

STATE OF NORTH CAROLINA

Department of Health and Human Services

Division of Health Benefits

Request for Proposal #: 30-190029-DHB

Prepaid Health Plan Services

Date of Issue:

Proposal Opening Date:

At 2:00 p.m. ET

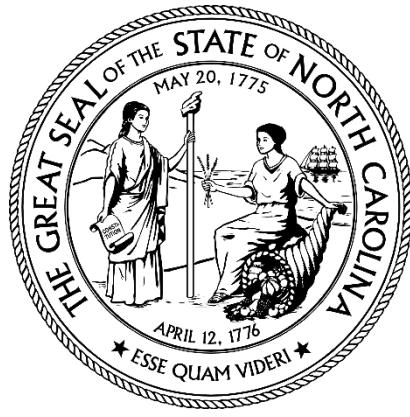
Direct all inquiries concerning this RFP to:

Kimberley Kilpatrick

Contract and Compliance Specialist

Email: Medicaid.Procurement@dhhs.nc.gov

Phone: 919-527-7015



STATE OF NORTH CAROLINA

Request for Proposal

30-190029-DHB

For internal State agency processing, please provide your company's Federal Employer Identification Number or alternate identification number (e.g. Social Security Number). Pursuant to North Carolina General Statute 132-1.10(b) this identification number shall not be released to the public. **This page will be removed and shredded, or otherwise kept confidential**, before the procurement file is made available for public inspection.

This page is to be filled out and returned with your Proposal.

ID Number:

Federal ID Number or Social Security Number

Offeror Name



STATE OF NORTH CAROLINA

Department of Health and Human Services

Refer ALL Inquiries regarding this RFP to:

Kimberley Kilpatrick
Contract and Compliance Specialist
Medicaid.Procurement@dhhs.nc.gov
919-527-7015

Request for Proposal # 30-190029-DHB

Proposals will be publicly opened: October 12, 2018 at 2:00 p.m. ET

Contract Type: Open Market

Commodity Number:

Description: Prepaid Health Plan Services

Using Agency: Department of Health and Human Services, Division of Health Benefits

Requisition No.:

EXECUTION

In compliance with this Request for Proposal (RFP), and subject to all the conditions herein, the undersigned Offeror offers and agrees to furnish and deliver any or all items at the capitation rates and other payments established by the Department. By executing this proposal, the Offeror confirms it has read, understands, and will comply with all specifications and requirements in the RFP and any addendums in the event of contract award. By executing this proposal, the undersigned Offeror certifies that this proposal is submitted competitively and without collusion (N.C. Gen. Stat. § 143-54), that none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (N.C. Gen. Stat. § 143-59.2), and that it is not an ineligible Contractor as set forth in N.C. Gen. Stat. § 143-59.1. False certification is a Class I felony. Furthermore, by executing this proposal, the undersigned certifies to the best of Offeror's knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency. As required by N.C. Gen. Stat. § 143-48.5, the undersigned Offeror certifies that it, and each of its subcontractors for any Contract awarded as a result of this RFP, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of its employees through the Federal E-Verify system. N.C. Gen. Stat. § 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public Contract; or awarding or administering public Contracts; or inspecting or supervising delivery of the public Contract of any gift from anyone with a Contract with the State, or from any person seeking to do business with the State. By executing this proposal, you attest, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

Failure to execute/sign proposal prior to submittal shall render proposal invalid and it WILL BE REJECTED. Late proposals will not be accepted.

OFFEROR:		
STREET ADDRESS:	P.O. BOX:	ZIP:
CITY & STATE & ZIP:	TELEPHONE NUMBER:	TOLL FREE TEL. NO:
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE		
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF OFFEROR:		FAX NUMBER:
OFFEROR'S AUTHORIZED SIGNATURE:	DATE:	EMAIL:

Offer valid for at least **240** calendar days from date of proposal opening unless extended by the State in writing. After this time, any withdrawal of offer shall be made in writing, effective upon receipt by the agency issuing this RFP.

ACCEPTANCE OF RESPONSE

If any or all parts of this proposal are accepted by the State of North Carolina, an authorized representative of the Department of Health and Human Services shall affix his/her signature hereto and this document and all provisions of this Request for Proposal along with the Offeror's proposal, and the written results of any negotiations shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful Offeror.

FOR STATE USE ONLY: Offer accepted and Contract awarded this _____ day of _____, 20____, as indicated on the attached certification, by _____

(Authorized Representative of NC Department of Health and Human Services)

Table of Contents

I.	Introduction	3
A.	Vision for North Carolina's Medicaid Managed Care Program	3
B.	Background on North Carolina's Medicaid Transformation.....	3
II.	General Procurement Information and Notice to Offerors	8
A.	Important Notices	8
B.	General Procurement Information & Instructions	9
C.	Request for Proposal Functionality and Related Notices	10
D.	Schedule and Important Events	11
E.	Submission of Proposal and Offeror's Response.....	12
F.	Confidentiality and Prohibited Communications During Evaluation.....	15
G.	Evaluation Process and Contract Award.....	16
III.	Definitions, Contract Term, General Terms and Conditions, Other Provisions and Protections	20
A.	Definitions.....	20
B.	Acronyms.....	29
C.	Contract Term.....	33
D.	Terms and Conditions	34
E.	Confidentiality, Privacy and Security Protections.....	50
F.	Public Records and Trade Secrets Protections	56
IV.	Minimum Qualifications	57
V.	Scope of Services	58
VI.	Contract Performance	58
VII.	Attachments A – N	58
VIII.	Attachment O. Offeror's Proposal and Response.....	59
IX.	Draft Rate Book.....	60

I. Introduction

A. Vision for North Carolina's Medicaid Managed Care Program

1. North Carolina is transitioning its Medicaid and NC Health Choice programs' care delivery system for most beneficiaries and services from a predominately Medicaid Fee-for-Service model to a Medicaid Managed Care model, as directed by the North Carolina General Assembly. Through Medicaid Managed Care, the Department seeks to advance integrated and high-value care, improve population health, engage and support providers, and establish a sustainable program with more predictable costs.
2. The Department's goal is to improve the health of all North Carolinians through an innovative, whole-person centered, and well-coordinated system of care, which purchases health while addressing both medical and non-medical drivers of health.
3. Through this Request for Proposal (RFP), the Department seeks experienced Medicaid Managed Care partners in the form of Prepaid Health Plans (PHPs) to support the goals of Medicaid Managed Care, through:
 - a. Delivering **whole-person care** through the coordination of health, behavioral health, addressing unmet health-related resource needs and I/DD care models with the goal of improved health outcomes and more efficient and effective use of resources;
 - b. Utilizing cost-effective resources and uniting communities and health care systems to **address the full set of factors that impact health**;
 - c. Performing **localized care management** at the site of care, in the home or in the community where face-to-face interaction is possible to build on the strengths of North Carolina's care management infrastructure;
 - d. Streamlining the Medicaid Managed Care **Member experience** with a simple, timely, and user-friendly eligibility and enrollment process focused on Member service and education;
 - e. Maintaining broad **provider participation** by removing or mitigating provider administrative burden from the system; and
 - f. Supporting the Department's overall vision of creating a **healthier North Carolina**.

B. Background on North Carolina's Medicaid Transformation

1. In September 2015, the North Carolina General Assembly (General Assembly) enacted North Carolina Session Law 2015-245¹ directing the transition of North Carolina's Medicaid program from a predominately Fee-for-Service model to a predominately Medicaid Managed Care model.² North Carolina State law requires the North Carolina Department of Health and Human Services (the Department), through the Division of Health Benefits (DHB), to implement a Medicaid Managed Care program.
2. As directed by the General Assembly, the Department will delegate direct management of physical health, behavioral health and pharmacy services, and financial risks to PHPs. PHPs will receive a monthly, actuarially sound, capitated payment and will contract with providers to deliver health services to their Members. The Department will monitor and oversee the administrative, operational,

¹ Session Law 2015-245 has been amended by Session Law 2016-121; Section 11H.17.(a) of Session Law 2017-57, Part IV of Session Law 2017-186; Section 11H.10.(c) of Session Law 2018-5; Sections 4-6 of Session Law 2018-49; and Session Law 2018-48.

² The Department currently has a managed care delivery system for behavioral health and intellectual and developmental disabilities through local management entities/managed care organizations (LME/MCOs). Fee-for-Service used throughout the RFP refers primarily to physical health services.

clinical, and financial function of the PHPs to ensure adherence to the PHP's contract and the Department's expectations.

3. Beginning with the launch of Medicaid Managed Care, most North Carolina Medicaid and NC Health Choice populations will be mandatorily enrolled in PHPs.
4. There will be limited exceptions to mandatory enrollment for certain populations that may be better served outside of Medicaid Managed Care. These populations may be "exempt" from Medicaid Managed Care in that the beneficiary may choose to enroll in either Fee-for-Service or Medicaid Managed Care, or "excluded" in that they are required to remain enrolled in Medicaid Fee-for-Service and do not have the option to enroll in Medicaid Managed Care.
 - a. Exempt populations include members of federally recognized tribes, including the Eastern Band of Cherokee Indians (EBCI).³
 - b. The following populations will be excluded from Medicaid Managed Care:⁴
 - i. Beneficiaries who are enrolled in both Medicare and Medicaid for whom North Carolina Medicaid coverage is limited to the coverage of Medicare premiums and cost sharing;
 - ii. Qualified aliens subject to the five-year bar for means tested public assistance under 8 U.S.C. § 1613 who qualify for emergency services under 8 U.S.C. § 1611;
 - iii. Qualified aliens subject to the five- year bar for means- tested public assistance under 8 U.S.C. § 1613 who qualify for emergency services under 8 U.S.C. § 1611;
 - iv. Medically needy North Carolina Medicaid beneficiaries;
 - v. Presumptively eligible beneficiaries, during the period of presumptive eligibility;
 - vi. Beneficiaries participating in the NC Health Insurance Premium Payment (HIPP) program;
 - vii. Beneficiaries enrolled under the Medicaid Family planning program;
 - viii. Beneficiaries who are inmates of prisons;
 - ix. Beneficiaries being served through the Community Alternatives Program for Children (CAP/C);
 - x. Beneficiaries being served through the Community Alternatives Program for Disabled Adults (CAP/DA); and
 - xi. Program of All-Inclusive Care for the Elderly (PACE) participants.
 - c. For a period not to exceed five (5) years from Contract Year 1, the Department will temporarily exclude the following populations:⁵
 - i. Beneficiaries who (i) reside in a nursing facility and have so resided, or are likely to reside, for a period of ninety (90) days or longer and (ii) are not being served through CAP/DA.
 - ii. Beneficiaries who are enrolled in both Medicare and North Carolina Medicaid and for whom North Carolina Medicaid coverage is not limited to the coverage of Medicare premiums and cost sharing, excluding individuals served through CAP/DA.
 - d. The Department will exempt the following populations from Medicaid Managed Care until such point that Behavioral Health Intellectual/Developmental Disability Tailored Plans (BH I/DD Tailored Plans) are available:⁶ Beneficiaries with a serious mental illness, a serious emotional disturbance, a severe substance use disorder, an intellectual/developmental disability, or who have survived a traumatic brain injury and who are receiving traumatic brain injury services, who are on the waiting list for the Traumatic Brain Injury waiver, or whose traumatic brain injury otherwise is a knowable fact.

³ Section 4.(5)e. of Session Law 2015-245, as amended by Session Law 2016-121.

⁴ Section 4.(5) of Session Law 2015-245, as amended by Session Law 2016-121 and Session Law 2018-48.

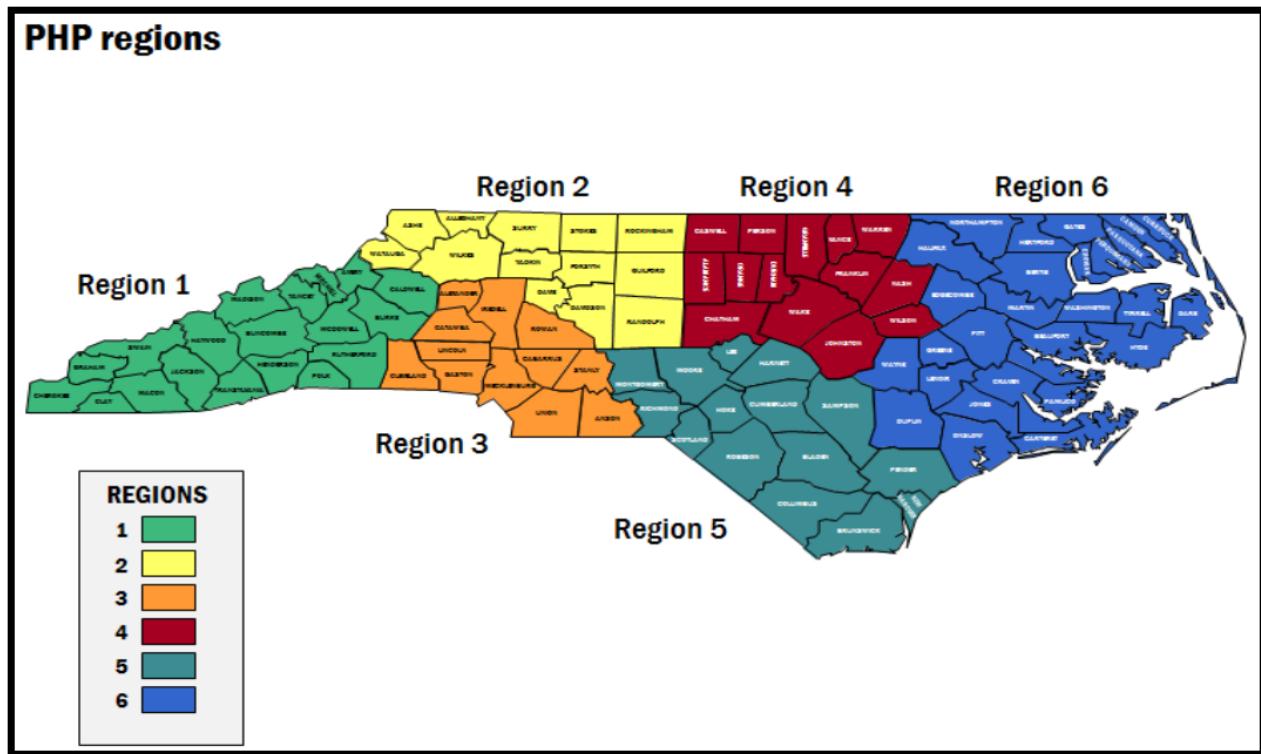
⁵ Section 4.(5)m. of Session Law 2015-245, as amended by Session Law 2018-49 and Session Law 2018-48.

⁶ Section 4.(5)l. of Session Law 2015-245, as amended by Session Law 2018-48.

5. Pursuant to Session Law 2015-245, as amended, the Department may enter into capitated contracts with two types of entities: Commercial Plans (CPs) and Provider-Led Entities (PLEs), collectively referred to as Prepaid Health Plans (PHPs). Section 4.(6) of Session Law 2015-245, as amended by Session Law 2016-121 and Session Law 2018-48, requires the Department to award four (4) statewide contracts and up to twelve (12) regional contracts. The Department may contract with CPs or PLEs for statewide contracts, but can only contract with PLEs for regional contracts. If a PLE is awarded one of the four (4) statewide contracts, that PLE will no longer be considered for award of a regional contract.
6. The Department has defined six (6) Medicaid Managed Care Regions, called PHP Regions, within North Carolina. See *Section I. Table 1: List of Counties by PHP Region* for the counties included in each of the six (6) PHP Regions, and *Figure 1: Map of PHP Regions* that illustrates the PHP Regions in map format.

Section I. Table 1: List of Counties by PHP Region	
PHP Regions	Counties
Region 1	Avery, Buncombe, Burke, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Yancey
Region 2	Alleghany, Ashe, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, Watauga, Wilkes, Yadkin
Region 3	Alexander, Anson, Cabarrus, Catawba, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, Union
Region 4	Alamance, Caswell, Chatham, Durham, Franklin, Granville, Johnston, Nash, Orange, Person, Vance, Wake, Warren, Wilson
Region 5	Bladen, Brunswick, Columbus, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, New Hanover, Pender, Richmond, Robeson, Sampson, Scotland
Region 6	Beaufort, Bertie, Camden, Carteret, Chowan, Craven, Currituck, Dare, Duplin, Edgecombe, Gates, Greene, Halifax, Hertford, Hyde, Jones, Lenoir, Martin, Northampton, Onslow, Pamlico, Pasquotank, Perquimans, Pitt, Tyrrell, Washington, Wayne

Figure 1 – Map of PHP Regions



7. As required by Section 4.(6)b. of Session Law 2015-245, as amended by Session Law 2016-121, a PLE must cover any region in its entirety in which the PLE is contracted. Actuarial analysis has indicated that to best ensure the financial and administrative viability of all contracted PHPs, the Department should establish an aggregated minimum of 45,000 to 50,000 lives for a given entity across all regions it is awarded. Given the number of required statewide contracts and the projected distribution of Medicaid Managed Care enrollment across the six regions, a PLE that submits an offer on only one region may find reaching the minimum enrollment challenging and would be at an increased risk for financial instability. Therefore, the Department strongly encourages PLEs to submit an offer on more than one region. The Department will cap the number of regional contracts awarded at one (1) for each of Regions 1 and 6, and two (2) for each of Regions 2, 3, 4 and 5. The Department will award contracts in the best interest of the State, which includes consideration for ensuring each PHP has a viable risk pool.
 8. The Department shall execute contracts with PHPs to offer Standard Benefit Plans which are Medicaid Managed Care plans that will serve most North Carolina Medicaid and NC Health Choice beneficiaries, including adults and children. These Standard Plans will provide integrated physical health, behavioral health, and pharmacy services at the launch of North Carolina's Medicaid Managed Care.
 9. The Department is planning for a regional phase-in approach for the Fee-for-Service to Medicaid Managed Care cross-over population in Contract Year 1 to ensure successful implementation of Medicaid Managed Care. North Carolina Medicaid and NC Health Choice beneficiaries who are not members of designated special populations will be transitioned from Medicaid Fee-for-Service into Medicaid Managed Care on a regional basis. The Department is planning for a two (2) phase approach – with two (2) corresponding and distinct open enrollment periods for each subset of the initial cross-over population. Phase 1 of Medicaid Managed Care is scheduled to begin on November 1, 2019 with open enrollment period beginning at least one hundred five (105) calendar days prior to the beginning

of Phase 1; Phase 2 of Medicaid Managed Care is scheduled to begin on February 1, 2020 with the open enrollment period beginning at least one hundred one (105) calendar days prior to the beginning of Phase 2. At or soon after PHP Contract Award, the Department will determine which Regions will be selected for Phase 1 and Phase 2 Medicaid Managed Care roll out depending on several factors including, but not limited to, the number of Members in the Regions, a goal of including a mix of “urban” and “rural” regions in Phase 1, as well as a mix of commercial plans and PLEs, in Phase 1. If possible, the Department will select contiguous regions to minimize Member or provider confusion.

10. To ease the transition to Medicaid Managed Care and develop Medicaid Managed Care plans that best meet the needs of the North Carolina Medicaid and NC Health Choice populations, the Department anticipates offering additional types of prepaid health plans and phasing in high need populations at a later date. Those future Medicaid Managed Care changes are beyond the scope of this RFP, but include:
 - a. Tailored Plans: Plans that will be specifically designed to serve designated special populations with potentially unique health care needs. The Department intends for BH I/DD TPs to be operational at the start of the first State fiscal year that is one (1) year after the implementation of the first contracts for Standard Benefit Plans. BH I/DD TPs will provide integrated physical health, behavioral health (BH), intellectual and developmental disabilities (I/DD), and pharmacy services to beneficiaries with significant BH disorders, I/DD, and traumatic brain injury as specified in Section 4.(5). of Session Law 2015-245, as amended by Session Law 2018-48.
 - b. Tribal Option: The Department consulted with the State’s only federally recognized tribe, the Eastern Band of Cherokee Indians (EBCI), and jointly concluded that Tribal members will benefit from having the choice between Medicaid Fee-for-Service, enrollment in a tribal plan, or a PHP. The Department and EBCI will continue to collaborate on the development of a “Tribal Option” that operates in five southwestern NC counties, may be full or partial risk health plan; supports the Tribe’s autonomy in managing the care needs of tribal enrollees and considers and addresses the unique cultural, behavioral health and medical needs of the EBCI,. Current estimates indicate there are approximately four-thousand (4,000) EBCI members enrolled in North Carolina Medicaid and NC Health Choice.
 - c. Temporarily excluded populations: The transition of high-need populations to Medicaid Managed Care requires special care and planning to ensure that provider relationships and care regimens transition smoothly. The Department believes that certain targeted populations with complex health care needs should be allowed more time to make the transition to Medicaid Managed Care. This means phasing in the mandatory enrollment of some vulnerable populations after Medicaid Managed Care is fully established. To avoid care disruption during the transition period, designated special populations, as described above will continue to have access through the Medicaid Fee-for-Service program.

II. General Procurement Information and Notice to Offerors

A. Important Notices

Offerors are Cautioned to Read Carefully

1. **Read, Review, and Comply:** It is the Offeror's responsibility to read this entire document, review all attachments and appendices, and comply with all instructions specified herein.
2. **Execution of Proposal:** Failure to sign the Execution Page (Page 1 of 63) in the indicated space or return all attachments, completed and signed where required, may render the proposal non-responsive and it may be rejected.
3. **Resulting Contract:** Under the State's procurement process, **any contract resulting from this RFP will consist of the RFP and the Offeror's response**, along with any addenda to the RFP, written clarifications, best and final offers (BAFO), and negotiation documents. The Contractor will be obligated to perform services as proposed in its offer, unless otherwise modified by clarification, BAFO, negotiation, or Contract Amendment, or superseded by a document with higher order of precedence. See *Section III.D.17. ENTIRE AGREEMENT AND ORDER OF PRECEDENCE* for more information and the order of precedence of the contract documents and *Section II.C.2. Request for Proposal Functionality and Related Notices* for more information on the RFP, changes in specifications, and instructions regarding modifications to the terms and conditions.
4. **Potential Negotiations:** The Department reserves the right to enter into negotiations with any Offeror to establish a contract that is in the best interest of the Department. Such negotiations are at the Department's sole discretion and may result in modifications to the Offeror's Proposal and Response.
5. **Events and Deadlines:**
 - a. **Preproposal Offerors Conference** will be hosted by the Department on August 21, 2018. See *Section II.D.2. Preproposal Offerors Conference* for details and instructions.
 - b. **Questions** concerning this RFP must be submitted in writing by August 24, 2018. See *Section II.D.3. Offeror Questions Concerning this Request for Proposal* for details and instructions.
 - c. **Submission of Proposals** will be accepted until October 12, 2018 at 2:00 p.m. ET. See *Section II.E. Submission of Proposal and Offeror's Response* for details and instructions.
6. **Offeror Eligibility for PHP Proposals:**
 - a. CPs are eligible to submit offers for Statewide Contracts.
 - b. PLEs are eligible to submit offers for Statewide and/or Regional Contracts.
7. **Statewide Contracts:**
 - a. The Department will determine the award of Statewide Contracts prior to determining the award of Regional Contracts.
 - b. If a PLE is awarded one of the four Statewide Contracts, that PLE will no longer be considered for award of a Regional Contract.
8. **Regional Offers and Contracts:**
 - a. Pursuant to Section 4.(6)b of SL 2015-245, as amended, only Offerors meeting the definition of Provider-led Entity are eligible for award of a regional contract.
 - b. PLEs are strongly encouraged to submit proposals for more than one Region.
 - c. The Department will award no more than one regional contract each for Regions 1 and 6.
 - d. The Department will award no more than two regional contracts each for Regions 2, 3, 4 and 5.

B. General Procurement Information & Instructions

1. **INFORMATION AND DESCRIPTIVE LITERATURE:** The Offeror shall furnish all information requested as part of this RFP. Each Offeror shall submit with their proposal detailed narratives, diagrams, exhibits, examples, sketches, descriptive literature, complete specifications, etc. to support the services and products offered.
2. **RECYCLING AND SOURCE REDUCTION:** It is the policy of the State to encourage and promote the purchase of products with recycled content to the extent economically practicable, and to purchase items which are reusable, refillable, repairable, more durable, and less toxic to the extent that the purchase or use is practicable and cost-effective. The State also encourages and promotes using minimal packaging and the use of recycled/recyclable products in the packaging of commodities purchased. However, no sacrifice in quality of packaging will be acceptable. The Offeror remains responsible for providing packaging that will adequately protect the commodity and contain it for its intended use. Offerors are strongly urged to bring to the attention of purchasers those products or packaging they offer which have recycled content and that are recyclable.
3. **SUSTAINABILITY:** To support the sustainability efforts of the State of North Carolina we solicit your cooperation in this effort. Pursuant to Executive Order 156 (1999), it is desirable that all proposals meet the following:
 - a. All copies of the proposal are printed double-sided;
 - b. All submittals and copies are printed on recycled paper with a minimum post-consumer content of thirty percent (30%);
 - c. Unless necessary, all proposals and copies should minimize or eliminate use of non-recyclable or non-reusable materials such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable; and
 - d. Materials should be submitted in a format which allows for easy removal, filing and/or recycling of paper and binder materials. Use of oversized paper is strongly discouraged unless necessary for clarity or legibility.
4. **HISTORICALLY UNDERUTILIZED BUSINESSES:** Pursuant to G.S. § 143-48 and Executive Order 150 (1999), the Department invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises, and nonprofit work centers for the blind and severely disabled.
5. **MISCELLANEOUS:** Pronouns, whether masculine, feminine, or gender-non-specific, shall be read to be inclusive of all genders and shall be read to include the plural and vice versa.
6. **INFORMAL COMMENTS:** The Department shall not be bound by informal explanations, instructions or information given at any time by anyone on behalf of the Department prior to or during the competitive process or after award. The Department is bound only by information provided in this RFP and in formal Addenda issued.
7. **COST FOR PROPOSAL PREPARATION:** Any costs incurred by an Offeror in preparing or submitting proposals are the Offeror's sole responsibility. The Department will not reimburse any Offeror for any costs incurred prior to award.
8. **OFFEROR'S REPRESENTATIVE:** Each Offeror shall submit with its proposal the name, title, email address, physical address, and telephone number of the person(s) with authority to bind the Offeror and answer questions or provide clarification concerning the firm's proposal. This information must be included in the Offeror's Proposal and Response.

9. ***INSPECTION AT OFFEROR'S SITE:*** The Department reserves the right to inspect, at a reasonable time, the equipment/item, plant, or other facilities of a prospective Offeror prior to Contract Award, and during the Contract Term as necessary for the Department determination that such equipment/item, plant or other facilities conform with the specifications/requirements and are adequate and suitable for the proper and effective performance of the Contract.

C. Request for Proposal Functionality and Related Notices

1. RFP Functionality
 - a. This RFP serves two functions:
 - i. Define the specifications of the services, which are sought by the Department and to be provided by the PHPs; and
 - ii. Provide the requirements and terms of any contract resulting from this procurement.
 - b. All Terms and Conditions in this RFP shall be enforceable. The use of phrases such as "shall", "will", "must", "required" and "requirements" are intended to create enforceable Contract conditions. In determining whether proposals should be evaluated or rejected, the Department will take into consideration the degree to which the Offeror has proposed or failed to propose solutions that are responsive to the Department's needs as described in this RFP.
2. Notices Regarding RFP & Terms and Conditions
 - a. It is the Offeror's responsibility to read the instructions, terms and conditions, specifications, requirements, attachments and appendices, and any other components made a part of this RFP, and comply with all instructions and directives. The Offeror is responsible for obtaining and complying with all Addenda and other changes that may be issued relating to this RFP.
 - b. All questions and issues regarding any term, condition, instruction or other component within this RFP must be submitted in accordance with *Section III.D. Terms and Conditions*. If the Department determines that any changes will be made as a result of the questions asked, then such decisions will be communicated in the form of an RFP Addendum posted on the State's Interactive Purchasing System (IPS). The Department may also elect to leave open the possibility for later negotiation and amendment of specific provisions of the Contract that have been raised during the question and answer period. Other than through this process, and except as provided in *Section II.C. Request for Proposal Functionality and Related Notices*, the Department rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Vendor's proposal. This applies to any language appearing in or attached to the RFP document as part of the Offeror's proposal that purports to vary any terms and conditions, or Offeror's Instructions therein to render the proposal non-binding or subject to further negotiation.
 - c. The Offeror's proposal to this RFP shall constitute a **firm offer**. By execution and delivery of a proposal to this RFP, the Offeror agrees that any additional or modified terms and conditions, including Instructions to the Offeror, whether submitted purposely or inadvertently, or any purported condition to the offer, shall have no force or effect, and will be disregarded. Noncompliance with, or any attempt to alter or delete, this paragraph shall constitute sufficient grounds to reject the Offeror's proposal.
3. Proposed Modifications to Terms and Conditions
 - a. Offerors are urged and cautioned to inquire during the question period, in accordance with the instructions in this RFP, about whether specific language proposed as a modification is acceptable to or will be considered by the Department.
 - b. Identification of objections or exceptions to the terms and conditions in the proposal itself shall not be allowed and shall be disregarded or the proposal rejected.

- c. If the Offeror wishes to suggest changes to any of the terms and conditions included in *Sections III. Definitions, Contract Term, General Terms and Conditions, Other Provisions and Protections, D-F* of this RFP, those must be submitted in *Attachment O.17. Request for Proposed Modifications to the Terms and Conditions*. The Department, in its sole discretion, may consider any proposed modifications identified by the Offeror. Where necessary, any modification(s) to the terms and conditions agreed upon by the Department may be incorporated as part of an Addendum to the RFP, BAFO, negotiation document, Execution of Contract, or Contract Amendment after award. Other than through this process, the Department rejects and shall not be required to evaluate or consider any additional or modified terms, conditions, or instructions included in the Offeror's proposal.
4. Changes in Requirements and Specifications
 - a. The Offeror is cautioned that the requirements of this RFP can only be altered by written Addendum issued by the Department, and that oral or emailed communications from whatever source(s) are of no effect.
 - b. The Department reserves the right to modify any specification contained herein without modifying the timelines in this RFP. Any modification to specifications will be specified in an Addendum posted to IPS.
 5. Right Reserved

The Offeror is cautioned that this is a Request for Proposal, not a request to contract, and the Department reserves the unqualified right to reject all offers deemed failing to meet minimum qualifications, not responsive, incomplete, or non-compliant with the requirements described herein; or when such rejection is deemed to be in the best interest of the Department or the State of North Carolina.

The Department may also:

 - a. Modify provisions of this RFP in response to changes in law or as required by CMS;
 - b. Waive any formality;
 - c. Waive any undesirable, inconsequential, or inconsistent provisions of this RFP;
 - d. Negotiate directly with one or more Offerors, if the responses to this solicitation demonstrate a lack of competition, or offers are found non-responsive; and/or
 - e. Cancel this RFP at any time. Notice of Cancellation will be posted on the IPS website.

D. Schedule and Important Events

- a. The Department will make every effort to adhere to the following schedule. The Department reserves the right to adjust the schedule and will post an Addendum on the IPS website.

Section II. Table 1: RFP Schedule		
Activity	Responsible Party	Due Date
Issue Request for Proposal	Department	August 9, 2018
Preproposal Offerors Conference	Department	August 21, 2018, 8:00 a.m.
Deadline to Submit Written Questions to the Department	Offeror	August 24, 2018, 2:00 p.m.
Issue Addendum with Responses to Offerors' Questions	Department	September 10, 2018
Deadline to Submit Proposals	Offeror	October 12, 2018 2:00 p.m.
Conduct Evaluation of Proposals	Department	October 12, 2018 – February 1, 2019
Contract Award	Department	February 4, 2019

2. Preproposal Offerors Conference
 - a. The Department will hold a Preproposal Offerors Conference on August 21, 2018, 8:00 a.m. ET at the North Carolina State University, McKimmon Conference and Training Center, 1101 Gorman St, Raleigh, NC 27606.
 - b. The purpose of the conference is to allow the Department to review key priorities of Medicaid Managed Care and to provide Offerors with a clear understanding of the Scope of Services within this RFP.
 - c. While Offerors may ask questions at the Preproposal Conference, the Department is not required to respond during the conference. The Department will respond to written questions from potential Offerors per the process described in this RFP.
 - d. Potential Offerors are not required to attend the Preproposal Conference in order to submit responses to this RFP.
 - e. To ensure adequate accommodations, Offerors are required to pre-register for the conference by sending an email to Medicaid.Procurement@dhhs.nc.gov stating the name of the Offeror, the Offeror representatives to attend, the current role of each representative, and requests for a sign language interpreter or other accommodations. Offerors must pre-register at this email address no later than 3:00 p.m. ET on August 17, 2018. There is no limit to the number of representatives Offerors may bring.
 - f. The preproposal conference is in person attendance only and will not be available by dial in or conference call.
 - g. Audio and video recording will not be permitted. Statements and materials discussed at conference are informational only, are not binding upon the Department and do not replace reading, reviewing and complying with this RFP.
 - h. Offerors will be required to check in upon arrival to the conference by signing the attendance roster. Offerors should bring a copy of the RFP to the conference, if needed. The Department will not provide paper or digital copies of the RFP during the conference.
3. Offeror Questions Concerning this Request for Proposal
 - a. Written questions concerning this RFP will be received until August 24, 2018, 2:00 p.m. ET.
 - b. They must be sent via email to Medicaid.Procurement@dhhs.nc.gov. Insert "**Questions RFP 30-190029-DHB**" as the subject of the email. The questions should be submitted in the format below.

RFP Section	RFP Page Number	Offeror Question
<i>Example: V.A.1.a)</i>		

- c. The Department will prepare responses to all written questions submitted by the stated deadline and post an Addendum to IPS. The Offeror is cautioned that contacting anyone other than the Contract Specialist noted on the Execution Page (Page 1 of 63) of this RFP may be grounds for rejection of said Offeror's response.

E. Submission of Proposal and Offeror's Response

1. Consideration
 - a. The Offeror must meet all the minimum qualifications of this RFP, as defined in *Section IV. Minimum Qualifications*, for its proposal to be evaluated.
 - b. Offeror's proposal must clearly demonstrate compliance with all the requirements stated within this RFP. The Department reserves the right to reject proposals deemed incomplete, non-

- responsive, or non-compliant with the RFP requirements; or when such rejection is deemed to be in the best interest of the Department or the State of North Carolina.
- c. The Offeror must demonstrate it will comply with the Scope of Services requirements within this RFP and must provide a detailed description to demonstrate its ability to completely fulfill each requirement.
2. Responses to RFP Requirements and Scope of Services
- a. The Offeror must complete and return all documents and attachments as required in the RFP. Failure to complete and return all documents and attachments as indicated may result in disqualification.
 - b. The proposal must clearly articulate and address all requirements of this RFP. The Offeror must provide a detailed narrative description with supporting information that may include diagrams, exhibits, examples, samples, sketches, descriptive literature, etc.
 - c. For some requirements, the Offeror may need to provide an affirmative statement to the question or requirement by, at a minimum, inserting the word CONFIRM in its proposal.
 - d. The Offeror must describe any limitations, qualifications or contingencies impacting the ability to perform as required by the RFP.
 - e. The Offeror must not include any assumptions in its proposal. The Offeror should seek clarity on any questions or concerns during the defined question period.
3. Qualifications, Use Cases, Disclosures, References, and Contract Administrators
- To demonstrate the Offeror is qualified to meet the on-going demands of the Department and comply with federal and state requirements, the Offeror must include in its proposal information regarding:
- a. Qualifications, including Offeror prior experience (*Attachment O. Offeror's Proposal and Response*);
 - b. Use Cases, demonstrating ability to link RFP requirements to day-to-day PHP operations (*Attachment O.4. Use Case Scenarios*);
 - c. Disclosure of location of workers (*Attachment O.14. Location of Workers Utilized by the Contactor*);
 - d. State and Federal Certifications (*Attachment O.15. State Certifications – Required by North Carolina Law* and *Attachment O.16. Federal Certifications*);
 - e. Documents of financial stability necessary to perform the services of this RFP. The Offeror must submit the required documents and information as part of *Attachment O.8. Certification of Financial Condition*;
 - f. Client references. These clients will be contacted and asked to respond to questions developed by the Department regarding Offeror's performance of services similar to those outlined in this RFP. The Offeror must provide a reference to meet each of the specific requirements stated in *Attachment O.5. Offeror's Client References*; and
 - g. Administrators for the Contract. The Offeror must complete *Attachment O.7. Contractor's Contract Administrators*.
5. Required Proposal Documents
- a. The Offeror is required to return the following documents, completed and signed where indicated, with their RFP response, the entirety of which shall be called the ***Offeror's PHP Proposal***.
 - i. Completed Offeror Name and Tax ID Number page;
 - ii. Completed and signed Execution Page (Page 1 of 287)
 - iii. The entire body of this RFP, and signed receipt pages of any addenda released in conjunction with the RFP;
 - iv. Attachments A through N; and

- v. Completed *Attachment O: Offeror's Proposal and Response* to address all requirements and specifications identified within this RFP. The Offeror should include detailed narratives, diagrams, exhibits, examples, samples, descriptive literature, complete specifications, etc. to demonstrate their ability to fulfill each requirement and specification. This must be marked as *Attachment O: Offeror's Proposal and Response*.
 - b. The Offeror **should not** submit the Draft Rate Book with its response.
6. Proposal Submission and Number of Copies
Sealed responses of the Offeror's proposal, subject to the conditions made a part hereof and the receipt requirements described herein, must be received at the address indicated below.

Section II. Table 2: Proposal Submission Address	
MAILING ADDRESS FOR DELIVERY OF PROPOSAL VIA U.S. POSTAL SERVICE	OFFICE ADDRESS FOR DELIVERY BY ANY OTHER MEANS, SPECIAL DELIVERY, OVERNIGHT DELIVERY, OR BY ANY OTHER CARRIER
PROPOSAL NUMBER: 30-190029-DHB Attn: Kimberley Kilpatrick Department of Health and Human Services Division of Health Benefits 1950 Mail Service Center Raleigh, NC 27699-1950	PROPOSAL NUMBER: 30-190029-DHB Attn: Kimberley Kilpatrick Department of Health and Human Services Division of Health Benefits 820 S. Boylan Ave. McBryde Building, Office 462 Raleigh, NC 27603

The Offeror **must** deliver the following simultaneously to the address identified above by the deadline to submit proposals in *Section II. Table 1: RFP Schedule*:

- a. Hard Copies:
 - i. One (1) signed, original executed response of **Offeror's PHP Proposal**; and
 - ii. Twenty (20) copies of *Attachment O: Offeror's Proposal and Response*.
- b. Soft Copies:
 - i. One (1) copy of the signed, original executed **Offeror's PHP Proposal** submitted separately on a CD, DVD, or flash drive marked **RFP 30-190029-DHB**; and
 - ii. One (1) copy of the signed, original executed **Offeror's PHP Proposal redacted** in accordance with G.S. § 132, the Public Records Act, on a separate CD, DVD, or flash drive marked **RFP 30-190029-DHB-Redacted**. For the purposes of this RFP, redaction means to edit a document by obscuring or removing information that is considered confidential and proprietary by the Offeror and meets the definition of Confidential Information set forth in G.S. § 132-1.2. Any information removed by the Offeror should be replaced with the word, "Redacted." If the response does not contain Confidential Information, Offeror should submit a signed statement to that effect.

The electronic copies of the response must not be password protected.

IMPORTANT NOTE: It is the responsibility of the Offeror to have the above documents and electronic copies physically in the Office provided above by the specified time and date of opening, regardless of the method of delivery. **This is an absolute requirement.** The time of delivery will be marked on each proposal when received, and any proposal received after the submission deadline **will not be accepted or evaluated.**

All risk of late arrival due to unanticipated delay, whether delivered by hand, U.S. Postal Service, courier or other delivery service or method, is entirely on the Offeror. Note that the U.S. Postal Service generally does not deliver mail to the street address above, but to the State's Mail Service Center stated above. The Offeror is cautioned that proposals sent via U.S. Mail, including Express Mail, may not be delivered by the Mail Service Center to the Contract and Compliance Specialist named on Page 1 of this RFP by the Due Date and time to meet the proposal submission deadline. The Offeror is urged to take the possibility of delay into account when submitting a proposal.

7. Falsified Information

The Department may initiate proceedings to debar an Offeror from participation in the offer process and from Contract Award as authorized by North Carolina law if it is determined that the Offeror has withheld relevant or provided false information.

F. Confidentiality and Prohibited Communications During Evaluation

1. As provided for in the North Carolina Administrative Code (NCAC), including but not limited to 01 NCAC 05B.0210, 09 NCAC 06B .0103 and 09 NCAC 06B .0302, all information and documentation relative to the development of a contractual document for a proposed procurement or contract shall be deemed confidential in nature. In accordance with these and other applicable rules and statutes, such materials shall remain confidential until the award of a contract or until the need for the procurement no longer exists. Any proprietary or confidential information, which conforms to exclusions from public records as provided by G.S. § 132, **must be clearly marked as such and reflected in the redacted copy submitted on RFP 30-190029-DHB-Redacted as applicable.** By submitting a redacted copy, the Offeror warrants that it has formed a good faith opinion, having received such necessary or proper review by counsel and other knowledgeable advisors, that the portions marked **Confidential** and/or **Redacted** meet the requirements of G.S. § 132. The Offeror must identify the legal grounds for asserting that the information is confidential, including the citation to state law. **However, under no circumstances shall price information be designated as confidential.**
2. Except as otherwise provided above, pursuant to G.S. § 132-1, et seq., information or documents provided to the Department in response to this RFP are Public Record and subject to inspection, copy and release to the public unless exempt from disclosure by statute, including, but not limited to, G.S. § 132-1.2. Redacted copies provided by the Offeror to the Department may be released in response to public record requests without notification to the Offeror.
3. During the period spanning the issuance of the RFP and Contract Award, possession of proposals, accompanying information, and subsequent negotiations are limited to personnel of the Department and any third parties involved in this procurement process.
4. Each Offeror submitting a proposal (including its representatives, sub-contractors and/or suppliers) is prohibited from having any communications with any person inside or outside the using agency, issuing agency, other government agency office, or body (including the purchaser named above, department secretary, agency head, members of the general assembly and/or governor's office), or private entity, if the communication refers to the content of Offeror's proposal or qualifications, the content of another Offeror's proposal, another Offeror's qualifications or ability to perform the contract, and/or the transmittal of any other communication of information that could be reasonably considered to have the effect of directly or indirectly influencing the evaluation of proposal and/or the award of the contract. An Offeror not in compliance with this provision shall be disqualified from Contract Award, unless it is determined in the Department's discretion that the communication was harmless, that it was made without intent to influence and that the best interest of the Department would not be served by the disqualification. An Offeror's proposal may be disqualified if its subcontractor and supplier engage in any of the foregoing communications during the time that the

procurement is active (i.e., the issuance date of the procurement to the date of Contract Award). Only those discussions, communications or transmittals of information authorized or initiated by the issuing agency for this RFP or general inquiries directed to the purchaser regarding requirements of the RFP (prior to proposal submission) or the status of the Contract Award (after submission) are excepted from this provision.

5. The Department may serve as custodian of Offeror's confidential information and not as an arbiter of claims against Offeror's assertion of confidentiality. If an action is brought pursuant to G.S. § 132-9 to compel the Department to disclose information marked confidential, the Offeror agrees that it will intervene in the action through its counsel and participate in defending the Department, including any public official(s) or public employee(s). The Offeror agrees that it shall hold the Department, State of North Carolina, and any official(s) and individual(s) harmless from all damages, costs, and attorneys' fees awarded against the Department in the action. The Department agrees to promptly notify the Offeror in writing of any action seeking to compel the disclosure of Offeror's confidential information. The Department shall have the right, at its option and expense, to participate in the defense of the action through its counsel. The Department shall have no liability to Offeror with respect to the disclosure of Offeror's confidential information ordered by a court of competent authority pursuant to G.S. § 132-9 or other applicable law.

G. Evaluation Process and Contract Award

The Evaluation process will commence on the date and time responses are unsealed as defined in this RFP. The Department will utilize the phases, evaluation method and scoring/weighting criteria stated herein for the evaluation of each Offeror's proposal.

1. Evaluation Committee and Method

- a. An Evaluation Committee (Committee) will be established to review each Offerors' PHP Proposal and make award recommendations. The Department may designate other individuals or subject matter experts to assist in the evaluation process. The Department reserves the right to alter the composition of the Committee or designate other staff or vendors to assist in the process.
- b. The Committee will review and evaluate all qualified responses submitted by the deadlines specified in this RFP. The Committee will be responsible for the entire evaluation process, including any BAFOs and/or negotiations, and scoring will be determined by consensus.

2. Investigation and Inspection

The Department may make such reasonable investigations or readiness reviews to determine the ability of the Offeror to perform the services, and the Offeror must furnish to the Department all such information and data within requested timeframes. The Department reserves the right to inspect Offeror's physical facilities, including any located outside of North Carolina prior to award and at any time during the Contract period to satisfy questions regarding the Offeror's capabilities. The Department further reserves the right to reject any proposal if the evidence submitted by, or investigations of, the Offeror fails to satisfy the Department that the Offeror is properly qualified to carry out the obligations of the Contract and to provide the required services.

The Department may request to review any policy, procedure, process, script, manual or other material used to fulfill a Scope of Work Requirement and require changes as a condition of participation under the Contract.

3. Evaluation Phases

- a. *Phase 1* – The Department will review each Offeror's PHP Proposal to validate that all required proposal documents are included and completed, and all Instructions to Offerors have been

- followed. Failure to adhere to these requirements may render the Offeror's response incomplete and may be grounds for rejection during Phase 1.
- b. *Phase 2* – The Committee will determine if Minimum Qualifications are met as required in *Section IV. Minimum Qualifications*. If the Offeror does not provide the required information, or the Department determines that the Offeror does not meet the Minimum Qualifications, that Offeror's response shall be excluded from further consideration and evaluation after Phase 2 or at any time during the evaluation process if not identified during Phase 2.
 - c. *Phase 3* – The Committee will review the Offeror's Proposal and Response and make an Award Recommendations. Each Offeror should exercise due diligence to ensure their response is consistent with the instructions, clearly written and addresses all requirements and questions of this RFP. The Department reserves the right to evaluate the Offeror's Proposal and Response in step and narrow the pool of Offerors for further evaluation to those within a competitive range.
 - d. *Phase 4* – The Department reserves the right to request in-person presentations from any Offeror which shall be conducted in Raleigh, NC at a site chosen by the Department to address specific topics that will be provided in advance to the Offeror by the Department. However, the Department *is not required* to request in-person presentations from any or all Offerors and may limit any presentations only to those Offerors which are deemed competitive after Phase 3. Additional details regarding the scheduling of the in-person presentations will be provided to selected Offerors by the Department upon completion of Phase 3 and if needed. The Offeror is solely responsible for any costs associated with making in-person presentations, including but not limited to travel and the preparation of additional materials.
 - e. *Phase 5* – The Department reserves the right to enter into negotiations with any Offeror to establish a contract that is in the best interest of the Department. Such negotiations may result in modifications to the Offeror's Proposal and Response.
 - f. *Phase 6* - The Evaluation Committee will make an Award Recommendation. Upon approval of the recommendation by the Department, the Notice of Award will be issued with the Department executing a Contract with the successful Offerors, subject to approval by CMS.
 - g. *Clarifications* - The Department reserves the right to request clarifications at any time from any Offeror, and such clarifications must be submitted in writing to the Offeror to respond. However, the Department *is not required* to request clarifications from any Offeror.
4. Scoring, Criteria, and Overall Weights
- a. The Department will evaluate the Offeror's Proposal and Response for completeness and reasonableness and to determine if it complies with the instructions described in the RFP.
 - b. The Offeror's response will be evaluated and scored on several factors. The Offeror's Proposal and Response will be scored based on an overall weighted point scale developed by the Department.
 - c. Scoring of proposals will reflect the following weights:

Section II. Table 3: Proposal Scoring, Criteria and Overall Weights		
Proposal Evaluation Criteria	Sub Weight	Weights
1. OFFEROR QUALIFICATIONS / EXPERIENCE		20%
2. SCOPE OF SERVICES		70%

Section II. Table 3: Proposal Scoring, Criteria and Overall Weights		
Proposal Evaluation Criteria	Sub Weight	Weights
The following requirements as demonstrated in the written proposal of the Offeror's experience and strategies or innovations as a Medicaid Managed Care contracted PHP to:	Sub Weight of 100	
a) Develop, implement and sustain the organizational, operational, technical and administrative functions and capabilities to reliably serve as an effective partner in delivering Medicaid Managed Care to North Carolinians.	7.5%	
b) Improve the likelihood of better health outcomes by enhancing the Member experience through promoting Member rights, engaging Members through health education, providing optimal customer service and support, and delivering services in a culturally competent manner.	15%	
c) Develop coordinated programs and services that deliver health through whole-person care, comprehensive care management, improve population health, and provide programs and services addressing healthy opportunities.	25%	
d) Develop and maintain a robust provider network that maintains strong provider and community participation and demonstrates an understanding of the health needs of the North Carolina population to ensure available, accessible, high quality care and services are delivered to all Members.	15%	
e) Develop a comprehensive quality improvement and value-based purchasing approach to drive the Department's overall vision for advancing and measuring high-value care.	15%	
f) Engage and integrate key Department partners and stakeholders including tribal populations, county agencies, community-based organizations, other managed care program entities, and Department partners to support North Carolina's Medicaid Managed Care goals.	7.5%	
g) Promote and monitor North Carolina's Medicaid Managed Care sustainability by developing the processes, standards, and data protocols needed to demonstrate good financial stewardship of limited resources and adherence to financial management objectives.	10%	
h) Promote a culture of compliance through comprehensive oversight and program integrity strategies aligned with industry best practices and compliant with federal and state law and regulation.	5%	

Section II. Table 3: Proposal Scoring, Criteria and Overall Weights		
Proposal Evaluation Criteria	Sub Weight	Weights
3. USE CASES		5%
4. CLIENT REFERENCES		5%
5. BONUS POINTS: Marketplace Participation		2.5%

5. Contract Award

Upon conducting a comprehensive, fair, and impartial evaluation of the proposals received in response to this RFP, the Department reserves the right to award multiple contracts resulting from this RFP. Upon award, the Department will sign the "Acceptance of Proposal" found at the bottom of the Execution of Proposal Section or require the signing of an Execution of Contract, thus resulting in the formation of the Contract(s). Within two (2) business days after notification of award, the Offeror must register in NC E-Procurement @ Your Service. See <http://vendor.ncgov.com>.

6. Protest Procedures: If an Offeror wishes to protest a Contract resulting from this solicitation that is awarded by the Department, the Offeror shall submit a written request addressed to contact identified in *Section II.E.6 Proposal Submission and Number of Copies*. The protest request must be received in the proper office within thirty (30) calendar days from the Contract Award. Protest letters shall contain specific grounds and reasons for the protest, how the protesting party was harmed by the award made and any documentation providing support for the protesting party's claims. **Note:** Contract Award notices are sent only to the Offeror awarded the Contract, and not to every person or firm responding to a solicitation. Proposal status and Award notices are posted on the Internet at <https://www.ips.state.nc.us/ips/>. All protests will be handled following the process defined in the North Carolina Administrative Code, 01 NCAC 05B.1519, but will be administered by Department of Health and Humans Services personnel.

7. Administrators for the Contract

The Offeror must complete *Attachment O.7. Contractor's Contract Administrators*.

III. Definitions, Contract Term, General Terms and Conditions, Other Provisions and Protections

A. Definitions

1. **1115 Demonstration Waiver:** As defined by Section 1115 of the Social Security Act, state demonstrations that give states additional flexibility to design and improve their programs by demonstrating and evaluating state-specific policy approaches to better serving Medicaid populations. Specifically, North Carolina's amended 1115 demonstration waiver application to the federal Centers for Medicare & Medicaid Services (CMS) focuses on the specific items of the Medicaid Managed Care transformation that require CMS waiver approval.
2. **Advanced Medical Home (AMH):** Refers to an initiative under which PHPs delegate care management responsibilities and functions to State-designated AMH practices to provide local care management services.
3. **Adverse Benefit Determination:** Has the same meaning as Adverse Benefit Determination as defined in 42 C.F.R. § 438.400.
4. **Appeal:** Has the same meaning as Appeal defined in 42 C.F.R. § 438.400(b).
5. **Authorized Representative:** An individual, provider or organization designated by a beneficiary, or authorized by law or court order, to act on their behalf in assisting with the individual's participation in the Medicaid Managed Care program. With written consent of the Member, or as otherwise legally authorized, an authorized representative may, for example, request an appeal, file a grievance, or request a State Fair Hearing on behalf of the beneficiary with the exception that a provider cannot request continuation of PHP benefits.
6. **Auto-Assignment:** Automated process by which the Department enrolls a beneficiary who has not actively selected a PHP during open enrollment or at application.
7. **Automated Call Distribution System (ACD):** An automated call center system that disperses incoming calls of all Members and potential Members to appropriate service line staff.
8. **Automated Voice Response System (AVRS):** An automated system that allows Members to perform self-service activities and resolve simple inquiries without the need to interact with an agent. The AVRS interacts with the Member through voice prompts and recognition or numeric prompts.
9. **Behavioral Health:** For the purposes of the Contract is inclusive of mental health and substance use disorders.
10. **Behavioral Health Intellectual / Developmental Disability Tailored Plan (Behavioral Health I/DD Tailored Plan):** A plan specifically designed to provide targeted care for individuals with severe mental health disorders, substance use disorders, and intellectual and/or developmental disabilities as described in Section 4.(10) of Session Law 2015-245, as amended by Session Law 2018-48.
11. **Beneficiary:** An individual that is eligible to receive North Carolina Medicaid or NC Health Choice benefits but who may or may not be enrolled in the Medicaid Managed Care program.
12. **Beneficiary with Special Health Care Needs:** Populations who have or are at increased risk of having a chronic illness and/or a physical, developmental, behavioral or emotional condition and who also require health and related services of a type or amount beyond that usually expected for individuals of similar age. This includes, but is not limited to individuals: with HIV/AIDS; an SMI, I/DD or SUD diagnosis; Chronic Pain; Opioid Addiction; or receiving 1915(b)(3), Innovations or TBI Waiver services.

13. **Business Associate Agreement (BAA):** Under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, the contract between a HIPAA-covered entity and HIPAA Business Associate. The BAA protects personal health information (PHI) according to HIPAA guidelines
14. **Business Day:** Business days are defined as traditional workdays, Monday – Friday and includes traditional work hours 8:00 AM – 5:00 PM EST. State holidays are excluded. A list of North Carolina State Holidays is located at <https://oshr.nc.gov/state-employee-resources/benefits/leave/holidays>.
15. **Calendar Day:** A calendar day includes the time from midnight to midnight each day. It includes all days in a month, including weekends and holidays. Unless otherwise specified within the Contract, days are tracked as Calendar Days.
16. **Care Coordination:** Defined as organizing patient care activities and sharing information among all the participants concerned with a Member's care to achieve safer and more effective care. Through organized care coordination, Members' needs and preferences are known ahead of time and communicated at the right time to the right people to provide safe, appropriate, and effective care.
17. **Care Management:** Defined as a team-based, person centered approach to effectively managing patients' medical, social and behavioral conditions. Care Management shall include, at a minimum, the following:
 - a. High-risk care management (e.g., high utilizers / high-cost beneficiaries);
 - b. Care Needs Screening;
 - c. Identification of Members in need of care management;
 - d. Development of Care Plans (across priority populations);
 - e. Development of comprehensive assessments (across priority populations);
 - f. Transitional care management: Management of Member needs during transitions of care (e.g., from hospital to home);
 - g. Care Management for special populations (including pregnant women and children at-risk of physical, development, or socio-emotional delay);
 - h. Chronic care management (e.g., management of multiple chronic conditions);
 - i. Coordination of services (e.g., appointment/wellness reminders and social services coordination/referrals);
 - j. Management of unmet health-related resource needs and high-risk social environments;
 - k. Management of high-cost procedures (e.g., transplant, specialty drugs);
 - l. Management of rare diseases (e.g., transplant, specialty drugs);
 - m. Management of medication-related clinical services which promote appropriate medication use and adherence, drug therapy monitoring for effectiveness, medication related adverse effects; and
 - n. Development and deployment of population health programs.
18. **Care Management Fees:** Non-visit based payments to AMH Tier 3 (and 4) practices made in addition to Fee-for-Service and Medical Home Payments, providing stable funding for the assumption of primary responsibility for care management and population health activities at the practice level.
19. **Care Management for High Risk Pregnant Women:** Care management services provided to a subset of the Medicaid population who is pregnant and identified as "high-risk" by providers, LHDs, social service agencies and/or PHPs.
20. **Children with Special Health Care Needs:** Those who have or are at increased risk of having a serious or chronic physical, developmental, behavioral, or emotional condition and who also require health and related services of a type or amount beyond that usually expected for the child's age. This includes, but is not limited to, children or infants: requiring care in the Neonatal Intensive Care

Units; with neonatal abstinence syndrome; in high stress social environments/toxic stress; receiving Early Intervention; with an SED, I/DD or SUD diagnosis; and/or receiving 1915(b)(3), Innovations or TBI Waiver Services.

21. **Choice Counseling:** Has the same meaning as Choice Counseling as defined in 42. C.F.R. § 438.2.
22. **Claim Adjudication:** The process of paying claims submitted or denying them after comparing the claim data elements to the benefit or coverage requirements.
23. **Claim Adjudication Date:** The date the PHP or its Subcontractor processed for determination of claim payment, acceptance, denial, or rejection.
24. **Clarification:** A written response from an Offeror that provides an answer or explanation to a question posted by the Department about that Offeror's response for their proposal. Clarifications are incorporated into the Offeror's response.
25. **Clean Claim:** A claim for services submitted to a PHP by a Medicaid Managed Care medical or pharmacy service provider which can be processed without obtaining additional information from the submitter in order to adjudicate the claim.
26. **Closed Loop Referral:** The capacity to know whether a Member accessed social services to which they were referred.
27. **Community Alternatives Program for Children (CAP/C):** A North Carolina Medicaid 1915(c) Waiver program that provides home- and community-based services to medically fragile children who are at risk for institutionalization in a nursing home because of their medical needs.
28. **Community Alternatives Program for Disabled Adults (CAP/DA):** A North Carolina Medicaid 1915(c) Waiver program that allows seniors and disabled adults ages eighteen (18) and older to receive support services in their own home, as an alternative to nursing home placement.
29. **Contract Award Date:** The date the Department publishes the Notice of Award to the Interactive Purchasing System.
30. **Contract Effective Date:** The date Contract is fully executed by the Parties and approved by CMS.
31. **Contractor:** The Offeror awarded the Contract to perform the services and requirements defined therein. The Contractor is a PHP.
32. **Commercial Plan (CP):** A type of Prepaid Health Plan defined in Section 4.(2)a. of Session Law 2015-245, as any person, entity, or organization, profit or nonprofit, that undertakes to provide or arrange for the delivery of health care services to Members on a prepaid basis except for Member responsibility for copayments and deductibles and holds a PHP license issued by the North Carolina Department of Insurance. A Commercial Plan is a PHP and is an Managed Care Organization (MCO).
33. **Comprehensive Assessment:** A person-centered assessment of a Member's health care needs, functional needs, accessibility needs, strengths and supports, goals and other characteristics that will inform whether the Member will receive Care Management and will inform the Member's ongoing care plan and treatment.
34. **Credentialing:** The approach to collecting and verifying provider qualifications (e.g., the provider's training and education, licensure, liability record); and determining, for Medicaid Managed Care, whether to allow the provider to be included in a PHP's network, subject to certain Department requirements.

35. **Cross-over Population:** Refers to North Carolina Medicaid and NC Health Choice beneficiaries that are enrolled in the Medicaid Fee-for-Service program and will transition to Medicaid Managed Care at a specific date determined by the Department.
36. **Cultural Competency:** The ability to understand, appreciate and interact effectively with people of different cultures and/or beliefs to ensure the needs of the individuals are met. The ability to interact effectively with people of different cultures, helps to ensure the needs of all community members are addressed. It also refers to such characteristics as age, gender, sexual orientation, disability, religion, income level, education, geographical location, or profession. Cultural competency means to be respectful and responsive to the health beliefs and practices and cultural and linguistic needs of diverse populations groups.
37. **Date of Payment:** The point in time following the Claim Adjudication Date when reimbursement is generated for services, either initiated by date of Electronic Funds Transfer (EFT) or processes to generate a paper check.
38. **Denied Claim:** When a PHP or its Subcontractor refuses to reimburse a medical or pharmacy service provider for all or a portion of the services submitted on the claim
39. **Designated Care Management Entity:** An entity with which the PHP contracts, that assumes responsibility for performing specific care management and/or care coordination functions with appropriate documentation and oversight. For the purposes of the Contract, Designated Care Management Entities shall include, but shall not be limited to:
 - a. Advanced Medical Home (AMH) practices;
 - b. Local Health Departments (LHDs) carrying out Care Management for High Risk Pregnant Women and At-Risk Children; and
 - c. Other contracted entities capable of performing care management for a designated cohort of Members.
40. **Duplicate Records:** Any claim submitted by a service provider for the same service provided to an individual on a specified date of service that was included in a previously submitted claim.
41. **Durable Medical Equipment (DME):** Has the same meaning as Durable Medical Equipment as defined in 42 C.F.R. § 414.202.
42. **Eastern Band of Cherokee Indian (EBCI):** A federally recognized Indian Tribe located in southwestern North Carolina whose members are exempt with managed care.
43. **Eligibility:** A series of requirements that determine whether an individual is eligible for North Carolina Medicaid or NC Health Choice benefits.
44. **Emergency Medical Condition:** Has the same meaning as Emergency Medical Condition as defined in 42 C.F.R. § 438.114(a).
45. **Emergency Services:** Has the same meaning as Emergency Services as defined in 42 C.F.R. § 438.114(a).
46. **Enrollment:** The process through which a beneficiary selects or is auto-assigned to a PHP to receive North Carolina Medicaid or NC Health Choice benefits through the Medicaid Managed Care program.
47. **Enrollment Broker(EB):** Has the same meaning as Enrollment Broker as defined in 42 C.F.R. § 438.810(a).
48. **Excluded Populations:** Beneficiaries in Excluded Populations may not enroll in PHPs and will continue to receive Medicaid services through Fee-for-Service and LME/MCOs (as applicable).

49. **Exempt Population:** Beneficiaries in Exempt Populations may voluntarily enroll in PHPs on an opt-in basis. Members of Exempt Populations are allowed to opt into Medicaid Managed Care or into Medicaid Fee-for-Service at any time, upon request to the Enrollment Broker.
50. **Family Member:** Any household member who is eligible for North Carolina Medicaid or NC Health Choice and included in Medicaid Manage Care.
51. **Fee-for-Service:** A payment model in which providers are paid for each service provided.
52. **Foster Care:** Has the same meaning as Foster Care as defined in N.C. Gen. Stat. § 131D-10.2(9).
53. **Grievance:** As it relates to a Member has the same meaning as Grievance, as defined in 42 C.F.R. § 438.400(b).
54. **Health Insurance:** A contract that requires a health insurer to pay some or all of one's health care costs, sometimes in exchange for a premium.
55. **Implementation Plan:** Comprehensive schedule of events, tasks, Deliverables, and milestones developed and executed by the Offeror to ensure successful implementation and launch of PHP services
56. **In Lieu of Services (ILOS):** Services or settings that are not covered under the North Carolina Medicaid State Plan but are a medically appropriate, cost-effective alternative to a State Plan covered service.
57. **Indian Health Care Provider (IHCP):** Means an IHCP as defined by 42 C.F.R. § 438.14(a).
58. **Institute for Mental Disease (IMD):** Has the same meaning as IMD as defined in 42 C.F.R. § 435.1010.
59. **Interactive Purchasing System (IPS):** The State of North Carolina's on-line system for advertising solicitations and publishing award notifications. Vendors can view and search for procurement opportunities. www.ips.state.nc.us.
60. **Interest:** For the purposes of claim payment or encounter submission, an amount from a PHP that is due to a service provider for holding the provider's money inappropriately as result of the late reimbursement or underpayment of a clean claim.
61. **Into the Mouth of Babes (IMB):** A clinical program that trains medical providers to deliver preventive oral health services to young children insured by North Carolina Medicaid. Services are provided from the time of tooth eruption until age 3½ (42 months), including oral evaluation and risk assessment, parent/caregiver counseling, fluoride varnish application, and referral to a dental home.
62. **Licensed Health Organizations (LHO):** Has the same meaning as LHO as defined in N.C. Gen. Stat. § 58-93-2(7).
63. **Limited English Proficient (LEP):** Has the same meaning as LEP as defined in 42 C.F.R. § 438.10(a).
64. **Local Care Management:** Care management that is performed at the site of care, in the home or in the community where face-to-face interaction is possible.
65. **Local Management Entity/Managed Care Organization (LME/MCO):** Defined in N.C. Gen. Stat. § 122C-3(20c) as a local management entity that is under contract with the Department to operate the combined Medicaid Waiver program authorized under Section 1915(b) and Section 1915(c) of the Social Security Act. An LME/MCO is paid a capitated rate by the Department to provide mental health, developmental disability, and substance use services to Medicaid beneficiaries pursuant to

a combination of a Section 1915(b) and a Section 1915(c) waiver and manage federal block grant, State, local and county funds for other behavioral health services. For the Medicaid population, these entities are recognized under CMS Medicaid Managed Care rules and are known as a Prepaid Inpatient Health Plans (PIHP).

66. **Long Term Service and Supports (LTSS):** LTSS shall mean:
 - a. Care provided in the home, in community-based settings, or in facilities, such as nursing homes;
 - b. Care for older adults and people with disabilities who need support because of age; physical, cognitive, developmental, or chronic health conditions; or other functional limitations that restrict their abilities to care for themselves; and
 - c. A wide range of services to help people live more independently by assisting with personal and health care needs and activities of daily living, such as:
 - i. Eating;
 - ii. Taking baths;
 - iii. Managing medication;
 - iv. Grooming;
 - v. Walking;
 - vi. Getting up and down from a seated position;
 - vii. Using the toilet;
 - viii. Cooking;
 - ix. Driving;
 - x. Getting dressed; or
 - xi. Managing money.
67. **Managed Care Organization (MCO):** Has the same meaning as MCO as defined in 42 C.F.R. § 438.2.
68. **Mandatory Populations:** Mandatory Populations are those Medicaid beneficiaries who are required to enroll in a PHP when first offered as a benefit option
69. **Marketing:** Has the same meaning as Marketing as defined in 42 C.F.R. § 438.104(a).
70. **Marketing Materials:** Has the same meaning as Marketing Materials as defined in 42 C.F.R. § 438.104(a).
71. **Medicaid Enterprise System (MES):** The aggregation of technologies and applications required to operate a State Medicaid Agency (SMA) - the core is typically the MMIS.
72. **Medicaid Managed Care:** The name of the North Carolina managed care program for North Carolina Medicaid and NC Health Choice benefits; does not include LME/MCOs.
73. **Medicaid Management Information System (MMIS):** The Department multi-payer system is a centralized repository for recipient and provider information. MMIS also adjudicates claims for DHB, DMH/DD/SA, Division of Public Health, and Office of Rural Health.
74. **Medical Claim:** Inpatient hospital, outpatient hospital (institutional claims), and physician-administered services.
75. **Medical Home Fees:** Non-visit based payments to AMH practices made in addition to fee for service payments, providing stable funding for care coordination support, and quality improvement at the practice level.
76. **Medically Necessary:** Medical necessity is determined by generally accepted North Carolina community practice standards as verified by independent Medicaid consultants. As required by 10A NCAC 25A.0201, a medically necessary service may not be experimental in nature.

77. **Members:** Beneficiaries specifically enrolled in and receiving benefits through the North Carolina Managed Care program.
78. **National Provider Identifier (NPI):** Standard unique health identifier for health care providers adopted by the Secretary of US Department of Health and Human Services in accordance with HIPAA.
79. **Network:** A group of doctors, hospitals, pharmacies, and other health care experts contracted by the PHP to provide health care services to its Members.
80. **Non-Participating Provider:** Non-participating or “non-par” providers are physicians or other health care providers that have not entered into a contractual agreement with the PHP and are not part of the PHP’s Provider Network, unlike participating providers. They may also be called out-of-network providers
81. **North Carolina Families Accessing Services through Technology (NC FAST):** The Department integrated case management system that provides eligibility and enrollment for Medicaid, NC Health Choice, Food and Nutrition Services, WorkFirst, Child Care, Special Assistance, Crisis Intervention Program, Low-Income Energy Assistance Program, and Refugee Assistance, and provides services for Child Welfare and Aging and Adult Services.
82. **North Carolina Health Choice (NC Health Choice):** The Health Insurance Program for Children authorized by N.C. Gen. Stat. § 108A-70.25 and as set forth in the North Carolina State Plan of the Health Insurance Program for Children
83. **North Carolina Identity Service (NCID).** This is the State’s centralized Identity and access management platform provided by the Department of Information Technology. NCID is a web-based application that provides a secure environment for state agency, local government, business and individual users to log in and gain access to real-time resources, such as customer-based applications and information retrieval. <https://www.ncid.nc.gov>
84. **North Carolina Session Law 2015-245:** The Medicaid Transformation and Reorganization Act enacted on September 23, 2015, authorizing the transition of the North Carolina Medicaid and NC Health Choice Fee-for-Service programs to a Medicaid Managed Care delivery system.
85. **Objective Quality Standard:** Means, as defined in Section 5.(6) d. of Session Law 2015-245, the objective standard that PHP can apply when determining if to refuse a contract to a provider during the credentialing process.
86. **Offeror:** Supplier, bidder, proposer, firm, company, corporation, partnership, individual or other entity submitting an offer in response to this RFP.
87. **Ombudsman Program:** A new Department program to be established to provide education, advocacy, and issue resolution for Medicaid beneficiaries whether they are in the Medicaid Managed Care program or the Medicaid Fee-for-Service program. This program is separate and distinct from the Long-Term Care Ombudsman Program.
88. **Ongoing Course of Treatment:** When a Member, in the absence of continued services, would suffer serious detriment to their health or be at risk of hospitalization or institutionalization. 42 C.F.R. § 438.62(b).
89. **Ongoing Special Condition:** Has the same meaning as ongoing special condition defined in N.C. Gen. Stat. § 58-67-88(a)(1).

90. **Open Enrollment Period:** Period prior to implementation of North Carolina's Medicaid Managed Care program during which the existing Fee-for-Service, cross-over population will be able to actively select a PHP with the support of the Enrollment Broker.
91. **Participating Provider:** Participating provider or "par" providers are physicians or other health care providers that have a contractual agreement with the PHP and are included in the PHP's Provider Network. These agreements outline the terms and conditions of participation for both the payer and the provider.
92. **Performance Incentive Payments:** Payments additional to fee for service, care management fees and medical home fees that are contingent upon practices' reporting of and/or performance against the AMH Performance Metrics.
93. **Pharmacy Claim:** Includes outpatient pharmacy (point-of-sale claims) as well as physician-administered (professional claims) drug claims.
94. **Post-stabilization Care Services:** Has the same meaning as post-stabilization care services as defined in 42 C.F.R. § 438.114(a).
95. **Protected Health Information (PHI):** Has the same meaning as PHI as defined by 45 C.F.R. § 160.103.
96. **Potential Member:** A beneficiary enrolled in Medicaid and eligible for enrollment in a PHP or a Member of another PHP.
97. **Pregnancy Management Program:** A care program that encourages adoption of best prenatal, pregnancy, and perinatal care for Medicaid Managed Care Members.
98. **Prepaid Health Plan (PHP):** Has the same meaning as Prepaid Health Plan, as defined in Section 4. (2) of Session Law 2015-245, as amended by Session Law 2018-48. A PHP is an Managed Care Organization (MCO).
99. **Primary Care Provider (PCP):** The participating physician, physician extender (e.g., physician assistant, nurse practitioner, certified nurse midwife), or group practice/center selected by or assigned to the Member to provide and coordinate all the Member's health care needs and to initiate and monitor referrals for specialized services, when required.
100. **Program Integrity (PI):** Has the same meaning as described in 42 C.F.R. Part 455.
101. **Program of All-Inclusive Care for the Elderly (PACE):** A federal program that provides a capitated benefit for individuals age fifty-five (55) and older who meet nursing facility level of care. PACE features a comprehensive service delivery system and integrated Medicare and Medicaid financing.
102. **Provider:** Except as it relates to credentialing, has the same meaning as Provider as defined in 42 C.F.R. § 438.2.
103. **Provider (For the purposes of credentialing):** Individual practitioners and facilities, entities, organizations, atypical organizations/providers, and institutions, unless otherwise noted.
104. **Provider Contracting:** The process by which the PHP negotiates and secures a contractual agreement with providers that have undergone a quality credentialing determination and are to be included in the PHP's Provider Network.
105. **Provider Enrollment:** The process by which a provider is enrolled in the North Carolina's Medicaid or NC Health Choice programs, with credentialing as a component of enrollment.

106. **Provider Grievance:** Any oral or written complaint or dispute by a Provider over any aspects of the operations, activities, or behavior of the PHP except for any dispute over for which the provider has appeal rights.
107. **Provider-Led Entity (PLE):** Means, as defined in Section 4.(2)b. of Session Law 2015-245, as amended by Session Law 2016-121. A PLE is a PHP and is a Managed Care Organization (MCO).
108. **Qualified Health Plan (QHP):** Means a health plan that has in effect a certification that it meets the standards described in subpart C of part 156 of Article 45 of the Code of Federal Regulations issued or recognized by each Exchange through which such plan is offered in accordance with the process described in subpart K of part 155 of Article 45 of the Code of Federal Regulations. 45 C.F.R. § 155.20.
109. **Qualified Interpreter:** Has the same meaning a described in 45 C.F.R. § 92.4.
110. **Quality Determination:** A PHP's decision, made by its quality Provider Network Participation Committee in accordance with its Provider Retention and Selection Policies, as to whether a provider has met objective credentialing quality standards. Making a Quality Determination is one step in the contracting process between the provider and the PHP.
111. **Readily Accessible:** Has the same meaning as Readily Accessible as defined in 42 C.F.R. § 438.10(a).
112. **Readiness Review:** Has the same meaning as described in 42 C.F.R. § 438.66(d).
113. **Redeterminations:** The annual review of beneficiaries' income, assets and other information by the Department and county DSS offices to confirm eligibility for North Carolina Medicaid and NC Health Choice.
114. **Reprocess:** For the purposes of claims and encounters, the activities completed by a payer to reconsider the outcome of a previously adjudicated claim.
115. **Rising Risk:** Population group that has not yet become high-risk but who may become high-risk if certain risk factors and behaviors are not addressed.
116. **Security Assertion Markup Language (SAML):** This is the State's preferred standard for the implementation of identity and access management.
117. **Significant Change:** Means any change in the services offered by PHPs, the benefits covered under the contract, the geographic service area, and the composition of or payments to the PHP's provider network, and the enrollment of a new population in the PHP.
118. **Standard Plan:** A Medicaid managed care plan that will provide integrated physical health, behavioral health and pharmacy services to most North Carolina Medicaid and NC Health Choice beneficiaries and that are not BH IDD Tailored Plans as described in in Section 4.(10) of SL 2015-245, as amended by SL 2018-48.
119. **State:** The State of North Carolina, the NC Department of Health and Human Services as an agency or in its capacity as the Using Agency.
120. **State Business Day:** Monday through Friday 8:00 a.m. through 5:00 p.m., Eastern Time, except for North Carolina State holidays as defined by the Office of State Human Resources. <https://oshr.nc.gov/state-employee-resources/benefits/leave/holidays>.
121. **State Fair Hearing:** The hearing or hearings conducted at the Office of Administrative Hearings (OAH) under N.C. Gen. Stat. § 108D-15 to resolve a dispute between an Member and a PHP about an Adverse Determination

122. **Value-Added Services:** Services in addition to those covered under the Medicaid Managed Care benefit plan that are delivered at the PHP's discretion and are not included in capitation rate calculations. Value added services are designed to improve quality and health outcomes, and/or reduce costs by reducing the need for more expensive care.
123. **Value-Based Payment (VBP):** Payment arrangements between PHPs and providers that fall within Levels 2 and 4 of the multi-payer Health Care Payment (HCP) and Action Network (LAN) Alternative Payment Model (APM) framework.
124. **Vendor:** A companies, firm, entity or individual, other than the Contractor, with whom the Department has contracted for goods or services.
125. **Video Remote Interpreting:** Has the same meaning as described in 28 C.F.R. § 35.104.
126. **Warm transfer:** Defined as a beneficiary or provider call is transferred directly from the original call center to the appropriate party without requiring the caller to make an additional call and without the PHP abandoning the call until the other party answers.
127. **X12 Transactions** – Any EDI transaction included in the x12.org standard. This includes but is not limited to the 834 Benefit Enrollment and Maintenance, the 837 Health Care Claim, and the 277 Health Care Information Status Notification. The entire transaction set can be found at <http://www.x12.org>.

B. Acronyms

1. AAP: American Academy of Pediatrics
2. ACD: Automated Call Distribution System
3. ADL: Activities of Daily Living
4. ADT: Admission, Discharge, Transfer
5. AMH: Advanced Medical Home
6. API: Administrative Provider Identification
7. APM: Alternative Payment Method
8. ASAM: American Society for Addiction Medicine
9. ASC: Accredited Standards Committee
10. AVRS: Automated Voice Response System
11. BAA: Business Associate Agreement
12. BAHA: Bone Conduction Hearing Aids
13. BCCCP: Breast and Cervical Cancer Control Program
14. BH: Behavioral Health
15. BIP: Behavioral Intervention Plan
16. CAH: Critical Access Hospital
17. CAHPS: Consumer Assessment of Healthcare Providers and Systems Plan Survey
18. CALOCUS: Child and Adolescent Level of Care Utilization System
19. CANS: Children and Adolescents Needs and Strengths
20. CAP: Corrective Action Plan
21. CAP/C: Community Alternatives Program for Children
22. CAP/DA: Community Alternatives Program for Disabled Adults
23. CBO: Community Based Organization
24. CCHN: Carolina Complete Health Network
25. CCO: Chief Compliance Officer
26. CDSA: Children's Developmental Services Agency
27. CEO: Chief Executive Officer
28. CFO: Chief Financial Officer

29. CHIP: Children's Health Insurance Program
30. CIN: Clinically Integrated Network.
31. CIO: Chief Information Officer
32. CMO: Chief Medical Officer
33. CMS: Centers for Medicare & Medicaid Services
34. COD: Cost of Dispensing
35. CP: Commercial Plan
36. CPT: Current Procedural Terminology
37. CVO: Credentialing Verification Organization
38. DHB: Department of Health Benefits
39. DHHS: Department of Health and Human Services
40. DHSR: Division of Health Service Regulation
41. DIT: Department of Information Technology
42. DLP: Desk Level Procedures
43. DME: Durable Medical Equipment
44. DMVA: Department of Military and Veterans Affairs
45. DOI: Department of Insurance
46. DOS: Date of Service
47. DSOHF: Division of State Operated Healthcare Facilities
48. DSS: Division of Social Services
49. DUR: Drug Utilization Review
50. EB: Enrollment Broker
51. ECBI: Eastern Band of Cherokee Indians
52. ECSII: Early Childhood Services Intensity Instrument
53. EDI: Electronic Data Interchange
54. EFT: Electronic Funds Transfer
55. EN: Enteral Nutrition
56. EPS: Episodic Payment System
57. EPSDT: Early and Periodic Screening, Diagnostic and Treatment
58. EQRO: External Quality Review Organization
59. ESB: Enterprise Service Bus
60. ESRD: End Stage Renal Disease
61. EUP: End User Procedures
62. EVV: Electronic Visit Verification
63. FAR: Federal Acquisition Regulation
64. FDA: Food and Drug Administration
65. FFS: Fee-for-service
66. FFY: Federal Fiscal Year
67. FQHC: Federally Qualified Health Center
68. HCPCS: Healthcare Common Procedure Coding System
69. HHS: U.S. Department of Health and Human Services
70. HIPAA: Health Insurance Portability and Accountability Act
71. HIPP: Health Insurance Premium Payment
72. HITECH: Health Information Technology for Economic and Clinical Health Act
73. HIV: Human Immunodeficiency Virus
74. HOH: Head of Household
75. HRSA: Health Resources and Services Administration
76. I/DD: Intellectually/Developmental Disability
77. IADL: Instrumental Activities of Daily Living

- 78. ICF: Intermediate Care Facility
- 79. IDG: Interdisciplinary Group
- 80. IDM: Identity Management
- 81. IEM: Inborn Errors of Metabolism
- 82. IEP: Individualized Education Program
- 83. IFSP: Individual Family Service Plan
- 84. IHCP: Indian Health Care Provider
- 85. IHP: Individual Health Plan
- 86. IID: Individuals with Intellectual Disabilities
- 87. ILOS: In Lieu of Services
- 88. IMB: Into the Mouth of Babes
- 89. IMCE: Indian Managed Care Entities
- 90. IMD: Institution for Mental Disease
- 91. IP: Independent Practitioners
- 92. IPS: Interactive Purchasing System
- 93. IRF: Inpatient Rehabilitation Facility
- 94. IRS: Internal Revenue Service
- 95. ISP: Individualized Service Plan
- 96. ITD: Information Technology Department (DHHS)
- 97. LAN: Learning and Action Network
- 98. LCSW: Licensed Clinical Social Worker
- 99. LEA: Local Education Agencies
- 100. LEIE: List of Excluded Individuals/Entities
- 101. LEP: Limited English Proficient
- 102. LHD: Local Health Department
- 103. LME/MCO: Local Management Entities-Managed Care Organizations
- 104. LOCUS: Level of Care Utilization System
- 105. LPE: Lead Pilot Entity
- 106. LPN: Licensed Practical Nurse
- 107. LTSS: Long Term Service and Supports
- 108. MAC: Maximum Allowable Cost
- 109. MAO: Medicare Advantage Organization
- 110. MCAC: Medical Care Advisory Committee
- 111. MES: Medicaid Enterprise System
- 112. MHPAEA: Mental Health Parity and Addiction Equity Act
- 113. MID: North Carolina Department of Justice Medicaid Investigations Division
- 114. MIMS: Medicaid Integrated Modular Solution
- 115. MIPS: Master Integrated Project Schedule
- 116. MIS: Management Information Systems
- 117. MITA: Medicaid Information Technology Architecture
- 118. MLR: Medical Loss Ratio
- 119. MMDB: Medicaid Master Database
- 120. MME: Morphine Milligram Equivalent
- 121. MMIS: Medicaid Management Information Systems
- 122. NADAC: National Average Drug Acquisition Cost
- 123. NC: North Carolina
- 124. NC FAST: North Carolina Families Accessing Services through Technology
- 125. NCAC: North Carolina Administrative Code
- 126. NCDPH: North Carolina Division of Public Health

127. NCEDB: North Carolina Medicare Enrollment Database
128. NCGA: North Carolina General Assembly
129. NCHC: North Carolina Health Choice
130. NCID: North Carolina Identity Management Service
131. NCPDP National Council for Prescription Drug Programs
132. NCQA: National Committee for Quality Assurance
133. NDC: National Drug Code
134. NEMT: Non-Emergency Medical Transportation
135. NIEM: National Information Exchange Model
136. NPI: National Provider Identifier
137. NPPES: National Plan and Provider Enumeration System
138. OAH: Office of Administrative Hearings
139. OCR: Office of Civil Rights
140. OFAC: Office of Foreign Assets Control
141. PA: Prior Authorization
142. PACE: Program of All-Inclusive Care
143. PBM: Pharmacy Benefit Managers
144. PCP: Primary Care Provider
145. PCS: Personal Care Services
146. PDL: Preferred Drug List
147. PDM: Provider Data Management
148. PDN: Private Duty Nursing
149. PHHS: Public Health and Human Services
150. PHI: Personal Health Information
151. PHP: Prepaid Health Plan
152. PI: Program Integrity
153. PIHP: Prepaid Inpatient Health Plans
154. PIP: Performance Improvement Program
155. PLE: Provider-Led Entities
156. PMPM: Per Member Per Month
157. PRC: Purchased/Referred Care
158. PSO: North Carolina Department of Health and Human Services Privacy and Security Office
159. PTA: Privacy Threshold Analysis
160. QAPI: Quality Assurance and Performance Improvement
161. QHP: Qualified Health Plan
162. REOMB: Recipient Explanation of Medical Benefit
163. RFP: Request for Proposal
164. RHC: Rural Health Clinic
165. RN: Registered Nurse
166. ROI: Return on Investment
167. SAM: System of Award Management
168. SAML: Security Assertion Markup Language
169. SBI: North Carolina State Bureau of Investigation
170. SBIRT: Screening, Brief Intervention, and Referral to Treatment
171. SED: Serious Emotional Disturbance
172. SFTP: Secure File Transfer Protocol
173. SID: System Integration Design
174. SIP: System Integration Plan
175. SIS: Supports Intensity Scale

- 176. SIU: Special Investigations Unit
- 177. SLA: Service Level Agreements
- 178. SLPA: Speech/Language Pathology Assistant
- 179. SMA: State Medicaid Agency
- 180. SMAC: State Maximum Allowable Cost
- 181. SMI: Serious Mental Illness
- 182. SNF: Skilled Nursing Facility
- 183. SOC: Service Organization Control
- 184. SP: Standard Plan
- 185. SSA: Social Security Act
- 186. SSADMF: Social Security Administration Death Master File
- 187. SUD: Substance Use Disorder
- 188. TBI: Traumatic Brain Injury
- 189. TCLI: Transition to Community Living Initiative
- 190. TCM: Targeted Case Management
- 191. TDD: Telecommunications Device for the Deaf
- 192. TP: Tailored Plan
- 193. TPA: Third Part Administrator
- 194. TPL: Third party liability
- 195. TPN: Total Parenteral Nutrition
- 196. TTY: Text Telephone
- 197. UM: Utilization Management
- 198. VBP: Value-based payments
- 199. VEO: Visual Evoked Potential
- 200. VFC: Vaccines for Children
- 201. WCA: Web Content Accessibility Guidelines
- 202. WHCRA: Women's Health and Cancer Rights Act of 1998
- 203. WIC: Women, Infants and Children

C. Contract Term

1. The initial Contract Term will be from the Contract Effective Date through June 30, 2022 and shall include an implementation period and Contract Years 1 through 3 as follows:

Section III. C. Table 1: Contract Term	
Contract Period	Effective Dates
Implementation Period	Contract Award through October 31, 2019
Contract Year 1 for Phase 1 of Medicaid Managed Care	November 1, 2019 through June 30, 2020
Contract Year 1 for Phase 2 of Medicaid Managed Care	February 1, 2020 through June 30, 2020
Contract Year 2	July 1, 2020 through June 30, 2021
Contract Year 3	July 1, 2021 through June 30, 2022

2. The Department reserves the option, at its sole discretion, to extend the Contract for up to two (2) successive Contract Years in one (1) year increments, or a shorter period as required by the

Department. The Department shall notify a PHP in writing if it is exercising its option to renew at least ninety (90) days prior to the expected renewal date.

3. The Contractor shall notify the Department in writing at least nine (9) months prior to the renewal date if a PHP does not wish to renew. The Contractor may be responsible for damages for failure to notify the Department of the intent not to renew within this timeframe.

D. Terms and Conditions

1. **ACCESS TO PERSONS AND RECORDS:** Pursuant to N.C. Gen. Stat. §§ 147-64.7 and 143-49(9), the Department, the State Auditor, appropriate state or federal officials, and their respective authorized employees or agents shall have access to persons and premises, or such other locations where duties under the Contract are being performed, and are authorized to inspect, monitor, or otherwise evaluate all books, records, data, information, and accounts of the Contractor, their subcontractor(s), other persons directed by the Contractor, or Contractor's parent or affiliated companies as far as they relate to transactions under the Contract, performance of the Contract, or to costs charged to the Contract. The Contractor shall retain any such books, records, data, information, and accounts in accordance with Paragraph 36. RECORDS RETENTION. Changes or additional audit, retention or reporting requirements may be imposed by federal or state law and/or regulation, and the Contractor must adhere to such changes or additions.

The State Auditor shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions in accordance with N.C. Gen. Stat. § 147-64.7. Nothing in this Section is intended to limit or restrict the State Auditor's rights.

This term shall survive termination or expiration of the Contract.

2. **ADVERTISING:** Contractor agrees not to use the existence of this Contract or the name of the Department or State of North Carolina as part of any commercial advertising or marketing of its products or services, excepted as permitted under this Contract. A Contractor may inquire whether the Department is willing to act as a reference by providing information directly to other prospective customers. The Department is under no obligation to serve as a reference.
3. **AMENDMENTS:** This Contract may not be amended orally or by performance. This Contract may be amended only by written amendments executed by the Department and the Contractor.
4. **ASSIGNMENT:** No assignment of the Contractor's obligations nor the Contractor's right to receive payment hereunder shall be permitted.

However, upon written request approved by the Department and solely as a convenience to the Contractor, the Department may:

- a. Forward the Contractor's payment check directly to any person or entity designated by the Contractor; and
- b. Include any person or entity designated by Contractor as a joint payee on the Contractor's payment check.

In no event shall such approval and action obligate the Department to anyone other than the Contractor, and the Contractor shall remain responsible for fulfillment of all Contract obligations. Upon advance written request, the Department may, at its discretion, approve an assignment to the surviving entity of a merger, acquisition or corporate reorganization, if made as part of the transfer of all or substantially all the Contractor's assets. Any purported assignment made in violation of this provision shall be void and a material breach of this Contract.

5. **AVAILABILITY OF FUNDS:** All payments to Contractor are expressly contingent upon and subject to the appropriation, allocation, and availability of funds to the Department for the purposes set forth in the Contract. If the Contract or any Purchase Order issued hereunder is funded in whole or in part by federal funds, the Department's performance and payment shall be subject to and contingent upon the continuing availability of said federal funds for the purposes of the Contract or Purchase Order. If the term of the Contract extends into fiscal years after that in which it is approved, such continuation of the Contract is expressly contingent upon the appropriation, allocation, and availability of funds by the N.C. General Assembly for the purposes set forth in this RFP and any resulting Contract. If funds to effect payment are not available, the Department will provide written notification to the Contractor and may terminate the Contract in accordance with Paragraph 46. TERMINATION. If the Contract is terminated, the Contractor agrees to take back any affected Deliverables and software not yet delivered under the Contract, terminate any Services supplied to the Department under the Contract, and relieve the Department of any further obligation thereof. The Department shall remit payment for Deliverables and Services accepted prior to the date of the previously mentioned notice in conformance with the payment terms.
6. **BACKGROUND CHECKS:** The Department reserves the right to request a criminal background check on any Contractor's or subcontractor's current or prospective employee. The Contractor is responsible for obtaining from each prospective Contractor employee or subcontractor employee a signed statement permitting a criminal background check. Where requested by the Department, the Contractor must obtain (at their own expense) and provide the appropriate Departmental Contract Administrator with a North Carolina State Bureau of Investigation (SBI) and/or FBI background check on all new employees prior to assignment. Neither the Contractor nor their subcontractor may hire an employee who has a criminal record that consists of a felony or misdemeanor unless prior written approval is obtained from the appropriate Departmental Contract Administrator. The Contractor shall keep any records related to these verifications for the life of the contract.
7. **BENEFICIARIES:** The Contract shall inure to the benefit and be binding upon the Parties and their respective successors. It is expressly understood and agreed that the enforcement of the terms and conditions of the Contract, and all rights of action relating to such enforcement, shall be strictly reserved to the Department and Contractor. Nothing contained in this Contract shall give or allow any claim or right of action whatsoever by any third person. It is the express intention of the Department and Contractor that any such other person or entity receiving services or benefits under the Contract shall be deemed an incidental beneficiary only and not a contractual third-party beneficiary.
8. **CHANGE IN CORPORATE STRUCTURE:** In cases where Contractor(s) are involved in corporate consolidations, acquisition or mergers, the Parties may negotiate agreements for the transfer of contractual obligations and the continuance of contracts within the framework of the new corporate structure, subject to Department approval and the terms of this Contract.
9. **CMS APPROVAL:** This RFP and subsequent contracts and amendments are subject to approval by the Centers for Medicare and Medicaid Services pursuant to 42 C.F.R. § 438.806(a).
10. **COMPLIANCE WITH LAWS:** Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and performance in accordance with this contract, including those of federal, state, and local departments and agencies having jurisdiction and/or authority.
11. **CONTRACT ADMINISTRATORS:** The Contract Administrators are the persons to whom notices provided for in this Contract shall be given, and to whom matters relating to the administration of this

contract shall be addressed. Either party may change its administrator or his/her address and telephone number by written notice to the other party.

For the Department

Contract Administrator for all contractual issues listed herein:

Name & Title	Kimberley Kilpatrick, Contract and Compliance Specialist, Division of Health Benefits
Address Physical Address	1 820 S. Boylan Avenue Raleigh, NC 27603
Address Mail Service Center Address	2 1950 Mail Service Center Raleigh, NC 27699-1950
Telephone Number	919-527-7015
Fax Number	919-832-0225
Email Address	Kimberley.Kilpatrick@dhhs.nc.gov

Contract Administrator regarding day to day activities herein:

Name & Title	Jay Ludlam, Assistant Secretary for Medicaid Transformation, Division of Health Benefits
Address Physical Address	1 820 S. Boylan Avenue Raleigh, NC 27603
Address Mail Service Center Address	2 1950 Mail Service Center Raleigh, NC 27699-1950
Telephone Number	919-527-7033
Fax Number	919-832-0225
Email Address	Jay.Ludlam@dhhs.nc.gov

Department's Federal (HIPAA), State and the Department Compliance Coordinator for all privacy and security matters herein:

Name & Title	Pyreddy Reddy, DHHS CISO
Address 1	695 Palmer Drive, Raleigh, NC 27603
Telephone Number	919-855-3090
Email Address	Pyreddy.Reddy@dhhs.nc.gov

12. COOPERATION WITH OTHER STATE VENDORS: Contractor shall cooperate with Department Vendors that are providing goods or services to or on behalf of the Department in relation to Medicaid Managed Care including those Vendors providing services with respect to system integration, encounter processing, enrollment and eligibility, Ombudsman, data analytics, and those engaged by the Department to monitor, validate, or verify Contractor's performance. Contractor will enter into trade agreements or other agreements as necessary to allow Vendor access to Contractor's confidential information needed in performance of Vendor's service for the Department.

13. COPYRIGHT: North Carolina Public Records Laws identifies all documents created for public transactions/business as public records, therefore, no Deliverable items produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor, except as otherwise provided herein. The State shall own all Deliverables that the Contractor is required to deliver to the Department pursuant to the Contract, except as provided

herein. Contractor shall not acquire any right, title, and interest in and to the copyrights for goods, all software, technical information, specifications, drawings, records, documentation, data, or derivative works thereof, or other work products provided by the State to Contractor. The State shall, upon payment for the Deliverables in full in accordance with the payment terms of the Contract, own copyrighted works first originated and prepared by the Contractor for delivery to the State. The State hereby grants Contractor a royalty-free, fully paid worldwide, perpetual, nonexclusive, irrevocable license for the Contractor's business use, to non-confidential Deliverables first originated and prepared by the Contractor for delivery to the State. Contractor shall maintain ownership of all pre-existing intellectual property that it provides to the State as part of the Deliverable(s), and the State shall have a royalty-free, fully paid, worldwide, perpetual, non-exclusive, irrevocable license to use such intellectual property solely for its operations. The intellectual property terms of this Contract do not: (i) affect Contractor's ownership of all other intangible intellectual property (e.g., processes, ideas, know how) that Contractor has developed in the course of performance hereunder, (ii) prevent Contractor from selling similar services elsewhere, or (iii) prevent Contractor from marketing, licensing or selling any and all intellectual property it develops hereunder to other customers, provided no State confidential information is used or disclosed in the process.

14. DISCLOSURE CONFLICTS OF INTEREST: The Contractor shall disclose any known conflicts of interest, or perceived conflicts of interest, at the time they arise, as follows:

- a. Disclose any relationship to any business or associate to whom the Contractor is currently doing business that creates or may give the appearance of a conflict of interest related to this Contract.
- b. By signing the RFP, the Contractor certifies that it shall not knowingly take any action or acquire any interest, either directly or indirectly, that will conflict in any manner or degree with the performance of its services during the term of the Contract.
- c. Disclose prior to employment or engagement by the Contractor, any firm principal, staff member or subcontractor, known by the Contractor to have a conflict of interest or potential conflict of interest related to this Contract.
- d. All notices required by this subsection must be provided to the Department within thirty (30) calendar days Contractor becoming aware of the conflict.

15. DISCLOSURE OF LITIGATION AND CRIMINAL CONVICTION OR ADVERSE FINANCIAL CONDITION: The Contractor's failure to fully and timely comply with the terms of this Section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of the Contract and result in Termination for Cause.

- a. The Contractor shall notify the State in its offer, if it, or any of its subcontractors, or their officers, directors, or key personnel who may provide Services under any contract awarded pursuant to this solicitation, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation, or deception. The Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding involving the Contractor or any subcontractor, or any of the forgoing entities' then current officers or directors during the term of the Contract or any Scope Statement awarded to the Contractor.
- b. The Contractor shall notify the State in its offer, and promptly thereafter as otherwise applicable, of any civil litigation, regulatory finding or penalty, arbitration, proceeding, or judgments against it or its subcontractors during the three (3) years preceding its offer, or which may occur during the term of any awarded to the Contractor pursuant to this solicitation, that involve (1) Services or related goods similar to those provided pursuant to any contract and that involve a claim that may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments

- against the Contractor or subcontractor shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.
- c. In the event the Contractor, an officer of the Contractor, or an owner of a twenty-five percent (25%) or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a state, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of North Carolina employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the State, reflects upon the Contractor's business integrity, and such contractor shall be prohibited from entering into a contract for goods or Services with any department, institution, or agency of the State.
 - d. The Contractor shall notify the State of any legal action that could adversely affect the PHP's financial conditions or ability to meet the requirements of the Contract.
 - e. All notices under subsection a, b, c, and d herein shall be provided in writing to the State within thirty (30) calendar days after the Contractor learns about any such criminal, regulatory, or civil matters or financial circumstances or material change to prior disclosures, unless such matters are governed by the other stated terms and conditions annexed to the solicitation. Details of settlements which are prevented from disclosure by the terms of the settlement shall be annotated as such. Contractor may rely on good faith certifications of its subcontractors addressing the foregoing, which certifications shall be available for inspection at the option of the State.

16. DISCLOSURE OF OWNERSHIP INTEREST: The Contractor and its subcontractors must provide the following information regarding ownership and control as described in 42 C.F.R. § 455.104:

- a. The Name, Address, Date of Birth and Social Security Numbers of any individual with an ownership or control interest in the Contractor, including those individuals who have direct, indirect, or combined direct/indirect ownership interest of five percent (5%) or more of the Contractor's equity, owns five percent (5%) or more of any mortgage, deed of trust, note, or other obligation secured by the Contractor if that interest equals at least five percent (5%) of the value of the Contractor's assets, is an officer or director of a Contractor organized as a corporation, or is a partner in a Contractor organized as a partnership (Sections 1124(a)(2)(A) and 1903(m)(2)(A)(viii) of the Social Security Act and 42. C.F.R. §§ 455.100-104),
- b. The Name, Address, and Tax Identification Number of any corporation with an ownership or control interest in the Contractor, including those individuals who have direct, indirect, or combined direct/indirect ownership interest of five percent (5%) or more of the Contractor's equity, owns five percent (5%) or more of any mortgage, deed of trust, note, or other obligation secured by the Contractor if that interest equals at least five percent (5%) of the value of the Contractor's assets, is an officer or director of a Contractor organized as a corporation, or is a partner in a Contractor organized as a partnership (Sections 1124(a)(2)(A) and 1903(m)(2)(A)(viii) of the Social Security Act and 42 C.F.R. §§ 455.100-104). The address for corporate entities must include as applicable primary business address, every business location, and P.O. Box address,
- c. Whether the person (individual or corporation) with an ownership or control interest in the Contractor is related to another person with ownership or control interest in the Contractor as a spouse, parent, child, or sibling; or whether the person (individual or corporation) with an ownership or control interest in any sub-contractor of the Contractor has a five percent (5%) or more interest is related to another person with ownership or control interest in the Contractor as a spouse, parent, child, or sibling,
- d. The name of any disclosing entity, other disclosing entity, fiscal agent or managed care entity, as

- defined in 42 C.F.R. § 455.101 in which an owner of the Contractor has an ownership or control interest, and
- e. The Name, Address, Date of Birth and Social Security Number of any agent or managing employee (including Key Staff personnel as noted in *Section V.A.9. Staffing and Facilities* of the Contractor as defined in 42 C.F.R. § 455.101).
 - f. Contractor and subcontractors must disclose the information on individuals or corporations with an ownership or control interest as described above to the Department as follows:
 - i. With the PHP's response to the RFP (*Attachment O.11. Disclosure of Ownership Interest*);
 - ii. Upon effective date of the Contract;
 - iii. Upon renewal or extension of the Contractor's contract; and
 - iv. Within thirty-five (35) days after any change in the Contractor's ownership.

17. ENTIRE AGREEMENT AND ORDER OF PRECEDENCE: This Contract consists of the following documents incorporated herein by reference:

- a. Any amendments, business requirements, or implementation plans, executed by the Parties, in reverse chronological order;
- b. Execution of Contract, if any;
- c. Best and Final Offers or negotiation documents, in reverse chronological order, if any;
- d. Written clarifications, in reverse chronological order, if any;
- e. Addenda to the RFP, in reverse chronological order, if any; and
- f. This RFP in its entirety; and
- g. Offeror's proposal.

In the event of a conflict between the Contract Documents, the term in the Contract with the highest precedence shall prevail. These documents constitute the entire agreement between the parties and supersede all prior oral or written statements or agreements.

18. EQUAL EMPLOYMENT OPPORTUNITY: Contractor shall comply with all federal and state requirements and North Carolina Executive Order 24 dated October 18, 2017, concerning fair employment and employment of the disabled, and concerning the treatment of all employees without regard to discrimination by reason of race, color, ethnicity, national origin, age, disability, sex, pregnancy, religion, National Guard or veteran status, sexual orientation, gender identity or expression.

19. FORCE MAJEURE: Neither Party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations because of events beyond its reasonable control, including without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, strikes or failures or refusals to perform under subcontracts, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

20. GENERAL INDEMNITY & LIMITATION OF LIABILITY: Subject to any limitations of liability specified in the Contract, the Contractor shall hold and save the State, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this Contract, and from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or intentionally tortious acts of the Contractor. The Contractor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of Contractor goods and/or services to the State. The representations and warranties in the preceding sentences shall survive the termination or expiration of this Contract. The State, Department, and/or Office of the

Attorney General shall have the option to participate at their own expense in the defense of such claim(s) or action(s) filed and the State shall be responsible for its own litigation expenses if it exercises this option.

21. **GOVERNING LAWS:** This Contract is made under and shall be governed, construed, and enforced in accordance with the laws of the State of North Carolina, without regard to its conflict of laws or rules. This term shall survive the termination or expiration of this Contract.
22. **GOVERNMENTAL RESTRICTIONS:** In the event any governmental restrictions are imposed which necessitate alteration of the material, quality, workmanship, or performance of the items or services offered prior to their delivery, it shall be the responsibility of the Contractor to notify, in writing, the issuing Department immediately, indicating the specific regulation which required such alterations. The Department reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the Contract.
23. **INDEPENDENT CONTRACTORS:** Contractor and its employees, officers and executives, and subcontractors, if any, shall be independent Contractors and not employees or agents of the Department. The Contract shall not operate as a joint venture, partnership, trust, agency, or any other similar business relationship.
24. **INSURANCE:** During the term of the Contract, the Contractor, at its sole cost and expense, shall provide commercial insurance coverage of such type and with such terms and limits as may be reasonably associated with the Contract. At a minimum, the Contractor shall provide and maintain the following coverage and limits:
 - a. **Worker's Compensation** - The Contractor shall provide and maintain Worker's Compensation Insurance, as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of \$500,000.00, covering all of Contractor's employees who are engaged in any work under the Contract. If any work is sublet, the Contractor shall require the subcontractor to provide the same coverage for any of his employees engaged in any work under the Contract.
 - b. **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$2,000,000.00 Combined Single Limit.
 - c. **Automobile** - Automobile Liability Insurance, to include liability coverage, covering all owned, hired, and non-owned vehicles, used relating to the Contract. The minimum combined single limit shall be \$500,000.00 for bodily injury and property damage; \$500,000.00 for uninsured/under insured motorist; and \$50.00.00 for medical payment.
 - d. **Requirements** - Providing and maintaining adequate insurance coverage is a material obligation of the Contractor and is of the essence of this Contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The Contractor shall always comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or this Contract. The limits of coverage under each insurance policy maintained by the Contractor shall not be interpreted as limiting the Contractor's liability and obligations under the Contract.
25. **INHERENT SERVICES:** If any services, Deliverables, functions or responsibilities not specifically described in the Contract are required for the proper performance, provision, and delivery of the services and Deliverables to be delivered by Contractor pursuant to the Contract, or are an inherent part of or necessary sub-task included within the Contract, they will be deemed to be implied by and included within the scope of the Contract to the same extent and in the same manner as if specifically described in the Contract. Unless otherwise expressly provided in the Contract, Contractor will furnish

all necessary management, supervision, labor, facilities, furniture, computer and telecommunications equipment, software, supplies and materials necessary to provide the services to be delivered by Contractor under the Contract.

26. INTELLECTUAL PROPERTY INDEMNITY: Contractor shall hold and save the Department, State, its officers, agents, and employees, harmless from liability of any kind, including costs and expenses, resulting from infringement of the rights of any third party in any copyrighted material, patented or unpatented invention, articles, device, or appliance delivered relating to this contract. This term shall survive the termination or expiration of this Contract.

27. LITIGATION: If a demand is asserted, or litigation or administrative proceedings, other than those administrative proceedings related to adverse benefit determinations addressed by other provisions of the Contract, are begun against the Contractor or against the Department and Contractor jointly relating to the services being provided under this Contract, the Contractor shall notify the Department within five (5) State Business Days of becoming aware of such action. To the extent no conflict of interest exists or arises, Parties may agree to joint defense and agree to cooperate fully in defense of such litigation.

In the event of litigation against the Department related to the Contract, Contractor's performance, or services provided under the Contract, Contractor will cooperate with Department fully in the defense of such litigation.

Any civil or administrative settlements between the PHP, as a delegee of the Department, and any member, provider, or other person, related to Medicaid Managed Care are public record. All settlements must be reported to the Department within thirty (30) days of an executed settlement agreement and a copy of the settlement agreement must be provided to the Department upon request.

This provision shall survive expiration or termination of the Contract.

28. MEDIA CONTACT APPROVAL AND DISCLOSURE: Contractor shall not use the name or seal of the North Carolina Division of Health Benefits, the North Carolina Department of Health and Human Services or the State of North Carolina in any media release or public announcement or disclosure relating to the terms of this Contract without prior approval of the Department. Contractor shall not provide any information to the media regarding a recipient of services under this Contract without first receiving approval from the Department. In the event the Contractor is contacted by the media for information related to the terms of this Contract or a recipient of services under the Contractor shall make immediate contact with the Department when the contact occurs. Contractor must submit any information related to such media release or public disclosure to the Department for review and approval at least seven (7) business days in advance of intended disclosure. Contractor may, at its sole discretion, object to its publication or require changes to the information intended for public release. The requirements of this Section shall not apply to any information the Contractor is required by law to disclose.

29. MONITORING OF SUBCONTRACTORS: Contractor shall perform on-going monitoring of all subcontractors and shall confirm compliance with subcontract requirements. As part of on-going monitoring, the Contractor shall identify to the subcontractor(s) deficiencies or areas for improvement, and shall require the subcontractor(s) to take appropriate corrective action. Contractor shall perform a formal performance review of all subcontractors at least annually. Contractor shall review encounter data of its subcontractor for quality and accuracy before the data is submitted to the Department.

- 30. NOTICES:** Any notices required under the Contract must be delivered to the appropriate Contract Administrator for each Party. Unless otherwise specified in the Contract, any notices shall be in writing and delivered by both email and U.S. Mail, Commercial Courier, or by hand.
- 31. OWNERSHIP OF DELIVERABLES:** All project materials, including software, data, and documentation created during the performance or provision of services hereunder that are not licensed to the Department or other State entity, or are not proprietary to the Contractor are the property of the Department and must be kept confidential or returned to the Department, or destroyed. Proprietary Contractor materials shall be identified to the Department by the Contractor prior to use or provision of services hereunder and shall remain the property of the Contractor. Derivative works of any Contractor proprietary materials prepared or created during the performance of provision of services hereunder shall be subject to a perpetual, royalty free, nonexclusive license to the Department and the State. This term shall survive termination or expiration of the Contract.
- 32. PAYMENT AND REIMBURSEMENT:**
- a. **Managed Care Payments:** The Department will make the following Managed Care payments to the Contractor, as applicable:
 - i. Risk-adjusted Monthly Per Member Per Month (PMPM) capitated payments;
 - ii. Maternity event payments;
 - iii. Additional directed payments to certain providers, and
 - iv. Enhanced case management pilot payments.
 - b. **PMPM Capitated Payments**
 - i. The Contractor must accept capitation rates and risk adjustment methodology developed by the Department and its actuary and approved by CMS.
 - ii. Capitated payments shall be made on a PMPM, prospective basis at the first check-write of each month, unless another schedule is set by the Department.
 - iii. The Department will make PMPM capitation payments to the Contractor based on the number of Members in each rate cell (as defined in the Rate Book applicable to the rating period and as determined by the monthly cutoff date in Medicaid Eligibility data system) multiplied by the applicable risk adjustment factor. The payment amount will be pro-rated for partial-month PHP enrollment.
 - iv. PMPM capitation payments will be reconciled on a regular schedule to account for enrollment and eligibility changes not reflected in the initial monthly payment to the Contractor, and may result in changes to a subsequent monthly capitation payment. Additional details on reconciliation can be found in *Section V.K. Technical Specifications*.
 - v. The PMPM capitated rates are specified in the Rate Book. However, capitated payments shall be denied for new Members when, and for so long as, payment for those Members is denied by CMS in accordance with the requirements at 42 C.F.R. § 438.730.
 - c. **Maternity Event Payments:** As provided in *Section V.I.1. Financial Requirements*, the Contractor will be eligible to receive a separate maternity event payment. Payment will be made after the Contractor submits required documentation of an eligible delivery event to the Department. The required documentation and process for submission will be finalized prior to Contract Year 1 effective date and included in an Amendment. The Contractor must accept maternity event capitation rates developed by the Department and its actuary and approved by CMS.
 - d. **Additional Directed Payments for Certain Providers:** The Department will make payments to the Contractor to support additional, utilization-based, directed payments to certain providers as allowed under 42 C.F.R. § 438.6(c)(1)(iii)(B) and in accordance with *Section V.D.4. Provider Payments*. The required documentation and process for payment will be included in an Amendment.

- e. **Enhanced Case Management Pilots to Address Unmet Health-Related Needs:** If the Contractor covers a region that includes an Enhanced Case Management Pilot, the Contractor is eligible to receive payments from the Department, up to a PHP-specific capped allotment, to fund pilot services based on the cost and volume of specified services authorized for and delivered to the Contractor's Members as provided in *Section V.C.8. Opportunities for Health*. The Contractor shall make payments and manage pilot funding as required in *Section V.C.8. Opportunities for Health* and as otherwise provided by Amendment.
- f. **Payment in Full:**
 - i. The PHP shall accept managed care payments under this Section as payment in full for the services provided under Contract, unless otherwise specified by the Contract.
 - ii. Members shall be entitled to receive all covered services as provided in *Section V.C.1. Medical and Behavioral Health Benefits Package* for the entire period for which payment has been made by the Department.
- g. **Payment Adjustments:** Payment adjustments may be initiated by the Department based on the eligibility and enrollment reconciliation or when keying errors or system errors affecting correct managed care payments to the Contractor occur. Each payment adjustment transaction shall be included on the remittance advice in the month following the correction. Each transaction shall include identifying information and the payment adjustment amount.
- h. **Recoupment:**
 - i. If the Contractor erroneously reports (intentionally or unintentionally), fraudulently reports, or knowingly fails to report any information affecting managed care payments to the Contractor, and is consequently overpaid, the Department may request a refund of the overpayment or recoup the overpayment by adjusting payments due in any one or more subsequent months.
 - ii. The Department may also recoup erroneous overpayments made to the Contractor as a consequence of keying errors or system errors. Each recoupment transaction shall be included on the remittance advice in the month following the correction. Each transaction shall include identifying Member information and the recoupment amount.
 - iii. The Department shall provide at least ten (10) days' notice to Contractor of its intent to recoup overpayments and shall offer Contractor the opportunity to contest any such alleged overpayments. The Department shall not take any collection action under this Contract, including recoupment while the dispute is pending and unresolved, unless otherwise allowed by law.
- i. **Other Managed Care Payment Terms and Conditions:**
 - i. Payment will only be made for services provided and is contingent upon satisfactory performance by the Contractor of its responsibilities and obligations under the Contract.
 - ii. Except as otherwise provided, the Department may apply withholdings, monetary sanctions, liquidated damages, or other or adjustments as described in *Section V.E. Quality Management and Quality Improvement* and *Section VI. Contract Performance* to any payment due to Contractor.
 - ii. The Contractor is responsible for all payments to subcontractors under the Contract. The Department shall not be liable for any purchases or subcontracts entered into by the Contractor or any subcontracted Provider in anticipation of funding.
 - iii. All payments shall be made by electronic funds transfers. Contractor shall set up the necessary bank accounts and provide written authorization to Medicaid's Fiscal Agent to generate and process monthly payments.

- iv. Contractor shall not use funds paid under this Contract for services, administrative costs or populations not covered under this Contract related to non-Title XIX or non-Title XXI Members. 42 C.F.R. § 438.3(c)(2).
- v. Contractor shall maintain separate accounting for revenue and expenses for payments under this Contract in accordance with CMS requirements.

j. **Third-Party Resources:**

The capitated rates set forth in this Contract have been adjusted to account for the primary liability of third parties for some of the services rendered to Members. As required in *Section V.J.4. Third Party Liability (TPL)*, the Contractor shall be responsible for actively seeking and identifying the liability of third parties and engaging in third party resource recovery and cost avoidance to pay for services rendered to Members pursuant to this Contract. All funds recovered by the Contractor from third party resources shall be treated as income to Contractor.

33. PERFORMANCE BOND:

- a. The PHP shall furnish a performance bond to the Department within thirty (30) calendar days after award of the contract. This security will be in the form a surety bond licensed in North Carolina with an A.M. Best's rating of no less than A-.
- b. The amount of the performance bond shall be thirty million dollars (\$30,000,000) for Statewide PHPs. The amount of the performance bond shall be five million dollars (\$5,000,000) for each Region in which the PHP is awarded a Contract. If a PHP is awarded to Contract in multiple Regions, then PHP shall furnish a single bond for the total amount.
- c. The PHP shall bear the cost of the performance bond.
- d. The performance bond must be made payable to the North Carolina Department of Health and Human Services.
- e. The contract number and contract period must be specified on the performance bond.
- f. For as long as the PHP has liabilities of \$50,000 or more outstanding under this Contract, or 15 months following the termination date of this Contract, whichever is later, the performance bond must be maintained to guarantee payment of the PHP's obligations.
- g. In the event of a default by the PHP, the Department shall obtain payment under the performance bond for the purposes of the following:
 - i. Paying any damages sustained by providers, non-contracting providers, non-providers, and other subcontractors by reason of a breach of the PHP's obligations under this Contract;
 - ii. Reimbursing the Department for any payments made by the Department on behalf of the PHP, including payment of the PHP's obligations to providers;
 - iii. Reimbursing the Department for any administrative expenses incurred by reason of a breach of the PHP's obligations under this Contract, including expenses incurred after termination of this Contract; and
 - iv. In the event the PHP terminates the Contract prior to the end of the Contract period, a claim against the bond may be made by the Department to cover cost of issuing a new solicitation and selecting a new PHP or transitioning Members to another PHP.

34. PLE 1099s: PLE shall submit 1099s for all voting members that are physicians who have received reimbursement for the treatment of at least one beneficiary as proof of participation.

35. PROHIBITION AGAINST CONTINGENT FEES AND GRATUITIES: Contractor warrants that it has not paid, and agrees not to pay, any bonus, commission, fee, or gratuity to any employee or official of the State for obtaining any Contract or award issued by the State and its Departments and other agencies or entities. The Contractor further warrants that no commission or other payment has been or will be received from or paid to any third-party contingent on the award of any Contract by the State, except as shall have been expressly communicated to the Department's Office of Procurement, Contracts

and Grants in writing prior to acceptance of the Contract or award in question. The Contractor and their authorized signatory further warrant that no officer or employee of the State has any direct or indirect financial or personal beneficial interest, in the subject matter of the Contract; obligation or Contract for future award of compensation as an inducement or consideration for making the Contract. Subsequent discovery by the State of non-compliance with these provisions shall constitute sufficient cause for termination of all outstanding contracts. Violations of this provision may result in debarment of the Contractor(s) as permitted by 09 NCAC 06B.1206, 01 NCAC 05B.1520, or other provision of law.

36. RECORDS RETENTION: All records and data held by the Contractor as it relates to this Contract shall be retained and maintained as required by North Carolina law, federal law, State and Department Record Retention requirements and policies.

- a. All records created or modified by the Contractor and not duplicated in Department system via interfaces must be retained for ten (10) years, unless a longer period is required by federal or state law or policy. Federal record retention standards are located in 45 C.F.R. § 74.53. The State policy is mandated by the State Archives of North Carolina and is located here: <https://archives.ncdcr.gov/government/retention-schedules>.
- b. Records shall not be destroyed, purged, or disposed of without the express written consent of the Department.
- c. If any litigation, claim, negotiation, audit, disallowance action or other action involving this Contract start before the expiration of the legally required retention period, the records must be retained until completion of the action and resolution of all issues which arise from it.
- d. In the event there are changes in record retention requirements or policies due to North Carolina law, federal law, State or Department record retention Policies, the Contractor shall make the necessary changes to be in compliance with all Records Retention requirements.
- e. Record Retention requirements included within the body of this RFP, subsequent contract and amendments, are intended to supplement this term. In the event of conflict, the provisions of this term are the controlling requirements.
- f. At the point the Contract terminates/expires, all data must be transitioned to the State in a format prescribed by the Department unless that data has exceeded its archive requirements. The Department may request verification from the Contractor that archive requirements are being met.
- g. The PHP shall develop policies and procedures of record retention. The PHP's Policy for Record Retention shall include specific standards for the following:
 - i. Reports submitted to the Department;
 - ii. Data submitted to the Department;
 - iii. Financial records;
 - iv. Transfer of medical records;
 - v. Quality data; and
 - vi. Prescription files.
 - a) PHPs shall comply with all standards for record retention standards in 45 C.F.R. § 74.53 and the standards determined by NC DHHS.
 - b) PHPs shall submit its PHP Policy for Record Retention to the Department for review. The PHP shall submit its PHP Policy for Record Retention to the Department if there are significant changes.
- h. The Contractor shall maintain indirect cost rate proposals and cost allocation plans shall be retained for ten (10) years, unless otherwise required by federal or state law.
- i. This term survives termination or expiration of the Contract.

- 37. RESPONSE TO STATE INQUIRIES AND REQUEST FOR INFORMATION:** The Contractor shall prioritize requests from the Department to respond to inquiries from any Departments under the State of North Carolina, the North Carolina Legislature or other government agencies or bodies. Contractor shall respond to urgent requests from the Department within twenty-four (24) hours and according to the guidance and timelines provided by the Department. Contractor may be required to participate with and respond to inquiries from a consultant contracted with the Department regarding policies and procedures requiring review to determine compliance.
- 38. RIGHT TO PUBLISH:** The Department agrees to allow the Contractor to publish material associated with the terms of this Contract provided the Contractor receives prior written approval from the Department. The Contractor shall submit for review any presentation or publication that will be given to outside parties that contains data and information relating to the terms of this Contract at least thirty (30) calendar days in advance. The Contractor shall not advertise or publish information for commercial benefit concerning this contract without the prior written approval of the Contracting Officer.
- 39. SEVERABILITY:** If a court of competent authority holds that a provision or requirement of the Contract violates any applicable law, each such provision or requirement shall be enforced only to the extent it is not in violation of law or is not otherwise unenforceable and all other provisions and requirements of the Contract shall remain in full force and effect.
- 40. SITUS:** The place of this Contract, its situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in Contract or tort, relating to its validity, construction, interpretation, and enforcement shall be determined.
- 41. SOVEREIGN IMMUNITY:** Notwithstanding any other term or provision in this Contract, nothing herein is intended nor shall be interpreted as waiving any claim or defense based on the principle of sovereign immunity that otherwise would be available to the Department and State under applicable law.
- 42. STATE CONTRACT REVIEW:** This RFP and subsequent contracts are exempt from the State contract review and approval requirements pursuant to G.S § 143B-216.80(b)(4).
- 43. SUBCONTRACTORS:**
- a. Acceptance of Contractor's proposal will include any subcontractor(s) specified therein. Work performed under this contract by the Contractor or its employees will not be subcontracted without prior written approval of the Department. Contractor must submit a written request for approval at least sixty (60) calendar days prior to the start of services by the subcontractor. (*Attachment O. 12. Subcontractor Identification.*)
 - b. Upon request, the Contractor shall provide the Department with complete copies of any contracts made by and between the Contractor and all subcontractors. The selected Contractor remains solely responsible for the performance of its subcontractors. Subcontractors, if any, shall adhere to the same standards required of the selected Contractor and this Contract. Any contracts made by the Contractor with a subcontractor shall include an affirmative statement that the Department is an intended third-party beneficiary of the Contract; that the subcontractor has no contract with the Department; and that the Department shall be indemnified by the Contractor for any claim presented by the subcontractor. Notwithstanding any other term herein, Contractor shall timely exercise its contractual remedies against any non-performing subcontractor and, when deemed appropriate by the Department, substitute another subcontractor.
 - c. The Contractor shall neither participate with nor enter into any agreement with any individual or entity that has been excluded from participation in federal health care programs. The Contractor shall not contract for the administration, management, or provision of medical services (or the

- establishment of policies or provision of operational support for such services), either directly or indirectly, with an individual convicted of crimes described in section 1128(b)(8)(B) of the Act. [42 C.F.R. 438.808(a); 42 C.F.R. 438.808(b)(2); 42 C.F.R. 431.55(h); section 1903(i)(2) of the Act; 42 C.F.R. 1001.1901(c); 42 C.F.R. 1002.3(b)(3); SMDL 6/12/08; SMDL 1/16/09]
- d. Any contract(s) between the Contractor and subcontractor(s) require:
 - i. The subcontractor to agree that the state, CMS, the DHHS Inspector General, the Comptroller General, or their designees have the right to audit, evaluate, and inspect its premises, any books, records, contracts, computer or other electronic systems of the subcontractor relating to its Medicaid Members, or of the subcontractor's contractor, that pertain to any aspect of services and activities performed, or determination of amounts payable under the Contractor's contract with the State;
 - ii. The subcontractor to agree that the right to audit by the State, CMS, the DHHS Inspector General, the Comptroller General or their designees, will exist through ten (10) years from the final date of the contract period or from the date of completion of any audit, whichever is later; and
 - iii. That if the State, CMS, or the DHHS Inspector General determine that there is a reasonable possibility of fraud or similar risk, the State, CMS, or the DHHS Inspector General may inspect, evaluate, and audit the subcontractor at any time.
 - e. Any contract(s) between the Contractor and subcontractor(s) shall include:
 - i. The activities and obligations, and related reporting responsibilities, are specified in the contract or written agreement between the Contractor and the subcontractor.
 - ii. Provision for revocation of the delegation of activities or obligations, or specify other remedies in instances where the Department or the Contractor determines that the subcontractor has not performed satisfactorily. 42 C.F.R. § 438.230(c)(1)(i) - (iii)
 - iii. Requirement to comply with all applicable Medicaid laws, regulations, including applicable subregulatory guidance and contract provisions. 42 C.F.R. § 438.230(c)(2)

- 44. SURVIVAL:** The expiration, termination, or cancellation of this Contract will not extinguish the rights of either party that accrue prior to expiration, termination, or cancellation or any obligations that extend beyond termination, expiration or cancellation, either by their inherent nature or by their express terms.
- 45. TAXES:** Any applicable taxes shall be invoiced as a separate item and in accordance with this paragraph and applicable laws.
- a. N.C. Gen. Stat. § 143-59.1 bars the Department from entering into Contracts with Contractors if the Contractor or its affiliates meet one of the conditions of N.C. Gen. Stat. § 105-164.8(b) and refuses to collect use tax on sales of tangible personal property to purchasers in North Carolina. Conditions under N.C. Gen. Stat. § 105-164.8(b) include: (1) Maintenance of a retail establishment or office, (2) Presence of representatives in the State that solicit sales or transact business on behalf of the Contractor and (3) Systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. By execution of the proposal document the Contractor certifies that it and all its affiliates, (if it has affiliates), collect(s) the appropriate taxes.
 - b. All agencies participating in this Contract are exempt from federal taxes, such as excise and transportation. Exemption forms submitted by the Contractor will be executed and returned by the using agency.
 - c. Prices offered are not to include any personal property taxes, nor any sales or use tax (or fees) unless required by the North Carolina Department of Revenue.
- 46. TERMINATION:** Any notice or termination made under the Contract shall be provided to Contractor's and Department's respective Contract Administrators.

- a. The Contractor obligations set forth in this Section shall survive the expiration or termination of this Contract and shall remain fully enforceable by Department against Contractor. In the event that Contractor fails to fulfill each obligation set forth in this Section, Department shall have the right, but not the obligation, to arrange for the provision of such services and the fulfillment of such obligations, all at the sole cost and expense of Contractor, and Contractor shall refund to Department all sums expended by Department in so doing.
- b. Termination without Cause:
This Contract may be terminated, in whole or in part, without cause by the Department by giving at least sixty (60) calendar days' prior written notice to the other party. The termination shall be effective at 11:59:59 p.m. on the last day of the calendar month in which the sixty (60) day notice period expires. In the event of termination without cause:
 - i. Department and Contractor shall work together on a daily basis in good faith to minimize any disruption of services to NC Medicaid beneficiaries;
 - ii. Contractor shall perform all of the Contractor transition and other obligations specified in the Contract;
 - iii. Department and Contractor shall resolve any outstanding obligations under this Contract; and
 - iv. Contractor shall pay Department in full any refunds or other sums due to Department under this Contract.
- c. Termination for Cause:
 - i. In accordance with 42 C.F.R. § 438.708, Department shall have the right to terminate this Contract with Contractor and to enroll Contractor's Members in other managed care plans if Department determines that Contractor has failed to carry out the substantive terms of this Contract or has failed to meet applicable requirements in Sections 1905(t), 1903(m), and/or 1932 of the Social Security Act.
 - ii. Upon written notification to Contractor of Department's intent to terminate this Contract, Department may give Members written notice of such intent and allow the Members to disenroll immediately without cause in accordance with 42 C.F.R. § 438.722.
 - iii. If Department seeks to terminate this Contract pursuant to 42 C.F.R. § 438.708, Department shall provide Contractor with a pre-termination hearing as required by 42 C.F.R. § 438.710(b) and as described in this Contract.
 - iv. Department shall have the right to terminate this Contract for cause when the performance of Contractor or one of its subcontractors has threatened to place the health or safety of any Beneficiary in jeopardy, and Contractor knew or should have known of the issue and failed to take appropriate action immediately to correct the problem;
 - v. Department shall have the right to terminate this Contract for cause when Contractor becomes subject to exclusion from participation in the Medicaid program pursuant to Section 1902(p)(2) of the Social Security Act or 42 U.S.C. 1396a(p);
 - vi. Department shall have the right to terminate this Contract for cause when Contractor has fraudulently misled any Beneficiary or has fraudulently misrepresented the facts or law to any Beneficiary, and Contractor failed to take appropriate action immediately to correct the problem;
 - vii. Department shall have the right to terminate this Contract for cause when gratuities of any kind with the intent to influence have been offered or received by a public official, employee or agent of the State by or from Contractor, its agents or employees;
 - viii. Department shall have the right to terminate this Contract for cause if Contractor loses accreditation with NCQA.
 - ix. Department shall have the right to terminate this Contract for cause if Contractor declares bankruptcy.

- x. Department shall have the right to terminate this Contract as otherwise set forth in this Contract.
 - d. Automatic Termination:
This Contract shall immediately and automatically terminate without further Contractor obligation to Department, except as provided below in Subsection e., if:
 - i. Either of the two (2) sources of reimbursement for Medical Assistance (appropriations from the North Carolina General Assembly and appropriations from the United States Congress) no longer exists; or
 - ii. The sum of all contractual obligations of Department exceeds the balance of funds available to Department for a Contract year in which this Contract is effective.

Written certification from the Department that one or the other or both of the conditions described above has been met shall be conclusive and binding upon the parties. Department shall attempt to provide Contractor with ten (10) business days' prior notice of the possible occurrence of events described above.

In the event of immediate and automatic Contract termination, Contractor shall cooperate fully with the Department in transferring any data and information or providing such other assistance as described in this Section in an expedient manner.
 - e. Contract Expiration, Termination, and Transition Obligations of Contractor:
At least sixty (60) calendar days before Contract expiration, and within thirty (30) calendar days of receipt of notice by Contractor of any Contract termination, Contractor shall provide notice of termination to Members. In all cases, Contractor's notification letter must be approved by Department before Contractor mails the notice to Members.
- No less than ninety (90) days prior to the date of planned expiration or forty-five (45) days of planned termination of this Contract, Contractor shall:
- i. Provide Department with Contractor's plan for the transfer of all Members to other appropriate managed care entities, and make all Department required changes to said plan;
 - ii. Assist Department in the implementation of the Department-approved plan for Member transition in such a manner as to ensure the continuity of services for Members;
 - iii. Promptly provide Department with information about all outstanding claims, as of the date of termination, and arrange for the payment of such claims;
 - iv. Arrange for the secure maintenance of all Contractor records for audit and inspection by Department, CMS, and other authorized government officials;
 - v. Provide for the transfer of all data, including encounter data and records, to Department or its agents as may be requested by Department;
 - vi. Provide for the preparation and delivery of all reports, forms and other documents to Department as may be required pursuant to this Contract or any applicable policies and procedures of Department; and
 - vii. Notify all Members in writing of the pending expiration or termination of this Contract. Such notice shall also include all information required by Department.

- 47. TIME IS OF THE ESSENCE:** Time is of the essence in the performance of this contract and all provisions that specify a time for performance.
- 48. TITLES AND HEADINGS:** Titles and headings in this RFP, and in any subsequent contract, are for convenience only and shall have no binding force of effect.
- 49. USE OF THIRD PARTY ADMINISTRATOR:** If a PHP uses the services of a Third Party Administrator (TPA) to adjust or settle claims for Members, then the PHP shall do all of the following:
- a. Ensure the TPA has a current license issued by, and is in good standing with DOI, as required by

N.C. Gen. Stat. §§ 58-56-2(5) and 58-56-51;

- b. Have a written agreement with the TPA that is compliant with Article 56 of Chapter 58 of the General Statutes, as applicable, and includes a statement of the duties the TPA is expected to perform on behalf of the PHP, as specified in N.C. Gen. Stat. § 58-56-6;
- c. Establish the rules, in accordance with this Contract, pertaining to claims payment and shall provide the TPA with the rules in accordance with N.C. Gen. Stat. § 58-56-26; and
- d. Submit to the Department with the Technical Response an attestation that the PHP understands it is solely responsible to provide for competent administration of its claims under the Contract, as provided in N.C. Gen. Stat. § 58-56-26.

50. **WAIVER:** The failure to enforce or the waiver by the State of any right or of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

E. Confidentiality, Privacy and Security Protections

1. The requirements of this Section shall survive expiration or termination of the Contract except subsections 5, 6, 7, and 8.
2. Confidential Information
 - a. The Contractor, its agents, and its subcontractors shall maintain the privacy, security and confidentiality of all data, information, working papers, and other documents related to the Contract. The Contractor shall treat all information obtained through its performance under the Contract as confidential information and shall not use such information except as provided under this Contract. Any use, sale, or offer of confidential information except as contemplated under the Contract or approved in writing by the Department shall be a violation of the Contract. Any such violation will be considered a material breach of the Contract. Contractor specifically warrants that it, its officers, directors, principals, employees, any subcontractors, and approved third-party contractors shall hold all information received during performance of the Contract in the strictest confidence and shall not disclose the same to any third party except as contemplated under the Contract or approved in writing by the Department.
 - b. Contractor warrants that all its employees, subcontractors, and any approved third-party Contractors are subject to a non-disclosure and confidentiality agreement that is enforceable in North Carolina and sufficient in breadth to include and protect confidential information related to the Contract. The Contractor shall, upon request by the Department, verify and produce true copies of any such agreements. Production of such agreements by the Contractor may be made subject to applicable confidentiality, non-disclosure, or privacy laws, provided that the Contractor produces satisfactory evidence supporting exclusion of such agreements from disclosure under the North Carolina Public Records laws in N.C. Gen. Stat. § 132-1 et. Seq. The Department may, in its sole discretion, provide a non-disclosure and confidentiality agreement satisfactory to the Department for the Contractor's execution. The Department may exercise its rights under this paragraph as necessary or proper, in its discretion, to comply with applicable security regulations or statutes, including but not limited to 26 U.S.C. 6103, SSA, and IRS Publication 1075 (Tax Information Security Guidelines for Federal, State, and Local Agencies and Entities), HIPAA, and implementing regulation in the Code of Federal Regulations and any future regulations imposed upon the Department of Information Technology Services or the North Carolina Department of Revenue pursuant to future statutory or regulatory requirements.
 - c. The Department, State auditors, State Attorney General, federal officials as authorized by federal law or regulations, and State officials as authorized by state law or regulations, as well as the authorized representatives of the foregoing, shall have access to confidential information in

accordance with the requirements of state and federal laws and regulations. No other person or entity shall be granted access to confidential information unless state and federal laws and regulations allow such access. The Department has the sole authority to determine if and when any other person or entity has properly obtained the right to have access to any confidential information and whether such access may be granted. Use or disclosure of confidential information shall be limited to purposes directly connected with the administration of the Contract.

- d. The Contractor warrants that without prior written approval of the Department, the Contractor shall not incorporate confidential or proprietary information of any person or entity not a Party to the Contract into any materials furnished to the Department, nor without such approval shall the Contractor disclose to the Department or induce the Department to use any confidential or proprietary information of any person or entity not a Party to the Contract.
 - e. The foregoing confidentiality provisions do not prevent the Contractor from disclosing information that (i) at the time of disclosure by the Department is already known by the Contractor without an obligation of confidentiality other than under this Contract, (ii) is publicly known or becomes publicly known through no act of the Contractor other than an act that is authorized by the Department, (iii) is rightfully received by Contractor from a third party and Contractor has no reason to believe that the third party's disclosure was in violation of an obligation of confidence to the Department, (iv) is independently developed by the Contractor without use of the Department's confidential information, (v) is disclosed without similar restrictions to a third party by the Department, or (vi) is required to be disclosed pursuant to a requirement of law or a governmental authority, so long as the Contractor, to the extent possible provides the Department with timely prior notice of such requirement and coordinates with the State in an effort to limit the nature and scope of such required disclosure.
3. HIPAA and HITECH
- a. The Department has declared itself to be a hybrid entity under HIPAA with the Division of Health Benefits being a covered health care component. As such, this Contract and related activities are subject to HIPAA and HITECH. Contractor shall comply with HIPAA and HITECH requirements and regulations, as amended, including:
 - i. Compliance with the Privacy Rule, Security Rule, and Notification Rule, Security Rule, and Notification Rule including the confidentiality requirements in 45 C.F.R. parts 160 and 164;
 - ii. The development of and adherence to applicable Privacy and Security Safeguards and Policies;
 - iii. Timely reporting of violations regarding the access, use, and disclosure of PHI; and
 - iv. Timely reporting of privacy and/or security incidents at:
<https://www.ncdhhs.gov/about/administrative-divisions-offices/office-privacy-security>
 - b. Contractor will be performing functions on behalf of the Department that make Contractor a business associate for purposes of HIPAA regulations. Accordingly, Contractor and this Contract are subject to the terms and conditions of *Attachment O. 13. Business Associate Agreement*.
 - c. Contractor shall cooperate and coordinate with the Department and its Privacy and Security Office (PSO) as mandated by HIPAA and HITECH and accompanying regulations, or as requested by the Department, during performance of the Contract so that both Parties are in compliance with HIPAA and HITECH.
 - d. In addition to federal law and regulation, Contractor shall comply with state rules and regulation regarding protected information and Department and State policies including State IT Security Policy Manual. These policies may be revised from time to time and the Contractor shall comply with all such revisions.

4. North Carolina Identity Theft Protection Act and Other Protections

Certain data and information received, generated, maintained or used by Contractor may be classified as “identifying information” within the meaning of N.C. Gen. Stat. § 14-113.20(b) or “personal information” within the meaning of N.C. Gen. Stat. § 75-61(10). Contractor is subject to the North Carolina Identity Theft Protection Act requirements, N.C. Gen. Stat. §§ 132-1.10 and 75-65 and must protect such identifying information and personal information as required by law, Department and State policy, and the terms of this Contract. Contractor shall report security incidents and breaches of all protected information, whether PHI, identifying information, or personal information as required in Subsection 11. below.

5. Information Technology

- a. The PHP shall comply with and adhere to all applicable federal and North Carolina laws, regulations, policies, and guidelines, including but not limited to HIPAA, CMS and State IT Security Policy and Standards, and Department Privacy and Security Policies. These policies may be revised periodically, and the PHP shall comply with any revisions. The State Security Manual is available at https://files.nc.gov/ncdit/documents/files/Statewide-Information_Security_Manual.pdf and the Department security manual is available at <https://www2.ncdhrs.gov/info/olm/manuals/dhs/pol-80/man/>.
- b. The PHP's information technology systems shall meet all state and federal statutes, rules and regulations governing information technology (including but not limited to 26 U.S.C. 6103, SSA, IRS Publication 1075, and HIPAA) and the policies of the NC Department of Information Technology. See e.g., <https://it.nc.gov/statewide-resources/policies>; https://files.nc.gov/ncdit/documents/files/Statewide-Information_Security_Manual.pdf and <https://it.nc.gov/document/statewide-data-classification-and-handling-policy>.
- c. Enterprise Architecture Standards: The North Carolina Statewide Technical Architecture standards are located at <https://it.nc.gov/services/it-architecture/statewide-architecture-framework>. This provides a series of domain documents describing objectives, principles and best practices for the development, implementation and integration of business systems.
- d. Modifications, Updates or Fixes to the PHP's Information Technology Systems: The Contractor will adhere to the Department's Change Management and control policies and procedures for all system modifications. The PHP shall not modify, update, or fix any IT system that shares information with (or interfaces with) the Department's Information Technology systems without the Department's prior written approval. The PHP's request for approval must be communicated to the Department one hundred twenty (120) days prior to the change and contain a detailed description of the changes proposed by the PHP. The PHP must supplement its request with all clarifications and additional information requested by the Department. The PHP shall not place any modification, upgrade or fix into a production environment without first giving the Department an opportunity to test the modification, upgrade or fix to ensure that it does not impair the operation of the Department's IT systems. The Department reserves the right to delay implementations if it perceives a risk to its operations.
- e. Modifications, Updates, and Fixes Requested by the Department: The PHP shall promptly modify, upgrade, or fix any part of its Information Technology System that shares information with (or interfaces with) the Department's Information Technology Systems as requested by the Department. The PHP shall not place any such modification, upgrade or fix into a production environment without first giving the Department an opportunity to test the modification, upgrade or fix to ensure that it does not impair the operation of the Department's Information Technology Systems. The PHP may not unilaterally refuse to make a modification, update or fix requested by the Department. In the event the PHP disagrees with the Department on modification, update or fix requests, the PHP must follow the Change Management and control

policies and procedures for resolution. If the Parties cannot come to agreement, the PHP may utilize the Dispute Resolution process **described in this Contract**.

- f. Patch Management: The PHP will apply patches based on State requirements on or to any Information Technology Systems or platforms that share information with (or interfaces with) the Department's Information Technology Systems or which may impact the delivery of services to the Department's Members. The State requirements are located at the following URL:
https://files.nc.gov/ncdit/documents/files/Statewide-Information_Security_Manual.pdf
The PHP will coordinate patching activity with the Department to be sure any dependent patching that needs to be implemented on Department Information Technology Systems or platforms is completed in the conjunction with PHP patching. The requirement to apply the patch may come from the PHP, the Department, or an external organization such as https://www.us-cert.gov/.
- g. Changes to Department Information Technology Systems: The Department anticipates changes to its Information Technology Systems. The Contractor will update its Information Technology Systems to conform with any updates to the Departments' Information Technology System changes including but not limited to data exchanges and interfaces, file formats, data exchange frequencies, data exchange protocols and transports, source and target systems, and file size (i.e. number of records per file or overall file size in bytes). The Department will provide test environments to allow adequate testing time.
- h. The Department's Rejection of the PHP's Modifications, Updates or Fixes to the PHP's IT Systems: The Department reserves the right to reject any modification, update or fix that does not meet the Department's Information Technology standards or could impair the operation of the Department's Information Technology Systems.
- i. Cost of Modifications, Updates, Fixes, and Patches to the PHP's IT Systems: The cost of all modifications, updates, fixes, and patches to the PHP's Information Technology Systems (whether proposed by the PHP or required by the Department) shall be borne solely by the PHP.
- j. The PHP shall not connect any of its own equipment to a State LAN/WAN without prior written approval by the State. The PHP shall complete all necessary paperwork as directed and coordinated by the Department's appropriate Contract Administrator to obtain the required written approval by the Department to connect PHP-owned equipment to a State LAN/WAN.
- k. The PHP shall be responsible for providing connectivity to the Department's network and systems as required by the Department. This includes any network, connectivity, licensing, or hardware associated with complying with the State's and the Department's policy for securing data. This applies to all communication between the PHP and the Department, and also includes the Department's current and future contractors' networks.
- l. Web / Internet Presence - Where necessary, any web presence that is required to complete the terms of this agreement will comply with the Department's the State's, and federal standards including but not limited to those required for accessibility (Web Content Accessibility Guidelines (WCAG) 2.0 and the current release of web content accessibility guidelines published by the Web Accessibility Initiative and outlined in Sec. 508 of the Rehabilitation Act of 1973 as amended January 2017). The Department will make these standards available as needed.
- m. The PHP shall follow the North Carolina Statewide Information Architecture Framework (located at <https://it.nc.gov/services/it-architecture/statewide-architecture-framework>), and any Department derivatives of these documents. The PHP shall provide documentation as requested by the Department to assess the security of the PHP's facilities and systems. The security review is part of the overall readiness and noncompliance may be subject to Contract Termination for Cause.

6. Continuous Monitoring

- a. The Contractor shall adhere to the mandate for a Continuous Monitoring Process and work with the Department to implement a risk management program that continuously monitors risk through assessments, risk analysis and data inventory. The requirements are based on NIST 800-37, Continuous Monitoring Process and originates from N.C. Gen. Stat. § 143B-1376, located online at:
http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_143B.html, which requires the North Carolina State CIO to annually assess each agency and each agency's contractors' compliance with enterprise security standards.
- b. The Contractor shall assist the Department with risk assessment and security assessment of the Contractor's critical systems and infrastructure.
 - i. The Contractor shall perform the required assessments, either through a third-party or a self-assessment, on a three-year cycle (with a third-party assessment mandated every third year).
 - ii. All findings identified in the assessment shall be provided, through DHB to the North Carolina Department of Information Technology within thirty (30) calendar days of assessment completion and a plan to remediate each finding.
- c. Assessment of agency cloud-hosted providers or off-site hosting services.
 - i. Contractors providing Infrastructure as a Service, Platform as a Service and/or Software as a Service are required to obtain approval from the Department and ensure Contractor compliance with Statewide security policies.
 - ii. The contractor will provide attestation to their compliance and an industry recognized, third party assessment report performed annually. Types of these reports include: Federal Risk and Authorization Management Program (FedRAMP) certification, SOC 2 Type II, SSA 16/18 or ISO 27001.
 - iii. Departments and their divisions/offices are required to review these reports, assess the risk of each PHP, and provide annual certification of their compliance to the State CIO.
 - iv. PHP shall cooperate with the Department in completing a data inventory of all cloud hosted services as required and performed through completion of a Privacy Threshold Analysis (PTA) documenting the data classification and data fields hosted within the cloud, offsite or vendor hosted environment. The PTA shall be reviewed and updated annually by the Parties and when changes have been made to the data being collected. The Department's PTA form is available at: <https://it.nc.gov/documents/privacy-threshold-analysis-pta-form>.

7. Secure Integration Services

- a. The PHP's systems shall be able to transmit, receive and process data in HIPAA-compliant or Department-specific formats and methods, including but not limited to Secure File Transfer Protocol (SFTP) over encrypted connections such as a SSL (Secure Sockets Layer) or SSH (Secure Shell).
- b. The Contractor shall work with the Department and Department Vendors to implement data exchanges that comply with the Department, State's security policies, as defined by the North Carolina Department of Information Technology. The State's preferred method of exchanging data with other applications in the Medicaid Enterprise System (MES) is through synchronous real-time web services and/or asynchronous queue-based messaging. High level data exchange information as provided in *Section V.K. Technical Specifications* with detailed specifications being provided upon Contract Award
- c. The Contractor shall have the ability to exchange files through secure protocols with other systems.

8. Service Organization Control (SOC) reports

All SOC 1 and SOC 2 Type II reports, and associated SOC 2 corrective action plans, must be submitted annually to the DHHS Privacy and Security Office in a format to be specified by the State.

9. North Carolina Identity (NCID) Service

Any PHP systems that are utilized by the State or by beneficiaries must externalize identity management and may be required to utilize the North Carolina Identity Service for the identity management and authentication related functions performed by PHP's applications. NCID is the State's enterprise identity management (IDM) service. The North Carolina Department of Information Technology operates it. Additional information regarding this service can be found in the DIT Service Catalog at: <http://it.nc.gov/it-services> (see Identity Management - NC Identity Management under the main menu item Application Services) and the NCID Web site at:

<https://www.ncid.its.state.nc.us/>.

The use of any other IDM service will require Department and State approval. The protocol (web services, LDAP, SAML, etc.) shall be determined by the Department and the PHP based on the implementation. In addition, the PHP may be required to implement multi factor authentication per the State specifications.

10. Security

a. State of NC Security Standards and DHHS Privacy and Security Standards

- i. PHP shall comply with all security standards including those published in the State of North Carolina Statewide Information Security Manual, the North Carolina Department of Health and Human Services Privacy and Security Office (PSO) Standards, and any federal regulations and requirements (found at <https://www2.ncdhhs.gov/info/olm/manuals/dhs/pol-80/man/>). The State of North Carolina Statewide Information Security Manual is available at the following URL: <https://it.nc.gov/statewide-information-security-policies>. The Department will work with the PHP to validate compliance with the PSO standards.
- ii. The PHP's systems and processes shall comply with all current and future federal, State, and Department requirements for privacy and security and data exchange within one hundred twenty (120) calendar days of the implementation of that standard.

b. Physical Security

- i. Each person who is an employee or agent of PHP or sub-contractor must always display an appropriate State badge and his or her company ID badge while on State premises. Upon request of Department personnel, each such employee or agent must also provide additional photo identification.
- ii. At all times at any State facility, PHP's personnel shall cooperate with State site requirements, including being prepared to be escorted, providing information for badging, and wearing the badge in a visible location.

c. State of NC Data Classification and Handling

The State of North Carolina Data Classifications as published in the North Carolina Department of Information Technology Data Classification and Handling Policy guide and the related handling procedures will apply to all data held in PHP's IT systems on behalf of the Department, and in the execution of this contract. The guide is available at the following URL: <https://files.nc.gov/ncdit/documents/files/Statewide-Data-Class-Handling.pdf>

11. Privacy and Security Incidents and Breaches

- a. Contractor shall cooperate with the Department regarding any privacy and security incident or breach.

- b. Contractor shall report all privacy and security incidents (whether confirmed or suspected) and any breaches to the Department's Privacy and Security Office Incident Website at <https://www.ncdhhs.gov/about/administrative-divisions-offices/office-privacy-security> within twenty-four (24) hours after the incident is first discovered. If a Social Security number has been compromised, the incident must be reported to the Department's privacy and Security Office within sixty (60) minutes.
- c. Contractor in coordination with the Department PSO shall also report any breaches of personal information to the North Carolina Department of Justice Consumer Protection Division as well as to the three major consumer reporting agencies. NCDOJ information is available here: <http://ncdoj.gov/Protect-Yourself/2-4-3-Protect-Your-Identity/Protect-Your-Business/Security-Breach-Information.aspx>
- d. If any applicable federal, state, or local law, regulation or rule requires the Department or the Contractor to give persons written notice of a privacy and/ or security breach arising out of the Contractor's performance under this Contract, the Contractor shall bear the cost of the notice and any other costs related to or resulting from the breach.
- e. Contractor shall notify the Department's PSO and the appropriate Contract Administrator of any contact by the federal Office for Civil Rights (OCR) received by the Contractor. This term survives termination or expiration of the Contract, as it relates to contact by OCR related to this Contract.

F. Public Records and Trade Secrets Protections

- 1. Pursuant to N.C. Gen. Stat. § 132-1, et seq., this Contract and information or documents provided to the Department under the Contract are Public Record and subject to inspection, copy and release to the public unless exempt from disclosure by statute. Any proprietary or confidential information which conforms to exclusions from public records as provided by Chapter 132 of the General Statutes must be clearly marked as such with each page containing the trade secret or confidential information identified with bold face as "**CONFIDENTIAL**." Any material labeled as confidential constitutes a representation by the Contractor that it has made a reasonable effort in good faith to determine that such material is, in fact, a trade secret under N.C. Gen. Stat. § 66-152(2). Under no circumstances shall price information be designated as confidential. Contractor is urged and cautioned to limit the marking of information as trade secret or confidential so far as is possible.
- 2. Regardless of what Contractor may label as a trade secret, the determination of whether it is or is not entitled to protection will be made in accordance with N.C. Gen. Stat. § 132-1.2 and N.C. Gen. Stat. § 66-152(2). If any challenge, legal or otherwise, is made related to the confidential nature of information redacted by the Contractor, the Department will provide reasonable notice of such action to Contractor, and Contractor shall be responsible for the cost and defense of, or objection to, release of any material. The Department is not obligated to defend any challenges as to the confidential nature of information identified by the Contractor as being trade secret, proprietary, and otherwise confidential. The Department shall have no liability to Contractor with the respect to disclosure of Contractor's confidential information ordered by a court of competent authority pursuant to N.C. Gen. Stat. § 132-9 or other applicable law.
- 3. A redacted copy of this Contract and any subsequent amendments, documents, or materials relating to or provided as part of this Contract, shall be provided to the Department within thirty (30) days of execution. Redacted copies must clearly indicate where information has been redacted. For the purposes of this Contract, redaction means to edit the document by obscuring information that is considered confidential and proprietary **and** meets the definition of Confidential Information set forth in N.C. Gen. Stat. § 132-1.2. In lieu of redacting information by obscuring, Contractor may replace the information, paragraphs or pages with the word "Redacted." By submitting a redacted copy, the

Contractor warrants that it has formed a good faith opinion, having received such necessary or proper review by counsel and other knowledgeable advisors, that the portions marked Confidential and/or Redacted meet the requirements of Chapter 132 of the General Statutes. Redacted copies provided by Contractor to the Department may be released in response to public record requests without notification to the Offeror. Information submitted by Contractor that is not marked "Confidential" or "Trade Secret" will become a public record.

IV. Minimum Qualifications

The Department has defined Minimum Qualifications that the PHP must meet to be considered and have its response evaluated as defined in *Section II.G. Evaluation Process and Contract Award. Section IV. Table 1: Minimum Qualifications* below defines the Department's Minimum Qualifications. The PHP must complete *Attachment O. 2. Minimum Qualifications Table* and provide the appropriate details to support each requirement as part of the Offeror's Proposal and Response.

Section IV. Table 1: Minimum Qualifications		
	Qualification	Requirement for Regional Contracts only or Both Regional and Statewide Contracts
1.	The Offeror, by responding to this RFP, agrees to all of the terms and conditions, including confidentiality, privacy and security protections and public records and trade secrets protections, specified herein.	Both Regional and Statewide Contracts
2.	The Offeror confirms compliance with the Conflict of Interest requirements within this RFP.	Both Regional and Statewide Contracts
3.	The Offeror confirms compliance with the Performance Bond requirements within this RFP.	Both Regional and Statewide Contracts
4.	The Offeror shall submit proof, in the form of a copy of the acknowledgement from DOI, that the Offeror submitted an Application for PHP Licensure or a LHO Request for PHP Authority to DOI.	Both Regional and Statewide Contracts
5.	The Offeror certifies the Offeror is not located outside of the United States in accordance with 42 C.F.R. § 438.602(i).	Both Regional and Statewide Contracts
6.	The Offeror confirms that for any proposals to participate in more than one Region, those Regions are contiguous. For the purposes of this Contract, contiguous is interpreted to mean each Region shares a border with at least one other Region in the Offeror's response.	Regional Contracts only

Section IV. Table 1: Minimum Qualifications		
	Qualification	Requirement for Regional Contracts only or Both Regional and Statewide Contracts
7.	The Offeror confirms that any proposals to operate in one or more Regions is for the purpose of operating across the entirety of the Regions proposed.	Regional Contracts only
8.	The Offeror shall have and maintain the majority of voting members on the governing body licensed in North Carolina as physicians, physician assistants, nurse practitioners, or psychologists and have treated beneficiaries of Medicaid Managed Care.	Regional Contracts only
9.	The Offeror shall have at least twenty-five percent (25%) of voting members on their governing body that are physicians who have received reimbursement for the treatment of at least one Medicaid Managed Care beneficiary in the previous twenty-four (24) months.	Regional Contracts only

V. Scope of Services

The *Scope of Services* is located in a separate document titled **RFP 30-190029-DHB Section V. Scope of Services.**

VI. Contract Performance

The *Contract Performance* requirements are located in a separate document titled **RFP 30-190029-DHB Section VI. Contract Performance and Section VII. Attachments A – N.**

VII. Attachments A – N

The following Attachments are located in a separate document titled **RFP 30-190029-DHB Section VI. Contract Performance and Section VII. Attachments A – N.**

Attachment A. PHP Organization Roles and Positions

Attachment B. Clinical Coverage Policy List

Attachment C. Approved Behavioral Health In Lieu of Services

Attachment D. Anticipated Contract Implementation Schedule

Attachment E. Required PHP Quality Metrics

Attachment F. North Carolina Medicaid Managed Care Network Adequacy Standards

Attachment G. Required Standard Provisions for PHP and Provider Contracts

Attachment H. Medicaid Managed Care Addendum for Indian Health Care Providers
Attachment I. Provider Appeals
Attachment J. Reporting Requirements
Attachment K. Risk Level Matrix
Attachment L. Managed Care Terminology Provided to the PHP for Use with Members Pursuant to 42 C.F.R. § 438.10
Attachment M. 1. North Carolina Medicaid Managed Care Enrollment Policy
Attachment M. 2. Advanced Medicaid Home Program Policy
Attachment M. 3. Pregnancy Management Program Policy
Attachment M. 4. Care Management for High-Risk Pregnancy Policy
Attachment M. 5. Care Management for At-Risk Children Policy
Attachment M. 6. Uniform Credentialing and Re-credentialing Policy
Attachment M. 7. Management of Inborn Errors of Metabolism Policy
Attachment M. 8. Behavioral Health Service Definition Policy
Attachment N. Business Continuity Management Plan

VIII. Attachment O. Offeror's Proposal and Response

The following Attachments are located in a separate document titled **RFP 30-190029-DHB Section VIII.** **Attachment O. Offeror's Proposal and Response.** This includes the following sub attachments that are part of the Offeror's Proposal and Response.

Attachment O. 1. Offeror's Proposal and Response: Instructions
Attachment O. 2. Offeror's Proposal and Response: Minimum Qualifications Table
Attachment O.3. Offeror's Proposal and Response: Offeror Response
Attachment O. 4. Offeror's Proposal and Response: Use Care Scenarios
Attachment O. 5. Offeror's Proposal and Response: Offeror's Client References
Attachment O. 6. Offeror's Proposal and Response: PHP Key Personnel
Attachment O. 7. Offeror's Proposal and Response: Contractor's Contract Administrators
Attachment O. 8. Offeror's Proposal and Response: Certification of Financial Condition
Attachment O. 9. Offeror's Proposal and Response: Disclosure of Litigation and Criminal Conviction
Attachment O. 10. Offeror's Proposal and Response: Disclosure of Conflicts of Interest
Attachment O.11. Offeror's Proposal and Response: Disclosure of Ownership Interest
Attachment O. 12. Offeror's Proposal and Response: Subcontractor Identification
Attachment O. 13. Offeror's Proposal and Response: Business Associate Agreement
Attachment O. 14. Offeror's Proposal and Response: Location of Workers Utilized by the Contractor

Attachment O. 15. Offeror's Proposal and Response: State Certifications – Required by North Carolina Law

Attachment O. 16. Offeror's Proposal and Response: Federal Certifications

Attachment O. 17. Offeror's Proposal and Response: Request for Proposed Modifications to the Terms and Conditions

IX. Draft Rate Book

The Draft Rate Book is located in a separate document titled ***RFP 30-190029-DHB Section IX. Draft Rate Book.***