

ARKANSAS DEPARTMENT OF HUMAN SERVICES
PERFORMANCE BASED CONTRACTING

Pursuant to Ark. Code Ann. 19-11-267 et. seq., the selected contractor shall comply with performance-based standards. Following are the performance-based standards that will be a part of the contract and with which the contractor must comply for acceptable performance to occur under the contract.

- I. The contractor must comply with all statutes, regulations, codes, ordinances, and licensure or certification requirements applicable to the contractor or to the contractor's agents and employees and to the subject matter of the contract. Failure to comply shall be deemed unacceptable performance.
- II. Except as otherwise required by law, the contractor agrees to hold the contracting Division/Office harmless and to indemnify the contracting Division/Office for any additional costs of alternatively accomplishing the goals of the contract, as well as any liability, including liability for costs or fees, which the contracting Division/Office may sustain as a result of the contractor's performance or lack of performance.
- III. During the term of the contract, the division/office will complete sufficient performance evaluation(s) to determine if the contractor's performance is acceptable.
- IV. The State **shall** have the right to modify, add, or delete Performance Standards throughout the term of the contract, should the State determine it is in its best interest to do so. Any changes or additions to performance standards will be made in good faith following acceptable industry standards, and may include the input of the vendor so as to establish standards that are reasonably achievable.
- V. The contract program deliverables and performance indicators to be performed by the contractor are:

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
I. Scope of Work		
A. Hospitals and Federally Qualified Health Centers (FQHC)		
<ol style="list-style-type: none"> 1. The Contractor shall perform audits of selected Medicaid services and other rate and cost report data analyses including without limitation: <ul style="list-style-type: none"> • desk reviews; • tentative and final settlements and letters; and • audits of cost reports submitted by hospitals, sexual offender programs, and Federally Qualified Health Centers (FQHC). 2. Based on these desk reviews/audits, the Contractor shall calculate interim Medicaid per diem reimbursement rates and Medicaid cost settlements in a manner consistent with the method used by the Medicare program and any other specific requirements identified in the Arkansas Medicaid State Plan (https://medicaid.mmis.arkansas.gov/Download/general/units/ORP/ARMedicaidSP.pdf). 3. If the Contractor is not the Medicare intermediary, the Contractor shall obtain the audited cost reports from the out-of-state intermediary and calculate the interim per diem reimbursement rates and cost settlement amounts based on Arkansas Medicaid payment history reimbursement and charges as provided by DHS Division of Medical Services (DMS). 4. Although no cost settlements are reimbursed for in-state and out-of-state inpatient psychiatric and rehabilitative hospitals, the Contractor shall, for informational purposes only, provide to DMS audited reviewed cost report information for these providers. 5. Contractor shall provide the deliverables described in the table in Section 2.3A. 6. <u>Cost Reports</u> <ol style="list-style-type: none"> a) Contractor must have the ability to accept provider cost reports meeting the requirements outlined in Section 2.3A 6. b) Contractor must submit provider reports (i.e., timely, late, filed under protest, 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p> <p>Contractor shall perform a minimum of ninety percent (90%) of all full scope audits according to schedules and criteria approved in advance by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>extensions, and rejected) as listed in Section 2.3.A 6.</p> <p>c) Report requirements include, without limitation:</p> <ul style="list-style-type: none"> Arkansas Medicaid data must be included on facilities' Medicare cost report. Costs for services to patients over Age 1 must be separated from costs for patients under Age 1 for all Prospective Payment System acute care hospitals. For a psychiatric hospital, residential treatment services must be reported in a separate cost center from routine acute care services. The acute care routine cost and residential routine cost must be separated for the proper application of cost and payment limits. <p>7. <u>Desk Reviews</u></p> <p>a) Contractor shall perform limited procedure reviews, referred to as desk reviews, of cost reports to determine acceptability and the necessity of full-scope audits. The scope of these reviews is the same as Medicare Title XVIII, with an additional supplemental for pediatrics and nursery services, which is Medicaid Title XIX-specific.</p> <p>b) All desk reviews shall be conducted according to schedules and criteria approved in advance by DHS.</p> <p>c) Contractor shall perform desk reviews on one hundred percent (100%) of all hospitals and FQHC cost report submissions.</p> <p>d) At the completion of review, the Contractor shall send a letter to DMS indicating the amount due provider or DMS.</p> <p>e.) The Contractor shall be responsible for resolving any item of dispute with the provider as a result of a review process.</p>		

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>f) A tentative cost settlement must be received by DMS through the paperless workflow within sixty (60) calendar days after the cost report is accepted and logged.</p> <p>g) All Medicaid Notice of Program Reimbursements (NPR) must be received by DMS through the Contractor-provided paperless workflow within seventy-five (75) business days after receipt of Medicare NPR. For those hospitals for which the Contractor is not the Medicare intermediary, the Medicaid NPR must be received by DMS within seventy-five (75) business days after the Contractor receives the audited cost report information from the hospital's Medicare intermediary.</p> <p>h) The Contactor shall return corrected tentative and final NPRs to DMS within ten (10) business days after receiving NPRs requiring correction from DMS.</p> <p>8. <u>Full-scope Audits</u></p> <p>a) Based on the outcome of the desk reviews, Contractor shall perform full-scope audits corresponding to Medicare guidelines of participating providers or as Medicare requirements dictate. The audit selection process shall include consideration of the time elapsed since a provider was last audited.</p> <p>b) At the completion of an audit, the Contractor shall send a letter to DMS indicating the amount due the hospital or DMS.</p> <p>c) The Contractor shall ensure that cost reports are available to DMS on or before the last day of the fifth month following the close of the period covered by the report. For cost reports ending on a day other than the last day of the month, cost reports are due one hundred and fifty (150) calendar days after the last day of the cost reporting period (42 CFR 413.24 (f)).</p> <p>d) Contractor must conduct all full-scope audits according to schedules and criteria</p>		

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>approved in advance by DMS.</p> <p>e) The Contractor shall calculate and report to DMS any identified payment and recovery amounts due DMS or due the provider.</p> <p>f) The Contractor shall create cost settlements for both tentative and final Notice of Program Reimbursement (NPR) letters, and other necessary documents deemed appropriate by DMS to exchange information in a secure environment.</p> <p>g) The Contractor shall be responsible for resolving any item of dispute with the provider as a result of an audit process.</p> <p>h) A tentative cost settlement must be received by DMS through the paperless workflow within sixty (60) calendar days after the cost report is accepted and logged.</p> <p>i) All Medicaid NPRs must be received by DMS through the Contractor-provided paperless workflow within seventy-five (75) business days after receipt of Medicare NPR. For those hospitals for which the Contractor is not the Medicare intermediary, the Medicaid NPR must be received by DMS within seventy-five (75) business days after the Contractor receives the audited cost report information from the hospital's Medicare intermediary.</p> <p>j) The Contractor shall return corrected tentative and final NPRs to DMS within ten (10) business days after receiving NPRs requiring correction from DMS.</p> <p>k) Contractor shall conduct annual field audits on the following, without limitation.</p> <ul style="list-style-type: none"> • Arkansas Children's Hospital • Arkansas Children's Hospital Northwest • University of Arkansas for Medical Sciences (UAMS) • Methodist University Hospital, Memphis 		

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<ul style="list-style-type: none"> • Up to an additional five percent (5%) of the in-state hospitals in consultation with DMS • At least twenty percent (20%) of FQHCs. Contractor must audit all FQHCs at least once every 5 (five) years. <p>9. <u>Additional Audit Functions</u></p> <p>a) The Contractor shall incur the cost of common audit functions to the extent that such activity would normally be undertaken for Title XVIII purposes. The cost of audit work required by DMS for Title XIX purposes and not routinely undertaken for Title XVIII purposes shall be charged by the Contractor to DMS (See RFP section 2.3G).</p> <p>b) The Contractor shall perform a reconciliation of the Provider Statistical & Reimbursement Report for Title XIX data.</p> <p>c) The Contractor shall review appropriate third-party insurance payments and recoveries.</p> <p>d) The Contractor shall perform resolution of disputed cost report adjustments. The Contractor shall not charge DMS for audits performed to correct errors made by the Contractor's audit staff, which result in the reopening of cost reports.</p> <p>e) The Contractor shall perform other audit activity expressly related to the Title XIX programs as required by federal regulations or directives or as requested in writing by the Director of DMS or other DMS designee.</p> <p>f) The Contractor shall report information discovered in the performance of the audit functions which will impact the Arkansas Medicaid Program to DMS designee. Reporting must be provided to the DMS designee electronically and within five (5) business days of discovery.</p> <p>g) The Contractor shall respond to written inquiries at the administrative level in writing. If more time is needed to prepare a response, the Contractor shall advise</p>		

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>DMS in writing.</p> <p>h) Contractor may be liable for all adverse actions related to any errors made by Contractor's audit staff</p>		
B. Nursing Home and Intermediate Care Facility (ICF) Audits, Analysis, and Cost Reports		
<ol style="list-style-type: none"> 1. Nursing home 12-month and short period cost reports are generally submitted annually in mid-September into a DMS-maintained Long-Term Care Reporting system. Desk reviews of these cost reports shall be completed by the first week of December to allow for rates to be calculated and set effective January first. 2. Due to licensing of new nursing homes or changes in ownership between April and June, other 6-month cost reports shall be submitted within seventy-five (75) calendar days of a facility's first six (6) months of operation. These desk reviews shall be complete within two (2) months of their submission. 3. State-owned Human Development Centers and facilities, private large ICF providers and the Arkansas Health Center (AHC) file cost reports every six (6) months (2nd Tuesdays of August and February) and their desk reviews shall be complete within six (6) weeks of submission. 4. A calendar-year cost report is due from each small private ICF ninety (90) calendar days after the year end. Their desk review shall be complete within six (6) weeks of submission. 5. A sample of eight to ten (8 – 10) current year nursing home cost reports shall be selected by DMS in consultation with Contractor for expanded reviews. Planning, selection, and implementation of these expanded reviews shall commence in January and be completed by September. 6. Contractor shall provide the following services as outlined in the table in Section 2.3B: <ol style="list-style-type: none"> a) Desk Reviews <ol style="list-style-type: none"> i. The Contactor shall perform desk reviews of nursing home and ICF cost reports for compliance with DHS Medical Assistance Program Manual of Cost Reimbursement Rules for 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>Long-Term Care Facilities.</p> <ul style="list-style-type: none"> ii. Desk review procedures shall be updated or revised annually and detailed in the Agreed Upon Procedures (AUP) document. An AUP shall document each type of desk review as necessary. iii. Each cost report desk review completed shall result in a draft desk review letter suitable for mailing, accessible through paperless workflow system. The letter must include recommended adjustments, detailed support of each adjustment, and a Form 6 summary of the adjustment impacts. iv. From September through December, a weekly status report must be provided to DMS to track desk review progress and identify issues that need addressing. <p>b) Full-scope Audit</p> <ul style="list-style-type: none"> i. The Contactor shall work with DMS from January through March of each year to design the selection process of annual expanded reviews which may include analytical review of the cost report data submitted by providers and findings from desk reviews. ii. Expanded review procedures must be detailed in an AUP document. iii. Contractor shall submit expanded review notification letters through the paperless workflow system. iv. Contractor shall submit a draft expanded review letter suitable for mailing through the paperless workflow system. The letter must include recommended adjustments, detailed support of each adjustment, and a Form 6 summary of the adjustment impacts. <p>c) Support as needed for provider-appealed adjustments</p> <p>d) Ad-hoc nursing home cost report data analysis to identify trends and issues impacting the State Plan</p>		
C. State Medicaid Disproportionate Share Hospital (DSH) Payment Program and Submission to Independent Certified Audit Contractor		

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<ol style="list-style-type: none"> 1. The Contractor shall annually calculate by May 31st Disproportionate Share Hospital (DSH) reimbursement and determine DSH payment eligibility for qualifying hospitals under the Medicaid qualifying methodologies and calculations as identified in the Arkansas Medicaid State Plan and applicable federal regulations and requirements. 2. These eligibility and reimbursement calculations shall be for the previous State Fiscal Year's (SFY) Medicaid total DSH allotment amount and any adjustments as identified by the Centers for Medicare and Medicaid Services (CMS). 3. Contractor must submit a list of providers to DMS by March 1st in order for DMS to run statistical and reimbursement data reports needed for the DSH calculation. The list must include provider number, name, and fiscal year. 4. DMS will provide, via email to the Contractor, the Arkansas Medicaid hospital reimbursement and statistical information on an annual basis to complete these DSH eligibility and reimbursement calculations. 5. The Contractor and DMS will work jointly in obtaining other State hospital Medicaid reimbursement and statistical information (e.g., DSH Questionnaire to be submitted by hospital with annual cost report) also necessary to complete these DSH eligibility and reimbursement calculations. 6. All final DSH payable reimbursement calculations, DSH limit calculations, and supporting eligibility schedules shall be forwarded to DMS by May 31st for review. 7. The Contractor shall also assist DMS in providing a list of qualifying facilities and DSH calculations and explanations on how facilities qualified for DSH annually to the DMS-contracted independent DSH auditor. 8. The Contractor shall provide the deliverables as outlined in Section 2.3C. 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>
D. Independent Calculation and Demonstration Payment Limits for Qualifying Providers		
1. The contractor shall annually calculate Upper Payment Limits (UPL) payments and	Acceptable	1st Incident: A Corrective Action

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>assessment fees in accordance with CMS requirements by September 30. Modifications must be received by DMS within fourteen (14) calendar days of request.</p> <p>2. The first drafts of demonstrations shall be due April 30 for DMS review, with the exception of the durable medical equipment (DME) demonstration, which shall be due March 1. Final demonstrations shall be due to DMS June 1, with the exception of DME, which shall be due March 15.</p> <p>3. Contractor shall calculate and provide to the State UPL calculations and demonstrations in accordance with the Arkansas Medicaid State Plan and CMS guidance.</p> <p>4. The Contractor shall provide detailed calculations for each qualifying individual provider. Where necessary, DMS will provide data (for example, claims data from the MMIS, provider listings) for the Contractor to perform the calculations. The Contractor will have access to the provider cost reports through the paperless workflow system.</p> <p>5. Contractor shall have appropriate software to calculate Medicaid case-mix based on the paid claims provided by DMS. The contractor shall obtain the Medicare case-mix information available through the Federal Register or other Federal source references for the same cost report period reflected in the paid claims provided by DMS.</p> <p>6. Contractor shall provide the deliverables outlined in the table in Section 2.3D.</p>	<p>performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>
E. Revision of State Plan Amendments for All Supplemental Payments and Provider Fees		
<p>With the State's approval, Contractor shall provide revisions to Arkansas State Plan amendments for all supplemental payments and provider fees. This revision shall include, without limitation:</p> <ul style="list-style-type: none"> • Revising the language in the state plan as needed to be submitted to CMS. • Calculating budget impact needed for submission to CMS, along with any other 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>calculations that may be required by CMS to get approval of the revised State plan amendment for any of the UPLs.</p> <ul style="list-style-type: none"> • Answering follow-up questions from CMS to get the State Plan amendment approved by CMS. <p>The State shall be given copies of any document done for these revisions, which would be needed for submissions.</p>	<p>term as determined by DHS.</p>	<p>percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>
F. Paperless Workflow		
<ol style="list-style-type: none"> 1. Contractor shall provide a shared paperless workflow system deemed appropriate by DMS to exchange information in a secure environment. In addition to moving work back and forth, this system shall allow uploads and electronic storage of documents. 2. At a minimum, cost reports, workpapers, provider correspondence, provider supplemental documents, and other documentation (e.g., DSH questionnaire) requirements must be available in the paperless workflow. 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
		<p>all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>
G. Ad Hoc Projects		
<ol style="list-style-type: none"> 1. Vendor shall complete ad hoc projects to related to the scope of work for this contract. 2. Vendor shall provide its methodology for all ad hoc deliverables under this scope of work. 3. Prior to initiating any ad hoc project, DHS will provide a scoping document, with the Vendor's assistance, at enough detail for the vendor to provide a fixed fee bid. This fixed fee bid shall include an explanation of the basis for the estimate including Vendor's schedule of required hours and staffing. 4. The Vendor shall provide these services either through internal resources, or, at DHS discretion, through procurement of sub-contractors who have the specific skills required. Any resulting work efforts will be administered by the 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>Vendor through their contract with DHS.</p> <p>5. As required by DHS, the Vendor must provide written status reports for each project throughout its life and must receive approval from DHS whenever the scope, schedule or budget must be modified. DHS reserves the right to terminate the contract for convenience at any point in the project.</p>		<p>took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>
H. Other Contract Requirements		
<p>1. <u>Contract Administrator's Office</u>: The Vendor's Contract Administrator shall maintain an office to be staffed and open for business during normal Arkansas State business hours every weekday throughout the year, provided that the office may be closed on State employees' paid holidays (https://www.sos.arkansas.gov/calendar/).</p> <p>2. <u>Software</u>: If other manufacturer's equipment or software is proposed, maintenance support and/or installation may be provided by a third party vendor if the third party vendor was the original manufacturer of the equipment or software or their authorized representative; however, bidders must acknowledge and agree to have maintenance support and installation services performed in accordance with the RFP, such that the vendor shall be liable for any failure, with the understanding that the vendor must have written subcontract with the OEM manufacturer or its authorized representative to cover such services and where the State shall be able to approve such written subcontract.</p> <p>Vendor must certify that all equipment and software, installation, maintenance, support, personnel, etc. to fulfill the requirements of this RFP) and the resulting contract will be provided at no additional cost above the proposal price.</p> <p>3. <u>Progress Reports</u>: The Vendor shall submit a</p>	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>written progress report to the DMS Reimbursement Manager or designee by the tenth (10th) of every month during the contract period, or more frequently as may be requested by DMS, at no additional cost to the State. Progress reports shall describe, at a minimum, the Vendor's progress during the past month; problems encountered; anticipated progress for the next month; anticipated problems and approaches to those and any support actions or information requested of DMS; remarks or comments, including reasons for any projected deviation from the project schedule; and a summary of activities to date. The Vendor shall obtain the DMS Contract Administrator's approval for any material deviation from the proposed delivery schedule. Monthly progress reports shall include the following without limitation:</p> <p>a) Number of cost reports received and processed during the preceding month (i.e., the number of desk audits, the amount of over and under payments).</p> <p>b) Contractor's field audit activity for the preceding month, including without limitation: the names of audited providers, the dates of each audit, and audit findings.</p> <p>4. <u>Meetings with State</u>: The Vendor shall meet with DMS, upon request, at the headquarters of the Arkansas Department of Human Services (DHS) in Little Rock, Arkansas, or other mutually agreeable sites to discuss problems encountered by the Contractor, to review progress reports submitted, and to discuss approaches to problems.</p> <p>5. <u>Data Transfer</u>:</p> <p>a) All data transfers shall be secure and compliant with 45 CFR 164 and the Health Insurance Portability and Accountability Act (HIPAA) of 1996, protecting all personal health information.</p> <p>b) Contractor shall provide all proprietary data collected and/or created during the life of the contract to DMS and within thirty (30) calendar days of request.</p> <p>8. The Contractor shall consult with DMS to determine whether training for DMS staff shall</p>		<p>on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>be provided each contract year.</p> <p>9. <u>Deliverable Acceptance Process</u>: If DMS rejects a deliverable, DMS will give the Vendor a written description of the changes that must be made to the deliverable. This cycle of submission, review, rejection, revision, and resubmission shall be repeated until DMS accepts the deliverable.</p>		
II. Implementation		
<p>A. Contractor shall be fully operational and providing services as specified herein on January 1, 2020, unless mutually agreed to by the Contractor and DHS, at no additional cost to the State.</p> <p>B. Initial Planning and Development Activities shall include the following without limitation:</p> <p>1. Contractor shall establish a secure mechanism) to electronically collect, maintain, and transfer cost report information, etc., before the contract start date. The mechanism must:</p> <ul style="list-style-type: none"> a) Allow secure transference of information electronically between the Contractor, DHS, and the providers; b) Be a secure system capable of storing large amounts of data for the services provided under the contract; c) Collect and maintain cost report information (audited and unaudited) in a readily accessible format agreeable to DHS, from which ad hoc reports may be produced by either the Contractor or State agency staff. The Contractor shall make the information available to DHS on a timely basis, as mutually agreed upon with DHS; d) Allow DHS flexibility in obtaining data to implement and develop reimbursement methodologies; and 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>e) Have the ability to collect and maintain historical cost report information deemed appropriate by DHS.</p> <p>2. If the Contractor-provided mechanism specified above is not an internet portal, Contractor shall establish a web-based portal meeting the specifications above within the first twelve (12) months of the contract. The portal must electronically collect, maintain, and transfer cost report information</p> <p>C. Between contract start date and January 1, 2021, Contractor shall meet with the State, according to a schedule agreed upon by Contractor and DHS, for the purposes of Project Plan development and approval. Contractor's final project plan must be approved by DHS no later than thirty (30) business days prior to January 1, 2021.</p>		the contract.
III. Staffing		
<p>A. The Vendor's Senior Manager must:</p> <ol style="list-style-type: none"> 1. Be licensed as a Certified Public Accountant; 2. Have at least five (5) years of experience in healthcare consulting, auditing, and cost report preparation; 3. Have seven (7) years of experience in Medicaid or Medicare program audits, analyzing provider cost report data, and performing Disproportionate Share Hospital (DSH) payment calculations; and 4. Have at least three (3) years of experience of supervising a staff of more than five (5) individuals who report directly or indirectly to him or her. <p>B. The Vendor's Project Manager must have at</p>	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>1st Incident: A Corrective Action Plan (CAP) acceptable to DHS shall be due to DHS within ten (10) business days of the request.</p> <p>2nd incident: A ten percent (10%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The ten percent (10%) penalty</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>least three (3) years of experience in healthcare audit work, preferably in Medicaid audit work, Medicare audit work, or both.</p>		<p>will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>3rd incident: DHS reserves the right to impose additional penalties including without limitation, withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and terminating the contract.</p>
IV. Other Requirements		
<p>A. Mandated Reporting</p> <p>Pursuant to Ark. Code Ann. §12-18-402 (b)(10) and Ark. Code Ann. §§ 12-12-1708(a)(1)(AA), Contractor and all of its employees, agents, and all Subcontractors and Subcontractor's employees and agents shall immediately make a report to the Child Abuse Hotline or the Adult Maltreatment Hotline (based on type of maltreatment) if Contractor or any of its employees, agents, or Subcontractors' employees and agents, while performing duties under this contract, have reasonable cause to suspect that:</p> <ul style="list-style-type: none"> a. A child has been subjected to child maltreatment; b. A child died as a result of child maltreatment; c. A child died suddenly and unexpectedly; or d. Observe a child being subjected to conditions or circumstances that would reasonably result in child maltreatment. <p>or</p> <ul style="list-style-type: none"> e. An endangered person or an impaired person has been subjected to conditions or circumstances that constitute adult maltreatment or long-term care facility resident maltreatment. <p>A privilege or contract shall not prevent a person from reporting maltreatment when he or she is a mandated reporter and required to</p>	<p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.</p>	<p>For each failure to report, DHS may impose:</p> <ul style="list-style-type: none"> 1. A ten percent (10%) penalty, assessed in the following months' payment for each failure to report. The penalty will be calculated from the total payment for the identified month in which the deficiency took place; or 2. A one percent (1%) penalty, assessed in the next payment for each failure to report. The penalty will be calculated from the projected total yearly contract amount for the contract, as determined by DHS. DHS may elect to calculate penalties/damages

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>report under this section.</p> <p>An employer or supervisor of a mandated reporter shall not prohibit an employee or a volunteer from directly reporting maltreatment to the Hotline.</p> <p>An employer or supervisor of a mandated reporter shall not require an employee or a volunteer to obtain permission or notify any person, including an employee or a supervisor, before reporting maltreatment to the Hotline.</p> <p>Pursuant to Act 531 of 2019, Ark. Code Ann. §12-18-402 (b)(10) and Ark. Code Ann. §§ 12-12-1708(a)(1)(AA), Contractor and all of its employees, agents, and all Subcontractors and Subcontractor's employees and agents are mandated reporters.</p>		<p>differently per occurrence.</p> <p>In addition to the above penalties, DHS reserves the right to impose additional penalties including without limitation, requiring a Corrective Action Plan (CAP), withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and contract termination.</p>
<p>B. Performance Bonding</p> <p>The Contractor shall be required to obtain performance bonds to protect the State's interest as follows:</p> <ol style="list-style-type: none"> 1. The amount of the performance bonds shall be one hundred percent (100%) of the annual contract price, unless the State determines that a lesser amount would be adequate for the protection of the State. 2. The State shall require additional performance bond protection when a contract price is increased or modified. 3. The additional performance bond must be delivered to the Arkansas Department of Human Services Chief Procurement Officer within fourteen (14) calendar days of request. 4. The contractor shall notify the State of any changes, modification, or renewals for the performance bond during the term of the contract. The performance bond documentation must be provided to the State with each required notice. 	<p>Acceptable performance is defined as one hundred percent (100%) compliance with Service Criteria at all times throughout the contract term as determined by DHS.</p>	<p>Damages shall be one percent (1%) per day, calculated using the annual contract amount, for each day Vendor fails to meet the Performance Bonding Requirements specified in Service Criteria.</p> <p>In addition, Vendor's continued failure to meet Service Criteria, may result in a below standard Vendor Performance Report (VPR) maintained in the vendor file and contract termination.</p> <p>Failure to provide is a breach of contract and may result in immediate contract termination.</p>
<p>C. Conflict of Interest Mitigation</p> <p>During the term of this contract, the Vendor shall comply with the terms of the DHS Organizational or Personal Conflict of Interest</p>	<p>The Vendor must maintain one hundred percent (100%) compliance with this item at all times</p>	<p>The Vendor will be fined one thousand dollars (\$1,000) per business day for each day past</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>provisions. The Vendor shall disclose all actual, apparent, or potential conflicts of interest to the Department of Human Services (DHS) within five (5) business days of having knowledge of them. The Vendor shall develop a mitigation plan as requested by DHS which must be approved and accepted by DHS. Any changes to the approved mitigation plan must be approved in advance by DHS.</p>	<p>throughout the term of the contract.</p>	<p>five (5) business days for each actual, apparent, or potential conflict of interest it fails to disclose. The Vendor shall be fined ten thousand dollars (\$10,000) for the first failure to comply with the mitigation plan developed by the Vendor and approved by DHS. Each subsequent violation of the mitigation plan shall be twice the amount of the immediately preceding violation fine.</p>
<p>D. Transition Planning</p> <ol style="list-style-type: none"> 1. Ninety (90) calendar days prior to the contract end date, the vendor shall submit to DHS a detailed plan for transitioning all contracted services to DHS, or to another vendor selected by DHS to provide the contracted services. 2. The transition plan shall include provisions for the delivery of all proprietary data collected and/or created during the life of the contract to DHS thirty (30) calendar days prior to the contract end date. All proprietary data collected and/or created during the final thirty (30) business days of the contract, or any proprietary data not captured in the initial delivery, shall be delivered to DHS no more than fifteen (15) business days following the contract end date. All transition activity is included in the contract price. 3. The Vendor shall not implement the plan until it has received DMS's written approval of the plan. The Vendor shall take all reasonable action to provide a minimally disruptive turnover. 4. The Contractor shall consult with DMS to determine, at the discretion of DMS, whether training for DMS staff shall be provided each contract year. 5. Deliverable Acceptance Process: If DMS 	<p>The Vendor must maintain one hundred percent (100%) compliance with this item at all times throughout the term of the contract.</p>	<p>If the Vendor fails to meet the acceptable performance standard, DHS may issue a below standard Vendor Performance Report (VPR) maintained in the vendor file. Final payment may be withheld from the vendor until the all elements of the transition are satisfied as determined by DHS.</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
<p>rejects a deliverable, DMS will give the Vendor a written description of the changes that must be made to the deliverable. This cycle of submission, review, rejection, revision, and resubmission shall be repeated until DMS accepts the deliverable. Vendor shall be liable for all costs associated with additional work related to deliverables rejected by DMS</p>		
<p>E. Arkansas Freedom of Information Act (Ark. Code Ann. §25-19-101 et seq.):</p> <ol style="list-style-type: none"> 1. Contractor shall cooperate with DHS requests for information and documents that DHS requires to fulfil an Arkansas Freedom of Information Act (FOIA) request. 2. Contractor shall timely provide all documents in its possession or control to DHS that match the request made by DHS. 3. Contractor is subject to Arkansas FOIA law pursuant to Ark. Code Ann. §25-19-103(7)(A). 4. Contractor shall timely and accurately respond to FOIA requests made directly to Contractor. See Ark. Code Ann. §25-19-101 et seq. for specific requirements. 	<p>Contractor shall respond to FOIA requests timely and accurately one hundred percent (100%) of the time.</p> <p>Contractor shall provide information and documents to DHS upon request in the timeframe specified in the request one hundred percent (100%) of the time. DHS shall have sole determination as to the sufficiency of Contractor's response and provision of documents.</p>	<ol style="list-style-type: none"> 1. For each failure to meet performance standard, DHS may impose: <ol style="list-style-type: none"> a. A ten percent (10%) penalty, assessed in the following months' payment for each failure to report. The penalty will be calculated from the total payment for the identified month in which the deficiency took place; or b. A one percent (1%) penalty, assessed in the next payment for each failure to report. The penalty will be calculated from the projected total yearly contract amount for the contract, as determined by DHS. <p>DHS may elect to calculate penalties/damages differently per</p>

Service Criteria ⁱ	Acceptable Performance	Damages for Insufficient Performance ⁱⁱ
		<p>occurrence.</p> <p>In addition to the above, Contractor shall be responsible for any penalties, fees, and costs imposed on DHS associated with vendor's failure to timely and accurately provide the requested information and documents.</p> <p>In addition to the above penalties, DHS reserves the right to impose additional penalties including without limitation, requiring a Corrective Action Plan (CAP), withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and contract termination.</p>

Failure to meet the minimum Performance Standards as specified **may** result in the assessment of damages.

In the event a Performance Standard is not met, the vendor will have the opportunity to defend or respond to, or cure to the satisfaction of the State, the insufficiency. The State **may** waive damages if it determines there were extenuating factors beyond the control of the vendor that hindered the performance of services of it is in the best interest of the State. In these instances, the State **shall** have final determination of the performance acceptability.

Should any compensation be owed to the agency due to the assessment of damages, vendor **shall** follow the direction of the agency regarding the required compensation process.

ⁱ Nothing in this table is intended to set forth all obligations of the Contractor under the contract. These obligations are in addition to any others imposed by the contract and applicable law.

ⁱⁱ The damages set forth are not exclusive and shall in no way exclude or limit any remedies available at law or in equity.