate financial sanction ranging from $2,500 to $50,000, and

c) Non-compliance with a contract requirement by the Contractor that has a negative impact on the service delivery system or that causes or results in harm to a behavioral health recipient shall result in a minor financial sanction ranging from $1,000 to $25,000.

d) Non-compliance with any contract term may result in a financial sanction ranging from $1,000 to $10,000.

DHS shall determine, at its sole discretion, the amount of the sanction. DHS shall provide written notice to Contractor specifying the sanction, the grounds for the sanction, identification of any subcontracted providers involved in the violation, the amount of funds to be withheld from payments to Contractor and the steps necessary to avoid future sanctions.

2) Contractor shall complete all steps necessary to correct the violation and to avoid future sanctions or corrective actions within the time frame established by DHS in the notice of sanction. Following the notice of sanction, the full sanction amount shall be withheld from the next monthly payment. If the Contractor does not correct the violation within the timeframes established in the notice of sanction, DHS may impose an additional penalty, which at the discretion of DHS, may be equal to or greater than the penalty for the first violation multiplied by one (1) plus the number of additional months (or portion of a month) during which the violation continues.

If Contractor is found by DHS to have violated the same Contract provision on two or more occasions within a two (2) year period, then DHS, at its discretion, may increase the amount of the first month's penalty by an amount not to exceed the amount of the penalty for the first violation multiplied by (one (1) plus the number of repeat violations).

For example: assume Contractor violates a Contract provision for which the first month's penalty is $5,000. If a second violation of the same provision occurs within two (2) years of the first violation, the penalty for the first month of the second violation could be as high as $10,000. If a third violation of the same provision occurs within two (2) years of the first violation, the penalty for the first month of the third violation could be as high as $15,000.

DHS shall offset against any payments due Contractor until the full sanction amount is paid.

3) If AHCCCS, pursuant to its contract with DHS or pursuant to AHCCCS regulations, imposes a sanction against DHS for any act or omission which, pursuant to this Contract, Contractor was prohibited or required (respectively) to perform, then DHS may, in addition to any other remedies available under the Contract, impose a sanction against Contractor in an amount equal to the amount of the sanction imposed by AHCCCS against DHS. If the sanction from AHCCCS applies to more than one contractor, but AHCCCS does not delineate individual contractor responsibility, DHS may apportion sanctions to the Contractor based on an equitable method that accounts for the Contractor's share of responsibility.

4) DHS shall impose on Contractor any financial sanctions imposed on DHS by AHCCCS related to Contractor's performance under this agreement. The imposition of these sanctions upon Contractor shall not be levied until such time as AHCCCS shall have actually imposed sanctions upon DHS for conduct related to Contractor's performance under this agreement. In the event that AHCCCS imposes sanctions upon DHS, Contractor shall reimburse DHS upon demand, or DHS shall process a withhold, any such sanction or disallowance amount or any amount determined by AHCCCS to be unallowable, after exhaustion of the appeals process (if federal regulations so permit) as long as the federal government does not levy the sanctions until after the appeals process is completed. Contractor shall bear the administrative cost of such an appeals process.

5) Any recoupments imposed by the federal government and passed through to the Contractor shall be reimbursed to DHS upon demand.

6) The Contractor may file an appeal to any sanctions imposed by DHS in accordance with the processes outlined in Special Terms and Conditions Paragraphs H.2 or H.3.

c. Cure Notice Process

Prior to the imposition of a sanction, DHS may provide the Contractor a written cure notice regarding the details of the non-compliance. The cure notice will specify the period of time during which the Contractor must bring its performance back into compliance with contract requirements. If, at the end of the specified time period, DHS determines that the Contractor has complied with the cure

notice requirements, DHS will take no further action with respect to the imposition of sanctions. If, however, DHS has determined that the Contractor has not complied with the cure notice requirements, DHS may proceed with the imposition of sanctions.

6. Termination Upon Mutual Agreement

This Contract may be terminated by mutual written agreement of the parties effective upon the date specified in the written agreement.

7. Voidability of Contract

This contract is voidable and subject to immediate termination by DHS upon Contractor becoming insolvent or filing proceedings in bankruptcy or reorganization under the United States Code, or upon assignment or delegation of the contract without the prior written approval of DHS.

8. DHS Right to Operate Contractor

In accordance with A.R.S. § 36-3412.D. and in addition to any other rights provided by law or under this Contract, upon a determination by DHS that Contractor has failed to perform any requirements of this Contract that materially affect the health, safety or welfare of behavioral health recipients, DHS may, immediately upon written notice to Contractor, directly operate as the Contractor for so long as necessary to ensure the uninterrupted care to behavioral health recipients and accomplish the orderly transition of behavioral health recipients to a new or existing Contractor, or until Contractor corrects the contract performance failure to the satisfaction of DHS.

9. Declaration of Emergency

Upon a declaration by the Governor that an emergency situation exists in the delivery of behavioral health services in which the health, safety or welfare of the public will be threatened without intervention by government agencies, DHS may operate as Contractor or undertake actions to negotiate and award, with or without bid, a Contract to an entity to operate as Contractor. Contracts awarded under this section are exempt from the requirements of Title 41, Chapter 23. DHS shall immediately notify the affected Contractor(s) of its intention.

10. Contract Cancellation

a. DHS reserves the right to cancel the whole or any part of this contract due to failure by Contractor to carry out any material obligation, term or condition of the contract. DHS shall issue written notice to Contractor for acting or failing to act as in any of the following:

1) Contractor fails to adequately perform the services set forth in the specifications of the contract;

2) Contractor fails to complete the work required or to furnish the materials required within the time stipulated by the contract;

3) Contractor fails to make progress in the performance of the contract and/or gives DHS reason to believe that Contractor will not or cannot perform to the requirements of the contract.

b. Upon receipt of the written notice of concern, Contractor shall have ten (10) days to provide a satisfactory response to DHS. Failure on the part of Contractor to adequately address all issues of concern may result in DHS resorting to any single or combination of the following remedies:

1) Cancel any contract due to failure by the Contractor to carry out any material obligation, term or condition of the contract;

2) Reserve all rights or claims to damage for breach of any covenant of the contract;

3) Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor.

c. In case of default, DHS reserves the right to purchase materials, or to complete the required work in accordance with the Arizona Procurement Code. DHS may recover any reasonable excess costs from Contractor by:

1) Deduction from an unpaid balance;

2) Collection against the bid and/or performance bond;

3) Any combination of the above or any other remedies as provided by law.

11. Rights and Obligations Upon Termination

In addition to the requirements stated in the Uniform Terms and Conditions, Paragraphs I.4, Termination for Convenience and I.5, Termination for Default, Contractor shall comply with the following provisions:

a. Contractor shall stop all work as of the effective date of the termination and shall immediately notify all Subcontractors, in writing, to stop all work as of the effective date of the notice of termination.

b. Upon receipt of the notice of termination and until the effective date of the notice of termination, Contractor shall perform work consistent with the requirements of this Contract and in accordance with a written plan approved by DHS for the orderly transition of eligible and enrolled persons to another Contractor or to subcontracted providers.

c. Contractor shall be paid the Contract price for all services and items completed as of the effective date of the notice of termination and shall be paid its reasonable and actual costs for work in progress as determined by GAAP; however, no such amount shall cause the sum of all amounts paid to Contractor to exceed the compensation limits set forth in this Contract.

12. DHS Claim to Performance Bond Proceeds Upon Default

a. In the event of a default by Contractor, DHS shall, in addition to any other remedies it may have under this Contract, obtain payment under the Performance Bond for the purpose of the following:

1) Paying any damages sustained by subcontracted providers, non-contracting providers and non-providers by reason of a breach of Contractor's obligations under this Contract.

2) Reimbursing DHS for any payments made by DHS on behalf of Contractor.

3) Reimbursing DHS for any extraordinary administrative expenses incurred by reason of a breach of Contractor's obligations under this Contract, including, but not limited to, expenses incurred after termination of this Contract by DHS for reasons other than the convenience of the State.

4) Making any payments or expenditures deemed necessary by DHS, in its sole discretion, to aid in the direct operation of Contractor by DHS pursuant to the terms of this Contract and to reimburse DHS for any extraordinary administrative expenses incurred in connection with the direct operation of Contractor by DHS pursuant to the terms of this Contract.

b. In the event the above expenses exceed the Performance Bond amount, the Contractor is responsible for the excess remaining amount.

I. MANAGEMENT INFORMATION SYSTEM

1. The Contractor shall maintain a management information system that meets DHS data processing and interface requirements as outlined in this contract and in the following documents incorporated by reference:

a. CIS File Layout and Specifications Manual;

b. ADHS Program Support Procedures Manual; and

c. Office of Grievances and Appeals Database Manual.

2. The management information system shall be capable of sending and receiving information to and from DHS and capable of receiving information from service providers. At a minimum, the Contractor shall have a T1 line. DHS is currently using SSL encryption for FTP and Tovaris for secure e-mail. All electronic data submitted shall be encrypted per HIPAA privacy security requirements and shall be compatible with DHS. The Contractor shall have a sufficient number of management information system personnel to support the maintenance and functioning of the management information system. These personnel shall have management information system technical knowledge as well as knowledge of health care or behavioral health delivery systems.

3. DHS reserves the right to review and approve or disapprove the Contractor's management information system or any component therein if DHS has reasonable concerns regarding its suitability or its ability to support the requirements of this contract. All components of the Contractor's management information system shall be made available for review or audit upon request by DHS. The Contractor shall seek and acquire prior approval from DHS whenever it is anticipated that funds derived from this contract will be used for systems enhancements, software, hardware or network procurement.

4. If the Contractor plans to make any modifications that may affect any of the data interfaces, it shall first provide DHS the details of the planned changes, the estimated impact upon the interface process, and unit and parallel test files. The Contractor shall allow sufficient time for DHS to evaluate the test data before approving the proposed change. The Contractor shall also notify DHS in advance of the exact implementation date of all changes so DHS can monitor for any unintended side effects of the change.

5. DHS will provide the Contractor at least ninety (90) days notice prior to a system change unless it has been determined that the change is immediately needed and vital to system operations.

6. The Contractor shall provide claims inquiry information to subcontractors via the Contractor's website.

J. MISCELLANEOUS PROVISIONS

1. Business Continuity Plan

a. The Contractor shall develop a Business Continuity Plan to deal with unexpected events that may negatively and significantly affect its ability to adequately serve members. This plan shall, at a minimum include planning and training for:

1) Behavioral health facility closure/loss of a major provider;
2) Electronic/telephonic failure at the Contractor's main place of business;
3) Complete loss of use of the main site;
4) Loss of primary computer system/records; and
5) How the Contractor will communicate with DHS in the event of a business disruption.
6) Periodic Testing.

b. The Business Continuity Plan shall be reviewed annually by the Contractor, updated as needed, and provided to DHS by July 10th of each contract year for review -. All key staff shall be trained and familiar with the Plan.

c. The Contractor shall ensure management services subcontractors prepare adequate business continuity plans and that the subcontractors review their plans annually, updating them as needed. The subcontractor plans shall, at a minimum, address the factors in J.1.a. above as they apply to the management services subcontractors. This requirement does not apply to provider subcontractors.

2. Conflict of Interest

Contractor shall not undertake any work that represents a potential or existing conflict of interest, or which is not in the best interest of DHS or the State without prior written approval by DHS. Contractor shall fully and completely disclose to DHS a potential or existing conflict of interest.

3. Anti-Kickback

a. Contractor or any director, officer, agent, employee or volunteer of the Contractor shall not request or receive any payment or other thing of value either directly or indirectly, from or for the account of any Subcontractor (except such performance as may be required of a Subcontractor under the terms of its subcontract) as

consideration for or to induce Contractor to enter into a subcontract with the Subcontractor or any referrals of enrolled persons to the Subcontractor for the provision of covered services.

b. Contractor certifies that it has not engaged in any violation of the Medicare Anti-kickback statute (42 USC 130a-7b) or the "Stark I" and "Stark II" laws governing related-entity referrals (PL101-239 and PL 101-432) and compensation.

4. Lobbying

Contractor shall not use funds paid to Contractor by DHS, or interest earned, for the purpose of influencing or attempting to influence any officer or employee of any State or Federal agency; or any member of, or employee of a member of, the United States Congress or the Arizona State Legislature in connection with awarding of any Federal or State Contract, the making of any Federal or State grant, the making of any Federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal or State Contract, grant, loan, or cooperative agreement.

Contractor shall not use funds paid to Contractor by DHS, or interest earned, for the purpose of influencing or attempting to influence any officer or employee of any State or Federal agency; or any member of, or employee of a member of, the United States Congress or the Arizona State Legislature in which it asserts authority to represent DHS or advocate the official position of DHS in any matter before a State or Federal agency; or any member of, or employee of a member of, the United States Congress or the Arizona State Legislature.

5. Pending Legislative Issues and Gubernatorial Initiatives

In addition to the requirements described in this Contract, there are legislative issues, which may have an impact on services provided by the Contractor on or after the effective date of this Contract. The following is a brief description of issues that DHS is aware of at the time of issuance of this Contract:

a. **Implementation of the Balanced Budget Act (BBA) Rules in Arizona:** AHCCCS and DHS are continuing to assess the changes needed in the Arizona Medicaid system to be compliant with the Federal regulations and State rules mandated by the BBA. AHCCCS continues to receive technical assistance and directives from CMS regarding implementation of the BBA. Should there be additional requirements of the Contractor pursuant to the implementation of the BBA regulations and Rules, a contract amendment shall be made in accordance with Special Terms and Conditions Paragraph A.6. or B.2 as applicable.

b. **Substance Abuse Performance Partnerships:** Section 1949 of the Public Health Service Act Children's Health Act of 2000, Subpart II (PL 102 – 321, 42 U.S.C. 300x21 et seq.) requires the Secretary of Health and Human Services to submit a plan to Congress detailing how the Secretary intends to change the current Substance Abuse Prevention and Treatment Block Grant and the Community Mental Health Services Block Grant into "performance partnerships." The Secretary's plan includes opportunities for States to waive certain compliance requirements of the Block Grants, to establish performance-based incentive systems and to submit annual outcome and performance data including national core measures and additional state-specific measures. DHS anticipates implementation of the performance system during the State Fiscal Year 2005-2006.

c. **Gubernatorial Efficiencies:** The Contractor shall participate in projects and practices resulting from recommendations from the Governor's Efficiency Initiative.

6. Litigation

In addition to the requirements described in this Contract, Contractor and all subcontracted providers shall participate in all DHS activities required to meet the requirements of the JK Settlement Agreement which was approved by the U.S. District Court in June 2001. These activities include but are not limited to: training to improve the delivery and practice of behavioral health services provided to children and families; community forums to solicit input from children, families and community regarding the delivery of behavioral health services; expanding the capacity of treatment and support providers; and adherence to the Title XIX Children's Behavioral Health Annual Action Plan. Agreements made by DHS that shall be fulfilled by the Contractor are incorporated into the terms of this contract or the documents incorporated by reference.

7. Other State Agencies Purchasing from this Contract

Other Arizona state agencies may purchase in whole or in part from this contract with the prior written approval from DHS. Prior to performing any work under these arrangements, the Contractor and state agency shall agree upon the work to be conducted by the Contractor and the rate and method for compensation.

8. Ownership of Property

a. Real Property

Any real property or buildings and improvements to buildings ("the property") purchased by the Contractor with funds provided by DHS under the Contract, excluding net profits earned under the Contract, for delivering or coordinating the delivery of behavioral health services to behavioral health recipients shall include (1) a use restriction in the deed, or (2) covenants, conditions, or restrictions, or (3) another legal instrument acceptable to DHS that requires the property to be used solely for the benefit of behavioral health recipients. Notwithstanding the funding source used to purchase the property, prior to the purchase the Contractor shall:

1) Disclose to DHS the funding source used to purchase the property to demonstrate whether the purchase is to be made with funds provided by DHS under the Contract, funds from net profits earned under the Contract or other funds;

2) Disclose to DHS the financing arrangements made to purchase the property; and

3) If the property is purchased with funds provided by DHS under the Contract, submit to DHS, for prior approval, a deed containing the use restrictions, covenants, conditions or restrictions or another legal instrument that ensures the property is used solely for the benefit of behavioral health recipients and that failure to comply with the use restrictions allows the State to take title to the property or otherwise enforce the restrictions.

b. Video Conferencing Equipment

Any video conferencing equipment (telemedicine) purchased by the Contractor with funds provided by DHS under the Contract, excluding net profits earned under the Contract, for delivering or coordinating the delivery of behavioral health services to behavioral health recipients is the sole property of the State. Prior to the purchase of video conferencing equipment, the Contractor shall disclose to DHS the funding source used to purchase the video conferencing equipment to demonstrate whether the purchase is to be made with funds provided by DHS under the Contract, funds from net profits earned under the Contract or other funds. Contractor shall provide to DHS a written inventory including manufacturer name, model, and serial number of any video teleconferencing equipment purchased with funds provided by DHS under the contract. Upon the termination or expiration of this Contract, the Contractor shall promptly transfer all video conferencing equipment created or purchased using funds provided under the Contract to DHS, and the Contractor shall promptly execute any documents necessary to facilitate the transfer.

9. Legal Entity Requirement

The Contractor shall be separately incorporated or be a separate legal entity from other affiliates for the purpose of conducting business as a contractor with DHS.

10. Offshore Performance of Work Prohibited

Due to security and identity protection concerns, all service under this contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.

11. Contractor Transitions

a. Contract Start-Up

1) The Contract start-up period shall begin immediately upon contract award. No payment shall be made to the Contractor prior to the contract start date of July 1, 2005. However, there are requirements for specific tasks/actions to be accomplished, delineated below, during the transition period. The transition period shall not count towards the initial three (3) year period of the contract or any subsequent contract extension option.

2) The Contractor shall at a minimum fulfill the following requirements when transitioning the operations of the behavioral health delivery system from the existing Contractor to operating the system itself. The current Contractor is required by contract to cooperate with the new Contractor in the transition.

a) Transition Plan

The Contractor shall develop a comprehensive transition plan for all services and operations under this contract. The plan shall be submitted for DHS review and approval no later than thirty (30) days from the Notice of Award. The plan shall address at a minimum:

i. Negotiation with the existing Contractor to ensure orderly transfer of records, ADHS property (including real property), deeds of purchase, leases, staff and equipment.

ii. A budget for transition expenses, including Contractor travel, personnel, taxes and anticipated service development costs prior to the Contract Start Date.

iii. How the Contractor shall avoid disruptions in the continuity of care for behavioral health recipients and optimize stability in the existing network including individuals who are service providers currently employed by the current Contractor.

iv. Communication with behavioral health recipients, family members and other stakeholders regarding the transition.

b) Readiness Review

i. The Contractor shall participate in a Readiness Review whereby DHS will review the Contractor's operations and will include at a minimum the following areas of review:

(a) Network sufficiency and management including; reviews of subcontracts;
(b) Financial management;
(c) Information processing;
(d) Transition and routine communications with behavioral health recipients;
(e) Continuity of care for behavioral health recipients;
(f) Grievances and Appeals;
(g) Service delivery, including referral management; and
(h) Prior authorization function.

ii. During the Readiness Review, the Contractor shall make available staff, documentation and work space as requested by DHS for the Readiness Review.

3) The Contractor shall have all required positions hired and fulfilling responsibilities under this contract by July 1, 2005. The Contractor shall have sufficient personnel working during the transition phase in order to be fully operational by the start date of the contract, July 1, 2005.

b. Contract Expiration

1) Reporting

Contractor shall be responsible for continued reporting beyond the term of the contract to conclude all work required of this contract. This includes but is not limited to financial reporting and processing claims and reporting encounter data.

2) The Contractor shall cooperate with any new Contractor that is awarded a contract at the time this contract expires, including sharing and transferring behavioral health recipient information and records. DHS will notify the Contractor with specific instructions and required actions at the time of transfer.

12. Physician Incentive

The Contractor must comply with all applicable physician incentive requirements and conditions defined in 42 CFR 438.6(h). These regulations prohibit physician incentive plans that directly or indirectly make payments to a doctor or a group as an inducement to limit or refuse medically necessary services to a member. The Contractor is required to disclose all physician incentive agreements to ADHS and to enrolled persons who request them.

The Contractor shall not enter into contractual arrangements that place providers at significant financial risk as defined in 42 CFR 422.208, 42 CFR 422.10 and 42 CFR 438.6(h) unless specifically approved in advance by ADHS. In order to obtain approval, the following must be submitted to ADHS ninety (90) days prior to the implementation of the contract:

a. A complete copy of the contract
b. A plan for the member satisfaction survey
c. Details of the stop-loss protection provided
d. A summary of the compensation arrangement that meets the substantial financial risk definition.

The Contractor shall disclose to ADHS the information on physician incentive plans listed in 42 CFR 422.208 and 42 CFR 422.210 in accordance with the AHCCCCS Physician Incentive Plan Disclosure by Contractor's Policy and upon contract renewal, prior to initiation of a new agreement, or upon request from ADHS, AHCCCSA or CMS.

The Contractor shall also provide compliance with physician incentive plan requirements as set forth in 42 CFR 438.6(h). These regulations apply to contract arrangements with subcontracted entities.

Uniform Terms and Conditions

A. Definition of Terms

As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

1. *"Attachment"* means any item the Solicitation requires the Offeror to submit as part of the Offer.

2. "*Claims Disputes"* means a dispute involving the payment of a claim, denial of a claim or imposition of a sanction.

3. *"Contract"* means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.

4. *"Contract Amendment"* means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.

5. *"Contractor"* means any person who has a Contract with the State.

6. *"Days"* means calendar days unless otherwise specified.

7. *"Exhibit"* means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.

8. *"Gratuity"* means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.

9. *"Materials"* means all property including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.

10. *"Procurement Officer"* means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.

11. *"Services"* means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.

12. *"Subcontract"* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.

13. *"State"* means the State of Arizona and Department or Agency of the State that executes the Contract.

14. *"State Fiscal Year"* means the period beginning with July 1 and ending June 30.

B. Contract Interpretation

1. Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.

2. Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.

3. Contract Order of Precedence. In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:

   a. Special Terms and Conditions;
   b. Uniform Terms and Conditions;
   c. Statement or Scope of Work;
   d. Specifications;
   e. Attachments;
   f. Exhibits;
   g. Documents referenced or included in the Solicitation.

4. Relationships of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.

5. Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.

6. No Parol Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.

7. No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

C. Contract Administration and Operation

1. Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of six (6) after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.

2. Non-Discrimination. The Contractor shall comply with State Executive Order No. 99-4 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

3. Audit. Pursuant to A.R.S. § 35-214, at any time during the term of this Contract and six (6) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.

4. Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. The State shall also have the right to test at its own cost the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

5. Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be

made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.

6. Advertising, Publishing, and Promotion of Contract. The Contractor shall not use, advertise, or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.

7. Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the Sate. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.

8. Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, tradename, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract ("Intellectual Property"), shall be work made for hire and the State shall be considered the creator of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor (s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract.

D. Costs and Payments

1. Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.

2. Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destinations.

3. Applicable Taxes

   a. Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.

   b. State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect taxes from the buyer does not relieve the seller from its obligation to remit taxes.

   c. Tax Indemnification. Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

d. IRS W9 Form. In order to receive payment, the Contractor shall have a current IRS W9 Form on file with the State of Arizona, unless not required by law.

4. Availability of funds for the Next State Fiscal Year. Funds may not presently be available for performance under this Contract beyond the current State fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current State fiscal year until funds are made available for performance of this Contract.

5. Availability of Funds for the Current State Fiscal Year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:

a. Accept a decrease in price offered by the contractor.

b. Cancel the contract.

c. Cancel the contract and re-solicit the requirements.

E. Contract Changes

1. Amendments. This Contract is issued under the authority of the Procurement Officer who signed the Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the Procurement Officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.

2. Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors and the subcontractors' proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.

3. Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

F. Risks and Liability

1. Risk of Loss. The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.

2. Indemnification

a. Contractor/Vendor Indemnification (Not Public Agency) The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence.

b. Public Agency Language Only. Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of

bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

3. Indemnification-Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the contractor is insured pursuant to A.R.S.§41-621 and §35-154, this section shall not apply.

4. Force Majeure

a. Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term *"force majeure"* means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-interventions-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

b. Force Majeure shall not include the following occurrences:

1) Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

2) Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or

3) Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

c. If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract. d. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

5. Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

G. Warranties

1. Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.

2. Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one year after acceptance by the State of the materials, they shall be:

   a. Of a quality to pass without objection in the trade under the Contract description;

   b. Fit for the intended purposes for which the materials are used;

   c. Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;

   d. Adequately contained, packaged and marked as the Contract may require; and

   e. Conform to the written promises or affirmations of fact made by the Contractor.

3. Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.

4. Inspection/Testing. The warranties set forth in subparagraphs G.1 through G.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.

5. Year 2000.

   a. Notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that all products delivered and all services rendered under this Contract shall comply in all respects to performance and delivery requirements of the specifications and shall not be adversely affected by any date-related data Year 2000 issues. This warranty shall survive the expiration or termination of this Contract. In addition, the defense of *force majeure* shall not apply to the Contractor's failure to perform specification requirements as a result of any date-related data Year 2000 issues.

   b. Additionally, notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that each hardware, software, and firmware product delivered under this Contract shall be able to accurately process date/time data (including but not limited to calculation, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology utilized by the State in combination with the information technology being acquired under this contract properly exchanges date-time data with it. If this contract requires that the information technology products being acquired perform as a system, or that the information technology products being required perform as system in combination with other State information technology, then this warranty shall apply to the acquired products as a system. The remedies available to the State for breach of this warranty shall include, but shall not be limited to, repair and replacement of the information technology products delivered under this Contract. In addition, the defense of *force majeure* shall not apply to the failure of the Contractor to perform any specification requirements as a result of any date-related data Year 2000 issues.

6. Compliance With Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.

7. Survival of Rights and Obligations after Contract Expiration or Termination.

   a. Contractor's Representation and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or

termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, and Chapter 5.

b. Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

H. State's Contractual Remedies

1. Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the Contract.

2. Stop Work Order

a. The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

b. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

3. Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.

4. Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

5. Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

I. Contract Termination

1. Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or

creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.

2. Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.

3. Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a Contract shall attest that the contractor is not currently suspended or debarred. If the contractor becomes suspended or debarred, the contractor shall immediately notify the State.

4. Termination for Convenience. The State reserves the right to terminate the Contract in whole or in part at any time, when in the best interests of the State without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The Cost principles and procedures provided in A.A.C. R2-7-701 shall apply.

5. Termination for Default

   a. In addition to the rights reserved in the Uniform Terms and Conditions, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

   b. Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

   c. The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

6. Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

J. Contract Claims

All contract claims or controversies under this Contract shall be resolved according to A.R.S Title 41, Chapter 23, Article 9, and rules adopted thereunder.

K. Arbitration

The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

Arizona State Procurement Office

Version 7.0 (Effective May 1, 2003)

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Exhibits

Exhibits

Exhibit A: Contractor Periodic and Ad Hoc Reporting Requirements

REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
Children's JK – Quality Management Data – Structural Elements Report	Monthly	15th day after month end	Contract	1	Bureau of Quality Management Operations
Referral Logs for Emergency and Routine Assessment Appointments	Monthly	15th day after month end	Contract	2	Bureau of Quality Management Operations
Seclusion/Restraint Reporting/Monthly Summary Report	Monthly	10th day after month end	Contract	2	Bureau of Quality Management Operations
Title XIX and Title XXI Screening and Referral Report	Monthly	15th day after month end	Legislative Requirement; ADHS/DBHS Provider Manual	2	Clinical Services
PASRR Invoice	Monthly	10th day after month end	Contract	2	Office of Business Operations and Personnel
Profit Retention Calculation Report	Monthly	30th day after month end	Financial Reporting Guide	2	Office of Financial Review
Statement of Activities	Monthly	30th day after month end	Financial Reporting Guide	1	Office of Financial Review
Statement of Cash Flow	Monthly	30th day after month end	Financial Reporting Guide	3	Office of Financial Review
Statement of Changes in Net Assets/Equity	Monthly	30th day after month end	Financial Reporting Guide	3	Office of Financial Review
Statement of Financial Position	Monthly	30th day after month end	Financial Reporting Guide	3	Office of Financial Review
Incidents and Accidents Summary Report Concerning Persons with SMI or in Need of Special Assistance	Monthly	10th day after month end	Contract; ADHS/DBHS Policies and Procedures Manual	2	Office of Human Rights
Identification of Each Person in Need of Special Assistance	Monthly	10th day after month end	Contract; ADHS/DBHS Policies and Procedures Manual	2	Office of Human Rights and Appropriate Human Rights Committee
Redacted Restraint and Seclusion Summary Report Concerning Children and Persons with SMI	Monthly	10th day after month end	Contract; ADHS/DBHS Policies and Procedures Manual	1	The Appropriate Human Rights Committee
HIV Quarterly Activity Report	Quarterly	30th day after end of quarter	Contract; ADHS/DBHS Provider Manual	2	Bureau for Substance Abuse Treatment & Prevention

* Report Formation Key:
1 – Separate report for each GSA awarded to Contractor.
2 – One report for all GSAs awarded to Contractor, information reported by GSA.
3 – One report for all GSAs awarded to Contractor, all information combined.

REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
Children's JK QM Data-CFT Process Measurement Review	Quarterly	30th day after the quarter end	Contract	1	Bureau of Quality Management Operations
JK Child and Family Team Expansion Plan	Initial Plan submission	August 1, 2006	Contract-Volume 3	1	Clinical Services
JK Child and Family Team Expansion Plan Status Report	Quarterly	15th day after the quarter end	Contract-Volume 3	1	Clinical Services
SAPT Quarterly Wait List Report	Quarterly	60th day after end of quarter	Contract	2	Bureau for Substance Abuse Treatment & Prevention
COOL Quarterly Report	Quarterly	10h day after quarter end	ADHS/DBHS Provider Manual	1	Bureau for Substance Abuse Treatment & Prevention
Inpatient File	Quarterly	30th day after quarter end	Contract	2	Bureau of Quality Management Operations
Open Performance Improvement Initiatives	Quarterly	30th day after quarter end	Contract	2	Bureau of Quality Management Operations
Pharmacy Data Report	Quarterly	30th day after quarter end	Contract	3	Bureau of Quality Management Operations
Quarterly Showing Report and Statistical Appendix	Quarterly	10th day after quarter end	Contract; ADHS/DBHS Policies and Procedures Manual	2	Bureau of Quality Management Operations
Quarterly Trending Analysis – Incident, Accidents and Deaths	Quarterly	15th day after quarter end	Contract	2	Bureau of Quality Management Operations
Quarterly Network Status Report	Quarterly	October 31 January 31 April 30 July 31	Contract	1	Clinical Services
Out of State Placements Summary	Quarterly	15th day after quarter end	Contract	2	Medical Director
Financial Ratio Analysis Comparison Report	Quarterly	30th day after quarter end and 40th day after 4th quarter end	Contract; Financial Reporting Guide	2	Office of Financial Review
Incurred but not Reported (IBNR) Claims Report (LAG report)	Quarterly	30th day after quarter end and 40th day after 4th quarter end	Financial Reporting Guide	2	Office of Financial Review

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REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
Member Services Report	Quarterly	30th day after quarter end and 40th day after 4th quarter end	Contract	1	Bureau of Performance Improvement
Training Status Report	Semiannually	September 1 and March 1	Contract-Volume 3	1	Clinical Services
Out of Home Status Report	Semiannually	September 1 and March 1	Contract-Volume 3	1	Clinical Services
Community Services Development Status Report	Semiannually	September 1 and March 1	Contract-Volume 3	1	Clinical Services
Substance Abuse Program Status Report	Semiannually	September 1 and March 1	Contract-Volume 3	1	Clinical Services
General Status Report	Semiannually	September 1 and March 1	Contract-Volume 3	1	Clinical Services
Annual Quality Management and Utilization Management Plan	Annually	November 30	Contract	3	Bureau of Quality Management Operations
Annual Quality Management and Utilization Management Evaluation	Annually	November 30	Contract	3	Bureau of Quality Management Operations
Medical Care Evaluation: Study Methodology	Annually	October 1	ADHS/DBHS Policies and Procedures Manual	3	Bureau of Quality Management Operations
Medical Care Evaluation: Study Results	Annually	September 1	ADHS/DBHS Policies and Procedures Manual	3	Bureau of Quality Management Operations
Annual Non-Title XIX Service Prioritization	Annually	March 1	Contract	2	Clinical Services
Annual Provider Network Development and Management Plan	Annually	July 1, 2005; May 30 and each year thereafter	Contract	1	Clinical Services
Network Assurance	Annually	July 1, 2005; March 1, 2006 and each year thereafter	Contract	2	Clinical Services
Network Inventory	Annually	January 15th of each year	Contract	1	Clinical Services
Status of Administrative Review Corrective Actions	Annually	June 15	Contract	1	Office of Compliance
Administrative Cost Allocation Plan	Annually	July 1, 2005; May 1, 2006 and each year thereafter	Financial Reporting Guide	3	Office of Financial Review
Draft Audited Financial Statements	Annually	75th day after fiscal year end	Financial Reporting	2	Office of Financial Review

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REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
			Guide		
Draft Supplemental Reports to the Audited Financial Statements	Annually	75th day after fiscal year end	Financial Reporting Guide	2	Office of Financial Review
Final Audited Financial Statements	Annually	100th day after fiscal year end	Contract; Financial Reporting Guide	2	Office of Financial Review
Final Audited Financial Statements for All Related Parties Earning Revenue under this Contract	Annually	100th day after fiscal year end	Contract; Financial Reporting Guide	1	Office of Financial Review
Final Supplemental Reports to the Audited Financial Statements	Annually	100th day after fiscal year end	Financial Reporting Guide	2	Office of Financial Review
OMB Circular A-133 Reports	Annually	100th day after fiscal year end	Contract; Financial Reporting Guide	1	Office of Financial Review
Business Continuity Plan	Annually	July 10	Contract	3	Office of Compliance
Prevention Report	Annually	August 31	ADHS/DBHS Prevention Framework for Behavioral Health	2	Office of Prevention
Corporate Compliance Plan	Annually	October 1	Contract	3	Fraud and Abuse Unit
Member Handbook	Annually	August 1 or within 30 days of receipt of changes made to template by DHS	Contract	2	Policy Office
Behavioral Health Recipient Satisfaction Survey	Annually	June 1, 2005	Contract	1	Bureau of Quality Management Operations
Notice of Real Property Transactions	Ad Hoc	As Occurring	Contract	1	Bureau of Financial Operations
Data and Records Related to Contract	Ad Hoc	Upon Request	Contract	2	Bureau of Quality Management Operations
Mortality Review Concerning Enrolled	Ad Hoc	Within 40 days following	ADHS/DBHS Policies and	2	Bureau of Quality Management

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REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
Children & Persons with SMI		Incident Report	Procedures Manual		Operations
Report of significant incident/accidents	Ad Hoc	Within one day of awareness	Contract; ADHS/DBHS Policies and Procedures Manual	3	Bureau of Quality Management Operations
Report of Use of Seclusion or Restraint Concerning Persons with a SMI and Children	Ad Hoc	Within 7 working days of Contractor's receipt of report	ADHS/DBHS Policies and Procedures Manual	1	Bureau of Quality Management Operations
Collaboration Agreements with State Agencies	Ad Hoc	December 31, 2005 and when changes are made to the agreements	Contract	1	Clinical Services
Expected Material Change to Network	Ad Hoc	Must be approved in advance by ADHS	Contract	3	Clinical Services
Failure of subcontractor to meet licensing criteria or if subcontract is being terminated or suspended	Ad Hoc	Within 5 days of learning of the licensing deficiency, or of deciding to terminate or suspend	Contract	3	Clinical Services
Network Assurance	Ad Hoc	Upon significant change in operations impacting services and capacity	Contract	2	Clinical Services
Response to Problem Resolution	Ad Hoc	As specified on a request from DHS	Contract	3	Clinical Services
System Collaboration Problem Notification	Ad Hoc	After all attempts to resolve system collaboration problems at the lowest possible level	Contract	3	Clinical Services
Unexpected Material Changes that could impair the Provider Network	Ad Hoc	Within 1 day of the Unexpected Material Change	Contract	3	Clinical Services

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REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
Refusal of Non-Title XIX SMI person to participate in Title XIX/XXI screening and referral	Ad Hoc	After all attempts to encourage person to participate and prior to discontinuance of services	ADHS/DBHS Provider Manual	3	Clinical Services Bureau of Adult Services
Out of State placements	Ad Hoc	Concurrent with placement	Contract	1	Medical Director
Videoconferencing Equipment Inventory	Ad Hoc	Within 15 days of obtaining equipment	Contract	3	Office of Business Operations and Personnel
Data/Reports/ Information for Audits conducted of DHS	Ad Hoc	Upon request from DHS	Contract	1	Office of Compliance
Performance Bond	Ad Hoc	Prior to June 15, 2005, and within 30 days notification by DHS to adjust the amount	Contract	3	Office of Financial Review
Reports of Allegations of Physical Abuse, Sexual Abuse, or Death	Ad Hoc	Within 3 working days of occurrence	Contract; ADHS/DBHS Policies and Procedures Manual	1	Office of Grievances and Appeals
Grievance or Request for Investigation for People in Need of Special Assistance	Ad Hoc	Within 5 working days of receipt	ADHS/DBHS Policies and Procedures Manual	1	Office of Human Rights
Incident and Accident Reports Concerning Persons with a SMI and are in Need of Special Assistance	Ad Hoc	Within 3 working days of Contractor's receipt of report	ADHS/DBHS Policies and Procedures Manual	1	Office of Human Rights
Person No Longer in Need of Special Assistance	Ad Hoc	Within 10 working day of the determination	ADHS/DBHS Policies and Procedures Manual	1	Office of Human Rights
Request for Special Assistance	Ad Hoc	Within 3 working days of identifying a person is in need of special assistance	ADHS/DBHS Policies and Procedures Manual	1	Office of Human Rights
Incidents of Suspected Fraud or Abuse	Ad Hoc	As Occurring	Contract; ADHS/DBHS	1	Fraud and Abuse Unit

* Report Formation Key:
1 – Separate report for each GSA awarded to Contractor.
2 – One report for all GSAs awarded to Contractor, information reported by GSA.
3 – One report for all GSAs awarded to Contractor, all information combined.

REPORT	FREQUENCY	WHEN DUE	REFERENCE	REPORT FORMATION *	SUBMIT TO
			Fraud and Abuse Operations and Procedures Manual		
Personnel Changes	Ad Hoc	Within 7 days of change in personnel required within this contract	Contract	3	Office of the Deputy Director
Copies of Management Services Subcontracts	Ad Hoc	At start of contract, within 30 days of subcontract execution.	Contract	3	Policy Office
Copies of Sample Provider Subcontracts	Ad Hoc	At start of contract, within 30 days of subcontract execution.	Contract	3	Policy Office
Member Handbook	Ad Hoc	Within 30 days of receiving changes made to DHS template	Contract	2	Policy Office
Complete and Valid Certificate of Insurance	Ad Hoc	Prior to contract activity and when certificate is renewed	Contract	2	Procurement
Redacted Incidents and Accidents Reports Concerning All Enrolled Persons	Ad Hoc	Within 3 working days of Contractor's receipt of report	Contract; ADHS/DBHS Policies and Procedures Manual	1	The Appropriate Human Rights Committee
Redacted Restraint and Seclusion Reports Concerning Persons with a SMI and Children	Ad Hoc	Within 3 working days of Contractor's receipt of report	Contract; ADHS/DBHS Policies and Procedures Manual	1	The Appropriate Human Rights Committee

* Report Formation Key:
1 – Separate report for each GSA awarded to Contractor.
2 – One report for all GSAs awarded to Contractor, information reported by GSA.
3 – One report for all GSAs awarded to Contractor, all information combined.

Exhibit B: Capitation Rates

EXHIBIT B

CAPITATION RATES FOR GSA 2 & 4

GSA	Counties
2	La Paz, Yuma
4	Gila, Pinal

Capitation Rates for GSA 2

	PMPM
Title XIX eligible children, under the age of 18 (represents the cost of providing covered behavioral health services to children), not enrolled in CMDP:	$36.47 pm/pm
Title XIX eligible children, under the age of 18 (represents the cost of providing covered behavioral health services to children), enrolled in CMDP:	$1,701.63pm/pm
Title XIX eligible adults, age 18 and older (represents the cost of providing covered behavioral health services to SMI adults):	$52.04 pm/pm
Title XIX eligible adults, age 18 and older (represents the cost of providing covered behavioral health services to non-SMI adults):	$26.41 pm/pm
Title XXI eligible children under age 18 (represents the cost of providing covered behavioral health services to children):	$19.76 pm/pm
Title XXI eligible adults age 18 and older (represents the cost of providing covered behavioral health services to SMI and non-SMI adults):	$16.13 pm/m
Title XXI HIFA II eligible adults, age 18 and older, and whose family income is up to two hundred percent (200%) of the FPL (represents the cost of providing covered behavioral health services to SMI adults):	$13.53 pm/pm
Title XXI HIFA II eligible adults, age 18 and older, and whose family income is up to two hundred percent (200%) of the FPL (represents the cost of providing covered behavioral health services to non-SMI adults):	$8.45 pm/pm
DES DD ALTCS eligible children representing the cost of providing covered behavioral health services to DES DD ALTCS children	$86.97 pm/pm *
DES DD ALTCS eligible adults representing the cost of providing covered behavioral health services to DES DD ALTCS adults	$50.38 pm/pm *

* The pm/pm above for DES DD ALTCS rates are effective from July 1, 2005 through June 30, 2006

Capitation Rates for GSA 4

	PMPM
Title XIX eligible children, under the age of 18 (represents the cost of providing covered behavioral health services to children), not enrolled in CMDP:	$51.74 pm/pm
Title XIX eligible children, under the age of 18 (represents the cost of providing covered behavioral health services to children), enrolled in CMDP:	$1,042.01 pm/pm
Title XIX eligible adults, age 18 and older (represents the cost of providing covered behavioral health services to SMI adults):	$45.52 pm/pm
Title XIX eligible adults, age 18 and older (represents the cost of providing covered behavioral health services to non-SMI adults):	$50.20 pm/pm
Title XXI eligible children under age 18 (represents the cost of providing covered behavioral health services to children):	$29.42 pm/pm
Title XXI eligible adults age 18 and older (represents the cost of providing covered behavioral health services to SMI and non-SMI adults):	$14.11 pm/pm
Title XXI HIFA II eligible adults, age 18 and older, and whose family income is up to two hundred percent (200%) of the FPL (represents the cost of providing covered behavioral health services to SMI adults):	$11.84 pm/pm
Title XXI HIFA II eligible adults, age 18 and older, and whose family income is up to two hundred percent (200%) of the FPL (represents the cost of providing covered behavioral health services to non-SMI adults):	$16.06 pm/pm
DES DD ALTCS eligible children representing the cost of providing covered behavioral health services to DES DD ALTCS children	$142.16 pm/pm *
DES DD ALTCS eligible adults representing the cost of providing covered behavioral health services to DES DD ALTCS adults	$62.38 pm/pm*

*The pm/pm above for DES DD ALTCS rates are effective from July 1, 2005 through June 30, 2006.

Definitions

All the definitions contained in the solicitation and the resulting contract, including the definitions in the Uniform Terms and Conditions, Section A and in the Uniform Instructions to Offerors, Section A are incorporated herein and are defined as follows:

"638 Tribal Facility" means a facility owned and operated by an Indian tribe authorized to provide services pursuant to Public Law 93-638, as amended.

"834 Transaction Enrollment/Disenrollment" means the HIPAA-compliant transmission, by a behavioral health provider to a T/RBHA and by a T/RBHA to ADHS/DBHS, of information to establish or terminate a person's enrollment in the ADHS/DBHS behavioral health service delivery system.

"A.A.C." means the Arizona Administrative Code.

"A.R.S." means the Arizona Revised Statutes.

"ACYF" means the Administration for Children, Youth and Families within ADES.

"ADES" means the Arizona Department of Economic Security.

"ADHS" means the Arizona Department of Health Services.

"ADHS Information System" means the ADHS/DBHS Information Systems in place or any other data collection and information system as may from time to time be established by the ADHS/DBHS.

"ADHS/DBHS" means the Arizona Department of Health Services, Division of Behavioral Health Services.

"ADJC" means the Arizona Department of Juvenile Corrections.

"Administrative Costs" means administrative expenses incurred to manage the behavioral health system, including, but not limited to: provider relations and contracting, provider billing, accounting, information technology services, processing and investigating grievances and appeals, legal services (including any legal representation of the Contractor at administrative hearings concerning the Contractor's decisions, and actions), planning, program development, program evaluation, personnel management, staff development and training, provider auditing and monitoring, utilization review and quality assurance. Administrative costs do not include expenses related to direct provision of behavioral health services including case management. See also Financial Reporting Guide for categories of classification.

"ADOC" means the Arizona Department of Corrections.

"ADOE" means the Arizona Department of Education.

"Adult" means a person 18 years of age or older, unless the term is given a different definition by statute, rule, or policies adopted by the ADHS or AHCCCS.

"AHCCCS" means the Arizona Health Care Cost Containment System.

"AHCCCS Health Plan" means an organization or entity agreeing through a direct contracting relationship with AHCCCS to provide the goods and services specified by contract in conformance with the stated contract requirements, AHCCCS statute and rules and federal law and regulations.

"ALTCS" means the Arizona Long Term Care System.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"AMPM" meant the AHCCCS Medical Policy Manual.

"AOC" means the Administrative Office of the Courts of the Arizona Supreme Court.

"Arizona Administrative Code (A.A.C.)" means the State regulations established pursuant to relevant statutes.

"Arizona Long Term Care System (ALTCS)" means a program under AHCCCS that delivers long term, acute and behavioral health care services to eligible members, as authorized by A.R.S. §36-2931 et seq.

"Arizona Revised Statute (A.R.S.)" means the laws of the State of Arizona.

"Attachment" means any item the Solicitation requires an Offeror to submit as part of the Offer. [1, 2]

"BBA" means the Balanced Budget Act of 1997.

"Behavioral Health Disorder" means any behavioral or mental diagnosis and/or substance use (abuse/dependence) diagnosis found in the most current version of the Diagnostic and Statistical Manual or International Classification of Disorders.

"Behavioral Health Paraprofessional" means a staff member of a licensed behavioral health service agency as specified in A.A.C. Title 9, Chapter 20.

"Behavioral Health Professional" means a psychiatrist, behavioral health medical practitioner, psychologist, social worker, counselor, marriage and family therapist, substance abuse counselor or registered nurse with at least one year of full time behavioral health work experience and who meets the requirements of A.A.C. Title 9, Chapter 20.

"Behavioral Health Provider" means any individual or facility that delivers behavioral health services in the network. This may be the Contractor or a subcontracted behavioral health provider.

"Behavioral Health Recipient" means any adult or child receiving services in/through ADHS funded programs.

"Behavioral Health Services" means those services listed in the ADHS Covered Behavioral Health Services Guide.

"Behavioral Health Technician" means a staff member of a licensed behavioral health service agency as specified in A.A.C. Title 9, Chapter 20.

"Best Practices" means evidence-based practices, promising practices, or emerging practices.

"Board Eligible for Psychiatry" means documentation of completion of an accredited psychiatry residency program approved by the American College of Graduate Medical Education, or the American Osteopathic Association. Documentation would include either a certificate of residency training including exact dates, or a letter of verification of residency training from the training director including the exact dates of training.

"Capitation" is a method by which the Contractor is paid to deliver covered services for the duration of a contract to eligible persons based on a fixed rate per member per month notwithstanding (a) the actual number of eligible persons who receive care from the Contractor and (b) the amount of services provided to any enrolled person; a cost containment alternative to fee-for-service.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Center for Medicare and Medicaid Services" (CMS, formerly HCFA) means the organization within the United States Department of Health and Human Services, which administers the Medicare and Medicaid program and the State Children's Health Insurance Program.

"CFR" means the Code of Federal Regulations.

"Child" means an eligible person who is under the age of 18, unless the term is given a different definition by statute, rule or policies adopted by the ADHS or AHCCCS.

"Child and Family Team" means a defined group of people that includes, at a minimum, the child and his/her family, a behavioral health representative, and any individuals important in the child's life and who are identified and invited to participate by the child and family. This may include, for example, teachers, extended family members, friends, family support partners, healthcare providers, coaches, community resource providers, representatives from churches, synagogues or mosques, agents from other service systems like CPS or DDD, etc. The size, scope and intensity of involvement of the team members are determined by the objectives established for the child, the needs of the family in providing for the child, and by which individuals are needed to develop an effective service plan, and can therefore expand and contract as necessary to be successful on behalf of the child.

"CIS" means the Client Information System.

"Claim Disputes" means a dispute involving a payment of a claim, denial of claim, or imposition of a sanction.

"Client Information System" means the data system used by DHS.

"Clinical Liaison" means a behavioral health professional or a behavioral health technician who has been credentialed and privileged by the T/RBHA or their designee in accordance with ADHS/DBHS requirements to perform this function. The Clinical Liaison: (1) Assumes the primary responsibility of clinical oversight of the person's care (2) Ensures the clinical soundness of the assessment/treatment process (3) Serves as the point of contact, coordination and communication with the person's team and other systems where clinical knowledge of the case is important.

"CMDP" means the Comprehensive Medical and Dental Plan, an AHCCCS Health Plan administered through DES who provide for medical needs of children in the care and custody of the state.

"CMHS" means the Community Mental Health Services Performance Partnership Program Pursuant to Division B, Title XXXII, Section 3204 of the Children's Health Act of 2000.

"CMS" (formerly HCFA) means Center for Medicare and Medicaid Services.

"Collaborative Team" means a team of individuals whose primary function is to develop a comprehensive and unified service or treatment plan for an enrolled person. The team may include an enrolled person, member of the enrolled person's family, health, mental health or social service providers including professionals representing disciplines related to the person's needs, or other persons that are not health, mental health or social service providers identified by the person or family. Collaborative Teams include child and family teams and adult teams.

"Community Service Agency" means an agency that is contracted directly by the Contractor or a provider network and registered with AHCCCS to provide rehabilitation and support services consistent with the staff qualifications and training. Community Service Agencies are not required to be licensed through the ADHS Office of Behavioral Health Licensure. Refer to the ADHS/DBHS Covered Behavioral Health Services Guide for details.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Contract" means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments. [1, 2]

"Contract Amendment" means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract. [1, 2]

"Contract Year" means a period from July 1 of a calendar year through and including June 30 of the following year.

"Contractor" means any person who has a Contract with the State. [1,2]

"Covered Services" means those services listed in the ADHS/DBHS Covered Behavioral Health Services Guide.

"CPS" means the Child Protective Services within the ADES.

"Credentialing" means the process of obtaining, verifying and assessing information (e.g. validity of the license, certification, training and/or work experience) to determine whether a behavioral health professional or a behavioral health technician has the required credentials to provide behavioral health services to persons enrolled in the ADHS/DBHS behavioral health system. It also includes the review and verification of applicable licensure, accreditation and certification of behavioral health providers.

"Cultural Competence" means a set of congruent behaviors, attitudes and policies that come together in a system, agency, or among professionals which enables that system, agency or those professionals to work effectively in cross-cultural situations.

"Days" means calendar days unless otherwise specified. [1, 2]

"DBHS" means the Division of Behavioral Health Services within ADHS.

"DDD" means the Division of Developmental Disabilities within ADES.

"Department" means the Arizona Department of Health Services.

"Deputy Director" means the Deputy Director for the ADHS or his or her duly authorized representative.

"DHS" means the Arizona Department of Health Services.

"Eligible Person" means an individual who needs or is at risk of needing ADHS covered services.

"Emerging Practices" means *new* innovations in clinical or administrative practice that address critical needs of a particular program, population or system, but do not yet have scientific evidence or broad expert consensus support.

"Encounter" means a record of a covered service rendered by a provider to a person enrolled with a capitated RBHA on the date of service.

"Enrolled Person" means a Title XIX, Title XXI or Non-Title XIX/XXI eligible person recorded in the ADHS Information System as specified by the ADHS.

"Enrollment" means the process by which a person is enrolled into the Contractor and DHS data system.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Evidence-based practice" means an intervention that is an integration of science-based evidence; the skill and judgment of health professionals; and the unique needs, concerns and preferences of the person receiving services. Evidence-based practices are not intended to be automatically and uniformly applied, but instead considered as a combination of all three factors.

"Exhibit" means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation. [1, 2]

"Formulary" means a list of medications that are made available by individual T/RBHAs for their enrolled members. The list must encompass all medications included on the ADHS/DBHS minimum list of medications.

"Fraud" means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to the person or some other person. It includes any act that constitutes fraud under applicable Federal or State Law.

"GAAP" means Generally Accepted Accounting Principles.

"General Mental Health Adults" means a classification of adult persons age eighteen and older who have general behavioral health issues and have not been determined to have a serious mental illness.

"Geographic Service Area" means a specific county or defined grouping of counties that are available for contract award. The Contractor is responsible to provide covered services to eligible residents of their contracted GSA (s) except as otherwise stated in this Contract.

"GMH" means General Mental Health and is used to designate adult fund type.

"GMH/SA" means General Mental Health and Substance Abuse and is used to designate adult fund type.

"Gratuity" means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received. [1]

"GSA" means Geographic Service Area.

"HB2003" means House Bill 2003 enacted 2000 Arizona Session Laws, Chapter 2, Section 1 (5th Special Session).

"Health Insurance Portability and Accountability Act of 1996 (HIPAA)" means Public Law 104-291 Title II Subtitle F and regulations published by the United States Department of Health and Human Services, the administrative simplification provisions and modifications thereof, and the Administrative Simplification Compliance Act of 2001.

"HIPAA" means Health Insurance Portability and Accountability Act of 1996.

"HUD" means the United States Department of Housing and Urban Development.

"IBNR" means claims for covered services that have been Incurred But Not Reported.

"IGA" means an Intergovernmental Agreement.

"IHS" means the Indian Health Service of the United States Department of Health and Human Services.

"IMD" means an Institution for Mental Disease.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Incurred But Not Reported (IBNR)" means liability for service rendered for which claims have not been reported.

"Indian Health Service (IHS)" means the bureau of the United States Department of Health and Human Services that is responsible for delivering public health and medical services to American Indians throughout the country. The federal government has direct and permanent legal obligation to provide health services to most American Indians according to treaties with Tribal Governments.

"Institution for Mental Disease (IMD)" means a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. An institution is an IMD if its overall character is that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases (42 CFR 435.1009). In the State of Arizona, Level I facilities with more than 16 beds are IMDs except when licensed as a unit of a General Medical Hospital.

"Interagency Service Agreement (ISA)" means an agreement between two or more agencies of the State wherein an agency is reimbursed for services provided to another agency or is advanced funds for services provided to another agency.

"Intergovernmental Agreement (IGA)" means an agreement conforming to the requirements of A.R.S. Title 11, Chapter 7, Article 3 (A.R.S. § 11-951 et. seq.).

"ISA" means an Interagency Service Agreement.

"KidsCare" means the Arizona version implementing the Title XXI of the Social Security Act, referred to in federal legislation as the "State Children's Health Insurance Program" (SCHIP).

"Level I Behavioral Health Facility" means a behavioral health agency as defined in A.A.C. Title 9, Chapter 20.

"Level II Behavioral Health Facility" means a behavioral health agency as defined in A.A.C. Title 9, Chapter 20.

"Level III Behavioral Health Facility" means a behavioral health agency as defined in A.A.C. Title 9, Chapter 20.

"Materials" means all property including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space. [1]

"Medically Necessary Covered Services" means those covered services provided by qualified service providers within the scope of their practice to prevent disease, disability and other adverse health conditions or their progression or to prolong life. Medically necessary services are aimed at achieving the following: The prevention, diagnosis, and treatment of behavioral health impairments; the ability to achieve age-appropriate growth and development; and the ability to attain, maintain, or regain functional capacity.

"*Medicare Modernization Improvement Act"* The Medicare Modernization Improvement Act of 2003 created a prescription drug benefit called Medicare Part D for individuals who are eligible for Medicare Part A and/or enrolled in Medicare Part B.

"Medicare Part D Excluded Drugs" Medicare Part D is the Prescription Drug Coverage option available to Medicare beneficiaries, including those also eligible for Medicaid. Medications that are available under this benefit will not be covered by AHCCCS post January 1, 2006. There are certain drugs that are excluded from coverage by Medicare, and will continue to be covered by AHCCCS. Those medications are barbiturates, benzodiazepines, and over the counter medication. Prescription medications that are

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

covered under Medicare, but are not on a Part D health Plans formulary are not excluded drugs, and will not be covered by AHCCCS.

"Member" means a person receiving behavioral health services.

"Member Appeal" means a request for a review of an action in accordance with 42 CFR 438.400, and for a person with an SMI, an appeal of an SMI eligibility determination; decisions regarding eligibility for behavioral health services, including Title XIX services, fees and waivers; assessments and further evaluations; service and treatment plans and planning decisions; and the implementation of those decisions.

"Network Material Change" means an alteration or development within a provider network that may reasonably be foreseen to affect the quality or delivery of covered services provided under this Contract.

"Non-Title XIX/XXI Funding" means fixed, non-capitated funds, including funds from CMHS and SAPT, State appropriations (other than state appropriations to support the Title XIX and Title XXI program), counties and other funds, which are used for services to Non-Title XIX/XXI eligible persons and for services not covered by Title XIX or Title XXI provided to Title XIX and Title XXI eligible persons.

"Non-Title XIX/XXI Person" means an individual who needs or may be at risk of needing covered services, but does not meet Federal and State requirements for Title XIX or Title XXI eligibility.

"Offer" means bid, proposal or quotation. [2]

"Offeror" means a vendor who responds to a Solicitation. [2]

"Outreach" means activities to identify and encourage individuals who may be in need of behavioral health services to receive them.

"PCP" means Primary Care Provider.

"Primary Care Provider/Practitioner (PCP)" is an individual who meets the requirement of A.R.S. 36-2901, and who is responsible for the management of a member's health care. A PCP may be a physician defined as a person licensed as an allopathic or osteopathic physician according to A.R.S. Title 32, Chapter 13 or Chapter 17, or a practitioner defined as physician assistant licensed under A.R.S. Title 32, Chapter 25, or a certified nurse practitioner licensed under A.R.S. Title 32, Chapter 15.

"Prior Authorization" means an action taken by ADHS/DBHS, a RBHA or a subcontracted provider that approves the provision of a covered service prior to the service being provided.

"Privileging" means the process used to determine if credentialed clinicians are competent to perform their assigned responsibilities, based on training, supervised practice and/or competency testing.

"Procurement Officer" means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract. [1, 2]

"Profit" means the excess of revenues over expenditures, in accordance with Generally Accepted Accounting Principles, regardless of whether the Contractor is a for-profit or a not-for-profit entity.

"Promising Practices" means clinical or administrative practices for which there is considerable evidence or expert consensus and which show promise in improving client outcomes, but which are not yet proven by the highest or strongest scientific evidence.

"Provider" means an organization and/or behavioral health professional who provides behavioral health services to behavioral health recipients.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Provider Network" means the agencies, facilities, professional groups or professionals under subcontract to the Contractor to provide covered services to behavioral health recipients and includes the Contractor to the extent the Contractor directly provides covered services to behavioral health recipients.

"Psychiatrist" means a person who is a licensed physician as defined in A.R.S. Title 32, Chapter 13 or Chapter 17 and who holds psychiatric board certification from the American Board of Psychiatry and Neurology, the American College of Osteopathic Neurologist and Psychiatrist; or the American Osteopathic Board of Neurology and Psychiatry; or is board eligible.

"RBHA" means a Regional Behavioral Health Authority.

"Referral for Behavioral Health Services" means any oral, written, faxed, or electronic request for behavioral health services made by any person, or person's legal guardian, family member, an AHCCCS health plan, primary care provider, hospital, jail, court, probation and parole officer, tribal government, Indian Health Services, school, or other state or community agency.

"Regional Behavioral Health Authority" means an organization under contract with the ADHS to coordinate the delivery of behavioral health services to eligible and/or enrolled persons in a geographically specific service area of the state.

"Related Party" means a party that has, or may have, the ability to control or significantly influence a Contractor, or a party that is, or may be, controlled or significantly influenced by a Contractor. "Related parties" include, but are not limited to, agents, managing employees or persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.

"RSA" means the Rehabilitation Services Administration within the ADES.

"RTC" means Level 1 Residential Treatment Center.

"SA" means Substance Abuse and is used to designate adult fund type.

"SAPT" means Substance Abuse Prevention and Treatment. Performance Partnership Program pursuant to Division B. Title XXXIII, Section 3303 of The Children's Health Act of 2000 pursuant to Section 1921 – 1954 of the Public Health Service Act and 45 CFR Part 96 Interim Final Rules.

"Serious Mental Illness" means a condition of persons who are eighteen years of age or older and who, as a result of a mental disorder as defined in A.R.S §36-501, exhibit emotional or behavioral functioning which is so impaired as to interfere substantially with their capacity to remain in the community without supportive treatment or service of a long term or indefinite duration. In these persons mental disability is severe and persistent, resulting in long term limitation of their functional capacities for primary activities of daily living such as interpersonal relationships, homemaking, self-care, employment and recreation.

"Seriously Emotionally Disturbed" means those children from birth up to age 18 who meet diagnostic requirements as set forth by the ADHS.

"Services" means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements. [1]

"SMI" means Seriously Mentally Ill.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Solicitation" means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ"). [2]

"Solicitation Amendment" means a written document that is signed by the Procurement Officer and issued for the purpose of making changes to the Solicitation. [2]

"State" means the State of Arizona and Department or Agency of the State that executes the contract. [1, 2]

"State Fiscal Year" means the period beginning with July 1 and ending June 30. [1]

"State Plan" means the written agreements between the State of Arizona and CMS which describe how the AHCCCS programs meet all CMS requirements for participation in the Medicaid program and the Children's Health Insurance Program.

"Statistical Significance" means a mathematical measure of change within the sample population, when the sample population is large enough to be considered representative of the overall population. The change is said to be statistically significant if it is greater than what might be expected to happen by chance alone. The mathematical threshold is a statistically significant change would occur less than 5% of the time by chance alone.

"Subcontract" means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract. [1, 2]

"Subcontractor" means any third party under contract with the Contractor, in a manner conforming to the ADHS requirements.

"Substance Abuse Adults" means a classification of adults age eighteen and older who have a substance use disorder and have not been determined to have a serous mental illness.

"Support Services" means covered services provided to facilitate the delivery of or enhance the benefit received from other behavioral health services. Refer to the ADHS/DBHS Covered Behavioral Health Services Guide for additional information.

"T/RBHA" means a reference to both RBHAs and Tribal RBHAs.

"Team" means a group of individuals working in collaboration who are actively involved in a person's assessment, service planning and service delivery. At a minimum, the team consists of the person, family members as appropriate in the case of children and a qualified behavioral health clinician. As applicable, the team would also include representatives from other state agencies, clergy, other relevant practitioners involved with the person and any other individuals requested by the person.

"Third Party Liability" means sources available to pay all or a portion of the cost of services incurred by a person.

"Title XIX" means Title XIX of the Social Security Act, as amended. This is the Federal statute authorizing Medicaid which is administered by the AHCCCS.

"Title XIX Covered Services" means those covered services identified in the ADHS/DBHS Covered Behavioral Health Services Guide as being Title XIX reimbursable.

"Title XIX Eligible Person" means an individual who meets Federal and State requirements for Title XIX eligibility.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

"Title XIX Member" means an AHCCCS member eligible for Federally funded Medicaid programs under Title XIX of the Social Security Act including those eligible under Section 1931 provisions of the Social Security Act (previously AFDC), Sixth Omnibus Budget Reconciliation Act (SOBRA), Supplemental Security Income (SSI), SSI-related groups, and Title XIX Waiver Groups.

"Title XIX Waiver Member" means all AHCCCS Medical Expense Deduction (MED) members, and adults or childless couples at or below 100% of the Federal Poverty Level who are not categorically linked to another Title XIX program. This would also include Title XIX linked individuals whose income exceeds the limits of the categorical program.

"Title XXI" means Title XXI of the Social Security Act, referred to in federal legislation as the State Children's Health Insurance Program (SCHIP). The Arizona version of SCHIP is referred to as KidsCare.

"Title XXI Covered Services" means those covered services identified in the ADHS/DBHS Covered Behavioral Health Services Guide as being Title XXI reimbursable.

"Title XXI Eligible Person" means an individual who meets Federal and State requirements for Title XXI eligibility.

"Title XXI Member" means a person eligible for acute care services under Title XXI of the Social Security Act, referred to in federal legislation as the "State Children's Health Insurance Program" (SCHIP). The Arizona version of the SCHIP is referred to as KidsCare.

"Treatment" means the range of behavioral health care received by a behavioral health recipient.

"Treatment Services" means covered services provided to identify, prevent, eliminate, ameliorate, improve or stabilize specific symptoms, signs and behaviors related to, caused by, or associated with a behavioral health disorder.

"Tribal RBHA" means a Native American Indian tribe under Contract with ADHS to coordinate the delivery of behavioral health services to eligible and enrolled persons who are residents of the Federally recognized Tribal Nation that is the party to the Contract.

[1] These definitions also appear in the Uniform Terms and Conditions.
[2] These definitions also appear in the Uniform Instructions to Offerors.

CONTRACTOR'S PROPOSAL

CONTRACTOR'S PROPOSAL INCLUDING BEST AND FINAL OFFER

See original proposal dated October 14, 2004; Volumes 1 through 6, and Best and Final Offer dated February 10, 2005.