

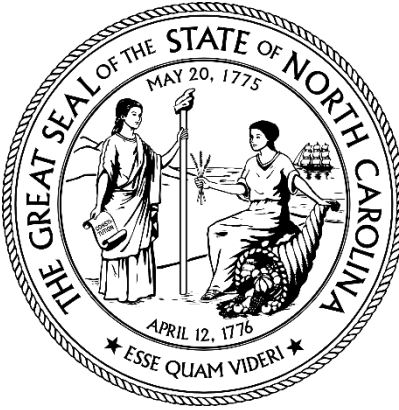
STATE OF NORTH CAROLINA

Department of Health and Human Services

Department of Health Benefits

Request for Proposal #30-2024-023-DHB

Medicaid Audit Services



STATE OF NORTH CAROLINA

Request for Proposal

#30-2024-023-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 NCGS 132-1.10(b) this identification number shall not be released to the public. **This page will be redacted** 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:

Amanda Valentine
Contract Development Specialist
Medicaid.Procurement@dhhs.nc.gov
[919-527-7219](tel:919-527-7219)

Request for Proposal: # 30-2024-023-DHB

Date RFP Issued/Posted: October 3, 2024

Date RFP Submissions due to the Department: November 6, 2024
by 2:00 p.m. EST

Proposals will be opened: November 7, 2024 at 11:00 a.m. EST

Contract Type: Open Market

Commodity Number: 8510

Description: Medicaid Audit Services

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

Requisition No.: N/A

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 services proposed, at the cost proposed and within the time specified herein. By executing this proposal, the Offeror confirms it has read, understands, and will comply with all specifications and requirements in the RFP and any addenda in the event of contract award. By executing this proposal, the undersigned Offeror certifies that this proposal is submitted competitively and without collusion (NCGS § 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 (NCGS § 143-59.2), and that it is not an ineligible Contractor as set forth in NCGS § 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 NCGS § 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. NCGS § 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 submission 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 their 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_____, by

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

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I. INTRODUCTION

A. Intent

The North Carolina Department of Health and Human Services (“DHHS”, “NCDHHS” or “Department”), Division of Health Benefits (“DHB”) seeks to procure an experienced and qualified partner to provide the Medicaid Audit and Analysis Services as defined herein. The selected Offeror shall be responsible for services in four (4) work areas to audit Medicaid cost reports and support the maintenance of hospital and non-hospital rates as further detailed in *Section V. Scope of Services and Performance Requirements*.

B. Background and Program Information

The Department works closely with beneficiaries, health care professionals, community leaders and advocacy groups; local, state and federal entities; and other community partners vested to improve the health and safety of all North Carolinians by providing essential human services. NCDHHS is one of the largest, most complex agencies in the state, with about 17,000 employees.

DHB is committed to advancing innovative solutions that improve health, promote well-being and foster independence for all North Carolinians. DHB manages and oversees North Carolina Medicaid and other programs that provide access to services and supports for parents, children, seniors, people with intellectual / developmental disabilities and behavioral health, substance use and traumatic brain injury disorders. With a budget over \$21 billion in state and federal funds per fiscal year, DHB ensures that more than 96,000 enrolled providers are reimbursed for delivering covered services to 2.9 million beneficiaries.

Providers that support the Medicaid program are reimbursed for services based on the methodologies outlined in this RFP. The Department has defined the need for four (4) work areas of required Medicaid Audit and Analysis services as summarized below and throughout this RFP:

1. Work Area 1: Conduct Field Audits and/or Desk Reviews of Selected Medicaid Services and Conduct Other Non-Hospital Rate and Cost Report Data Analyses

Audited North Carolina Medicaid cost reports are necessary and utilized for several purposes, one of which is to establish state-wide base year rates for direct and indirect costs for Skilled Nursing Facilities (SNFs). The North Carolina State Plan, Attachment 4.19-D, Section .0102(a) requires a minimum of fifty (50) field audits to establish a base year. The Department selects the facilities for audit each year using a risk-based approach. Additionally, North Carolina Medicaid reimbursement is a dynamic environment, frequently responding to proposed legislative changes in reimbursement that require cost analysis of select provider types on an Ad Hoc basis.

2. Work Area 2: Calculate Diagnosis-Related Group (DRG) Base Rates and Recalibrate DRG Relative Weights, and Conduct Other Inpatient and Outpatient Rate and Cost Report Data Analyses

North Carolina and its contracted managed care entities use Diagnosis Related Grouper pricing methodology to establish and recalibrate annual DRG base rates for hospitals. The Department requires an annual recalibration of the relative weights to properly align with the grouper logic each October 1st.

3. Work Area 3: Perform Certified Independent Audit of State Medicaid DSH Program (pursuant to 42 C.F.R. §455 Subpart D)

CMS requires an independent audit of each State's Disproportionate Share Hospital (DSH) Program and for that report and supporting documentation to be completed each calendar year and submitted to CMS no later than December 31st each year.

4. Work Area 4: Annual Development of Existing Hospital Supplemental Payment Model

North Carolina has developed unique supplemental payment reimbursement methodologies to providers with emphasis on hospital reimbursement. These methodologies require annual updates to data input and calculations assuring accuracy and quality in compliance with federal regulations regarding DSH and Upper Payment Limit demonstrations required by CMS for Fee-for-Service payments.

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 document in its entirety, review all attachments, tables, charts, exhibits, diagrams, and appendices, and comply with all instructions.
2. **Execution of Proposal:** Failure to sign the **Execution Page** in the indicated space and return all attachments, tables, charts, exhibits, diagrams, and appendices completed and signed where required, may render the proposal non-responsive, and the proposal 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 Contract *Section III.D.21. ENTIRE AGREEMENT AND ORDER OF PRECEDENCE* for more information and the order of precedence of the contract documents. See *Section II.C. 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 one or more Offerors to establish a contract that is in the best interest of the Department. Negotiations are specific to each Offer and shall be conducted to maximize the State's ability to obtain the most advantageous offer based on the evaluation factors set forth in the RFP.

Such negotiations are at the Department's sole discretion and may result in modifications to the RFP and/or Offeror's proposal/ response to the RFP.

5. **Events and Deadlines:**

- a. Pre-proposal Conference will be hosted by the Department on **October 10, 2024, at 2:00 p.m. EST**. See *Section II.D.2. Pre-Proposal Conference* for details and instructions.
- b. **Questions** concerning this RFP must be submitted in writing by **October 17, 2024, at 2:00 p.m. EST**. See *Section II.D.3. Questions Concerning this Request for Proposal* for details and instructions.
- c. **Submission of Proposals** will be accepted until **November 6, 2024, at 2:00 p.m. EST**. See *Section II.E. Submission of Proposal and Offeror's Response* for details and instructions.

B. **General Procurement Information and Instructions**

1. **INFORMATION AND DESCRIPTIVE LITERATURE:** The Offeror shall furnish all information requested as part of this RFP. Each Offeror shall submit detailed information with their proposal (e.g., narratives, diagrams, exhibits, examples, sketches, descriptive literature, complete specifications) 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 NCGS § 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, including but not limited to policy papers or any written or verbal statements whatsoever made outside of this RFP and any formal Addenda issued herewith. 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 related to proposal preparation and submission, or protest of 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 Offeror's proposal. This information must be included in the Offeror's proposal/ 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 to determine 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 sought by the Department; and
 - ii. Provide the requirements and terms and conditions 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 and Terms and Conditions

- a. It is the Offeror's responsibility to read all 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 II.D.3. Questions Concerning this Request for Proposal*. If the Department determines that any changes will be made because of the questions asked, then such decisions will be communicated in the form of an Addendum posted on the North Carolina electronic Contractor Portal (NC eVP). 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.3. Proposed Modifications to Terms and Conditions*, the Department rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Offeror'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, 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.D.-F.* of this RFP, those must be submitted in *Section VII. Attachment J: Offeror 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 or other document issued by the Department as described in this RFP, and that oral or emailed communications from whatever source(s) are of no effect.

- b. The Department reserves the right to modify any requirement or specification contained herein without modifying the timelines in this RFP. Any modification will be specified in an Addendum which shall be posted on the North Carolina electronic Contractor Portal (eVP) prior to the opening of proposals or through Negotiation after the opening of proposals.

5. Rights Reserved

- a. The Offeror is made aware, pursuant to 01 NCAC 05B .0501, that in soliciting offers, any or all offers received may be rejected. The basis for rejection may include, but is not limited to the following:
 - i. The offer is deemed unsatisfactory as to quantity, quality, delivery, price or service offered;
 - ii. The offer fails to comply with conditions of the solicitation document or with the intent of the proposed contract;
 - iii. The Department determines there is a lack of competition;
 - iv. Error(s) in specifications or indication that revision(s) would be to the State's advantage;
 - v. Cancellation of or changes in the intended project or other determination that the proposed requirement is no longer needed;
 - vi. Limitation or lack of available funds;
 - vii. Circumstances which prevent determination of the most advantageous offer and selection in accordance with NCGS § 143-135.9; or
 - viii. Any determination that rejection would be to the best interest of the State.
- b. If all offers are rejected, the solicitation may be cancelled in its entirety, or the Department may negotiate with one or more sources of supply that may be capable of satisfying the requirements.
- c. 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.
- d. The Department may also:
 - i. Modify provisions of this RFP in response to changes in law or as required by CMS;
 - ii. Waive any formality or informality;
 - iii. Waive a specification or requirement of the RFP if it is in the best interest of the Department;
 - iv. Waive any undesirable, inconsequential, or inconsistent provisions of this RFP;
 - v. Negotiate directly with one or more Offerors, to achieve a contract that is in the best interest of the Department, if the responses to this solicitation demonstrate a lack of competition, or offers are found non-responsive; and/or
 - vi. Cancel this RFP at any time. Notice of Cancellation will be posted on the North Carolina electronic Contractor Portal (eVP) website.
- e. In the event all proposals are rejected, and the Department enters into negotiation, pursuant to 01 NCAC 05B .0503, the Department reserves the right to award a contract

to the Offeror or Offerors, which, in its opinion, has (have) made the best proposal through the negotiation process.

D. Schedule and Important Events

1. The Department will make every effort to adhere to the schedule detailed below *in Section II. Table 1: RFP Schedule*. The Department reserves the right to adjust the schedule and will post an Addendum on the North Carolina electronic Contractor Portal (eVP) for any schedule changes occurring prior to the opening of proposals.

Section II. Table 1: RFP Schedule

Activity	Responsible Party	Due Date
Issue Request for Proposal	Department	October 3, 2024
Pre-proposal Conference	Department	October 10, 2024
Deadline to Submit Written Questions	Offeror	October 17, 2024, at 2:00 p.m. EST
Issue Addendum with Responses to Questions	Department	October 29, 2024
Deadline to Submit Proposals	Offeror	November 6, 2024, at 2:00 p.m. EST
Opening of Proposals	Department	November 7, 2024, at 2:00 p.m. EST
Conduct Evaluation of Proposals	Department	November 8, 2024 – January 9, 2025
Contract Award	Department	January 10, 2025

2. Pre-proposal Conference

- a. The Department will hold a Pre-proposal Video Conference on **October 10, 2024, from 2:00 p.m. to 3:00 p.m. EST via Microsoft (MS) Teams. No purchase is required to use the MS Teams app.**
- b. The purpose of the conference is to allow the Department to review key priorities and objectives of the RFP and to review the submission requirements and instructions.
- c. While attendees may ask questions at the Pre-proposal Conference, the Department is not required to respond during the conference. The Department will respond to written questions per the process described in this RFP.
- d. Potential Offerors are not required to attend the Pre-proposal Conference in order to submit responses to this RFP; however, they are **urged** and **cautioned** to attend the Pre-proposal Conference to apprise themselves of the conditions and requirements of the submission.

- e. To ensure receipt of the video conference invite and instructions for participation, interested parties are required to pre-register for the conference by sending an email to Medicaid.Procurement@dhhs.nc.gov stating the name of the potential Offeror, the names and email addresses of representatives who will attend, the current title or role of each representative, and requests for a sign language interpreter or other accommodations. Interested parties must pre-register at this email address no later than **10:00 a.m. EST on October 8, 2024**.
- f. The Department reserves the right to limit the number of representatives attending on behalf of each contractor or organization to ensure adherence to videoconference capacity limits.
- g. Audio and video recording will not be permitted. Statements and materials discussed at the conference are informational only, are not binding upon the Department and do not replace reading, reviewing and complying with this RFP.
- h. Attendees will be required to announce their name or otherwise confirm their presence via a roll call during the video conference.

3. Questions Concerning this Request for Proposal

- a. Written questions concerning this RFP will be received until **October 17, 2024, at 2:00 p.m. EST**.
- b. Questions must be sent via email to Medicaid.Procurement@dhhs.nc.gov and include ***“Questions Regarding Medicaid Audit Services RFP #30-2024-023-DHB”*** as the subject of the email. The questions should be submitted in the format below.

RFP Section	RFP Page Number	Offeror Question
Example: V.B.1.a.		

- c. The Department will prepare responses to all written questions submitted by the stated deadline and post an addendum to North Carolina electronic Contractor Portal (eVP). The Offeror is cautioned that contacting anyone other than the individual noted on the Execution Page of this RFP may be grounds for rejection of said Offeror’s response.

4. Opening of Proposals

- a. The opening of proposals will be conducted by the Department on **November 7, 2024, at 2:00 p.m. EST**. The opening will be a virtual event conducted on Microsoft Teams. This is a one-step process.
- b. Offerors are not required to attend the Proposal Opening.
- c. To facilitate the virtual opening, any Offeror or individual wishing to attend the Proposal Opening must pre-register by sending an email to Medicaid.Procurement@dhhs.nc.gov stating the name of the Offeror, if applicable, the names and email addresses of each person to attend, the current role or title of each person, and any requests for a sign language interpreter or other accommodations. Offerors or individuals should pre-register at this email address no later than **November 5, 2024, at 10:00 a.m. EST**, to ensure availability of sign language interpreter or other accommodations and timely receipt of the Microsoft Teams link.

- d. Audio and video recording will not be permitted. Statements and materials made at Proposal Opening are not binding upon the Department and do not replace compliance with this RFP.
- e. During the Proposal Opening, the Department will:
 - i. Confirm attendance, request introductions and document information for attendees and their represented entity;
 - ii. Open each proposal submission and document the offeror's name, the number of boxes/ packets opened; and
 - iii. Announce the name of each Offeror.
- f. The Department will post a tabulation on North Carolina electronic Contractor Portal (eVP) following the Proposal Opening. The Tabulation will include the name of each Offeror for which a proposal was opened. The Department will not post information regarding Offerors' cost proposals.

E. Submission of Proposal and Offeror's Response

1. Consideration

- a. The Offeror must meet all the minimum qualifications of this RFP, as provided 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 and all of the requirements in this RFP and must provide a detailed description to demonstrate its ability to completely fulfill each requirement and service.
- d. The Department will accept digital electronic signatures.

2. Responses to RFP Requirements and Scope of Services

- a. The Offeror must complete and return all documents and attachments required in this 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 detailed narrative descriptions 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, checking a box to confirm adherence/agreement or inserting the word CONFIRM adherence/agreement in its proposal.
- d. The Offeror must describe any limitations, qualifications or contingences 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.
- f. The Offeror should exercise due diligence to ensure their response is consistent with all instructions, clearly written and addresses all requirements and questions of the RFP.
- g. By submitting its response to this solicitation, Offeror represents and warrants that it has carefully reviewed, understands, and intentionally submits each section of Offeror's response. In the event Offeror had assistance developing and drafting its response to this RFP, including but not limited to, assistance from outside resources, computer programs, RFP automation technology or artificial intelligence (AI), Offeror warrants and represents that it has carefully reviewed, understands, and intentionally submits all portions of its response drafted by or with such assistance. The Department is not responsible for, nor is it required to excuse or consider for relief to the Offeror, any omissions or errors in Offeror's response that result for any reason.

3. Required Proposal Documents

To demonstrate the Offeror is qualified to meet the ongoing demands of the Department and comply with federal and state requirements, the Offeror is required to return **all** the following documents, completed and signed where indicated and **in the order listed**, with their RFP response, the entirety of which shall be called the ***Medicaid Audit Services Proposal***.

- a. Offeror's **Technical Proposal Response** must include the following:
 - i. RFP Cover Page with Title and RFP Number;
 - ii. **Completed** Offeror Name and Tax ID Number page;
 - iii. **Completed** and **signed** Execution Page;
 - iv. The entire body of this RFP, excluding attachments;
 - v. Each addendum released in conjunction with the RFP, including all pages of the addendum and the **signed** execution of the addendum page;
 - vi. **Completed** *Attachment A: Minimum Qualifications Response*; to address minimum qualifications within this RFP;
 - vii. **Completed** *Attachment B: Offeror's Response to Technical Evaluation Questions* to address technical requirements and specifications identified within this RFP;
 - viii. **Completed** *Attachment D: Contract Administrators*;
 - ix. **Completed** and **signed** *Attachment E: Certification of Financial Condition and Legal Action Summary*;
 - x. **Completed** and **signed** *Attachment F: State Certifications*;
 - xi. **Completed** and **signed** *Attachment G: Federal Certifications and Disclosures*;
 - xii. **Completed** *Attachment H: Disclosure of Litigation and Criminal Convictions*;
 - xiii. **Completed** and **signed** *Attachment I: Location of Workers Utilized by Contractor*;
 - xiv. **Completed** *Attachment J: Offeror Request for Proposed Modifications to the Terms and Conditions*;

- xv. **Completed** and **signed** Attachment K: Business Associate Agreement;
- xvi. **Completed** Attachment L: Subcontractor Identification Form;
- xvii. **Completed** Attachment M: Historically Underutilized Owned Businesses;
- xviii. **Completed** Attachment N: Legal Grounds for Marking Information Confidential;
- xix. Attachment O: Evaluation Methodology;
- xx. Attachment P: Management Representation Letter Statement
- xxi. Attachment Q: Sample Monthly Audit Status Report
- xxii. Attachment R: Payment and Invoicing

- b. Offeror's **Cost Proposal Response** must include **Completed** and **signed** Section VII. Attachment C: Cost Proposal
- c. Except for Addenda issued in conjunction with this RFP, **Offerors must request MS Word and Excel versions of documents, templates (e.g. System Security Plan template) and attachments required to be completed for proposal submission from Medicaid.Procurement@dhhs.nc.gov**. Offerors should obtain any addenda from the North Carolina electronic Contractor Portal (eVP) website.

4. Proposal Submission and Number of Copies

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

i. Hard Copies:

- 1) **Original and Extra Copies.** Offeror shall submit the following number of original responses and complete copies of the original response:
 - a) One (1) signed, original executed response of Offeror's **Technical Proposal Response** outlined in *Section II.E.3*;
 - b) Five (5) copies of the signed, originally executed response of **Technical Proposal Response**;
 - c) One (1) signed, original executed response of Offeror's **Cost Proposal Response** outlined in *Section II.E.3*; and
 - d) Five (5) copies of the signed, originally executed **Cost Proposal Response**.
- 2) **Marked Originals.** Offeror shall mark the original versions of the signed, originally executed **Technical Proposal Response** and the **Cost Proposal Response**, so the Department can easily identify and differentiate the originals from the extra copies.
- 3) **Separate Submission of Technical and Cost Proposals.** Offeror shall submit the Technical Proposal Response and the Cost Proposal Response separately, meaning the Technical and Cost proposals should not be included in the same notebook or boxes. Although the Technical and Cost proposals are to be

submitted separately, there will be a one-step process for the opening of proposals.

ii. Electronic/Soft Copies:

- 1) One (1) copy of the signed, originally executed **Technical Proposal Response** outlined in *Section II.E.3. on a separate flash drive marked RFP #30-2024-023-DHB – Offeror’s Name – Technical Proposal.*

Each document, or group of documents, specified in *Section II.E.3., items i.-xxii.* should be provided as separate PDF files and named accordingly.

- 2) One (1) copy of the signed, originally executed **Cost Proposal Response** outlined in *Section II.E.3. on a separate flash drive marked RFP #30-2024-023-DHB – Offeror’s Name – Cost Proposal.*

Offeror should provide both a separate PDF file and Microsoft Excel file of its Cost Proposal.

- 3) One (1) copy of the signed, originally executed **Technical Proposal Response** redacted in accordance with NCGS § 132, the Public Records Act, *on a separate flash drive marked RFP #30-2024-023-DHB – Offeror’s Name – Technical Proposal-REDACTED.*

- 4) One (1) copy of the signed, originally executed **Cost Proposal Response** redacted in accordance with NCGS § 132, the Public Records Act, *on a separate flash drive marked #30-2024-023-DHB – Offeror’s Name – Cost Proposal-REDACTED.*

- 5) 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 that meets the definition of Confidential Information set forth in NCGS § 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 on the flash drive(s) that would otherwise contain the redacted copy of the proposal.

- 6) For clarity, there should be a total of four (4) flash drives submitted to be compliant with this section.

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

- 8) **Each document, or group of documents, specified in Section II.E.3.a. and b. should be provided as separate PDF files and named accordingly.**

c. Delivery of Responses

i. Hand Delivery

Offeror or Offeror’s representative may hand deliver responses to this RFP to **1010 Smithwick Drive, McBryde Building, Raleigh, NC 27603** as follows:

- 1) The Department will accept hand delivery of Proposals by appointment only. The Department will provide a list of available dates and times in a future addendum.

- 2) Appointments must be scheduled by emailing the Department at Medicaid.Procurement@dhhs.nc.gov no sooner than seven (7) State Business Days prior to the scheduled opening. The email subject line should read, ***"Schedule Delivery of RFP #30-2024-023-DHB Medicaid Audit Services."*** In the body of the email, indicate a first, second and third preference for the appointment date and time. The Department will make every effort to accommodate Offeror's preference.
- 3) The Department will notify the Offeror of the date and time scheduled, and email an appointment invite with additional directions for locating the correct building entrance and contact information for the day of the delivery.
- 4) The Offeror should limit the number of persons to only those necessary to support delivery of its proposal and copies. The Offeror is required to adhere to safety protocols in place at the time of delivery. The Department will provide Offeror the requirements of any protocols in advance and other instructions in the delivery appointment and directions email.

ii. Delivery by Any Manner Other Than Hand Delivery

- 1) If Offeror is planning to deliver its response in any manner other than making an appointment for hand delivery (i.e., US postal service or commercial carrier), the Offeror should coordinate the date of delivery with Contract Management and Procurement Unit at Medicaid.Procurement@dhhs.nc.gov and plan accordingly to ensure timely receipt prior to the Proposal Opening.
- 2) Offeror's sealed response should be addressed and delivered as provided below:

OFFICE ADDRESS FOR DELIVERY BY UNITED STATES POSTAL SERVICE (USPS)
DHB Contract Management and Procurement Unit 2501 Mail Service Center Raleigh, NC 27699-2501 Attn: Amanda Valentine, Contract Specialist PROPOSAL NUMBER: 30-2024-023-DHB
OFFICE ADDRESS FOR DELIVERY BY ANY SPECIAL DELIVERY, OVERNIGHT DELIVERY, OR OTHER CARRIER
PROPOSAL NUMBER: 30-2024-023-DHB Attn: Amanda Valentine, Contract Development Specialist DHB Contract Management and Procurement Unit 1010 Middleton Drive McBryde Building, Room 106 Raleigh, NC 27603

- 3) **IMPORTANT NOTE: This is an absolute requirement.** Late proposals, regardless of cause, will not be opened or considered, and will be automatically disqualified from further consideration. Offerors shall bear the sole risk of late submission due to unintended or unanticipated delay. **It is the Offeror's sole responsibility to ensure its proposal has been received as described in this RFP by the specified time and date of opening.** Failure to submit a proposal in strict accordance with instructions provided shall constitute sufficient cause to reject an Offeror's proposal(s). Solicitation responses are subject to Sealed Bidding requirements.
- 4) 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 Specialist named in *Section II.E.4.c.ii.2)* 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.

5. **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 .0103, 09 NCAC 06B .0103 and 09 NCAC 06B .0302, all information and documentation whether electronic, written or verbal 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 NCGS § 132, must be clearly marked as such with each page containing the trade secret or confidential information identified in boldface as "CONFIDENTIAL." If only a portion of each page marked "CONFIDENTIAL" contains trade secret information, the trade secret information shall be designated with a contrasting color or by a box around such information. In addition to marking confidential information as required by NCAC 05B.0103, confidential pages or portions of the proposal shall be reflected in the redacted copy submitted as instructed in *Section II.E.4. 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 **Redacted** meet the requirements of NCGS § 132. **The Offeror must identify the legal grounds for asserting that the information is confidential, including the citation to state law, by completing *Section VII. Attachment N: Legal Grounds for Marking Information Confidential* to this RFP. However, under no circumstances shall price information be designated confidential.****

2. Except as otherwise provided above, pursuant to NCGS § 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, NCGS § 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 to 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, subcontractors, and suppliers or other pilot partners or affiliates) 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 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 until the date of the 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 NCGS § 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 will provide reasonable notice to 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 NCGS § 132-9 or other applicable law.

G. Evaluation Process and Contract Award

The Evaluation process will commence soon after responses are unsealed as defined in this RFP. The Department will evaluate each Offeror's proposal in accordance with the method, process, and scoring/weighting criteria stated herein as further described in *Section VII. Attachment O: Evaluation Methodology*.

1. Evaluation Committee and Method

- a. An Evaluation Committee (Committee) will be established to review each Offeror's proposal and make award recommendations. The Department may designate other individuals or subject matter experts, including individuals from outside the Department, to assist in the evaluation process. The Department reserves the right to alter the composition of the Committee or designate other staff or contractors to assist in the process.
- b. The Committee will review and evaluate all responsive and qualified proposals received by the deadlines specified in this RFP. The Committee will be responsible for the entire evaluation process, including any clarifications, negotiations, and BAFOs.
- c. The Committee's evaluation determinations and recommendations will be by consensus.

2. Investigation, Validation, and Inspection

- a. The Department may make such reasonable investigations or reviews to validate Offeror's proposal or determine the ability and readiness of the Offeror to perform the services under this RFP. The Offeror shall furnish to the Department all such information and data within requested timeframes to complete investigations, reviews, or validations under this section.
- b. 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 or performance. Department's investigation or inspection of Offeror's ability and physical facilities includes any entity or site used in the performance of any obligation under the Contract.
- c. The Department further reserves the right to reject any offer if the evidence submitted by, or investigations, reviews or validations of, the Offeror and its proposal fail to satisfy the Department that the Offeror is properly qualified to carry out the obligations of the Contract and to provide the required services.
- d. The Department may request to review any policy, procedure, process, script, manual or other material used to fulfill a Scope of Services requirement and require changes as a condition of participation under the Contract.
- e. Nothing in this section is intended to limit or conflict with the **ACCESS TO PERSONS AND RECORDS** clause.

3. **Evaluation Process:** The following descriptions are to provide general information about the Department's evaluation process. The Department reserves the right to modify the evaluation process, including the order or content of the following evaluation process components:

- a. The Committee will review each Offeror's proposal to validate 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 any part of the evaluation process.
 - b. 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 may be excluded from further consideration and evaluation. Exclusion from further consideration may occur upon the Department's initial review or at any time during the evaluation process upon Department's determination that the Offeror fails to meet the Minimum Qualifications.
 - c. The Committee will review and evaluate the Offeror's Medicaid Audit Services Proposal relative to the evaluation criteria specified in the RFP and *Section VII. Attachment O: Evaluation Methodology*.
 - d. The Committee will make a recommendation to award to the Offeror meeting the RFP requirements and whose offer is determined to be most advantageous in accordance with NCGS § 143-135.9 to the Department, based on the criteria described in the RFP, and the Committee's ranking of proposals and the basis and reasons for the selection decision. Upon approval of the recommendation by the Department, the notice of award will be issued with the Department executing a Contract with the successful Offeror.
- 4. Clarifications, Negotiations, and BAFOs**
- a. 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, Clarifications are at the discretion of the Department, and Offerors should exercise due diligence to ensure its response is clear and addresses all the requirements and specifications of the RFP. Pursuant to 01 NCAC 05A .0112, Clarification means communications between the State and an Offeror that may occur after receipt of Offeror's proposal made for the purpose of eliminating irregularities, informalities, or apparent clerical mistakes in an Offer. A Clarification may also be used in order for the State to interpret an Offer or Offers or to facilitate the State's evaluation of all Offers. A Clarification shall not be used to cure material deficiencies in an Offer, alter the scope of an Offer, or to negotiate. The Department may refuse to accept or consider, in whole or in part, the response to a Clarification provided by an Offeror.
 - b. The Department reserves the right to enter into negotiations with one or more Offerors to establish a contract that is in the best interest of the Department. Such negotiations may result in modifications to the RFP and/or Offeror's proposal/response.
 - c. The Department may issue a BAFO request to any Offeror(s), requesting one or more Offerors change its (their) initial offer(s).
- 5. In-Person or Oral Presentations**
- The Department reserves the right to request in-person or oral presentations from any Offeror as part the Committee's evaluation of proposals. In-person presentations shall be

conducted in Raleigh, NC at a site chosen by the Department or held virtually by video conference. Oral presentations may be conducted by conference call. The presentations will address specific topics provided in advance to the Offeror. However, the Department *is not required* to request in-person or oral presentations from any or all Offerors and may limit any presentations only to those Offerors which are deemed competitive. Additional details regarding the scheduling of any in-person or oral presentations will be provided to selected Offerors by the Department upon determination that such presentation is needed. The Offeror is solely responsible for any costs associated with making in-person or oral presentations, including but not limited to travel and the preparation of additional materials.

6. Quality Review

The Department reserves the right to conduct a quality review of the RFP evaluation. Any changes to evaluation documentation, ratings, determinations or recommendations or other records of the Evaluation Committee as a result of the quality review will be made by consensus of the Committee.

7. Rescission

The Department may, at its discretion, allow an Offeror to rescind certain statements in the Offeror's Proposal. Such rescissions will be handled and documented as Clarifications; however, the Department *is not required* to allow statement rescissions from any Offeror.

8. Evaluation Criteria, Determination of Ratings and Award Recommendation

- a. The Department will evaluate the Offeror's response for completeness and responsiveness to determine if it complies with the instructions specified in the RFP.
- b. The Department will review the Offeror's response to determine if it meets the Minimum Qualifications specified in the RFP.
- c. The Department will evaluate the Offeror's response based on the evaluation criteria specified below, and the corresponding ratings specified in *Section VII. Attachment O: Evaluation Methodology*.
- d. The evaluation criteria are listed in *Section II. Table 3* in descending order of importance with no specific percentage or weight assigned:

Section II. Table 3

Criteria	Description
1. Medicaid Audit Work Area Service Delivery	Ability to meet contract requirements related to service delivery, including completion of Field Audits, calculation of hospital specific rates, recalibration of DRG Relative Weights, conducting the annual independent certified DSH audit, providing necessary training to hospitals, and the annual development of the DSH and Hospital UPL payment models.
2. Program Administration	Ability to meet contract requirements related to program administration, including implementation, performance standards and reporting; organizational,

	operational, technical, staffing and administrative infrastructure; following due process/mediation and appeals procedures; business continuity and disaster recovery; and maintain confidentiality, privacy and security protections.
3. Qualifications and Experience	Ability to leverage prior experience and staffing necessary to meet contract requirements and program objectives; demonstrated successful past performance with similar services; and commitment to developing and retaining a diverse workforce, ensuring an inclusive and equitable workplace and the use of Historically Underutilized Businesses (HUBs).
4. Cost Proposal	Total Cost of implementing and performing services.

- e. This is a Best Value procurement where the selection of a contractor will be based on a determination of which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor in accordance with NCGS § 143-135.9. A trade-off/ranking method of source selection, taking into account the Evaluation Committee's ratings and determinations with respect to all the evaluation criteria, will be used to allow the State to award a contract to the Offeror providing the most advantageous offer to the Department. Under the trade-off/ranking method, selecting the most advantageous offer may result in award other than to the lowest priced Offeror or to the most technically qualified Offeror. By using this method, the overall ranking of an Offeror may be adjusted up or down when price is considered with or traded-off against non-price factors. The Department will use a narrative of relative strengths and weaknesses to support this ranking. See *Section VII. Attachment O: Evaluation Methodology*.
- f. An Offeror will be recommended for contract award if the Evaluation Committee determines, based on its review of the proposal, evaluation criteria and consensus ratings, that:
 - i. The Proposal is responsive to the contract requirements;
 - ii. The Offeror can demonstrate responsibility and adherence to the requirements and specifications of the RFP and will be able to perform the functions under the Contracts; and
 - iii. The Proposal is the most advantageous offer to the Department considering the evaluation criteria, including technical and cost factors, in accordance with NCGS § 143-135.9.

9. 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 a Contract. The Offeror whose proposal is determined most advantageous to the Department will be recommended

for award. 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) State Business Days after notification of award, the Offeror must register in North Carolina electronic Contractor Portal (eVP) at <https://evp.nc.gov> and submit the W-9 following the directions provided in this RFP. Failure to timely register with eVP and a correct W-9 will result in payment delays.

10. Protest Procedures:

- a. If an Offeror wishes to protest any Contract awarded as a result of this solicitation, the Offeror shall submit a written request (protest letter) for a protest meeting to the Department head or designee to Medicaid.Procurement@dhhs.nc.gov and include **PROTEST RFP #30-2024-023-DHB Medicaid Audit Services** in the subject line. The protest letter must be emailed and received at the specified email address no later than **5:00 p.m. EST on the fifteenth (15th) Calendar Day following the Contract award**. The Department is not responsible for delays in the sending or receiving of emails containing a protest letter.
- b. Protest letters shall contain specific grounds and reasons for the protest and any supporting documentation regarding why there is a concern with the award. If the request does not contain this information or the Department head or designee determines that a meeting would serve no purpose, then the Department head, within ten (10) Calendar Days from the date of receipt may respond in writing to the Offer and refuse the protest meeting request. **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 at <https://evp.nc.gov>. If the protest letter contains or points to anything deemed or marked confidential and/or proprietary, Offeror must include a redacted copy of the protest letter in accordance with *Section II.F. Confidentiality and Prohibited Communications During the Evaluation Process* of this RFP.
- c. If the protest meeting is granted, the Department head or designee shall schedule the meeting within thirty (30) Calendar Days after receipt of the letter, unless a later date is accepted by the protesting party and the Department. The Department shall provide written notice of the date and time of the protest meeting to any awarded Offeror, along with a copy of the protest documents submitted by the protester. The awarded Offeror may attend the protest meeting and provide a response to the protest allegations but is not required to do so. If the awarded Offeror submits a response in writing, it shall be provided to the protester by the Department before the protest meeting. Each party will be given a set period of time in which to present their side. The protester and winning Offeror (if attending) may be represented by legal counsel of their own choosing and at their own expense. Within ten (10) Calendar Days from the date of the protest meeting, the Department head shall respond to the protesting Offeror in writing with a final Department decision.
- d. If a protest is determined by the Department to be valid, the following outcomes may occur:

- i. The award and issued purchase order shall be canceled and the solicitation for offers to contract is not re-bid;
 - ii. The award and issued purchase order shall be canceled and the solicitation for offers to contract is re-bid; or
 - iii. The award and issued purchase order shall be canceled and the Contract shall be awarded to the next lowest priced, technically competent, qualified Offeror, if that Offeror agrees to still honor its submitted bid.
- e. If the Offeror desires further administrative review after receiving a decision under paragraphs a-c, the protesting party may, within sixty (60) Calendar Days from the date such decision is received, file a contested case petition with the Office of Administrative Hearings (OAH) in accordance with NCGS §150B-23.

III. DEFINITIONS, CONTRACT TERM, GENERAL TERMS AND CONDITIONS, OTHER PROVISIONS & PROTECTIONS

A. Definitions

1. **Appeal:** Has the same meaning as Appeal defined in 42 C.F.R. § 438.400(b).
2. **Behavioral Health Intellectual/Developmental Disability Tailored Plan (Behavioral Health I/DD Tailored Plan):** Has the same meaning as BH I/DD Tailored Plan as defined in NCGS § 108D-1(4).
3. **Beneficiary:** An individual eligible to receive services from the North Carolina Department of Health and Human Services, Department of Health Benefits (NC Medicaid).
4. **Best and Final Offer (BAFO):** Best and Final Offer, submitted by an Offeror to alter its initial offer, made in response to a request by the issuing agency.
5. **Best Value:** Has the same meaning as defined in NCGS § 143-135.9.
6. **Business Associate Agreement (BAA):** Under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, the written agreement between a HIPAA-covered entity and HIPAA Business Associate, as defined in 45 C.F.R. 160.103
7. **Calendar Day:** Includes the time from midnight to midnight each day, and all days in a month, including weekends and holidays. Unless otherwise specified within the Contract, days are tracked as Calendar Days.
8. **Contract Award Date:** The date the Department signs the "Acceptance of Response" section of the Execution page and publishes the Notice of Award to the NC eVP.
9. **Contract Effective Date:** This Contract is effective the date the Department signs the "Acceptance of Response" section of the Execution page.
10. **Contract Year:** The period beginning with the contract effective date when the begins covering services under this Contract until the next June 30 and each subsequent twelve-month period thereafter.
11. **Contractor:** The Offeror awarded the Contract to perform the services and requirements defined therein.

12. **Corrective Action Plan (CAP):** A written document describing the deliberate set of actions to be taken by an entity, deficiency, or non-compliance.
13. **Department (NCDHHS):** State of North Carolina Department of Health and Human Services, which is responsible for managing the delivery of health and human related services for all North Carolinians, especially its most vulnerable citizens, which includes children, elderly, people with disabilities, and low-income families. Includes the Department of Health Benefits.
14. **Department of Health Benefits (DHB):** The Department within the North Carolina Department of Health and Human Services (NCDHHS) responsible for implementing the Medicaid program.
15. **Diagnosis Related Group:** A diagnosis-related group (DRG) is a case-mix complexity system implemented to categorize patients with similar clinical diagnoses in order to better control hospital costs and determine payor reimbursement rates.
16. **Disproportionate Share Hospital:** defined in Section 1886(d)(5)(F) of the Social Security Act, contracted with state or local governments to serve a significantly disproportionate number of low-income Medicare patients and get additional Medicare payments to cover the costs of providing care to them.
17. **Due Process:** Written notice of an Adverse Determination and an opportunity for a fair hearing (appeal) when a Medicaid service request is denied, reduced, terminated, or suspended pursuant to the Social Security Act, 42 C.F.R. 431.200 et seq., and NCGS §108A-70.9.
18. **Excluded Person:** A person, agent, Managing Employee, Network Provider, delegated entities or Subcontractor who appears on one or more of the Exclusion Lists.
19. **Exclusion Lists:** Lists the Contractor must check to ensure that the Contractor does not pay federal funds to Excluded Persons or entities, including:
 - a. State Exclusion List;
 - b. U.S. Department of Health and Human Services, Office of Inspector General's (HHS-OIG) List of Excluded Individuals/Entities (LEIE); and
 - c. The System of Award Management (SAM).
20. **Fee-for-Service (FFS):** A payment model in which Providers are paid for each service provided. NC Medicaid Fee-for-Service program is also known as NC Medicaid Direct.
21. **Final Audit Report:** A report released by the auditing entity that includes the findings and conclusions from the field audit of selected providers
22. **Health Information Portability and Accountability Act (HIPAA):** A 1996 Federal law, and any associated amendments, additions, or revisions thereto, that restricts access to individuals' private medical information.
23. **Implementation Plan:** Comprehensive schedule of events, tasks, Deliverables, and milestones developed and executed by the Offeror to ensure successful implementation and launch of the required audit services.
24. **North Carolina electronic Contractor Portal (eVP):** The State of North Carolina's on-line system for advertising solicitations, posting addendums, and publishing award notifications. Contractors can view and search for procurement opportunities <https://evp.nc.gov>.

25. **North Carolina Identity Management (NCID):** The standard identity management service that allows State, local, business and citizen users to achieve an elevated degree of security and real-time access control to the State's customer-based applications and information.
26. **Offeror:** A supplier, bidder, proposer, firm, company, corporation, partnership, individual or other entity submitting an offer in response to this RFP. Terms may be used interchangeably throughout this RFP.
27. **Qualified Long-Term Care Facilities:** Facilities approved by CMS for Participants to Transition from include skilled nursing facilities and acute care hospitals.
28. **State:** The State of North Carolina, the Department as an agency or in its capacity as the using agency.
29. **State Business Day (Business Day):** Traditional workdays, Monday through Friday, from 8:00 a.m. EST through 5:00 p.m. EST excluding State holidays. A list of North Carolina State Holidays is located at <https://oshr.nc.gov/state-employee-resources/benefits/leave/holidays>.
30. **Subcontractor:** An entity having an arrangement with the Contractor, where the Contractor uses the products and/or services of that entity to fulfill some of its obligations under the Contract. Use of a Subcontractor does not create a contractual relationship between the Subcontractor and the Department, only the Contractor.
31. **Transition Plan:** A plan designed to ensure a smooth transition to the successor Contractor.
32. **Upper Payment Limit:** An estimate of the maximum amount that would be paid for Medicaid services under Medicare payment principles.
33. **Vendor:** A company, firm, entity or individual, other than the Contractor, with whom the Department has contracted to provide goods or services.

B. Acronyms and Abbreviations

1. AUP: Agreed Upon Procedures
2. ALOS: Average Length of Stay
3. BAA: Business Associate Agreement
4. BH I/DD TP: Behavioral Health I/DD Tailored Plan
5. BH: Behavioral Health
6. CAH: Critical Access Hospital
7. CAHPS®: Consumer Assessment of Healthcare Providers and Systems Plan Survey®
8. CAP: Corrective Action Plan
9. CISO: Chief Information Security Officer
10. CMS: Centers for Medicare & Medicaid Services
11. DHB: Department of Health Benefits
12. DHHS: Department of Health and Human Services
13. DIT: Department of Information Technology
14. DOS: Date of Service
15. DRG: Diagnosis Related Group
16. DSH: Disproportionate Share Hospital

17. EDI: Electronic Data Interchange
18. EFT: Electronic Funds Transfer
19. FFS: Fee-for-Service
20. FFY: Federal Fiscal Year
21. HHS: U.S. Department of Health and Human Services
22. HIPAA: Health Insurance Portability and Accountability Act
23. HIPPP: Health Insurance Premium Payment
24. HITECH: Health Information Technology for Economic and Clinical Health Act
25. IPS: Interactive Purchasing System
26. IRS: Internal Revenue Service
27. LEIE: List of Excluded Individuals/Entities
28. MACFin: Medicaid and CHIP Financial System
29. MCE: Medicare Coding Edits
30. MES: Medicaid Enterprise System
31. NC: North Carolina
32. NCAC: North Carolina Administrative Code
33. NCDHHS: North Carolina Department of Health and Human Services
34. NCGA: North Carolina General Assembly
35. NCGS: North Carolina General Statute
36. NCID: North Carolina Identity Management Service
37. NF: Nursing Facility
38. OAH: Office of Administrative Hearings
39. PHI: Protected Health Information
40. PSO: North Carolina Department of Health and Human Services Privacy and Security Office
41. PTA: Privacy Threshold Analysis
42. RFP: Request for Proposal
43. SAM: System of Award Management
44. SBI: North Carolina State Bureau of Investigation
45. SNF: Skilled Nursing Facility
46. SOC: System of Care
47. USDA: United States Department of Agriculture

C. Contract Term

1. The Contract Term begins on the Contract Effective Date with an initial term of three (3) years (“Initial Term”).
2. At the end of the Contract’s Initial Term, the Department shall have the option, in its sole discretion, to renew the Contract on the same terms and conditions for up to two (2) additional one (1) year periods (each a “Renewal Term” and collectively the “Renewal

Terms"). The Department shall give the Contractor written notice of its intent whether to exercise each option no later than thirty (30) Calendar Days before the end of the Contract's then current term.

3. In addition, the Department reserves the right to extend the Contract Term using Renewal Terms in increments of less than one (1) year.
4. The Initial Term and any Renewal Terms together constitute the "Contract Term."

D. General Terms and Conditions

1. **ACCESS TO PERSONS AND RECORDS:**

- a. Pursuant to NCGS § 147-64.7 and NCGS § 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 systems, 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 39. **RECORD RETENTION** of this *Section III.D.* of the Contract. 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.
- b. The State Auditor shall have access to persons and records as a result of all contracts or grants entered by State agencies or political subdepartments in accordance with NCGS § 147-64.7.
- c. The financial auditors of the Department shall also have full access to all of Contractor's financial records and other information determined by the Department to be necessary for the Department's substantiation of the monthly payment(s). These audit rights are in addition to any audit rights any federal agency may have regarding the use of federally allocated funds.
- d. The following entities may audit the records of this Contract during and after the term of the Contract to verify accounts and data affecting fees or performance:
 - i. The State Auditor;
 - ii. The internal auditors of the affected department or agency, to the extent authorized by law; and
 - iii. The Joint Legislative Commission on Governmental Operations (Commission) and Commission Staff, as defined in NCGS § 120-72(3), whose primary responsibility is to provide professional or administrative services to the Commission.
- e. Nothing in this section is intended to limit or restrict the State Auditor's rights.
- f. This provision shall survive termination or expiration of this 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. The Contract may be amended only by written amendments executed by the Department and the Contractor.
4. **ASSIGNMENT**: Except as otherwise required by law or upon written approval of the Department, no assignment of the Contractor's obligations nor the Contractor's right to receive payment hereunder shall be permitted.
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 48. **TERMINATION** of this *Section III. D.* of the Contract. 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 AND 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 and *Section VII. Attachment H: Disclosure Of Litigation and Criminal Convictions*, and *Section VII. Attachment E: Certification of Financial Condition and Legal Action Summary* including providing reasonable assurances satisfactory to the State, may constitute a material breach of the Contract and result in Termination for Cause.
 - a. Upon execution of this Contract, the Contractor shall notify the State if it, or any of its Subcontractors, or their officers, directors, or their Key Personnel, who may provide services under this Contract, 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 Department of any criminal litigation, investigations or proceeding involving the Contractor or any Subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract.
 - b. The Contractor shall notify the State of any civil litigation, regulatory finding or penalty, arbitration, proceeding, or judgments against it or its Subcontractors during the three (3) years preceding the Effective Period Commencement Date of the Contract, or which may occur during the term of this Contract that involves (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; and (2) a claim or written allegation of

fraud by the Contractor or any Subcontractor hereunder, arising out of their business activities; and (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 its Subcontractors shall be disclosed to the Department to the extent they affect the financial solvency and integrity of the Contractor or Subcontractor.

- c. Contractor agrees not to use any personnel in the performance of this Contract who have been convicted of any of the crimes listed in subpart a. herein above. In addition, Contractor will not use or authorize any Subcontractor to use in the performance of this Contract any persons who have been convicted of any federal or state crime involving antitrust laws, anti-kickback laws, self-referral laws, improper influencing of public officials, or improper management or destruction of public records or financial records.
 - d. The Contractor shall notify the State of any legal action that could adversely affect the Contractor's 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 of the Contract. 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.
 - f. The Department reserves the right to request a criminal background check on Contractor's employees or independent contractors or the employees of Contractor's approved Subcontractors.
 - g. Where requested by the Department, Contractor must obtain, at its own expense, and provide the Department, or its designee, a North Carolina State Bureau of Investigation (SBI) and/or Federal Bureau of Investigation (FBI) background check on all employees prior to assignment.
 - h. Contractor shall keep any records related to these verifications in accordance with Paragraph 39. **RECORD RETENTION** of this *Section III. D.* 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. **CHOICE OF LAW AND FORUM:** The validity of this Contract and any of its terms and conditions

or provisions, as well as the rights and duties of the Parties, are governed by the laws of North Carolina without regard to its choice of law decisions or statutes. Forum shall be in the District or Superior Courts of Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to the validity, construction, interpretation, and enforcement shall be determined. This section shall survive the termination of the Contract for any reason.

10. COMPLIANCE WITH LAWS:

- a. Contractor shall comply with all applicable federal and state laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and performance in accordance with this Contract.
- b. Contractor is responsible for ensuring its Subcontractors comply with all laws, rules, regulations, and licensing requirements applicable to Contractor's performance under this Contract, including but not limited to the applicable provisions of (a) Title XIX of the Social Security Act and Titles 42 and 45 of the Code of Federal Regulations,; and (b) those laws, rules, or regulations of federal and State agencies having jurisdiction over the subject matter of this Contract, whether in effect when this Contract is signed, or becoming effective during the term of this Contract.
- c. Clean Air Act
 - i. Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
 - ii. Contractor agrees to report each violation to the Department and understands and agrees that the Department will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
 - iii. Contractor agrees to include these requirements in each subcontract exceeding one hundred fifty thousand dollars (\$150,000) financed in whole or in part with Federal assistance.
- d. Federal Water Pollution Control Act
 - i. Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
 - ii. Contractor agrees to report each violation to the Department and understands and agrees that the Department will, in turn, report each violation as required to assure notification to the federal agency providing funds hereunder, and the appropriate Environmental Protection Agency Regional Office.
 - iii. Contractor agrees that these requirements will be included in each subcontract exceeding one hundred fifty thousand dollars (\$150,000) financed in whole or in part with Federal assistance.
- e. Pandemic, Endemic and Other North Carolina State Emergencies
 - i. Contractor agrees to comply with all applicable standards, Executive Orders and Department issued guidance for pandemics, endemics, and other North Carolina State emergencies.
 - ii. Notice shall be provided by the Department of the standards, orders and Department issued guidance prior to the Effective Date of the requirements, where practical.

- iii. In the event requirements are announced and made effective immediately, such as Executive Orders, the Contractor shall adhere to such requirements.
 - iv. Contractor agrees to communicate to Subcontractors for compliance with all applicable standards, orders, and Department-issued guidance.
 - f. **Certifications and Representations**
 - i. Contractor shall certify annually pursuant to C.F.R. § 200.209 Certifications and Representations that it is in compliance with federal certification and representation requirements regarding Nondiscrimination, Drug-Free Workplace Requirements, Environmental Tobacco Smoke, Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions and Lobbying.
 - ii. Contractor shall certify annually that is in compliance with state certification requirements regarding Verification of Employee Work Authorization, Ineligibility, Prior Convictions and Prior Employment.
11. **CONTRACT ADMINISTRATORS:** Contract Administrators means 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. Contract Administrators for both Parties are included in *Section VII. Attachment D: Contract Administrators*. Either Party may change its administrator or their address and telephone number by written notice to the other Party in accordance with Paragraph 34. **NOTICES** of this *Section III. D.* of the Contract.
12. **CONTRACT DISCLOSURES:** Unless otherwise provided herein, Contractor shall complete any initial disclosures required under the Contract within thirty (30) Calendar Days of execution unless another timeframe is approved by the Department. Disclosures should be sent to the Department's Contract Administrator in accordance with Paragraph 34. **NOTICES** of this *Section III. D.* of the Contract.
13. **COOPERATION WITH OTHER STATE CONTRACTORS:** Contractor shall cooperate with Department Contractors that are providing goods or services to or on behalf of the Department in relation to Medicaid including those Contractors providing services with respect to system integration, encounter processing, enrollment and eligibility, data analytics, and those engaged by the Department to monitor, validate, or verify Contractor's performance.
14. **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 Contractor, except as otherwise provided herein. The State shall own all deliverables that Contractor is required to deliver to the Department pursuant to this Contract, except as provided herein.
- a. 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.
 - b. The State shall, upon payment for the services in full in accordance with the payment terms of this Contract, own copyrighted works first originated and prepared by Contractor for delivery to the State.

- c. The State hereby grants Contractor a royalty-free, fully paid worldwide, perpetual, nonexclusive, irrevocable license for Contractor's business use, to non-confidential deliverables first originated and prepared by Contractor for delivery to the State.
 - d. 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.
 - e. 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.
15. **COUNTERPARTS:** This Contract may be executed in two (2) or more counterparts, each, and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. Any signature page transmitted by electronic mail in portable document format will have the same legal effect as an original executed signature page.
16. **CULTURAL AND LINGUISTIC COMPETENCY AND SENSITIVITY:** Contractor shall make a good faith effort to recruit, develop, train, promote, and retain a culturally and linguistically diverse governance, leadership, and workforce, who are responsive to the population in the service area, or otherwise participate in the State's efforts to promote culturally competent care in accordance with applicable federal and State law and CMS guidelines.
17. **DEFAULT:**
- a. If, through any cause, the Contractor shall fail to fulfill in timely and proper manner the obligations under this Contract, the Department shall have the right to terminate this contract by giving written notice to the Contractor and specifying the effective date thereof. In case of default by the Contractor for any reason, the Department may procure substitute services from other sources and hold the Contractor responsible for any excess cost occasioned thereby. Contractor is responsible for any delays resulting from its failure to deliver or provide services or other deliverables required under this Contract. Default or Termination for Cause may be cause for debarment.
 - b. In addition, in the event of default by the Contractor under this Contract or upon the Contractor filing a petition for bankruptcy or the entering of a judgment of bankruptcy by or against the Contractor, the Department may immediately cease doing business with the Contractor, immediately terminate this Contract for cause, and act to debar the Contractor from doing future business with the State.
18. **DISCLOSURE OF 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 doing business that creates or may give the appearance of a conflict of interest related to this Contract.

- b. By signing the RFP, 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 of Contractor becoming aware of the conflict.

19. DISCLOSURE OF LITIGATION AND CRIMINAL CONVICTION OR ADVERSE FINANCIAL

CONDITION: The Contractor's failure to fully and timely comply with the terms of this clause, 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 proposal, 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.
- b. The Contractor shall notify the State in its proposal, 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 proposal, or which may occur during the term of any contract 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 proposal 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 Contractor's financial conditions or ability to meet the requirements of the Contract.

- e. All notices under this clause 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.

20. ELECTRONIC PROCUREMENT (NCGS § 143-48.3):

a. GENERALLY APPLICABLE TO GOODS AND SERVICES PURCHASES:

- i. Purchasing shall be conducted through the Statewide E-Procurement Service. The State's third-party agent shall serve as the Supplier Manager for this E-Procurement Service. The Contractor shall register for the Statewide E-Procurement Service within two (2) State Business Days of notification of award in order to receive an electronic purchase order resulting from award of this Contract.
- ii. The Supplier Manager will capture an order from a State approved user, including the shipping and payment information, and submit the order in accordance with E-Procurement Service procedures. Subsequently, the Supplier Manager will send those orders to the appropriate Contractor on State Contract. The State or State-approved user, not the Supplier Manager, shall be responsible for the solicitation, bids received, evaluation of bids received, award of Contract, and the payment for goods delivered.
- iii. Contractor shall at all times maintain the confidentiality of its username and password for the Statewide E-procurement Services. Contractor shall be responsible for all activity and all charges by its agents or employees. Contractor agrees not to permit a third party to use its E-Procurement Services account. If there is a breach of security through the Contractor's account, Contractor shall immediately change its password and notify the Supplier Manager of the security breach by email. Contractor shall cooperate with the State and the Supplier Manager to mitigate and correct any security breach.

b. E-PROCUREMENT FEES – APPLICABLE ONLY TO GOODS PURCHASES

- i. **THE SUCCESSFUL BIDDER(S) SHALL PAY A TRANSACTION FEE, CURRENTLY 1.75% (.0175), ON THE TOTAL DOLLAR AMOUNT (EXCLUDING SALES TAXES) FOR THE AMOUNT OF ANY GOODS INCLUDED ON EACH PURCHASE ORDER ISSUED THROUGH THE STATEWIDE E-PROCUREMENT SERVICE (OR ANY OFFICIAL REPLACEMENT SERVICE). NCGS § 66-58.12; See NC E-Procurement Terms of Use.** This applies to all purchase orders, regardless of the quantity or dollar amount of the purchase order. The transaction fee shall not be stated or included as a separate item on the invoice. Contractor will receive a credit for transaction fees they paid for the purchase of any item(s) if an item(s) is returned through no fault of the Contractor. Transaction fees are non-refundable when an item is rejected and returned, or declined, due to the Contractor's failure to perform or comply with specifications or requirements of the Contract.
- ii. Contractor or its authorized reseller, as applicable, will be invoiced monthly for the State's transaction fee by the E-Procurement Supplier Manager (Supplier Manager),

based on a) purchase activity for the prior month, or b) purchases for which the supplier invoice has been paid. Unless the Supplier Manager receives written notice from the Contractor identifying with specificity any errors in an invoice for the transaction fee within thirty (30) Calendar Days of the receipt of invoice, such invoice shall be deemed to be correct, and Contractor shall have waived its right to later dispute the accuracy and completeness of the invoice. Payment of the transaction fee by the Contractor is due to the account designated by the State within thirty (30) days after receipt of the invoice for the transaction fee, or it shall be considered a material breach of contract.

- iii. Pursuant to NCGS § 147-86.23, the service will charge 1) interest on past due balances at the rate set by the Secretary of Revenue pursuant to NCGS § 105-241.21 as of the date the balances are past due, and 2) late payment penalties, currently ten percent (10%) of the account receivable. No interest shall be charged on disputed and overdue amounts to the extent the State agrees to reduce or adjust the amount in dispute. The Supplier Manager shall provide, whenever reasonably requested by the Contractor in writing (including electronic documents), supporting documentation from the E-Procurement Service that accounts for the amount of the invoice.

21. 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 and 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;
- f. The 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. The Contract documents constitute the entire agreement between the parties and supersede all prior oral or written statements or agreements.

22. 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.

23. EQUITY DIVERSITY, AND INCLUSION (EDI): Contractor shall make a good faith effort to recruit, develop and retain a diverse workforce and encourage and promote an inclusive and equitable workplace, in accordance with applicable federal and state law.

24. 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.

25. **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.
26. **HISTORICALLY UNDERUTILIZED BUSINESS (HUBs):** Pursuant to NCGS § 143-48 and Executive Order 150 (1999), the Department invites and strongly encourages participation with businesses owned by minorities, women, disabled individuals, disabled business enterprises, and nonprofit work centers for the blind and severely disabled. Contractor agrees to make a good faith effort to seek out and pursue opportunities to utilize HUBs, as defined in NCGS § 143-128.4, within the scope of services of this Contract, including via the use of subcontractors owned by HUBs.
27. **INDEMNIFICATION:**
 - a. 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 Contractor.
 - b. 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 defence of such claim(s) or action(s) filed, and the State shall be responsible for its own litigation expenses if it exercises this option.
 - c. 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 provision shall survive the termination or expiration of this Contract.
 - d. 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.
28. **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.

29. **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 subtask 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.
30. **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 five hundred thousand dollars (\$500,000), 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 two million dollars (\$2,000,000) 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 five hundred thousand dollars (\$500,000) for bodily injury and property damage; five hundred thousand dollars (\$500,000) for uninsured/under insured motorist; and five thousand dollars (\$5,000) 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.
31. **LITIGATION:** If a demand is asserted, or litigation or administrative proceedings 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.

- a. 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.
 - b. Any civil or administrative settlements between Contractor and any entity related to this Contract are public record. All settlements must be reported to the Department within thirty (30) Calendar Days of an executed settlement agreement and a copy of the settlement agreement must be provided to the Department upon request.
 - c. This provision shall survive expiration or termination of the Contract.
32. **MEDIA CONTACT APPROVAL AND DISCLOSURE:** Contractor shall not use the name or seal of the North Carolina Department 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, the Contractor shall contact the Department as soon as practical. Contractor must submit any proposed media release regarding the terms of this Contract to the Department for review and approval at least seven (7) State Business Days in advance of intended disclosure, to the extent practicable. The Department may, to the extent reasonable and lawful, timely 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 or by any court of competent jurisdiction to disclose.
33. **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.
34. **NOTICES:** Any notices permitted or 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 email**. In addition, notices may be delivered by first class U.S. Mail, commercial courier (e.g., FedEx, UPS, DHL), or personally delivered provided the notice is also emailed to the Contract Administrator at approximately the same time. All Notices required under this Contract including, but not limited to legal matters, contract termination, allegations of breach, and audits shall be delivered in accordance with this Section of the Contract.
35. **OUTSOURCING:** Any Contractor or Subcontractor providing call or contact center services to the State of North Carolina or any of its agencies shall disclose to inbound callers the location from which the call or conduct center services are being provided. If, after award of a contract, the Contractor wishes to relocate or outsource any portion of performance to a location outside of the United States, or to contract with a Subcontractor for any such performance, which Subcontractor and nature of the work has not previously been disclosed to the State in writing, prior written approval must be obtained from the State agency responsible for the contract. Contractor shall give notice to the using agency of any relocation of the Contractor,

employees of the Contractor, or other persons providing performance under a State contract to a location outside of the United States.

36. **OWNERSHIP OF DELIVERABLES:** All project materials, including deliverables, 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.

37. **PAYMENT AND INVOICE TERMS:**

- a. Contractor shall submit a State of North Carolina Substitute W-9 Form, Request for Taxpayer Identification Number within two (2) State Business Days of Contract Award. The W-9 can be found at: <https://www.osc.nc.gov/state-north-carolina-sub-w-9>.
 - i. Completed W-9 should be sent to: Medicaid.FinanceAP@dhhs.nc.gov and Dan.parker@dhhs.nc.gov.
 - ii. Contractor must submit verification of submission of required forms via email to the Department's Contract Administrator for contractual matters. Failure to submit a complete and accurate W-9 will result in delayed payments to the Contractor.
- b. Contractor shall register for the North Carolina electronic Contractor Portal (eVP) within two (2) State Business Days of execution of the Contract at the following link: <https://evp.nc.gov/>.
- c. Contractor shall submit verification of registration with North Carolina electronic Contractor Portal (eVP) to the Department's Contract Administrator for contractual matters. Failure to register with eVP will result in delayed payments to Contractor.
- d. The Contractor must submit one (1) invoice per month, no later than the tenth (10th) Calendar Day of the month, unless the Department approves another date. At a minimum, the invoice shall include the:
 - i. CONTRACT: #30-2024-023-DHB
 - ii. Invoice Number
 - iii. Period in which services were rendered with supporting documentation
 - iv. Total amount invoiced for the period pursuant to the amounts in *Section VII. Attachment C: Cost Proposal*
 - v. The Contractor's Monthly Progress Report must be submitted with the invoice; and
 - vi. Itemized line items for each Work Area billed in accordance with *Section VII. Attachment R: Payment and Invoicing*
- e. Invoices must be submitted as follows:
 - i. Electronically to: Medicaid.FinanceAP@dhhs.nc.gov and to the Department's Contract Administrator for day-to-day activities.
 - ii. Medicaid account staff may be reached at 919-855-4114 for questions regarding

invoices.

- iii. The Department will promptly notify the Contractor of any changes to the information above for submission of invoices.
 - f. Payment will only be made for services and/or deliverables accepted by the Department in accordance with the Contract requirements and *Attachment C: Cost Proposal* and actual implementation dates.
 - g. Except as otherwise provided, the Contractor is responsible for all payments to Subcontractors under the Contract.
 - h. Payment terms are net not later than thirty (30) Calendar Days after receipt of a correct invoice as verified by the Department.
 - i. In the event any invoice is incorrect, and the Department requires changes, the payment terms shall be net thirty (30) Calendar Days from the date the corrected invoice is resubmitted by the Contractor.
 - j. The Department reserves the right to dispute an invoice after payment and require the Contractor to include a credit on the subsequent month's invoice to resolve disputes.
 - k. Any reductions based on liquidated damages or other performance issues, may be withheld from the Contractor's invoices. Contractor shall provide a credit memo for such reductions within ten (10) Calendar Days, upon Department's request.
38. **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 in writing prior to acceptance of the Contract or award in question. The Contractor and its 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 as permitted by 09 NCAC 06B.1206, 01 NCAC 05B.1520, or other provision of law.
39. **RECORD 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 or shorter 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. See <https://archives.ncdcr.gov/government>.
 - 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 starts 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 Contract, subsequent contracts 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. This term survives termination or expiration of the Contract.
40. **RESPONSE TO STATE INQUIRES AND REQUESTS 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 General Assembly 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.
41. **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.
42. **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.
43. **SOVEREIGN AND GOVERNMENTAL 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. 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 governmental immunity that otherwise would be available to the Contractor under applicable law against a third party.
44. **STATE CONTRACT REVIEW:** This RFP and subsequent contract are exempt from the State contract review and approval requirements pursuant to NCGS § 143B-216.80(b)(4).

45. **SUBCONTRACTORS:**

- a. Unless otherwise notified by the Department, acceptance of Contractor's proposal includes any Subcontractor(s) specified therein.
- b. Work performed under this Contract by the Contractor or its employees shall not be subcontracted without prior written approval of the Department. Contractor must submit a written request for approval in accordance with Paragraph 34. **NOTICES** of this *Section III. D.* of the Contract at least thirty (30) Calendar Days prior to the anticipated start of services by the Subcontractor. Any request for Subcontractor approval shall include a completed *Section VII. Attachment L: Subcontractor Identification Form*.
- c. Upon request and within five (5) State Business Days of such request, Contractor shall provide the Department with complete copies of any contracts made by and between the Contractor and any Subcontractors. The Contractor remains solely responsible for the performance of its Subcontractors. Subcontractors, if any, shall adhere to the same standards required of the 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.
- d. 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 or has been debarred from doing business with the State of North Carolina.
- e. Any contract(s) between the Contractor and Subcontractor(s) require:
 - i. The Subcontractor to agree that the State, CMS, the DHHS Inspector General, the US 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 enrollees, 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 of North Carolina, the DHHS Inspector General, the US 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.

46. **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.

47. **TAXES:** Any applicable taxes shall be invoiced as a separate item and in accordance with this

paragraph and applicable laws.

- a. NCGS § 143-59.1 bars the Department from entering into contracts with Contractors if the Contractor or its affiliates meet one of the conditions of NCGS § 105-164.8(b) and refuses to collect use tax on sales of tangible personal property to purchasers in North Carolina. Conditions under NCGS § 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.

48. **TERMINATION:** The Department shall provide any notice of termination to the Contractor's Contract Administrator for contractual matters, pursuant to *Section VII. Attachment D: Contract Administrators* and Paragraph 34. **NOTICES** of this *Section III. D.* of the Contract.

- a. **Termination without Cause:** The Department may terminate this Contract, in whole or in part, by giving thirty (30) Calendar Days prior notice in writing to the Contractor. Contractor shall be entitled to sums due as compensation for deliverables provided and services performed in conformance with the Contract. In the event the Contract is terminated for the convenience of the Department, the Department will pay for all services performed and products delivered in conformance with the Contract up to the date of termination.
- b. **Termination for Cause:** In the event any goods, software, or service furnished by the Contractor during performance of any Contract term fails to conform to any material requirement of the Contract, and the failure is not cured within thirty (30) Calendar Days, or other time period specified by the Department, after providing written notice thereof to Contractor, the Department may arrange for the provision and the fulfillment of such obligations, all at the sole cost and expense of Contractor, and the Contractor shall refund to Department all sums expended by Department in so doing. The rights and remedies of the Department provided above shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Contract. Contractor shall not be relieved of liability to the Department for damages sustained by the Department arising from Contractor's breach of the Contract; and the Department may, in its discretion, withhold any payment due as a setoff until the damages are finally determined or as agreed by the Parties. Voluntary or involuntary bankruptcy or receivership by Contractor shall be cause for termination.
- c. **Contract Expiration, Termination, and Transition Obligations of Contractor:**
Upon the termination or expiration of this Contract for any reason, the Contractor shall provide, at the sole option of the Department, up to six (6) months of transition assistance requested by the Department to allow for the continuation of services without interruption or adverse effect and facilitate the orderly transfer of such services to the Department or its designees. If the Department exercises this option, the Parties agree that such transition assistance shall be deemed to be governed by the terms and

conditions of this Contract, except for those Contract terms and conditions that do not reasonably apply to such transition assistance. Contractor shall provide a Transition Assistance Plan for Department review and approval within thirty (30) Calendar Days of request.

49. **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.
50. **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.
51. **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. The Department reserves the right to waive any of the requirements in this Contract by providing written notice of such waiver to Contractor. In order to constitute a waiver, said waiver must be entitled "Waiver of Contract Requirements," list the specific requirement(s) being waived, the timeframe for such waiver, and be signed and dated by the Deputy Secretary for the Department of Health Benefits. For avoidance of doubt or dispute, there shall be no tacit, de facto, verbal, informal, or written waivers signed by anyone other than the Deputy Secretary for the Department of Health Benefits. Without such explicit written and signed "Waiver of Contract Requirements" document, the waiver is not effective.

E. Confidentiality, Privacy and Security Protections

1. The requirements of this Section shall survive expiration or termination of the Contract. The requirements to protect the privacy and security of State-owned data shall survive so long as Contractor holds State-owned data.
2. **Confidential Information**
 - a. The Contractor, its agents, and its Subcontractors shall maintain the privacy, security and confidentiality of all data, information, working papers, instruments, studies, reports, and other documents related to the Contract in accordance with the standards of the NCDHHS privacy and security policies, state regulations, and federal regulations including: the Privacy Rule at 45 C.F.R. Parts 160 and 164, subparts A and E, the Security Standards at 45 C.F.R. Parts 160, 162 and 164, subparts A and C ("the Security Rule"), as required by HIPAA, and the applicable provisions of the Health Information Technology for Economic and Clinical Health Act (HITECH).
 - b. The Contractor shall treat all information obtained through its performance under the Contract as confidential information and shall not use or disclose such information except as provided under this Contract. The Contractor will implement necessary privacy and security measures to safeguard the receipt, storage, and processing of confidential information arising under this Contract, including the use of strong encryption algorithms meeting NIST criteria and HIPAA security standards to encrypt all confidential information including protected health information (PHI) and personally identifiable information (PII) while in transit and at rest. Any use, sale, disclosure, or offer of confidential information to any individual or organization 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.

- c. Contractor warrants that all its employees, Subcontractors, and any 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. Contractor warrants that its employees, Subcontractors, and any approved third-party Contractors are subject to a non-disclosure, confidentiality or similar 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 NCGS § 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.
- d. 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, persons, and records 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. Use or disclosure of confidential information shall be limited to purposes directly connected with the administration of the Contract.
- e. 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.
- f. 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 Department of Health Benefits being a covered health care component. As such, this Contract and related activities are subject to HIPAA and Health Information Technology for Economic and Clinical Health Act (HITECH). Contractor shall comply with all HIPAA and HITECH requirements and regulations, as amended, including:
 - i. Compliance with the Privacy Rule, Security Rule, and Notification Rule;
 - 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 protected health information (PHI); and
 - iv. Timely reporting of privacy and/or security incidents at:
<https://www.ncdhhs.gov/about/administrative-departments-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 Contractor and this Contract are subject to the terms and conditions of the Business Associate Agreement attached to this Contract.
- c. Contractor shall cooperate and coordinate with the Department and its privacy officials and other compliance officers 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 and standards. 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 NCGS 14-113.20(b) or “*personal information*” within the meaning of NCGS 75-61(10). Contractor is subject to the North Carolina Identity Theft Protection Act requirements, NCGS 132-1.10 and NCGS 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 these Confidentiality, Privacy, and Security Provisions.

5. State of North Carolina and NCDHHS Privacy and Security Requirements

- a. The Contractor shall implement internal data security measures, and other industry security best practices utilizing appropriate hardware and software necessary to monitor, maintain, and ensure data integrity in accordance with all applicable federal regulations,

state regulations, NCDHHS privacy and security policies. The Contractor will maintain all Privacy and security safeguards throughout the term of this agreement. In addition, the Contractor agrees to maintain compliance with the following:

NCDHHS Privacy Manual and Security Manual, both located online at:

<https://policies.ncdhhs.gov/departamental/policies-manuals/section-viii-privacy-and-security>

NC Statewide Information Security policies, located online at:

<https://it.nc.gov/resources/cybersecurity-risk-management/esrmo-initiatives/statewide-information-security-policies>

- b. **Encryption and Transmission:** The Contractor will implement strong encryption algorithm that meets industry encryption standard criteria as defined by NIST and HIPAA Security Standards to encrypt all confidential information including protected health information (PHI) and personally identifiable information (PII) while in transit and at rest to ensure data confidentiality and security.
- c. **Data Security:** The Contractor shall implement internal data security measures, environmental safeguards, firewalls, access controls, and other industry security best practices utilizing appropriate hardware and software necessary to monitor, maintain, and ensure data integrity in accordance with all applicable federal regulations, state regulations and NCDHHS privacy and security policies. In the event the Contractor obtains written consent by a NCDHHS Department or Office to enter into a third-party agreement to whom the Contractor provides confidential information, the Contractor shall ensure that such agreement contains provisions reflecting obligations of data confidentiality and data security stringent as those set forth in the contract.
- d. **Duty to Report:** In addition to any NCDHHS Privacy and Security Office (PSO) notification requirements in a Business Associate Agreement (BAA) with a NCDHHS Department or Office, the Contractor shall report all suspected and confirmed privacy and significant cybersecurity incidents as defined by NCGS § 143B-1320(a)(16a) involving unauthorized access, use, disclosure, modification, or data destruction to the NCDHHS Privacy and Security Office at <https://security.ncdhhs.gov/> within twenty-four (24) hours after the incident is first discovered. If the privacy or security incident involves Social Security Administration (SSA) data or Centers for Medicare and Medicaid Services (CMS) data, the Contractor shall report the incident within one (1) hour after the breach is first discovered. At a minimum, such privacy and security incident report will contain to the extent known: the nature of the incident, specific information about the data compromised, the date the privacy or security incident occurred, the date the Contractor was notified, and the identity of affected or potentially affected individual(s). During the performance of this contract, the Contractor is to notify the NCDHHS Privacy and Security Office of any contact by the federal Office for Civil Rights (OCR) received by the Contractor. In addition, the Contractor will reasonably cooperate with NCDHHS Departments and Offices to mitigate the damage or harm of such security incidents.
- e. **Cost Borne by Contractor:** If any applicable federal regulations, state regulations, local law, or rules requires the NCDHHS department/office or the Contractor to give affected persons written notice of a privacy or security breach arising out of the Contractor's performance under this contract, the Contractor shall bear the cost of the notice.

6. Continuous Monitoring

- a. The Contractor shall maintain compliance with the State Chief Information Security Officer's (CISO) Continuous Monitoring Process mandate, requiring that Contractors hosting state-owned data outside of NC DIT's infrastructure environment work with state agencies to implement a risk management program that continuously monitors risk through the performance of assessments, risk analysis, and data inventory.
- b. To comply with this mandate, set forth in NCGS § 143B-1376 http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_143B.html and based upon NIST 800-137, "Information Security Continuous Monitoring (ISCM) for Federal Information Systems and Organizations", the Contractor shall perform security/risk assessments on its information systems using the latest NIST 800-53 controls to assess its compliance with enterprise security standards as outlined below.
- c. **Security Assessment**
 - i. Contractors providing Infrastructure as a Service, Platform as a Service and/or Software as a Service for the state agency are required to obtain approval from the NCDHHS Privacy and Security Office to ensure their compliance with statewide security policies.
 - ii. To obtain such approval, the Contractor shall annually provide both a written attestation to its compliance and an industry recognized, third party assessment report, such as the Federal Risk and Authorization Management Program (FedRAMP) certification, SOC 2 Type 2, HiTRUST or ISO 27001. State agencies will be required to review these security assessment reports, assess the risk of each contractor and contractor, ensure completion of all findings using a Corrective Action Plan (CAP), and provide an annual certification to the Contractor's compliance to the State CIO.
- d. As a part of the continuous monitoring process and in lieu of the security assessment requirements above, the following risk analysis compliance is required:
 - i. The Contractor shall perform a risk analysis, either by using a third-party assessor or by performing a self-analysis, on a three-year cycle (with a third-party analysis mandated every third year);
 - ii. The Contractor shall provide a risk analysis for its cloud-hosted providers or off-site hosting service providers; and
 - iii. The Contractor shall provide all findings identified in this risk analysis to NCDHHS Privacy and Security Office within thirty (30) Calendar Days of analysis completion, also including a corrective action plan documenting how each finding will be remediated.
- e. The Contractor shall work with the state agency to provide a data inventory of all cloud hosted services, by assisting the state agency with completing a Privacy Threshold Analysis (PTA) documenting the data classification and the data fields hosted within the cloud, offsite, or Contractor-hosted environment. The Contractor shall review a Privacy Threshold Analysis (PTA) with the NCDHHS Privacy and Security Office annually and assist with updating the PTA when changes to the data being hosted occur.
- f. NCDHHS Privacy & Security office may perform periodic independent security assessments of Contractor hosted applications on the public/private/hybrid cloud or On-Prem data centers. The Contractor must provide access to their applications' hosting environment and their key resources to NCDHHS designated resources and NCDHHS

engaged contractors to perform a privacy & security risk assessment that includes vulnerability analysis, penetration testing, and risk analysis based on the latest NIST 800-53, Federal, State and NCDHHS requirements.

7. Service Organization Control (SOC) Reports

Except as otherwise provided in this Section, all SOC 1 and SOC 2 Type II reports, and associated SOC 2 corrective action plans, must be submitted within ten (10) days of Contract execution and annually thereafter to the NCDHHS Privacy and Security Office in a format to be specified by the State. The Department will accept ISO 27001 certification for security controls in lieu of a SOC 2 Type II report. Annual reports must be submitted within thirty (30) Calendar Days of completion unless another timeframe is approved by the Department.

8. North Carolina Identity (NCID) Service

- a. For all software owned or leased by Contractor that connects to State hardware or software, Contractor 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 Contractor'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: <https://it.nc.gov/services/nc-identity-management-ncid> and the NCID Web site at: <https://www.ncid.its.state.nc.us/>.
- b. 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 Contractor based on the implementation. In addition, Contractor may be required to implement multi factor authentication per the State specifications.

9. Privacy and Security Related Deliverables

- a. The following shall be submitted in response to this RFP:
 - i. Vendor Readiness Assessment Report (VRAR)
<https://it.nc.gov/documents/vendor-readiness-assessment-report>;
 - ii. System Security Plan (SSP);
 - iii. Vendor SOC 2 or ISO 27001 or FedRamp or equivalent compliance certificates;
 - iv. Network Architecture Diagram; and
 - v. Data Flow Diagram and Description.
- b. The following shall be submitted to the Department at least sixty (60) Calendar Days prior to service implementation or "go-live," unless the Department sets another due date, in which case Contractor shall have a least thirty (30) Calendar Days advanced notice of the due date:
 - i. Final version of SSP;
 - ii. Final version of VRAR;
 - iii. Final version of network architecture and data flow diagrams;
 - iv. Self-Assessment (NIST 800-53) – The template will be provided by the Department upon contract execution;
 - v. Business Continuity Plan (BCP);
 - vi. Disaster Recovery Plan (DRP); and
 - vii. Continuous Operation Plan (COOP).

F. Public Records and Trade Secrets Protections

1. Pursuant to NCGS § 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.
2. **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." If only a portion of each page marked "CONFIDENTIAL" contains trade secret information, the trade secret information shall be designated with a contrasting color or by a box around such information.** 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 NCGS § 66-152(3). 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.
3. 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 NCGS § 132-1.2 and NCGS § 66-152(3). 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 NCGS § 132-9 or other applicable law.
4. 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) Calendar 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 NCGS § 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 Contractor. Information submitted by Contractor that is not marked "Confidential" or "Trade Secret" will become a public record.
5. This Section shall survive termination or expiration of the Contract for any reason.

IV. MINIMUM QUALIFICATIONS

The Offeror must meet the Minimum Qualifications specified in this Section to be considered and have its response evaluated as defined in *Section II.G: Evaluation Process and Contract Award*.

The Offeror must complete *Section VII. Attachment A: Minimum Qualifications Response* and provide the required information as well as any documentation or details necessary to demonstrate its adherence to each requirement as part of the Offeror's Proposal.

A. Acceptance of Terms and Conditions

The Offeror agrees to all the terms and conditions, including confidentiality, privacy and security protections, public records and trade secrets protections, specified in *Section III.F* of this RFP.

B. Eligibility to Contract

1. As of the date of its submission of a response to this RFP, the Offeror is not on the list of contractors debarred from doing business with the State of North Carolina.
2. As of the date of its submission of a response to this RFP, the Offeror is not on a federal list of parties that are excluded from participation in Medicare, Medicaid, or other federal health care programs, or from receiving federal contracts, or federal financial or non-financial assistance.
3. Offeror agrees to notify the Department immediately if it is debarred or excluded from State or federal contracting, participation in health care programs or receipt of financial or non-financial assistance, prior to the Contract Award date.
4. Offer acknowledges and understands that debarment or exclusion from State or federal contracting, program participation, or assistance will result in immediate disqualification from Contract Award.

C. Financial Stability and Legal Disclosure

The Offeror is financially stable and has disclosed any legal actions that could adversely affect its financial condition or ability to meet the requirements of this RFP as required in *Section VII. Attachment E: Certification of Financial Condition and Legal Action Summary*.

Important Note Regarding Disclosure: The Offeror is requested to provide certain financial documents, including prior year and current financial statements, tax filings or independent audit reports with *Section VII. Attachment E: Certification of Financial Condition and Legal Action Summary* to enable the Department to verify and assess Offeror's financial stability. Offerors are cautioned that failure to provide documents as indicated or requested may result in disqualification. In addition, the documents must be provided both in hard copy and electronic/soft copy as specified in *Section II.E.4*. **Soft copies must be provided in PDF or similar format. Website addresses or hyperlinks to financial documents will not be accepted.**

D. Experience Requirements

Offeror shall:

1. Have a minimum of five (5) years' experience in healthcare consulting, healthcare auditing and healthcare cost report preparation, specifically in the following:
 - a. The performance of Medicaid or Medicare Program Audits;
 - b. The development and implementation of DRG-based reimbursement systems;
 - c. The analysis of provider cost report data;
 - d. The performance of independent audits of State DSH programs; and
 - e. The design and implementation of Hospital supplemental payment programs including DSH, Medicaid supplemental payments and Upper Payment Limit payments.
2. All of Offeror's experience specified in this section must have occurred within the five (5) years immediately preceding the date the RFP is issued by the Department.
3. Offeror must have provided the services for a minimum of three (3) entities that include other agencies of State government, preferably North Carolina.

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V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS

A. Medicaid Audit Services Objectives

Medicaid Audits stand as vital mechanisms within the healthcare landscape, ensuring compliance, accuracy, and integrity in the delivery of services. These audits serve as essential tools for government agencies to monitor Medicaid-funded healthcare providers, including hospitals and various medical facilities, to guarantee adherence to regulations and policies. Audits are conducted on cost reports from nursing facilities, intermediate care facilities for individuals with intellectual disabilities (ICF/IID), hospital-based nursing facilities, federally qualified health centers, rural health clinics, and state-owned hospitals. Financial and statistical data are summarized from cost reports to assist DHB in rate setting and in administering provider reimbursements. The data elements necessary for the State to complete the DSH audit and report should, in part, be information the State already gathers to administer the DSH program. The responsibility of the Department is to measure DSH payments received by a hospital in a particular year against the eligible uncompensated care costs of that hospital in that same year as determined using the data provided in the cost, utilization and financial reporting documents described in the preamble to the final rule. The Department must develop sufficient confidence in the data to certify the results for the State plan rate year subject to the audit. The independent certified audits required to be submitted must be performed in compliance with section 1923(j) and implementing regulations as a condition for receiving Federal payments under section 1903(a)(1) and 1923 of the Act.

B. Work Area 1: Field Audits of Selected Medicaid Services and Other Non-Hospital Rate and Cost Report Data Analyses

1. Work Area 1 Scope of Work

- a. Field audit is the performance of prescribed procedures in the examination and verification of data maintained by the provider. Field audits include an onsite review of the facility and a written record of the work performed and the results. The Contractor shall document all predetermined identifiable characteristics or circumstances of the provider's organization, operation, or cost report set forth in the annual audit plan which serves as the basis for making decisions on desk review and/or the field audit. This includes an examination of statistical and financial transactions, accounts, and reports including an evaluation of compliance with applicable laws and regulations. Additionally, the Contractor shall complete a review of efficiency and economy in the use of resources.
- b. The Contractor shall perform all audit activities in accordance with the State's Reimbursement Plan, the Provider Reimbursement Manual (CMS 15), all applicable State and Federal Regulations, including Title 42 C.F.R. Part 405 (Medicare) and Title 42 C.F.R. Subchapter C (Medicaid), North Carolina Administrative Code 10A NCAC 22, DHB policies, generally accepted auditing standards, and the specifications of this Contract.
- c. Field Audit Services: The Contractor shall perform the field audit services described in the following table:

Table V.B.1 Work Area 1 Services		
Type of Provider Cost Report or Service	Type of Deliverable Required of Contractor	Number of Anticipated Deliverables Per Contract Year
1. Skilled Nursing Facilities Medicaid Cost Reports (freestanding and hospital-based)	Field Audit / Agreed Upon Procedures	Fifty (50) audits
2. State-Owned Nursing Facilities	Field Audit / Agreed Upon Procedures	Eight (8) audits
3. All provider or service areas	Analysis of selected provider's cost information using ad hoc hours	Up to 1,200 hours (blended hourly rate) split as follows:

- d. The numbers in Table V.B.1 illustrate DHB's current expectations of future workloads. They are not guarantees of the volume of work the selected Contractor will actually be asked to perform.
- e. The Contractor shall develop audit programs and submit them to DHB for DHB's review, comment, and approval. The Contractor shall obtain DHB's written approval prior to using any proposed audit programs. DHB reserves the right to require the Contractor to make changes to the Contractor's audit programs.
- f. The Contractor shall conduct the field audits in accordance with generally accepted auditing standards and of sufficient scope to determine that only proper items of cost applicable to the service furnished were included in the provider's calculation of its costs and to determine whether the expenses attributable to such proper items of cost were accurately determined, allowable, and reasonable.
- g. The Contractor shall notify the DHB Contract Administrator in writing upon discovery of any information that indicates possible fraud or abuse by a provider or recipient. DHB will investigate and dispose of all cases of suspected fraud and abuse.
- h. The Contractor shall not audit for evidence of substandard care but shall notify the DHB Contract Administrator upon discovery if any such evidence comes to its attention.
- i. The Contractor shall prepare schedules of adjustments for miscoded costs that are found to be non-allowable/non-reimbursable expenses under the North Carolina Medicaid Program.
- j. The Contractor shall test accounting records and perform other audit procedures for the purpose of rendering an opinion regarding the cost of services rendered to Medicaid patients, the allow ability of those costs, and provider's compliance with the North Carolina State Plan, Federal and State regulations, and DHB policies.

- k. The Contractor shall include an on-site review as a component of each field audit, unless it makes other arrangements with DHB in advance.
- l. The Contractor shall perform all audit procedures of the audit program during the field audit. If an auditor deems an audit procedure not applicable, the auditor must document the reason in sufficient detail to enable DHB to arrive at the same conclusion or to invalidate the conclusion.
- m. The Contractor's Project Manager or his or her designee shall review each audit prior to delivery to DHB.

2. **Final Audit Reports**

- a. The Contractor shall prepare a draft of each Final Audit Report for DHB review and approval. Each Final Audit Report shall include the following information:
 - i. A Cover Page;
 - ii. The Independent Auditor's Report/Independent Accountant Report for Agreed Upon Procedures (AUPs) as to whether, in all material respects, the annual cost report submitted by the provider is in compliance with Medicaid cost reporting principles, rules and regulations;
 - iii. A Table of Contents;
 - iv. A statement of the Purpose and Scope of the Audit (to include methodology used /AUPs);
 - v. A revised cost report including any supplemental cost reporting schedules;
 - vi. An Audit Adjustment Report;
 - vii. The Contractor's Findings and Conclusions including any reportable conditions of the provider's internal controls or patient fund usage and accounting;
 - viii. The Contractor's Recommendations; and
 - ix. All Supporting Attachments, Work papers, and Appendices.
- b. Following DHB approval of the Final Audit Report, the Contractor shall deliver the following to DHB within ten (10) State Business Days:
 - i. Two (2) hard copies of the Final Audit Report; one for DHB and one for DHB to mail with the Notice of Program Reimbursement to the provider;
 - ii. All supporting attachments, workpapers, and appendices; if the contractor uses proprietary audit software such as ProSystem FX or AdvanceFlow to store and document workpapers, the contractor must deliver those workpapers to DHB in the original common user formats (i.e. Excel, Word, pdf) so they may be accessed and stored by the state without the contractor's proprietary software;
 - iii. An electronic copy of each Field Audited Cost Report and supplemental schedules; electronic format may be a Contractor's secure FTP website, encrypted CD/DVD, or other method as agreed to by DHB. All data transmitted or delivered to DHB shall become the property of DHB;
 - iv. For audits of Non-State Owned/Operated NFs, deliver the audited cost reports in MCR format on the appropriate CMS 2540 / 2552 format free of all Level 1 Errors; the reports must also include adjusted Medicaid supplemental schedules; and

- v. For audits of State-Owned Operated NFs, deliver the audited cost report in MCR format on the appropriate CMS 2540 / 2552 format free of all Level I Errors.
- c. Working Papers and Correspondence File. The Contractor shall provide DHB with the original of its complete file of audit working papers and correspondence compiled during each audit. DHB shall maintain these work papers in a file that will be available to the Contractor.
- d. Provider Hearings and Appeals. The Contractor shall furnish documents and witnesses at any hearings, appeals, or court actions arising out of the work performed by the Contractor at no additional cost to the State.
- e. Additional Rate and Cost Report Data Analyses. The Contractor shall perform additional rate and cost data analyses using approximately One thousand and two hundred (1,200) hours of ad hoc analysis per contract year. Historically, these have been used to support DHB analysis of legislative actions concerning Medicaid rates, post payment reviews of personal care service providers, research and support of historical cost report appeals, and assistance with cost modeling. For each project involving ad hoc analysis, DHB shall assign an internal project number for purposes of tracking and invoicing purposes.

C. Work Area 2: Calculation of Hospital Specific Base Rate, Recalibration of DRG Relative Weights, and Other Analyses of Inpatient and Outpatient Rates and Cost Data

1. The Work Area 2 Scope of Work

The North Carolina Medicaid State Plan requires DHB to recalculate relative weights when DHB installs a new version of the DRG Grouper effective October 1 each year. The Contractor shall review Grouper software and provide DHB with Grouper logic. The Contractor shall perform the tasks identified herein.

- a. The Contractor shall review the changes that Medicare has made to its DRG-based system and advise DHB regarding any changes that DHB should consider.
- b. The Contractor shall obtain two years of paid claims data from DHB and make adjustments to that data as necessary (e.g., merge interim bills, delete duplicate claims, determine appropriate handling of adjustment claims) to prepare it for the development of relative weights and the fiscal impact models.
- c. The Contractor shall analyze cost report information it obtains from DHB. The Contractor shall identify anomalies in cost-to-charge ratios and make recommendations to DHB regarding those providers with cost-to-charge ratios that appear to be questionable.
- d. The Contractor shall develop recommendations regarding policy changes identified by DHB or the Contractor. Analyses of policy options should be accompanied by a fiscal impact analysis to assist DHB in determining the fiscal impact of any change. Policy topics include:
 - i. Medical Education: Make recommendations regarding a methodology to provide greater control and predictability of Medicaid medical education expenditures.

- ii. Transfers: Determine which transfer cases qualify for prorated reimbursement and the impact of such changes.
 - iii. Outlier Costs: Investigate the use of a "constant" or "fixed" loss threshold approach to the reimbursement of outlier costs similar to Medicare's methodology as described in the Federal Register at Volume 68, August 1, 2003, page 45477. [Note that DHB's current system utilizes a "variable" approach such that DRG cost and day outliers are seventy five percent (75%) reimbursed to the extent they exceed their respective thresholds as defined by North Carolina State Plan Attachment 4.19-A paragraphs (g) and (h) under the heading **DRG RATE SETTING METHODOLOGY**.
 - iv. Day Outliers: Investigate the financial impact of discontinuation of day outliers.
- e. The Contractor shall convert allowable charges to estimated costs by applying the hospital-specific cost-to-charge ratios or per diem costs developed from cost reports supplied by DHB. The Contractor shall standardize cost estimates by removing direct and indirect medical education costs for each hospital and bring current costs and charges to the proposed rate year.
 - f. The Contractor shall calculate relative weights, which equal the ratio of the average cost in each DRG to the overall average cost for all DRGs combined.
 - i. Prior to calculating these relative weights, the Contractor shall remove statistical outliers, transfer cases, cases with lengths of stay equal to zero (0), and claims for PPS-exempt, and specialty hospitals.
 - ii. Using a statistically valid methodology, the Contractor shall determine whether there are a sufficient number of claims to establish a stable relative weight for each DRG. When developing relative weights, the Contractor shall incorporate the expanded set of neonate DRGs which are specific to the North Carolina Medicaid program. For each DRG where there is not a stable relative weight, develop a relative weight using alternative data. DHB prefers that the Contractor use the HCIA-All-Payor Inpatient Data Set to supplement the North Carolina Relative Weights, which the Contractor shall purchase from HCIA/Solucient. If any DRGs remain that do not have stable relative weights, DHB will adopt the Medicare relative weights.
 - g. The Contractor shall calculate case-mix indices and adjust DRG weights as necessary.
 - h. The Contractor shall develop a final set of relative weights.
 - i. The Contractor shall inflate Medicaid base rates, including per diem rates, using the National Hospital Market Basket Index as published by Medicare. The annual update may not exceed the update amount approved by the North Carolina General Assembly.
 - j. The Contractor shall conduct a fiscal impact analysis for each hospital and each DRG.
 - k. The Contractor shall obtain input from DHB as appropriate throughout the recalibration and rate calculation process. Decisions made by DHB shall be binding upon the Contractor.
 - l. The Contractor shall submit a final report and Rate Table for DHB's review and approval.
 - m. The Contractor shall provide ongoing assistance to DHB with DRG payment questions.

2. **Additional Inpatient and Outpatient Cost Report Data Analyses:** The purpose of these analyses is to identify cost areas and providers with cost anomalies. The Contractor shall identify subjects that warrant additional field audit work or additional investigations. DHB estimates that it will ask the Contractor to provide approximately 1,200 hours of ad hoc data analyses work per contract year. For each project involving ad hoc analysis, DHB shall assign an internal project number for purposes of tracking and invoicing purposes. Upon the request of DHB, the Contractor shall:
 - a. Monitor inpatient and outpatient cost report data for Medicaid-enrolled hospitals, especially cost-to-charge ratios, and advise DHB on trends as this data impacts cost-to-charge ratio calculations for inpatient and outpatient services. Make recommendations to DHB regarding further desk or field audits of hospital cost reports based on these analyses.
 - b. Prepare reports upon request by DHB that reflect trends in hospital costs, Medicaid days and discharges, cost-to-charge ratios, unreimbursed/uninsured charges, and other deficit costs.
 - c. Document all processes for setting DRG Weights, Average Length of Stay (ALOS), Day and Cost Outliers, and Inpatient Rates. Documentation must include specific sources of data and how this data is used in the calculation methodologies of DRG Weights, ALOS, Day and Cost Outliers, and Inpatient Rates. In some cases, the Contractor shall obtain the necessary data from DHB; in others, it shall obtain the data from its audit work in Work Area 1.

D. Work Area 3: Independent Certified Audit of the State Medicaid DSH Program

1. Work Area 3 Scope of Work

The Contractor shall annually perform an independent certified audit of the State Medicaid Disproportionate Share Hospital (DSH) Program pursuant to 42 C.F.R. §455 Subpart D. The audit must perform the following verifications:

- a. **Verification 1:** Each hospital that qualifies for a DSH payment in the State is allowed to retain that payment so that the payment is available to offset its uncompensated care costs for furnishing inpatient hospital and outpatient hospital services during the Medicaid State plan rate year to Medicaid eligible individuals and individuals with no source of third party coverage for the services in order to reflect the total amount of claimed DSH expenditures.
- b. **Verification 2:** DSH payments made to each qualifying hospital comply with the hospital-specific DSH payment limit. For each audited Medicaid State plan rate year, the DSH payments made in that audited Medicaid State Plan rate year must be measured against the actual uncompensated care cost in that same audited Medicaid State plan rate year.
- c. **Verification 3:** Only uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no third party coverage for the inpatient and outpatient hospital services they received as described in

Section 1923(g)(1)(A) of the Act are eligible for inclusion in the calculation of the hospital-specific disproportionate share limit payment limit, as described in Section 1923 (g)(1)(A) of the Act.

- d. **Verification 4:** For purposes of this hospital-specific limit calculation, any Medicaid payments (including regular Medicaid fee-for-service rate payments, supplemental/enhanced Medicaid payments, and Medicaid managed care organization payments) made to a disproportionate share hospital for furnishing inpatient hospital and outpatient hospital services to Medicaid eligible individuals, which are in excess of the Medicaid incurred costs of such services, are applied against the uncompensated care costs of furnishing inpatient hospital and outpatient hospital services to individuals with no source of third party coverage for such services.
- e. **Verification 5:** Any information and records of all of its inpatient and outpatient hospital service costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient and outpatient hospital service costs in determining payment adjustments under this Section; and any payments made on behalf of the uninsured from payment adjustments under this Section have been separately documented and retained by the State.
- f. **Verification 6:** The information specified in verification 5 above includes a description of the methodology for calculating each hospital's payment limit under Section 1923(g)(1) of the Act. Included in the description of the methodology, the audit report must specify how the State defines incurred inpatient hospital and outpatient hospital costs for furnishing inpatient hospital and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third-party coverage for the inpatient hospital and outpatient services they received.

E. Work Area 4: Annual Development of Existing Hospital Supplemental Payment Model

1. Work Area 4 Scope of Work

- a. The Contractor shall perform an initial program review and gain a thorough understanding of the existing Disproportionate Share Hospital (DSH) and Hospital Upper Payment Limit Model (as of 2024), its construction and calculations by multiple means including but not limited to:
 - i. Review of existing model, North Carolina Medicaid State Plan, historical manual, and North Carolina General Statutes on provider assessments.
 - ii. Stakeholder meeting with DHB staff.
 - iii. Separate interviews as necessary with DHB staff to understand relevant inputs, data sources, and quality assurance checks.
 - iv. Reviewing any relevant changes from federal regulations which may impact current year DSH UPL development, including but not limited to publications on the federal Medicaid DSH Allotments.
- b. Following the program review, the contractor shall compile required data sources from DHB and CMS public use files and update the existing model to reflect current FFY needed calculations. The contractor shall take into account relevant changes in the State Plan,

Federal Regulations, and any changes in individual hospital status from the prior year model.

- c. Using the data sources compiled, the contractor shall update and develop the annual FFY DSH and SFY UPL Payment model, beginning with FY2025.
- d. The contractor shall ensure the models have all of the necessary information and reports required for presentation to stakeholders and CMS Upper Payment Limit Demonstration, including total supplemental payments by provider and supplemental payment, total assessment amount by provider, and net gains by provider. The contractor will ensure the models contain all of the historical information previously generated by DHB in addition to any new reports developed by the contractor.
- e. The contractor shall ensure there are steps in the model for quality control to track all calculations back to the raw data and to ensure compliance with federal regulations including but not limited to those for DSH Payments, Upper Payment Limit Payments, and provider tax waiver requirements.
- f. The contractor shall assist DHB in preparation and proper documentation of hospital UPL demonstrations in prescribed CMS Templates.
- g. The contractor shall assist DHB as requested with the timely preparation of documentation or responses to CMS related to questions or changes CMS may require to evaluate and approve the annual DSH / UPL Models.

F. Program Administration Requirements

1. Establish and maintain a staffing plan with Key Personnel, administrative personnel and an organizational structure necessary to comply with all requirements described in this Contract.
2. Furnish all necessary personnel, materials, services, facilities, conduct travel, attend meetings, and otherwise perform all activities and actions necessary or incidental to perform the requirements of this Contract.
3. Software: The Contractor shall acquire at its own expense all CMS approved software and software licenses necessary to accomplish the tasks described in this SOW. CMS approved electronic reporting software can be found at https://www.ngsmedicare.com/documents/d/ngs/2215_0224_cms_approved_electronic_cost_reporting_vendors_508-pdf. No software will be provided by DHB. DHB currently has a license to use Health Financial Systems' (HFS) Medicare Cost Report software for hospitals (2552) and its Medicare Cost Report software for skilled nursing facilities (2540). The Contractor shall ensure that all files and reports transmitted to DHB are in a format compatible with this HFS Medicaid Cost Report software.
4. Monthly Progress Report: For all Work Areas the Contractor shall submit progress reports to the Contract Administrator or his or her designated representative by the tenth (10th) Calendar Day of every month during the contract period, or more frequently as may be requested by DHB, at no additional cost to the State. Progress reports shall describe, at a

minimum, the Contractor's progress during the past month; problems encountered; anticipated progress for the next month; anticipated problems and approaches to those and any support actions or information requested of DHB; remarks or comments, including reasons for any projected deviation from the project schedule; and a summary of activities to date. The Contractor shall obtain the DHB Contract Administrator's approval for any material deviation from the proposed delivery schedule.

5. Meetings with State: The Contractor shall meet with DHB, upon request, to discuss problems encountered by the Contractor, to review progress reports submitted, and to discuss approaches to problems.
6. Data Transfer: All data transfers shall be secure and compliant with 45 C.F.R. 164, protecting all personal health information.
7. DRG Grouper Software: The Contractor shall obtain and maintain, at its own expense, licenses for DRG Grouper software. The Contractor shall install the most recent version of the Medicare Grouper implemented by Medicare October 1 each rate year. The version currently in use is Version 41.1 / 42.
8. The Contractor shall use the same Medicare Coding Edits (MCE) software used by DHB, matching the NC State Plan.
9. End of Contract Transition. Upon notification from the Department the Contractor shall create a transition plan in accordance with *Section III.D. 48: TERMINATION*. The Contractor shall submit to the DHB Contract Administrator a written transition plan designed to ensure a smooth transition to the successor contractor. The Contractor shall not implement the plan until it has received DHB's written approval of the plan. The Contractor shall take all reasonable action to provide a minimally disruptive turnover.

G. Reports and Deliverables

1. Contractor shall submit all reports in the manner and format prescribed by the Department and shall ensure that all reports are complete and accurate.
2. Contractor shall submit all reports electronically to the Department's Contract Administrator for day-to-day activities.
3. Reports shall be submitted in an agreed upon format, which may include MS Excel, MS Word or other formats based on the report data and requirements.
4. Report names with descriptions, requirements, reporting period, frequency and Due Date are established by the Department during implementation.
5. In addition to defined reports, the Department reserves the right for ad hoc reporting requests.

6. Contractor shall submit ad hoc reports as requested by the Department within ten (10) State Business Days of the Department's request or within such other timeframe as approved by the Department's Contract Administrator for day-to-day activities.
7. If DHB rejects a deliverable, DHB will give the Contractor a written description of the changes that must be made to the deliverable.
8. This cycle of submission, review, rejection, revision, and resubmission shall be repeated until DHB accepts the deliverable.
9. Report names with descriptions, reporting periods, frequency and due date are located in *Section V. G. Table 1: Reports and Deliverables*.

Section V. G. Table 1: Reports and Deliverables		
REPORT OR DELIVERABLE NAME	WORK AREA	FREQUENCY AND DUE DATE
Final Audit Reports	Work Area #1	As determined by the Department
Provider Hearings and Appeals Documentation	Work Area #1	As determined by the Department
Additional Rate and Cost Report Data Analyses	Work Area# 1	As determined by the Department
A relative weight file, including case-mix indices	Work Area #2	Annually - September 1
Final DRG rates	Work Area #2	Annually - September 1
Cost-to-charge ratio database as listed in <i>Section V.C.1.c.</i>	Work Area #2	Annually - September 1
Annual Policy Recommendation Report	Work Area #2	Annually - September 1
Inpatient and Outpatient Cost Report Data Analyses Ad Hoc Work Plan Reports as listed in <i>Section V.C.2.</i>	Work Area #2	As directed by the Department and defined within the Ad hoc request
Certified audit of the State Medicaid Disproportionate Share Hospital (DSH) Program	Work Area #3	Preliminary for DHB review is due Annually - September 30
Yearly DSH Survey	Work Area #3	Annually - February 1st
Annual DSH and Hospital UPL Models and Calculations	Work Area #4	As determined by the Department
Updated Manual of Calculation	Work Area #4	As determined by the Department
Monthly Progress Report	Program Administration	The tenth (10 th) of every month
DSH Survey Provider Training Materials	Training and Outreach	Annually - February 1st
Ad hoc	Program Administration	As directed by the Department and defined within the Ad hoc request
Business Continuity Plan	Business Continuity	Annually - August 1

H. Training and Outreach

1. Contractor shall provide all training, education and technical assistance to all designated Key Personnel and Contractor staff to ensure Key Personnel and Contractor staff meet the requirements of this Contract.
2. Contractor shall submit to the Department for review and approval the plans, processes and procedures, forms, reports, templates, education and training material, and other material as indicated in this Contract.
3. Contractor shall send training and outreach material to Department for review and approval no later than thirty (30) Calendar Days prior to use.
4. Contractor shall develop and maintain a Training plan for Work Area 3. The training plan shall detail the tasks and timelines associated with conducting the annual DSH Survey and DHS Survey Provider Training offered to identified providers.
5. Contractor shall submit the annual DSH Survey to the Department for review and approval by February 1st of each Contract Year. Contractor will schedule the distribution of the annual DSH Survey on March 1st of each Contract Year. Preliminary Survey results from Contractor are due to the Department by September 30th of each Contract Year.
6. The DSH Survey Provider Training component shall occur 30 Business Days after the approved DSH Survey is sent out to providers. The training shall include a Q&A session scheduled with the providers to address any questions the providers may have about completing Survey.

I. Staffing and Key Personnel

1. The Contractor must maintain adequate, qualified staff throughout the term of the Contract to meet all requirements.
2. The Contractor shall maintain a staffing plan to accomplish the scope of work which includes an organizational chart with Key personnel, and the number of staff roles for performance of services. Contractor shall provide the Department a copy of the staffing plan if changes are made during the term of this Contract.
3. The Staffing Plan shall include the Contractor's proposed staff for each work area and clearly specify the type of staff and number of staff assigned to meet the Contract requirements.
4. Contractor shall have staff performing services under this Contract available by phone and email every State Business Day from 7:00 a.m. to 6:00 p.m. EST and shall return all voicemail and email messages within two (2) State Business Days, or sooner if an escalated response is requested by the Department.

5. Contractor is solely responsible for and incurs all the costs related to, recruiting, hiring, training, monitoring performance of, and managing sufficient professional and other staff to meet contractual requirements.
6. The Contractor shall hire Key Personnel as defined in *Section V.I. Staffing, Table 1: Key Personnel*.
7. Key Personnel roles shall be filled for the duration of the Contract.
8. The Contractor shall ensure Key Personnel are in place within ten (10) State Business Days of the Contract Effective Date. If a permanent appointment cannot be made within ten (10) State Business Days of the Contract Effective Date, the Contractor shall appoint an individual to serve in the role on an interim or acting basis until a permanent appointment is approved by the Department.
9. The Department may, at its sole discretion, reject a potential candidate or require the removal of any Key Personnel providing services under the Contract and request an acceptable substitution.
10. The Contractor shall not appoint or substitute Key Personnel assigned to the performance of this Contract without prior written approval of the Department.
11. The Contractor shall inform the Department in writing within seven (7) State Business Days of staffing changes in Key Personnel roles, including vacancies.
12. The Contractor shall notify the Department of any recommended appointment or substitution of Key Personnel, including the name, Key Personnel role, biography or resume, and other information requested by the Department for approval. The Department will review the request and notify the Contractor within ten (10) Calendar Days of approval, denial, or request for additional information. If the Department does not approve the recommendation, the Contractor will have fifteen (15) State Business Days to submit another recommendation.
13. The Parties will work in good faith to timely fill any Key Personnel role that becomes vacant during the term of the Contract and not unreasonably withhold or delay approval.

Section V.I. Staffing, Table 1: Key Personnel		
Role	Duties and Responsibilities of the Role	Minimum Certifications, Credentials and Experience Required by the Department
1. Contractor Senior Manager	<ul style="list-style-type: none"> Responsible for providing high level business support as needed for directing operations throughout the life of the contract. Ensure the accuracy and timely submission of all reports, deliverables, and invoices submitted the Department. Coordinating activities and allocating Contractor resources. Ensure collaboration and strong communication among appropriate staff. 	<ul style="list-style-type: none"> Be licensed as a Certified Public Accountant in the state of North Carolina and; Have at least five (5) years of experience in healthcare consulting, auditing, or cost report preparation; and Have at least three (3) years' experience of supervising a staff of more than five (5) individuals who report directly or indirectly to him or her.
2. Contractor Project Manager	<ul style="list-style-type: none"> Responsible for providing direct business support as needed for operations throughout the life of the contract to include: <ul style="list-style-type: none"> Oversight of the project; Oversight of training; 	<ul style="list-style-type: none"> Have at least three (3) years of experience in healthcare audit work, preferably in Medicaid audit work, Medicare audit work, or both.

J. Implementation

1. The Department requires an experienced contractor who can implement Medicaid Audit services timely, efficiently and effectively. The services shall be implemented within forty-five (45) Calendar Days of the Contract Effective Date.
2. Contractor's Implementation Plan shall identify critical and major steps, tasks, and milestones, and associated durations, and include sufficient detail assure key milestones, activities and deliverables through the term of the Contract.
3. Contractor's Implementation Plan shall define the tasks necessary to complete tasks in accordance with the requirements of this Contract and the implementation schedule in *Section V.J Table 1: Implementation Schedule*. Contractor shall provide the Department an updated Implementation Plan within fifteen (15) State Business Days of Contract Award.
4. The Implementation Plan shall include and address, at a minimum, the following:
 - a. Key milestones, activities and submission of deliverables;
 - b. A schedule that integrates all key activities required for implementation to meet the schedule defined in *Section V.J. Table 1: Implementation Schedule*;
 - c. The data needed to complete the tasks and requirements, including dates;
 - d. The format and delivery method of requirements and deliverables;

- e. Metrics to be monitored and measured for implementation; and
 - f. Key activities scheduled for the period of thirty (30) Calendar Days post-implementation.
5. Contractor shall provide to the Department an updated Implementation Plan within fifteen (15) Business Days of the Contract Effective Date.
6. Implementation Schedule
- a. *Section V.J. Table 1: Implementation Schedule* outlines the schedule of milestones, key activities and submission of deliverables required as part of Implementation.
 - b. For any date that falls on a weekend or State holiday, the due date shall be the next State Business Day.
 - c. Any adjustments to due dates specified in *Section V.J. Table 1 Implementation Schedule* may be made by the Department providing written notice in accordance with *Section III.D.34. NOTICES*.

Section V.J Table 1 Implementation Schedule	
Activity	Due Date
Key Personnel Identified	Within ten (10) State Business Days of the Contract Effective Date.
Kick Off and Onboarding Meetings	Within ten (10) State Business Days of the Contract Effective Date.
Updated Implementation Plan	Within fifteen (15) State Business Days of the Contract Effective Date.
Required Department Data Identified	Within fifteen (15) State Business Days of the Contract Effective Date.
End-to-End Testing	Within twenty (20) State Business Days of the Contract Effective Date.
Updated Staffing Plan	Within thirty (30) Calendar Days of Contract Effective Date.
Work Area #3 Outreach and Training Plan	Within thirty (30) Calendar Days of Contract Effective Date.
System Security Plan	Within thirty (30) Calendar Days of Contract Effective Date and updated semi-annually.
Updated Business Continuity Plan	Within forty-five (45) Calendar Days of Contract Effective Date.
Implementation of Services	Within forty-five (45) Calendar Days of Contract Effective Date.

7. Kickoff and Onboarding Meeting
- a. Contractor's Key Personnel as defined in *Section V.I. Staffing, Table 1: Key Personnel* are required to attend a Kickoff and Onboarding meeting with the Department scheduled by the Department. Contractor and Department shall determine Contractor non-Key Personnel attendees after the Contract Effective Date. Contractor's Senior Manager is required to attend all meetings in person or virtually. Contractor may request other

attendees attend virtually. The Department shall review and approve if acceptable based on the role and training session content and method of delivery. Unless otherwise approved, all attendees shall attend in person or virtually.

- b. Kickoff meeting attendees will review the Contract terms and deliverables, confirm roles and responsibilities, and discuss other topics as determined by the Department in consultation with the Contractor.
- c. Onboarding meeting attendees will participate in orientation and training sessions to fully understand the operational aspects of the Contract.

K. Business Continuity Plan

- 1. A Business Continuity Plan shall be used during natural disasters or emergencies, as well as pandemics or communicable disease outbreaks and network and information technology outages to ensure there is minimum disruption to services, workflows and submission of deliverables and reports.
- 2. Contractor shall develop and maintain a Business Continuity Plan that demonstrates the approach the Contractor shall utilize to provide services and meet the requirements set forth in the Contract with minimal disruption to services in the event of public health emergencies, natural disasters, sudden and unexpected increases in enrollment, variances in staffing levels and turnover, and other emergencies or unplanned events.
- 3. The Contractor shall submit to the Department for review its Business Continuity Plan no later than forty-five (45) Calendar Days of the Contract Effective Date and annually thereafter. Within thirty (30) Calendar Days of receipt, the Department shall provide feedback to the Contractor.
- 4. The Business Continuity Plan shall include, at a minimum, the following:
 - a. The ability to respond to emails, phone calls and other inquiries;
 - b. Strategy and procedures for business recovery and work around procedures should Offeror's systems and infrastructure fail or are impacted by either natural and/or man-made disasters or circumstances.
 - c. Disaster recovery and communicable disease response processes, which provide a detailed description of its disaster and disease contingency and recovery plan for all requirements specified in this Contract.
 - d. Approach during the suspension of face-to-face interaction with Participants, staff, and stakeholders;
 - e. Communication strategy and procedures to ensure all guidelines, protocols and directives are updated and followed; and
 - f. Approach for providing the required services in coordination with Department guidance as needed.

L. Performance Standards and Service Level Agreements

1. The Contractor shall meet the performance standards as set forth in *Section V.L Table 1 – Performance Standards and Liquidated Damages*.
2. The Contractor shall be evaluated based on their compliance with each listed standard as well as the content and timelines of the monthly and quarterly reports.
3. The Contractor must meet each Performance Standard during the term of the Contract.
4. Compliance with the Performance Standards set forth in *Section V.L Table 1 – Performance Standards and Liquidated Damages*. Standards will be measured on a monthly basis, and Contractor will be notified of any deficiencies if found. Liquidated Damages stemming from these deficiencies, if any, will be assessed on a quarterly basis.
5. Failure to comply may result in the imposition of Liquidated Damages as outlined in *Section VI. Contract Compliance and Liquidated Damages* and this section.
6. If Contractor is determined to have not complied with a performance standard in the prior month, Department may require Vendor to put a Corrective Action Plan in place as outlined in *Section VI. Contract Compliance and Liquidated Damages* and this section. Compliance with CAPS, if any, will be assessed on a quarterly basis.

Section V.L. Table 1 – Performance Standards and Liquidated Damages				
No.	Measure	Performance Standard	Description	Liquidated Damage
I	Contract Provisions and Requirements	Contractor shall comply with one hundred percent (100%) of the provisions and requirements in the Contract.	Contractor is required to comply with all of the provisions and requirements of the Contract in the RFP and <i>Section III.D. General Terms and Conditions</i> .	\$500 per occurrence per Calendar Day
2	Business Continuity Plan	<ol style="list-style-type: none"> a. Contractor shall provide the Department an initial Business Continuity Plan no later than forty-five (45) Calendar Days of the Contract Effective Date. b. Contractor shall provide a Business Continuity Plan annually thereafter, no later than thirty (30) Calendar Days after Department's request. 	Contractor is required to submit and implement an initial Business Continuity Plan required in <i>Section V.K. Business Continuity Plan</i> and submit subsequent reports annually or as directed by the Department and in <i>Section V.K. Business Continuity Plan</i> of the Contract.	\$250 per Calendar Day

Section V.L. Table 1 – Performance Standards and Liquidated Damages				
No.	Measure	Performance Standard	Description	Liquidated Damage
3	Reports and Deliverables	Contractor shall submit one hundred percent (100) of the reports and deliverables required by the due dates in the Contract and <i>Section V.G. Table 1: Reports and Deliverables</i> .	Submission of complete and accurate reports and deliverables in the format and on the due dates in <i>Section V.G. Table 1: Reports and Deliverables</i> .	\$250 per occurrence per Calendar Day
4	Confidentiality, Privacy and Security Protections	Contractor must comply with one hundred percent (100) of the Department's confidentiality, privacy and security protection provisions in the Contract.	Contractor must timely and accurately comply with confidentiality, privacy and security protection provisions in <i>Section III. E. Confidentiality, Privacy and Security Protections</i> of the Contract.	\$500 per occurrence per Calendar Day
5	Corrective Action Plan (CAP)	Contractor must timely submit and completely comply with requirements of any approved CAP one hundred percent (100).	Contractor must timely comply with Department requests for a CAP and comply with requirements of any approved CAP.	\$50 per Calendar Day for each day the CAP is late, or for each day Contractor fails to comply with an approved CAP.

VI. CONTRACT COMPLIANCE AND LIQUIDATED DAMAGES

A. Contract Violations and Noncompliance

1. The Contractor shall comply with all terms, conditions, requirements, performance standards, and applicable laws as set forth in the Contract or any amendments thereto including any rules, policies, or procedures incorporated pursuant to the Contract.
2. The Department reserves the right to impose any and all remedies available under the terms of the Contract, at law or in equity, and in the event that the Department determines, in its sole discretion, that the Contractor has violated any provision of the Contract, or if the Contractor does not comply with any other applicable North Carolina or federal law or regulation, compliance with which is mandated expressly or implicitly by this Contract.

B. Notice of Deficiency

1. The Department will provide Contractor with written notice of imposition of remedial actions, a corrective action plan (CAP), liquidated damages, or other remedies available under the Contract, detailing the nature of underperformance, violation or noncompliance, any actions the Department seeks to impose against the Contractor, and, if applicable, the method and

timeframes by which Contractor may dispute the claim of noncompliance and the imposed actions.

2. Within three (3) State Business Days of full remediation of the identified violation(s) in the Notice of Deficiency, or within another timeframe as requested by the Department, the Contractor shall provide the Department with written notice confirming the date that the noncompliant behavior was resolved and the actions the Contractor took to remediate the noncompliance.

C. Remedial Actions and Corrective Action Plans

1. In the event the Department determines Contractor is underperforming as to the terms, conditions, requirements, or performance standards as set forth in the Contract, the Department may require remedial actions such as providing technical assistance or requiring additional training or require the Contractor to submit a Corrective Action Plan (CAP) for Department approval.
2. Following a Notice of Deficiency, the Contractor shall immediately cease the noncompliant behavior and take actions to mitigate the harm caused by the violation until technical assistance, training or other remedial action is completed, or a CAP is implemented.
3. Contractor shall accept and implement a Department defined CAP or develop a CAP for Department approval as required in this Section.
4. If required, the Contractor shall develop and implement a CAP to address areas of deficiency. The Contractor shall submit the CAP for Department approval within fifteen (15) Calendar Days after receipt of notice, or another timeframe as determined by the Department depending on the nature of the violation, from the date of the Notice of Deficiency requiring the CAP.
5. Any CAP required to be submitted by the Contractor shall, at a minimum, identify the following:
 - a. The finding resulting in request for corrective action by the Department;
 - b. A description of how the finding resulting in a request for corrective action will be remediated;
 - c. The timeline for the implementation and completion of the corrective action(s); and
 - d. The name of the responsible person who will lead all corrective action activities.
6. Upon receipt, the Department may accept the CAP as submitted, accept the plan with specified modifications, or reject the plan.
7. If the Department requests modifications or rejects the CAP, the Contractor shall revise or submit a new plan within ten (10) Calendar Days after the Department's response to the CAP, or another timeframe as determined by the Department depending on the nature of the violation, that addresses the issues or concerns identified.
8. The Contractor shall provide updates to the Department on the remediation of all findings resulting in a request for corrective action at the interval requested by the Department.
9. Remedial actions required under this Section are not contestable, and the Contractor shall be required to complete the remedial action within the timeframe provided in the Notice of

Deficiency, a requirement to submit and implement a CAP shall be completed in accordance with the requirements of this Section.

D. Liquidated Damages

1. If the Contractor is determined to be in violation of the terms, conditions, requirements, and/or performance standards of the Contract, it is presumed that the Department will be harmed. Any liquidated damages are not intended to be a penalty but are intended to be reasonable estimates of the Department's projected financial loss and damage resulting from the Contractor's nonperformance. Accordingly, in the event the Contractor fails to perform in accordance with the Contract, the Department may assess liquidated damages as provided in this Section. Nothing in this Section is intended to prohibit the Department from exercising other rights and remedies as may be appropriate due to Contractor's failure to perform.
2. A general liquidated damage of five hundred dollars (\$500) per day/occurrence, as applicable, may be assessed at the sole discretion of the Department for any violation of a Contract provision that is not specifically listed in *Section V.L Table 1 – Performance Standards and Liquidated Damages*.
3. The Department shall provide the Contractor with written notice of the imposition of liquidated damages detailing the nature of the noncompliance, the assessed liquidated damages, and the method and timeframes by which the Contractor must respond including how the Contractor may appeal the assessment through the dispute resolution process.
4. Payment of Liquidated Damages and other Monetary Sanctions
 - a. If the Contractor elects not to appeal the assessment of liquidated damages or other monetary sanctions, the assessed amounts shall be due and payable within thirty-five (35) Calendar Days of the date on the written notice assessing the liquidated damages or other monetary sanctions.
 - b. If the Contractor elects to appeal the assessment of liquidated damages or other monetary sanctions, but does not prevail, the liquidated damages or other monetary sanctions shall be due and payable within ten (10) Calendar Days of the date on the written notice of final decision issued by the Department upholding its original decision to impose the liquidated damages or other monetary sanctions (including a final decision modifying the amount owed).
 - c. If the Contractor fails to pay liquidated damages or other monetary sanctions by the applicable due date, the Contractor shall be subject to interest and a late payment penalty in accordance with NCGS § 147-86.23 until the past due amount is paid.
5. Notwithstanding the Contractor's request to appeal the assessment of liquidated damages, the Department shall have the right to retroactively impose liquidated damages on the Contractor for violations of the terms of the Contract during the pendency of a dispute in accordance with this section if the Contractor does not prevail in the appeal process and the violations continued during the process to dispute a contract performance action.
6. Liquidated damages assessed by the Department do not affect the Contractor's rights or obligations with respect to any third party.

E. Process to Appeal a Contract Performance Action and Dispute Resolution

1. Contractor shall have the right to appeal certain contract performance actions by the Department, such as liquidated damages, through the process, except that the Contractor shall not have the right to contest the Department's decision to require the Contractor to perform a remedial action.
2. Contractor shall exhaust the dispute processes as provided in the Contract to contest the imposition of intermediate sanctions, the assessment of liquidated damages, and/or for cause termination of the Contract by the Department before pursuing any other administrative, legal, or equitable remedy that may be afforded to the Contractor under North Carolina or federal law or regulation.
3. **Dispute Resolution**
 - a. To raise a dispute, the Contractor shall submit a written request for dispute resolution within thirty (30) Calendar Days of the date on the written notice imposing the Department's intended action. The Department may extend the Contractor's deadline to request dispute resolution for good cause if the Contractor requests an extension within ten (10) Calendar Days of the date on the written notice.
 - b. The Contractor shall include in the written request for dispute resolution all arguments, materials, data, and information necessary to resolve the dispute (including all evidence, documentation, and exhibits).
 - c. The Contractor waives any dispute not raised within thirty (30) Calendar Days of the date on the written notice imposing any proposed action by the Department (unless the Department grants an extension).
 - d. The Contractor also waives any arguments it fails to raise in writing within thirty (30) Calendar Days (unless the Department grants an extension) of the date on the written notice imposing the proposed action, and waives the right to use any materials, data, and information not contained in or accompanying the Contractor's written request for dispute resolution in any subsequent legal, equitable, or administrative proceeding (to include the Office of Administrative Hearings, NC Superior Court, or federal court).
 - e. The Department shall review the dispute resolution request and submitted evidence and information and issue a written final decision within sixty-five (65) Calendar Days of the Contractor's request for dispute resolution. The Department shall have the right to extend its deadline to issue the final decision for good cause and shall notify the Contractor of any extension and the reason for such extension.
 - f. The final decision issued by the Department following dispute resolution shall not be subject to further appeal within the Department.

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VII. ATTACHMENTS

The following attachments are included in this *Section VII. Attachments*

- A. Minimum Qualifications Response
- B. Offeror's Response to Technical Evaluation Questions
- C. Offeror's Cost Proposal
- D. Contract Administrators
- E. Certification of Financial Condition and Legal Action Summary
- F. State Certifications
- G. Federal Certifications and Disclosures
- H. Disclosure of Litigation and Criminal Convictions
- I. Location of Workers Utilized by Contractor
- J. Offeror Request for Proposed Modifications to the Terms and Conditions
- K. Business Associate Agreement
- L. Subcontractor Identification Form
- M. Historically Underutilized Businesses
- N. Legal Grounds for Marking Information Confidential
- O. Evaluation Methodology
- P. Management Representation Letter
- Q. Sample Monthly Audit Status Report
- R. Payment and Invoicing

Attachment A: Minimum Qualifications Response

The Offeror must demonstrate it meets the Minimum Qualifications to have its response evaluated by the Department. The Offer **MUST** complete this Attachment by selecting and checking a box under each numbered or lettered item, where indicated, and providing any necessary details and documentation to demonstrate it meets each required qualification.

Any Offeror Proposal that does not meet any Minimum Requirement will be disqualified and will not be given any further consideration by the Evaluation Committee, unless it is determined that such disqualification is not in the best interest of the Department.

1. Agreement to Terms and Conditions

The Offeror agrees and accepts, without exception all terms and conditions, including confidentiality, privacy and security protections and public records and trade secrets protections, specified in Section III of this RFP. The Offeror may suggest modifications to the terms and conditions per the instructions in *Section II.C.3.c.* and complete *Attachment J: Offeror Request for Proposed Modifications to the Terms and Conditions*, and acknowledges such suggestions are not part of any subsequent Contract unless explicitly accepted by the Department in accordance with *Section II. C.3.c.*

☐ **Offeror Confirms**

☐ **Offeror Does Not Confirm**

2. Eligibility to Contract

- a. As of the date of its submission of a response to this RFP, the Offeror is not on the list of contractors debarred from doing business with the State of North Carolina.

☐ **Offeror Confirms**

☐ **Offeror Does Not Confirm**

- b. As of the date of its submission of a response to this RFP, the Offeror is not on a federal list of parties that are excluded from participation in Medicare, Medicaid, or other federal health care programs, or from receiving federal contracts, or federal financial or non-financial assistance.

☐ **Offeror Confirms**

☐ **Offeror Does Not Confirm**

- c. Offeror agrees to notify the Department immediately if it is debarred or excluded from State or federal contracting, participation in health care programs or receipt of financial or non-financial assistance, prior to the Contract Award date.

☐ **Offeror Confirms**

☐ **Offeror Does Not Confirm**

- d. Offeror acknowledges and understands that debarment or exclusion from State or federal contracting, program participation, or assistance will result in immediate disqualification from Contract Award.

☐ **Offeror Confirms**

☐ **Offeror Does Not Confirm**

3. Financial Stability and Legal Disclosure

The Offeror is financially stable and has disclosed any legal actions that could adversely affect its financial condition or ability to meet the requirements of this RFP as required by *Section VII. Attachment E: Certification of Financial Condition and Legal Action Summary*.

☐ Offeror Confirms

☐ Offeror Does Not Confirm

4. Experience Requirements

- a. As of the date of its submission of a response to this RFP, the Offeror is CPA Firm licensed in the State of North Carolina and at least two other States.

☐ Offeror Confirms

☐ Offeror Does Not Confirm

- b. Offeror has the staff and resources to complete the tasks of Work Area #1 throughout the year

☐ Offeror Confirms

☐ Offeror Does Not Confirm

- c. Offeror has a minimum of five (5) years combined experience providing Field Audits, calculation of hospital rates, independent certified DSH audit, annual development of supplemental payment model or services similar to those described in this RFP with a minimum of three (3) entities to include other agencies of State government, county government, municipal government, or corporate employer in NC or in other states. All of the Offeror's experience specified in this section must have occurred within the five (5) years immediately preceding the date the RFP is issued by the Department as outlined in the following table. Where Offeror indicates areas of experience that are for services *similar* to those described in this RFP, Offeror must reference the specific RFP requirements and RFP section(s) relating to the similar services and describe, in detail, how the services are similar to be considered. It is the responsibility of the Offeror to clearly demonstrate in detail how services are similar and should be considered in the column titled *Description of Services Provided (e.g., Field Audits, calculation of hospital rates, independent certified DSH audit, annual development of supplemental payment model, or similar services to those described in RFP)* below.

Name and Type Entity	Description of Services Provided (e.g., Field Audits, calculation of hospital rates, independent certified DSH audit, annual development of supplemental payment model, or similar services to those described in RFP)	Period of Experience (Start Date and End Date)	Relevant RFP Requirement Section of the experience (i.e., Section V. D. 1.)
	Performance of Medicaid or Medicare Program Audits;		
	The development and implementation of DRG-based reimbursement systems		
	The analysis of provider cost report data;		
	The performance of independent audits of State DSH programs; and		
	The design and implementation of Hospital supplemental payment programs including DSH, Medicaid supplemental payments and Upper Payment Limit payments		

By completing and signing this *Attachment A: Minimum Qualifications Response*, the Offeror affirms adherence to the required Minimums Qualifications and attests the information provided herein is accurate, and the individual signing certifies they are authorized to make the foregoing statements on behalf of the Offeror.

Offeror Signature

Date

Printed Name and Title

Attachment B: Offeror's Response to Technical Evaluation Questions

Instructions:

Offeror must respond to all questions and each part and subpart to each question in *Section VII. Attachment B: Offeror's Response to Technical Evaluation Questions*. Offeror's response to each question must follow the corresponding question. The Offeror must confirm adherence to and describe its approach to meet the requirements of the Contract as indicated. This includes providing a detailed narrative, diagrams, exhibits, examples, sketches, descriptive literature and/or detailed information specifically tailored for the North Carolina Medicaid program to demonstrate Offeror's ability to meet specifications of the Medicaid Audit Services RFP. The Offeror's Response to Technical Evaluation Questions should clearly indicate the citation and/or location of exhibits, attachments, flows, etc. that supplement responses in this Attachment B and demonstrate understanding and the ability to meet each specification. The Department is not required to look for or consider information outside of the response for individual questions where the Offeror fails to clearly indicate the location of supplemental exhibits, attachments, flows, etc. Further, where indicated and applicable, Offeror must describe any limitations or issues it has with meeting the requirements of the question. Offeror's response to each question must follow the corresponding question. The Department reserves the right to validate information provided within Offeror's response.

The table below provides an overview of the evaluation criteria and the questions within this Attachment B that correspond to each criterion. Cost will be evaluated based on the response to *Section VII. Attachment C: Cost Proposal*. The table below is provided for convenience only, and each question may encompass requirements from multiple sections of the RFP. The evaluation processes, including those for costs, are explained further in *Section VII. Attachment O: Evaluation Methodology*.

Summary of Evaluation Criteria and Corresponding Questions		
Question #s	Evaluation and RFP Scope Section	RFP Section Reference
1.–5.	Medicaid Audit Work Area Service Delivery Criteria	
1.	Work Area 1	<i>Section V.B. Field Audits of Selected Medicaid Services and Other Non-Hospital Rate and Cost Report Data Analyses</i>
2.	Work Area 2	<i>Section V.C. Work Area 2: Calculation of Hospital Specific Base Rate, Recalibration of DRG Relative Weights, and Other Analyses of Inpatient and Outpatient Rates and Cost Data</i>
3.	Work Area 3	<i>Section V.D. Work Area 3: Independent Certified Audit of the State Medicaid DSH Program</i>
4.	Work Area 4	<i>Section V.E. Work Area 4: Annual Development of Existing Hospital Supplemental Payment Model</i>
5.	Staffing	<i>Section I. Staffing and Key Personnel</i>

6.–12. Program Administration Criteria		
6.	Program Administration	<i>Section V.F. Program Administration Requirements</i>
7.	Program Administration	<i>Section V.H. Training and Outreach</i>
8.	Program Administration	<i>Section V.F. Program Administration Requirements</i>
9.	Implementation	<i>Section V.J. Implementation</i>
10.	Implementation	<i>Section V.J. Implementation</i>
11.	Business Continuity	<i>Section V.K. Business Continuity Plan</i>
12.	Privacy and Security Protections	<i>Section III.E.9. Privacy and Security Related Deliverables</i>
13.–16. Qualifications and Experience Criteria		
13.-14.	Past Experience and Performance	
15.	Historically Underutilized Businesses	<i>Section III.D.26.</i>
16.	Diversity, Equity and Inclusion	<i>Section III.D.23.</i>

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Technical Evaluations Questions

A. MEDICAID AUDIT WORK AREA SERVICE DELIVERY

Medicaid Audit Work Area Services

Evaluation Question

1. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.B. Work Area 1: Field Audits of Selected Medicaid Service and Other Non-Hospital Rate and Cost Report Data Analysis*.

The response must:

- a. Include the proposed approach for planning, executing and delivering nursing facility audits identified; and
- b. Include the proposed approach for understanding, defining and executing data analysis projects under this work area.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

2. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.C. Work Area 2: Calculation of Hospital Specific Base Rate, Recalibration of DRG Relative Weights and Other Analyses of Inpatient and Outpatient Rates and Cost Data*.

The response must address the proposed approach, data sources, and timelines necessary to meet the requirement within specified deadlines.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

3. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.D. Work Area 3: Independent Certified Audit of the State Medicaid DSH Program*.

The response must address the proposed approach, data sources, stakeholder engagement and/or training, and timelines in order to meet the required deliverable and contract deadlines.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

4. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.E. Work Area 4: Annual Development of Supplemental Payment Models*.

The response must describe in detail Offeror's approach for each of the following:

- a. The proposed approach;
- b. Quality control measures; and
- c. Cadence of engagement with the Department staff to gain understanding of existing programs and then to develop, execute and deliver the UPL models and demonstrations to meet contract deadlines.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Staffing

Evaluation Question	
<p>5. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach, including the use of any subcontractors, to meet the requirements of the RFP in accordance with <i>Section V.I. Staffing and Key Personnel</i>.</p> <p>The response must:</p> <ul style="list-style-type: none">a. Include proposed Key Personnel, including the individuals' credentials and experience specific to the identified role. If Offeror has not identified Key Personnel at the time of submitting its Offer, Offeror must state the actions it will take to ensure Key Personnel are identified and in place in accordance with all timelines; andb. Include a staffing plan with an organizational chart with Key personnel, and the number of staff /roles for performance of services under each work area.	
<input type="checkbox"/> Offeror confirms adherence	<input type="checkbox"/> Offeror does not confirm adherence
<p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>	

B. PROGRAM ADMINISTRATION

Program Administration

Evaluation Question
<p>6. Offeror must demonstrate adherence to the requirements of the Department and describe its capacity, to provide and meet the requirements of the RFP and <i>Section V.F. Program Administration Requirements</i>.</p> <p>The response should:</p> <ul style="list-style-type: none">a. Include current operational processes and procedures;b. Include Quality Control Measures; andc. Describe infrastructure and systems available to meet the requirements
<p><input type="checkbox"/> Offeror confirms adherence <input type="checkbox"/> Offeror does not confirm adherence</p> <p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>

Evaluation Question
<p>7. Offeror must confirm adherence to the requirements of the Department and describe its capacity, processes, procedures, quality control measures, systems, and infrastructure necessary to provide, and meet the requirements of the RFP and <i>Section V.H. Training and Outreach</i>.</p> <p>The response must:</p> <ul style="list-style-type: none"> a. Include a proposed detailed training plan for all Work Areas; and b. Include an example of the Yearly Survey as described in <i>Section V.H.5</i>.
<div> <input type="checkbox"/> Offeror confirms adherence <input type="checkbox"/> Offeror does not confirm adherence </div> <p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <div> <input type="checkbox"/> Offeror has no limitation(s) or issues(s). <input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below. </div> <p>Click or tap here to enter text.</p>

Evaluation Question

8. Offeror must describe its experience with and ability to use the required CMS approved software listed in *Section V.F. Program Administration Requirements* and describe the software currently in use.

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Implementation

Evaluation Question
<p>9. Offeror must confirm adherence to the milestones, activities, and schedule in <i>Section V.J. Implementation</i>.</p> <p>The response must:</p> <ul style="list-style-type: none">a. Include a detailed draft Implementation Plan that incorporates, at a minimum, all elements listed in <i>Section V.J. Implementation</i>;b. Demonstrate the Offeror's capacity to meet the timeline and requirements of the RFP; andc. Describe how it will hire and train staff and begin stakeholder engagement via kickoff and onboarding meetings in accordance with the implementation milestones, activities and schedule defined within the RFP.
<div><input type="checkbox"/> Offeror confirms adherence</div> <div><input type="checkbox"/> Offeror does not confirm adherence</div> <p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <div><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</div> <div><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</div> <p>Click or tap here to enter text.</p>

Evaluation Question
<p>10. Offeror must describe the Department data elements and necessary system integration, and testing required to meet the requirements of the Implementation timeline and the requirements of the RFP.</p>
<p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>

Business Continuity and Disaster Recovery

Evaluation Question
<p>11. Offeror must confirm adherence to the requirements of the Department and describe its ability and approach to meet the requirements of the RFP and <i>Section V.K. Business Continuity Plan</i>. The response must include a detailed draft Business Continuity Plan to meet all requirements and elements of <i>Section V.K. Business Continuity Plan</i>.</p>
<p><input type="checkbox"/> Offeror confirms adherence <input type="checkbox"/> Offeror does not confirm adherence</p> <p>Offeror's Response: Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s). <input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>

Privacy and Security Protections

Evaluation Question
<p>12. Offeror must confirm adherence to and describe its ability and approach to meet all Confidentiality, Privacy and Security Protections defined within the RFP. The response must include the following <i>Section III.E.9.a)</i> deliverables:</p> <ul style="list-style-type: none">a. Vendor Readiness Assessment Report (VRAR) https://it.nc.gov/documents/vendor-readiness-assessment-report;b. System Security Plan (SSP);c. Contractor SOC 2 or ISO 27001 or FedRamp or equivalent compliance certificates;d. Network Architecture Diagram https://it.nc.gov/resources/statewide-it-procurement/contractor-engagement-resources; ande. Data Flow Diagram and Description.
<p><input type="checkbox"/> Offeror confirms adherence <input type="checkbox"/> Offeror does not confirm adherence</p> <p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>

C. QUALIFICATIONS AND EXPERIENCE

Past Experience and Performance

Evaluation Question

13. Offeror must describe their past experience providing services similar to those included in the requirements of this RFP.

Response must:

- a. Identify other State Medicaid or other programs for which Offeror has performed substantially similar services and include the number of years of providing services;
- b. Describe the factors, experience, and processes that make Offeror qualified to successfully provide the services required by this RFP;
- c. Explain how success was measured and validated; and
- d. Provide any lessons learned or improvements to business processes that Offeror would incorporate into performance of this RFP.

The Offeror shall be fully transparent in describing the experience of the entity and shall include all experience, both positive and negative, related to the entity's role(s) or responsibilities. The Department may exercise, at its sole discretion, in the RFP evaluation process, whether or not to consider the experience or to what extent the experience applies.

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

- ☐ Offeror has no limitation(s) or issues(s).
- ☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

14. Offeror must provide a list of contracts for services similar to those described in this RFP in the last seven (7) years and disclose information required in Section VII. Attachment H: Disclosure of Litigation and Criminal Convictions.

Offeror's response should:

- a. Disclose any performance or compliance issues, termination, non-renewal, withdrawal, or services reduction; that occurred in any Contract held by the Offeror in the past seven (7) years;
- b. For any Contract that was terminated due to contractual breach or insufficient performance within the past seven (7) calendar years, Offeror's response must explain the circumstances or reasons surrounding the termination and provide the month and year of the contract action; the reason(s) for the termination, non-renewal, withdrawal, or services reduction; the parties involved; and provide the name, address and telephone number of the client/other party;
- c. If the Contract was terminated/non-renewed based on the Offeror's performance, The Offeror shall describe any corrective actions taken to prevent any future occurrence of the problem leading to the termination/non-renewal;
- d. If the violation(s) was the subject of an administrative proceeding or litigation, the Offeror shall indicate the result of the proceeding/litigation; and
- e. If Offeror has no such terminations or disclosures, Offeror must respond by stating no terminations have occurred.

Offeror has disclosed all information required in *Section VII. Attachment H: Disclosure of Litigation and Criminal Convictions*.

☐ Yes

☐ No. (If this box is checked, Offeror must indicate the reason below as part of **Offeror's Response**.)

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Historically Underutilized Businesses

Evaluation Question
15. Offeror must describe any experience working with, or efforts to create opportunities for, historically underutilized businesses (HUBs) and how it will comply with Section III.D.26. of the RFP.
<p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>

Diversity, Equity and Inclusion

Evaluation Question
16. Offeror must describe its commitment and approach to equity, diversity, and inclusion and how it will comply with <i>Section III.D.23.</i> of the RFP. Offeror should include any corporate or company policies, programs or initiatives to support its response.
<p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>

Attachment C: Cost Proposal

A. Introduction and Instructions

- I. This *Attachment C: Cost Proposal* provides maximum allowable amounts per cost category and requests cost information in the attached worksheets to assist the Department in the review and evaluation of cost proposals submitted by Offerors. Offerors are reminded that the responsibility for providing adequate supporting data lies solely with them. Further, the Offeror must also bear the burden of proof in establishing reasonableness of proposed costs; therefore, it is in the Offeror's best interest to submit a fully supportable and well-prepared cost proposal.
- II. The basis and rationale for all proposed costs should be provided as part of the proposal so that the Department can place reliance on the information as current, complete, and accurate. Offeror must submit a detailed narrative explaining what is included in each submitted costs as indicated in *Attachment C: Cost Proposal Workbook*.
- III. All prices shall be firm and fixed for the entire three (3) year Contract Term, plus two one (1) year options to extend.
- IV. The Offeror shall use the Department's *Attachment C: Cost Proposal Workbook*, which will be provided in MS Excel format upon request as provided in *Section II.E.3.* of the RFP.

B. Cost Proposal Workbook

This workbook is intended for those submitting a cost proposal as part of the response to this RFP.

Cost Proposal pricing must be all-inclusive, incorporating all requirements and responsibilities as delineated in the Scope of Work, including turnkey costs associated with the services to be provided as part of this RFP and any subsequent contract.

This workbook consists of eight (8) worksheets:

1. Instructions
2. Total Cost Summary
3. Work Area 1 Costs
4. Work Area 2 Costs
5. Work Area 3 Costs
6. Work Area 4 Costs
7. Monthly Program Administration Costs
8. Cost Proposal Execution Page

RFP # 30-2024-023-DHB Medicaid Audit Services

Instructions for Completing Attachment C: Cost Proposal

This workbook is intended for those submitting a cost proposal as part of the response to this RFP.

Cost Proposal pricing must be all-inclusive, incorporating all requirements and responsibilities as delineated in the Scope of Work, including turnkey costs associated with the services to be provided as part of this RFP and any subsequent contract.

This workbook consists of eight (8) worksheets:

1. Instructions
2. Total Cost Summary
3. Work Area #1 Costs
4. Work Area #2 Costs
5. Work Area #3 Costs
6. Work Area #4 Costs
7. Monthly Program Administration Costs
8. Cost Proposal Execution Page

Worksheet #2: Total Cost Summary - This Worksheet #2 shows the total cost summary. No input is allowed in this table as cells are auto-populated to calculate the total costs.

Worksheet #3: Work Area #1 Costs - Enter the cost in the gray-tinted cells for each Task. Include technology and non-information technology costs.

Worksheet #4: Work Area #2 Costs - Enter the cost in the gray-tinted cells for each Task.

Worksheet #5: Work Area #3 Costs - Enter information in gray-tinted cells for each Task.

Worksheet #6: Work Area #4 Costs - Enter information in gray-tinted cells for each Task.

Worksheet #7: Monthly Program Administrative Costs for Medicaid Audit Services - These tables are for the monthly program administration costs for Medicaid Audit Services. Enter the cost in the gray-tinted cell for each month. Formulas will calculate total cost per year.

Worksheet #8: Cost Proposal Execution Page - Enter information in gray-tinted cells. Must be signed by the same individual who signs the RFP Execution page.

RFP # 30-2024-023-DHB MEDICAID AUDIT SERVICES

Total Cost Summary

Offeror's Name

Summary of Costs - Work Area 1	
Field Audit Non-State Owned SNF Medicaid Cost Report	\$0.00
Field Audit State Owned Facilities (SNF / ICF-IID, IMDs) Medicaid Cost Report	\$0.00
Ad Hock Analyses (1,200 hours)	\$0.00
Summary of Costs Work Area 2	
Update of Inpatient Base Rate and DRG Weigh Recalibration	\$0.00
Summary Report of Policy Recommendations	\$0.00
Final Cost to Charge Ratios Database	\$0.00
Relative Weight File which includes case-mix indices	\$0.00
Final DRG Rates, including as summary of the fiscal impact on each hospital and groups of hospitals	\$0.00
Ad Hock Analyses	\$0.00
Summary of Costs - Work Area 3	
DSH Independent Audit Verification 1	\$0.00
DSH Independent Audit Verification 2	\$0.00
DSH Independent Audit Verification 3	\$0.00
DSH Independent Audit Verification 4	\$0.00
DSH Independent Audit Verification 5	\$0.00
DSH Independent Audit Verification 6	\$0.00
Issuance of the Audit Report	\$0.00
Summary of Costs - Work Area 4	
Annual Development of Disproportionate Share Hospital (DSH) Payment Model	\$0.00
Annual Development of Hospital Upper Payment Limit (UPL) Model	\$0.00
Manual of Calculation Methodologies	\$0.00

Work Area 1 Total Firm Fixed Price	\$0.00
Work Area 2 Total Firm Fixed Price	\$0.00
Work Area 3 Total Firm Fixed Price	\$0.00
Work Area 4 Total Firm Fixed Price	\$0.00
Total Monthly Administrative Costs	\$0.00
Total Cost	\$0.00

RFP #30-2024-023 Medicaid Audit Services
Cost for Work Area #1

This table is for Work Area #1 costs only. Offeror should input the costs and hourly rates in the table below. Include technology and non-information technology costs.

The Offeror must complete the gray cells in Columns A and B. Columns C and E will auto calculate.

Task or Deliverable	A	B	C	D	E
	Hours	Blended Hourly Rate	Total Firm Fixed Price per Audit	Number of Audits per Contract Year	Total Firm Fixed Price Per Contract Year
Field Audit Non-State Owned SNF Medicaid Cost Report			\$0.00	50	\$0.00
Field Audit State Owned Facilities (SNF / ICF-IID, IMDs) Medicaid Cost Report			\$0.00	8	\$0.00
Ad Hock Analyses	1200		N/A	N/A	\$0.00
Total Firm Fixed Price for Work Area 1					\$0.00

RFP #30-2024-023 Medicaid Audit Services
Cost for Work Area #2

This table is for Work Area #2 costs. Offeror should input the costs and hourly rates in the table below. Include technology and non-information technology costs.

Offeror may propose reasonable implementation fees as part of the cost proposal to support any one-time or start-up costs associated with the Contract. The Offeror must complete the gray cells in Columns A and B. Column C will auto calculate.

Task or Deliverable	A	B	C
	Hours	Blended Hourly Rate	Total Firm Fixed Price Per Contract Year
Update of Inpatient Base Rate and DRG Weigh Recalibration			\$0.00
Summary Report of Policy Recommendations			\$0.00
Final Cost to Charge Ratios Database			\$0.00
Relative Weight File which includes case-mix indices			\$0.00
Final DRG Rates, including as summary of the fiscal impact on each hospital and groups of hospitals			\$0.00
Ad Hock Analyses	1200.00		\$0.00
Total Firm Fixed Price for Work Area 2			\$0.00

**RFP #30-2024-023 Medicaid Audit Services
Cost for Work Area #3**

This table is for Work Area #3 costs only. Offeror should input the costs and hourly rates in the table below. Include technology and non-information technology costs. The Offeror must complete the gray cells in Columns A and B. Column C will auto calculate.

Task or Deliverable	A	B	C
	Hours	Blended Hourly Rate	Total Firm Fixed Price Per Contract Year
DSH Independent Audit Verification 1			\$0.00
DSH Independent Audit Verification 2			\$0.00
DSH Independent Audit Verification 3			\$0.00
DSH Independent Audit Verification 4			\$0.00
DSH Independent Audit Verification 5			\$0.00
DSH Independent Audit Verification 6			\$0.00
Issuance of the Audit Report			\$0.00
Total Firm Fixed Price for Work Area 3			\$0.00

**RFP #30-2024-023 Medicaid Audit Services
Cost for Work Area #4**

This table is for Work Area #4 costs. Offeror should input the costs and hourly rates in the table below. Include technology and non-information technology costs. The Offeror must complete the gray cells in Columns A and B. Column C will auto calculate.

Task or Deliverable	A	B	C
	Hours	Blended Hourly Rate	Total Firm Fixed Price Per Contract Year
Annual Development of Disproportionate Share Hospital (DSH) Payment Model			\$0.00
Annual Development of Hospital Upper Payment Limit (UPL) Model			\$0.00
Manual of Calculation Methodologies			\$0.00
Total Firm Fixed Price for Work Area 4			\$0.00

Attachment D: Contract Administrators

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. The Department and Contractor may change its respective administrator, address, and telephone number by providing written notice.

A. For the Department

1. Contract Administrator for contractual issues:

Name & Title	Amanda Valentine Contract Development Specialist
Physical Address	820 S. Boylan Avenue Raleigh, NC 27603
Mail Service Center Address	2501 Mail Service Center Raleigh, NC 27699-1950
Telephone Number	919-527-7233
Email Address	Amanda.Valentine@dhhs.nc.gov Medicaid.Contractadministrator@dhhs.nc.gov

2. Contract Administrator for day-to-day activities:

Name & Title	Atul Bhikha Audit Manager
Physical Address	820 S. Boylan Avenue Raleigh, NC 27603
Mail Service Center Address	2501 Mail Service Center Raleigh, NC 27699-2501
Telephone Number	919-527-7171
Email Address	Atul.Bhikha@dhhs.nc.gov Medicaid.Contractadministrator@dhhs.nc.gov

3. Contract Administrator for Federal, State, and Department security matters:

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

4. Contract Administrator for HIPAA and Policy Coordinator for Federal, State, and Department privacy matters:

Name & Title	Andrew Albright, Privacy Officer
Physical Address	1985 Umstead Drive, Kirby Building Raleigh, NC 27603
Mail Service Center Address	2501 Mail Service Center Raleigh, NC 27699-2501
Telephone Number	919-527-7747
Email Address	andrew.a.albright@dhhs.nc.gov Medicaid.Contractadministrator@dhhs.nc.gov

B. For the Contractor

1. Contract Administrator for contractual issues:

Name & Title	
Address	
Telephone Number	
Email Address	

2. Contract Administrator for day-to-day activities:

Name & Title	
Address	
Telephone Number	
Email Address	

3. Contractor's Coordinator for Privacy and Security matters:

Name & Title	
Address	
Telephone Number	
Email Address	

Attachment E: Certification of Financial Condition and Legal Action Summary

The Offeror must complete and sign this Attachment **and include the required documents** as indicated herein.

The undersigned hereby certifies that:

- ☐ The Offeror has **included**¹ the following documents with this completed *Certification Of Financial Condition And Legal Action Summary*.
 - a. ☐ Audited or reviewed financial statements (preferably audited) prepared by an independent Certified Public Accountant (CPA for the two most recent fiscal years, including at a minimum balance sheet, income statement, and cash flow statement for each year. Must provide the contact information for the CPA/audit firm.
 - b. ☐ The current Month End Balance Sheet and Year-to-Date Income Statement at the time of proposal submission.
 - c. ☐ The most recent corporate tax filing OR independent audit report. If submitting the independent audit report, it must include contact information for the audit firm.
- ☐ The Offeror is in sound financial condition and, if applicable, has received an unqualified audit opinion for the latest audit of its financial statements.
- ☐ The Offeror has **included**² a brief statement outlining and describing its financial stability.
- ☐ The Offeror has no outstanding liabilities, including tax and judgment liens, to the Internal Revenue Service or any other government entity.
- ☐ The Offeror is current in all amounts due for payments of federal and state taxes and required employment-related contributions and withholdings.
- ☐ The Offeror is not the subject of any current litigation or findings of noncompliance under federal or state law.
- ☐ The Offeror has not been the subject of any past or current litigation, findings in any past litigation, or findings of noncompliance under federal or state law that may impact in any way its ability to fulfill the requirements of this Contract.
- ☐ The Offeror acknowledges that this is a continuing certification, and the Offeror shall notify the Department within fifteen (15) calendar days of any material change to any of the representations made herein.

¹ Failure to provide audited or reviewed financial statements for the two most recent fiscal years may result in disqualification.

² Failure to provide a statement outlining and describing financial stability may result in disqualification.

If any one or more of the foregoing boxes is NOT checked, the Offeror shall explain the reason in the space below:

Click or tap here to enter text.

The Offeror is encouraged to explain any negative financial information in its financial statements below and provide documentation supporting those explanations:

Click or tap here to enter text.

By completing this Certification of Financial Condition and Legal Action Summary, the Offeror confirms documents are attached³ as indicated herein and affirms the ability to financially support implementation and on-going costs associated with the Contract, and the individual signing certifies they are authorized to make the foregoing statements on behalf of the Offeror.

Signature

Date

Enter Printed Name

³ Failure to provide documents as indicated or requested may result in disqualification.

Attachment F: State Certifications

State Certifications

Contractor Certifications Required by North Carolina Law

Instructions: The person who signs this document should read the text of the statutes and Executive Order listed below and consult with counsel and other knowledgeable persons before signing. The text of each North Carolina General Statutes and of the Executive Order can be found online at:

- Article 2 of Chapter 64: http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/ByArticle/Chapter_64/Article_2.pdf
- G.S. 133-32: <http://www.ncga.state.nc.us/gascripts/statutes/statutelookup.pl?statute=133-32>
- Executive Order No. 24 (Perdue, Gov., Oct. 1, 2009): <https://digital.ncdcr.gov/Documents/Detail/perdue-bev.-press-release-2009-10-01-gov.-perdue-extends-gift-ban-to-all-executive-branch-state-employees/4573754>
- G.S. 105-164.8(b): http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/BySection/Chapter_105/GS_105-164.8.pdf
- G.S. 143-48.5: http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_143/GS_143-48.5.html
- G.S. 143-59.1: http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/BySection/Chapter_143/GS_143-59.1.pdf
- G.S. 143-59.2: http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/BySection/Chapter_143/GS_143-59.2.pdf
- G.S. 143-133.3: http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_143/GS_143-133.3.html
- G.S. 143B-139.6C: http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/BySection/Chapter_143B/GS_143B-139.6C.pdf

Certifications

- (1) **Pursuant to G.S. 133-32 and Executive Order No. 24 (Perdue, Gov., Oct. 1, 2009)**, the undersigned hereby certifies that the Contractor named below is in compliance with, and has not violated, the provisions of either said statute or Executive Order.
- (2) **Pursuant to G.S. 143-48.5 and G.S. 143-133.3**, the undersigned hereby certifies that the Contractor named below, and the Contractor's subcontractors, 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." E-Verify System Link: <https://www.e-verify.gov/>
- (3) **Pursuant to G.S. 143-59.1(b)**, the undersigned hereby certifies that the Contractor named below is not an "ineligible Contractor" as set forth in G.S. 143-59.1(a) because:
 - (a) Neither the Contractor nor any of its affiliates has refused to collect the use tax levied under Article 5 of Chapter 105 of the General Statutes on its sales delivered to North Carolina when the sales met one or more of the conditions of G.S. 105-164.8(b); **and**
 - (b) [check **one** of the following boxes]
 - ☐ Neither the Contractor nor any of its affiliates has incorporated or reincorporated in a "tax haven country" as set forth in G.S. 143-59.1(c)(2) after December 31, 2001; **or**
 - ☐ The Contractor or one of its affiliates **has** incorporated or reincorporated in a "tax haven country" as set forth in G.S. 143-59.1(c)(2) after December 31, 2001 **but** the United States is not the principal market for the public trading of the stock of the corporation incorporated in the tax haven country.
- (4) **Pursuant to G.S. 143-59.2(b)**, the undersigned hereby certifies that none of the Contractor's officers, directors, or owners (if the Contractor is an unincorporated business entity) has been convicted of any violation of Chapter 78A of the General Statutes or the Securities Act of 1933 or the Securities Exchange Act of 1934 within 10 years immediately prior to the date of the bid solicitation.
- (5) **Pursuant to G.S. 143B-139.6C**, the undersigned hereby certifies that the Contractor will not use a former employee, as defined by G.S. 143B-139.6C(d)(2), of the North Carolina Department of Health and Human Services in the administration of a contract with the Department in violation of G.S. 143B-139.6C and that a violation of that statute shall void the Agreement.
- (6) The undersigned hereby certifies further that:
 - (a) He or she is a duly authorized representative of the Contractor named below;
 - (b) He or she is authorized to make, and does hereby make, the foregoing certifications on behalf of the Contractor; and
 - (c) He or she understands that any person who knowingly submits a false certification in response to the requirements of G.S. 143-59.1 and -59.2 shall be guilty of a Class I felony.

Contractor's Name: [Click or tap here to enter text.](#)

Contractor's Authorized Agent:

Signature _____ Date _____

Printed Name: [Click or tap here to enter text.](#)

Title: [Click or tap here to enter text.](#)

Attachment G: Federal Certifications and Disclosures

The undersigned states that:

1. He or she is the duly authorized representative of the Contractor named below;
2. He or she is authorized to make, and does hereby make, the following certifications on behalf of the Contractor, as set out herein:
 - a. The Certification Regarding Nondiscrimination;
 - b. The Certification Regarding Drug-Free Workplace Requirements;
 - c. The Certification Regarding Environmental Tobacco Smoke;
 - d. The Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions; and
 - e. The Certification Regarding Lobbying;
3. He or she has completed the Certification Regarding Drug-Free Workplace Requirements by providing the addresses at which the contract work will be performed;
4. [Check the applicable statement]
 - ☐ He or she **has completed** the attached **Disclosure Of Lobbying Activities** because the Contractor **has made, or has an agreement to make**, a payment to a lobbying entity for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action;
 - OR**
 - ☐ He or she **has not completed** the attached **Disclosure Of Lobbying Activities** because the Contractor **has not made, and has no agreement to make**, any payment to any lobbying entity for influencing or attempting to influence any officer or employee of any agency, any Member of Congress, any officer or employee of Congress, or any employee of a Member of Congress in connection with a covered Federal action.
5. The Contractor shall require its subcontractors to whom such certifications and disclosures apply, if any, to make the same certifications and disclosure.

Signature

[Click or tap here to enter text.](#)

Title

[Click or tap here to enter text.](#)

Contractor Name

Date

[This Certification Must be Signed by the Same Individual Who Signed the Proposal Execution Page]

I. Certification Regarding Nondiscrimination

The Contractor certifies that it will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (h) the Food Stamp Act and USDA policy, which prohibit discrimination on the basis of religion and political beliefs; and (i) the requirements of any other nondiscrimination statutes which may apply to this Agreement.

II. Certification Regarding Drug-Free Workplace Requirements

1. The Contractor certifies that it will provide a drug-free workplace by:
 - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - b. Establishing a drug-free awareness program to inform employees about:
 - i. The dangers of drug abuse in the workplace;
 - ii. The Contractor's policy of maintaining a drug-free workplace;
 - iii. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - iv. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - c. Making it a requirement that each employee be engaged in the performance of the agreement be given a copy of the statement required by paragraph (a);
 - d. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the agreement, the employee will:
 - i. Abide by the terms of the statement; and
 - ii. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
 - e. Notifying the Department within ten days after receiving notice under subparagraph (d)(ii) from an employee or otherwise receiving actual notice of such conviction;
 - f. Taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(ii), with respect to any employee who is so convicted:
 - i. Taking appropriate personnel action against such an employee, up to and including termination; or
 - ii. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
 - g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).
2. The sites for the performance of work done in connection with the specific agreement are listed below (list all sites; add additional pages if necessary):

Address:

Street:	Click or tap here to enter text.
City, State, Zip Code:	Click or tap here to enter text.

Address:

Street:	Click or tap here to enter text.
City, State, Zip Code:	Click or tap here to enter text.

3. Contractor will inform the Department of any additional sites for performance of work under this agreement.

4. False certification or violation of the certification may be grounds for suspension of payment, suspension or termination of grants, or government-wide Federal suspension or debarment. 45 C.F.R. 82.510.

III. Certification Regarding Environmental Tobacco Smoke

Public Law 103-227, Part C-Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000.00 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Contractor certifies that it will comply with the requirements of the Act. The Contractor further agrees that it will require the language of this certification be included in any subawards that contain provisions for children's services and that all subgrantees shall certify accordingly.

IV. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions

Instructions

[The phrase "prospective lower tier participant" means the Contractor.]

1. By signing and submitting this document, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of the fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originates may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant will provide immediate written notice to the person to whom this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549, 22 C.F.R. 513.100. You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter any lower tier covered transaction with a person who is debarred, suspended, determined ineligible or voluntarily excluded from participation in this covered transaction unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this document that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized in paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension, and/or debarment.

Certification

1. **The prospective lower tier participant certifies**, by submission of this document, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

V. Certification Regarding Lobbying

The Contractor certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federally funded contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form SF-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award document for subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) who receive federal funds of \$100,000.00 or more and that all subrecipients shall certify and disclose accordingly.
4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

VI. Disclosure Of Lobbying Activities

Instructions

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or sub-award recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in Item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (Item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal Identifying number available for the Federal action identified in Item 1 (e.g., Request for Proposal (RFP) number, Invitation for Bid (IFB) number, grant announcement number, the contract grant, or loan award number, the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP- DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in Item 4 or 5.
10. (a) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in Item 4 to influence the covered Federal action.
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10(a). Enter Last Name, First Name and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (Item 4) to the lobbying entity (Item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate boxes. Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate boxes. Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, D. C. 20503

Disclosure of Lobbying Activities

(Approved by OMB 0344-0046)

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

1. Type of Federal Action <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action <input type="checkbox"/> a. Bid/offer/application <input type="checkbox"/> b. Initial Award <input type="checkbox"/> c. Post-Award	3. Report Type <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: Year: Enter Year Quarter: Enter Qtr Date of Last Report: Enter a date.												
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier (if known): Enter Text Congressional District (if known): Enter Text		5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name:</td> <td>Click or tap here to enter text.</td> </tr> <tr> <td>Street Address:</td> <td>Click or tap here to enter text.</td> </tr> <tr> <td>City, State, Zip:</td> <td>Click or tap here to enter text.</td> </tr> <tr> <td>Congressional District (if known):</td> <td>Click or tap here to enter text.</td> </tr> </table>	Name:	Click or tap here to enter text.	Street Address:	Click or tap here to enter text.	City, State, Zip:	Click or tap here to enter text.	Congressional District (if known):	Click or tap here to enter text.				
Name:	Click or tap here to enter text.													
Street Address:	Click or tap here to enter text.													
City, State, Zip:	Click or tap here to enter text.													
Congressional District (if known):	Click or tap here to enter text.													
6. Federal Department/Agency: Click or tap here to enter text.		7. Federal Program Name/Description: Click or tap here to enter text. CFDA Number (if applicable): Click here to enter text.												
8. Federal Action Number (if known): Click or tap here to enter text.	9. Award Amount (if known) \$Click here to enter text.													
10. a. Name and Address of Lobbying Entity <i>(if individual, last name, first name, MI)</i> Click or tap here to enter text.		b. Individuals Performing Services (last name, first name, MI): <i>(including address if different from No.10a.)</i> Click or tap here to enter text.												
(attach Continuation Sheet(s) SF-LLL-A, if necessary)														
11. Amount of Payment <i>(check all that apply):</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">\$Click or tap here to enter text.</td> </tr> <tr> <td><input type="checkbox"/> Actual</td> <td><input type="checkbox"/> Planned</td> </tr> </table>	\$Click or tap here to enter text.		<input type="checkbox"/> Actual	<input type="checkbox"/> Planned	13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. contingent fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other; specify: Click or tap here to enter text.									
\$Click or tap here to enter text.														
<input type="checkbox"/> Actual	<input type="checkbox"/> Planned													
12. Form of Payment <i>(check all that apply):</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><input type="checkbox"/> a. cash</td> <td><input type="checkbox"/> b. In-kind (specify below):</td> </tr> <tr> <td>Nature:</td> <td>Click to enter text.</td> </tr> <tr> <td>Value:</td> <td>\$Click to enter text.</td> </tr> </table>	<input type="checkbox"/> a. cash	<input type="checkbox"/> b. In-kind (specify below):	Nature:	Click to enter text.	Value:	\$Click to enter text.								
<input type="checkbox"/> a. cash	<input type="checkbox"/> b. In-kind (specify below):													
Nature:	Click to enter text.													
Value:	\$Click to enter text.													
14. Brief Description of Services Performed or to be Performed and Date(s) of Services, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11(attach Continuation Sheet(s) SF-LLL-A, if necessary): Click or tap here to enter text.														
15. Continuation Sheet(s) SF-LLL-A attached:		<input type="checkbox"/> Yes <input type="checkbox"/> No												
16. Information requested through this form is authorized by title 31 U. S. C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U. S. C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Signature:</td> <td colspan="2"></td> </tr> <tr> <td>Print Name:</td> <td colspan="2">Click or tap here to enter text.</td> </tr> <tr> <td>Title:</td> <td colspan="2">Click or tap here to enter text.</td> </tr> <tr> <td>Telephone No.</td> <td>Enter text.</td> <td>Date:</td> </tr> </table>	Signature:			Print Name:	Click or tap here to enter text.		Title:	Click or tap here to enter text.		Telephone No.	Enter text.	Date:
Signature:														
Print Name:	Click or tap here to enter text.													
Title:	Click or tap here to enter text.													
Telephone No.	Enter text.	Date:												
Federal Use Only		Authorized for Local Reproduction Standard Form - LLL												

Attachment H: Disclosure of Litigation and Criminal Convictions

The Offeror must provide information regarding litigation and criminal conviction in response to the RFP by completing this Disclosure of Litigation and Criminal Conviction Form.

1. The Offeror shall disclose 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.

☐ Offeror does not have information to disclose
disclose as follows:

☐ Offeror has information to

2. The Offeror shall disclose if it, or its any of its subcontractors, are the subject of any current litigation or investigations of noncompliance under Federal or State law.

☐ Offeror does not have information to disclose
disclose as follows:

☐ Offeror has information to

3. The Offeror shall disclose any civil litigation, regulatory finding or penalty, arbitration, proceeding, or judgments against it or its subcontractors during the three (3) years preceding its offer 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 violated any Federal, State or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Offeror or subcontractor shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Offeror or subcontractor.

☐ Offeror does not have information to disclose
disclose as follows:

☐ Offeror has information to

4. In the event the Offeror, an officer of the Offeror, or an owner of a twenty-five percent (25%) or greater share of the Offeror, 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 Offeror's business integrity, such Offeror shall be prohibited from entering into a contract for goods or Services with any department, institution, or agency of the State.

☐ Offeror does not have information to disclose
disclose as follows:

☐ Offeror has information to

5. The Offeror shall disclose in the *Section VII. Attachment E: Certification of Financial Condition and Legal Action Summary* any legal action that could adversely affect the Offeror's financial conditions or ability to meet the requirements of any Contract resulting from the RFP.

☐ Offeror does not have information to disclose
disclose as follows:

☐ Offeror has information to

By signing the RFP, Offeror certifies that the information provided in this Attachment is true to the best of its information and belief. Offeror agrees to notify Department of any changes to the information provided that arise prior to award of any Contract resulting from the RFP. By signing the RFP, Offeror further acknowledges the requirements set forth in the BACKGROUND CHECKS AND DISCLOSURE OF LITIGATION AND CRIMINAL CONVICTION OR ADVERSE FINANCIAL CONDITIONS term of the Contract and the resulting obligations should a Contract be awarded to the Offeror.

Attachment I: Location of Workers Utilized by Contractor

In accordance with NCGS 143-59.4, the Contractor shall detail the location(s) at which performance will occur, as well as the manner in which it intends to utilize resources or workers outside of the United States in the performance of the Contract.

Contractor shall complete items a) and b) and sign below.

a) Will any work under this Contract be performed outside the United States? ☐ YES ☐ NO

If "YES":

1. List the location(s) outside the United States where work under the Contract will be performed by the Contractor, any subcontractors, employees, or other persons performing work under the Contract.

Click or tap here to enter text.

2. Specify the manner in which the resources or workers will be utilized:

Click or tap here to enter text.

b) Where, within the U.S., will work be performed? List all U.S. locations.

Click or tap here to enter text.

The undersigned acknowledges and agrees that:

1. The Department will evaluate the additional risks, costs, and other factors associated with the utilization of workers outside the United States prior to making an award or executing a contract.
2. Contractor shall provide written notice to the Department of the relocation of the Contractor, its employees or subcontractors, or other persons performing services under the Contract, to a location outside of the United States.
3. All Contractor or subcontractor personnel providing call or contact center services to the State of North Carolina under this Contract, if applicable, **shall disclose** to inbound callers the location from which the call or contact center services are being provided.

Enter Entity Name

Signature of Authorized Representative

Entity Name

Enter Name and Title

Name and Title

Date

Attachment J: Offeror Request for Proposed Modifications to the Terms and Conditions

As provided in *Section II. C. 3.*, Offeror may submit proposed modifications to the terms and conditions of the RFP for consideration by the Department. The proposed modifications do not alter the terms and conditions of the RFP and have no force or effect on the RFP or any resulting Contract unless accepted by the Department and incorporated through a BAFO, negotiation document, addenda to the RFP or amendment to the Contract.

The Department at its sole discretion may consider any proposed modifications submitted in this Attachment.

The Offeror must check one of the boxes below to indicate whether it is proposing modifications to the terms and conditions of the RFP:

- ☐ The Applicant **DOES NOT** propose modifications.
- ☐ The Applicant **DOES** propose modifications as provided in the following table:

	RFP Citation	Redline of Proposed Modification
	(i.e., section & page number)	(i.e., include text as published in RFP and strikethrough words, phrases or sentences proposed to be deleted and underline words, phrases, or sentences proposed to be added)
1.		
2.		
3.		
4.		
5.		

Attachment K: Business Associate Agreement

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

DEPARTMENT OF HEALTH BENEFITS

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement") is made effective upon the later of the execution dates of this Agreement ("Effective Date") by and between North Carolina Department of Health and Human Services, Department of Health Benefits ("Covered Entity") and _____ ("Business Associate") (collectively the "Parties").

1. BACKGROUND

- a. Covered Entity and Business Associate are Parties to a contract entitled: **#30-2024-023-DHB Medicaid Audit Services** (the "Contract"), whereby Business Associate agrees to perform certain services for or on behalf of Covered Entity.
- b. Covered Entity is an organizational unit of the North Carolina Department of Health and Human Services (the "Department") that has been designated in whole or in part by the Department as a health care component for purposes of the HIPAA Privacy Rule.
- c. The relationship between Covered Entity and Business Associate is such that the Parties believe Business Associate is or may be a "business associate" within the meaning of the HIPAA Privacy Rule.
- d. The Parties enter into this Agreement with the intention of complying with the HIPAA Privacy Rule provision that a Covered Entity may disclose protected health information to a business associate and may allow a business associate to create or receive protected health information on its behalf, if the covered entity obtains satisfactory assurances that the business associate will appropriately safeguard the information.

2. DEFINITIONS

Unless some other meaning is clearly indicated by the context, the following terms shall have the following meaning in this Agreement:

- a. "Electronic Protected Health Information" shall have the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103.
- b. "HIPAA" means the Administrative Simplification Provisions, Sections 261 through 264, of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as modified and amended by the Health Information Technology for Economic and Clinical Health ("HITECH") Act, Title XIII of Department A and Title IV of Department B of the American Recovery and Reinvestment Act of 2009, Public Law 111-5.
- c. "Individual" shall have the same meaning as the term "individual" in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- d. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164.
- e. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

- f. "Required By Law" shall have the same meaning as the term "required by law" in 45 C.F.R. § 164.103.
- g. "Secretary" shall mean the Secretary of the United States Department of Health and Human Services or the person to whom the authority involved has been delegated.
- h. Unless otherwise defined in this Agreement, terms used herein shall have the same meaning as those terms have in the Privacy Rule.

3. OBLIGATIONS OF BUSINESS ASSOCIATE

- a. Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this Agreement or as Required by Law.
- b. Business Associate agrees to use appropriate safeguards and comply, where applicable, with subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information, to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- d. Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware, including breaches of unsecured protected health information as required by 45 C.F.R. § 164.410.
- e. Business Associate agrees, in accordance with 45 C.F.R. § 164.502(e)(1) and § 164.308(b)(2), to ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of Business Associate agree to the same restrictions and conditions that apply to Business Associate with respect to such information.
- f. Business Associate agrees to make available protected health information as necessary to satisfy Covered Entity's obligations in accordance with 45 C.F.R. § 164.524.
- g. Business Associate agrees to make available Protected Health Information for amendment and incorporate any amendment(s) to Protected Health Information in accordance with 45 C.F.R. § 164.526.
- h. Unless otherwise prohibited by law, Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received, by Business Associate on behalf of, Covered Entity available to the Secretary for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- i. Business Associate agrees to make available the information required to provide an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

4. PERMITTED USES AND DISCLOSURES

- a. Except as otherwise limited in this Agreement or by other applicable law or agreement, if the Contract permits, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Contract, provided that such use or disclosure:
 - 1) would not violate the Privacy Rule if done by Covered Entity; or
 - 2) would not violate the minimum necessary policies and procedures of the Covered Entity.
- b. Except as otherwise limited in this Agreement or by other applicable law or agreements, if the Contract permits, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided that:
 - 1) the disclosures are Required by Law; or

- 2) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- c. Except as otherwise limited in this Agreement or by other applicable law or agreements, if the Contract permits, Business Associate may use Protected Health Information to provide data aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- d. Notwithstanding the foregoing provisions, Business Associate may not use or disclose Protected Health Information if the use or disclosure would violate any term of the Contract or other applicable law or agreements.

5. TERM AND TERMINATION

- a. **Term.** This Agreement shall be effective as of the Effective Date stated above and shall terminate when the Contract terminates.
- b. **Termination for Cause.** Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity may, at its option:
 - 1) Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement and services provided by Business Associate, to the extent permissible by law, if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 - 2) Immediately terminate this Agreement and services provided by Business Associate, to the extent permissible by law; or
 - 3) If neither termination nor cure is feasible, report the violation to the Secretary as provided in the Privacy Rule.
- c. **Effect of Termination.**
 - 1) Except as provided in paragraph (2) of this section or in the Contract or by other applicable law or agreements, upon termination of this Agreement and services provided by Business Associate, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
 - 2) In the event that Business Associate determines that returning or destroying the Protected Health Information is not feasible, Business Associate shall provide to Covered Entity, notification of the conditions that make return or destruction not feasible. Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

6. GENERAL TERMS AND CONDITIONS

- a. Except as provided in this Agreement, all applicable terms and conditions of the Contract shall remain in force and shall apply to this Agreement as if set forth fully herein.
- b. In the event of a conflict in terms between this Agreement and the Contract, the interpretation that is in accordance with the Privacy Rule shall prevail. In the event that a conflict then remains, the Contract terms shall prevail so long as they are in accordance with the Privacy Rule.
- c. A breach of this Agreement by Business Associate shall be considered sufficient basis for Covered Entity to terminate the Contract for cause.

IN WITNESS WHEREOF, the Parties, through their authorized representatives, execute this Agreement as of the Effective Date.

BUSINESS ASSOCIATE

Name:
Title:

Date

COVERED ENTITY

Jay Ludlam, Deputy Secretary
NC Medicaid

Date

Attachment L: Subcontractor Identification Form

The Contractor must complete a *Subcontractor Identification Form* for each known Subcontractor, as defined in Contract *Section III. Definitions, Contract Term, General Terms and Conditions, other Provisions & Protections A. Definitions*, who will be used to meet the Contract requirement or otherwise perform any services pursuant to the Contract (i.e., there should be one form for each Subcontractor). After Contract Award, the *Subcontractor Identification Form* must be submitted by the Contractor to the Department in accordance with Contract *Section III.D.45. SUBCONTRACTORS* for review and approval of all new subcontractors.

By executing the Contract, or submitting this Attachment after Contract Execution in accordance with the **Subcontractor** clause of the Contract, the Contractor:

1. Certifies that the information provided in this Attachment is true to the best of its information and belief; and
2. Acknowledges the requirements set forth in the Terms and Conditions related to Subcontractors and the resulting obligations, including requiring Department approval of any Subcontractors used in the performance of the Contract; and
3. Agrees to notify the Department of any material changes to the information provided in this Attachment that arise prior to execution or during the term of the Contract.

A: Subcontractor Identification	
1. Business Information. Provide the requested Information in the space provided:	
Legal Name of Subcontractor	Click or tap here to enter text.
Name Used for Business if Different	Click or tap here to enter text.
FEIN/Taxpayer ID	Click or tap here to enter text.
Address	Click or tap here to enter text.
Contract Executed	<input type="checkbox"/> Yes <input type="checkbox"/> No
Term of Contract	Click or tap here to enter text.
Name of Contact Person Title Phone Number Email Address	Click or tap here to enter text.
2. Scope of Subcontracted Services. Identify the scope of services and activities that will be provided by the Subcontractor; cite specific Sections of the Contract as applicable:	
Click or tap here to enter text.	

3. Is Subcontractor a government entity? If no, complete Section B: Historically Underutilized Businesses below.

☐ Yes ☐ No

B: Historically Underutilized Businesses (HUB)

1. Is proposed non-government entity Subcontractor **owned by a HUB?**

- ☐ **Yes** (if yes, complete Question 2)
☐ **No** (if no, skip to Question 3)
☐ **Unknown** (if unknown, skip to Question 3)

Owned means at least fifty-one percent (51%) of the business is owned by one or more citizens or lawful permanent residents of the United States who are members of at least one of the groups listed in question b. below, or in the case of a corporation, at least fifty-one percent (51%) of the stock is owned by one or more citizens or lawful permanent residents of the United States who are members of at least one of the groups listed in Question 2. below.

2. Identify the Type of minority business group(s). Check all that apply.

- ☐ **Black** A person having origins in any of the black racial groups of Africa.
☐ **Hispanic** A person of Spanish or Portuguese culture having origins in Mexico, South or Central America, or the Caribbean islands, regardless of race.
☐ **Asian American** A person having origins in any of the original peoples of the Far East, Southeast Asia, Asia, Indian continent, or Pacific islands.
☐ **American Indian** A person having origins in any of the original Indian peoples of North America.
☐ **Female**
☐ **Disabled** A person with a disability as defined in G.S. 168-1 or G.S. 168A-3.
☐ **Disadvantaged** A person who is socially and economically disadvantaged as defined in 15 U.S.C. § 637.

3. Is the proposed non-government Subcontractor **operated by a HUB?**

- ☐ **Yes** (if yes, complete Question 4)
☐ **No** (if no, skip to Question 5)
☐ **Unknown** (if unknown, skip to Question 5)

Operated means the management and daily business operations are controlled by one or more owners of the business who are citizens or lawful permanent residents of the United States of at least one of the groups listed in Question 4. below

4. Identify the type of minority business group(s). Check all that apply.

- ☐ **Black** A person having origins in any of the black racial groups of Africa.
☐ **Hispanic** A person of Spanish or Portuguese culture having origins in Mexico, South or Central America, or the Caribbean islands, regardless of race.

<div><div><input type="checkbox"/> Asian American A person having origins in any of the original peoples of the Far East, Southeast Asia, Asia, Indian continent, or Pacific islands.</div><div><input type="checkbox"/> American Indian A person having origins in any of the original Indian peoples of North America.</div><div><input type="checkbox"/> Female</div><div><input type="checkbox"/> Disabled A person with a disability as defined in G.S. 168-1 or G.S. 168A-3.</div><div><input type="checkbox"/> Disadvantaged A person who is socially and economically disadvantaged as defined in 15 U.S.C. § 637.</div></div>
5. Is the proposed non-government Subcontractor Certified with North Carolina as a HUB?
<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div> <div><input type="checkbox"/> Unknown</div>

Attachment M: Historically Underutilized Businesses

Historically Underutilized Businesses (HUBs) consist of minority, women and disabled business firms that are at least fifty-one percent (51%) owned and operated by an individual(s) of the categories. Also included in this category are disabled business enterprises and non-profit work centers for the blind and severely disabled.

Pursuant to NCGS 143B-1361(a), 143-48 and 143-128.4, the State invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non- profit work centers for the blind and severely disabled. This includes utilizing subcontractors to perform the services and required functions in this Contract. Information pertaining to the HUB Status of subcontractors shall be provided in *Section VII. Attachment L: Subcontractor Identification*. Any questions concerning NC HUB certification, contact the **North Carolina Office of Historically Underutilized Businesses** office at (919) 807-2330.

The Contractor shall respond to the questions below.

A. Is Contractor a government entity?

☐ **Yes** HUB does not apply.

☐ **No** Proceed to Question B.

B. If Contractor checked No in Question A above, Contractor shall complete the Historically Underutilized questionnaire below.

Historically Underutilized Businesses (HUB) Questionnaire
1. Is proposed non-government entity Contractor owned by a HUB?
<input type="checkbox"/> Yes (if yes, complete Question 2) <input type="checkbox"/> No (if no, skip to Question 3) <input type="checkbox"/> Unknown (if unknown, skip to Question 3) Owned means at least fifty-one percent (51%) of the business is owned by one or more citizens or lawful permanent residents of the United States who are members of at least one of the groups listed in question b. below, or in the case of a corporation, at least fifty-one percent (51%) of the stock is owned by one or more citizens or lawful permanent residents of the United States who are members of at least one of the groups listed in Question 2. below.

2. Identify the Type of minority business group(s). Check all that apply.
<input type="checkbox"/> Black A person having origins in any of the black racial groups of Africa. <input type="checkbox"/> Hispanic A person of Spanish or Portuguese culture having origins in Mexico, South or Central America, or the Caribbean islands, regardless of race. <input type="checkbox"/> Asian American A person having origins in any of the original peoples of the Far East, Southeast Asia, Asia, Indian continent, or Pacific islands. <input type="checkbox"/> American Indian A person having origins in any of the original Indian peoples of North America. <input type="checkbox"/> Female <input type="checkbox"/> Disabled A person with a disability as defined in NCGS 168-1 or NCGS 168A-3. <input type="checkbox"/> Disadvantaged A person who is socially and economically disadvantaged as defined in 15 U.S.C. § 637.
3. Is the proposed non-government Contractor operated by a HUB?
<input type="checkbox"/> Yes (if yes, complete Question 4) <input type="checkbox"/> No (if no, skip to Question 5) <input type="checkbox"/> Unknown (if unknown, skip to Question 5) Operated means the management and daily business operations are controlled by one or more owners of the business who are citizens or lawful permanent residents of the United States of at least one of the groups listed in Question 4. below
4. Identify the type of minority business group(s). Check all that apply.
<input type="checkbox"/> Black A person having origins in any of the black racial groups of Africa. <input type="checkbox"/> Hispanic A person of Spanish or Portuguese culture having origins in Mexico, South or Central America, or the Caribbean islands, regardless of race. <input type="checkbox"/> Asian American A person having origins in any of the original peoples of the Far East, Southeast Asia, Asia, Indian continent, or Pacific islands. <input type="checkbox"/> American Indian A person having origins in any of the original Indian peoples of North America. <input type="checkbox"/> Female <input type="checkbox"/> Disabled A person with a disability as defined in NCGS 168-1 or NCGS 168A-3. <input type="checkbox"/> Disadvantaged A person who is socially and economically disadvantaged as defined in 15 U.S.C. § 637.
5. Is the proposed non-government Contractor Certified with North Carolina as a HUB?
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown

Attachment N: Legal Grounds for Marking Information Confidential

Pursuant to *Section II.F. Confidentiality and Prohibited Communications During Evaluation*, Offeror shall identify the legal grounds for asserting that pages and sections of its proposal marked as Confidential is confidential, including the citation to state law.

Proposal Section / Location	Page Number	Description of Redaction	Statement of Legal Grounds	State Law Citation

By signing the RFP, 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*** meet the requirements of NCGS § 132 and § 66-152(3). Under no circumstances shall price information be designated as confidential

Attachment O: Evaluation Methodology

Offeror's responses will be evaluated using the applicable evaluation methodologies described within this *Attachment O: Evaluation Methodology* and the process described in *Section II.G Evaluation Process and Contract Award*.

1. Minimum Qualifications Rating

The Evaluation Committee will review the Offeror's responses to the questions in *Section VII. Attachment A: Minimum Qualifications Response* and evaluate the responses based on the requirements described in the RFP. Based upon this review, the Evaluation Committee will record a rating for each question using *Attachment O: Table 1. Minimum Qualifications Rating Scale* provided below.

Attachment O: Table 1. Minimum Qualifications Rating Scale	
Rating	Definition
Meets	<ul style="list-style-type: none">The Proposal meets the stated requirements, andOfferor provided any required confirmation.
Does Not Meet	<ul style="list-style-type: none">The Proposal has NOT met the stated requirements, orOfferor fails to provide confirmation.

2. Question Level Evaluation

For each question in *Section VII. Attachment B: Offeror's Response to Technical Evaluation Questions*, the Evaluation Committee will review Offeror's response and evaluate the response at the question level, considering and documenting any strengths and weaknesses in the response based on the requirements described in the RFP and comparatively across all Offerors. Based upon this review, the Evaluation Committee shall describe a response using the categories in the Strengths or Weaknesses tables in this subsection. A rationale will be documented when a significant strength, strength, weakness, or significant weakness is identified. No rationale will be provided for a determination of acceptable. The Evaluation Committee will only consider information provided in response to each specific question within the Offeror's *Section VII. Attachment B: Offeror's Response to Technical Evaluation Questions*.

The following *Section VII. Attachment O: Table 2. Strengths and Weaknesses* shall be used for evaluating Questions 1.–16. within the Offeror's *Section VII. Attachment B: Offeror's Response to Technical Evaluation Questions*.

Attachment O: Table 2. Strengths and Weaknesses	
Rating	Definition
Significant Strength	<ul style="list-style-type: none"> • The response meets the requirements of the State; and • Information disclosed, described, or provided greatly enhances the potential for successful contract performance and/or appreciably exceeds specified performance or capability requirements in a way that will be advantageous to the State.
Strength	<ul style="list-style-type: none"> • The response meets the requirements of the State; and • Information disclosed, described, or provided enhances the potential for successful contract performance and/or that exceeds specified performance or capability requirements in a way that will be advantageous to the State.
Acceptable	<ul style="list-style-type: none"> • The response meets the requirements of the State; and • Information disclosed, described, or provided is responsive to the question and does not raise concerns that the offeror will be able to meet the RFP requirements.
Weakness	<ul style="list-style-type: none"> • The response meets some of the requirements of the State; and • Information disclosed, described, or provided exposes a potential flaw that increases the risk of unsuccessful contract performance.
Significant Weakness	<ul style="list-style-type: none"> • The response meets either some or none of the requirements of the State; and <ul style="list-style-type: none"> ○ Information disclosed, described, or provided exposes a significant potential flaw that increases the risk of unsuccessful contract performance; or ○ The response contained insufficient information to evaluate.

3. Criterion Level Rating

After the Evaluation Committee has reviewed and evaluated each of the Offeror's responses at the question level, the Evaluation Committee shall evaluate Offeror's overall response at the Criterion Level and determine a consensus rating for each criteria using *Section VII. Attachment O: Table 3. Criterion Level Rating Scale* provided below. The Evaluation Committee will determine a criterion level rating based upon the Committee's overall impression of an Offeror's response to the questions within the criterion and comparatively across all Offerors. Any strengths or weaknesses recorded by the Committee during the question level evaluation are not dispositive and do not necessarily result in any specific criterion level rating being assigned.

Attachment O: Table 3. Criterion Level Rating Scale	
Rating	Definition
Exceeds Requirements	<p>The responses demonstrate that the Offeror:</p> <ul style="list-style-type: none"> • Understands the requirements of the RFP; • Has proposed an approach that meets and, in some areas, exceeds requirements in a way that adds value to the Department; • Demonstrates Offeror has the capacity, capability, and/or experience to implement or operationalize the approach; and/or • The information disclosed, described, or provided is responsive and increases Department's confidence Offeror will be able to meet and, in some areas, exceeds, the requirements of the RFP.
Meets Requirements	<p>The responses demonstrate that the Offeror:</p> <ul style="list-style-type: none"> • Understands the requirements of the RFP and has proposed an approach that meets the requirements; • Demonstrates the Offeror's capacity, capability, and/or experience needed implement or operationalize the approach; and/or • The information disclosed, described, or provided is responsive and does not raise concerns the Offeror will be able to meet the requirements of the RFP.
Partially Meets Requirements	<p>The responses demonstrate the Offeror:</p> <ul style="list-style-type: none"> • Demonstrate the Offeror has a fair understanding of the requirements of the RFP; • Proposed an approach that demonstrates limited capacity, capability, and/or experience to implement or operationalize the requirements; and/or • The information disclosed, described, or provided raise concerns Offeror will be able to meet the requirements of the RFP and may have performance issues.
Does Not Meet Requirements	<p>No response provided or the responses provided:</p> <ul style="list-style-type: none"> • Demonstrates Offeror has an insufficient understanding of the requirements; or • Demonstrates a proposed approach that does not meet requirements; or • Does not demonstrate sufficient capacity, capability, and/or experience to meet the requirements; and/or • The information disclosed, described, or provided, raise substantial concerns the Offeror will be able to meet the requirements of the RFP and may have performance issues.

4. Cost Proposal

The Offeror's proposed cost is an evaluation factor in the selection process. Costs will be evaluated with the relative importance listed in the chart in *Section II.G.8*. Costs will be evaluated based on Total Cost of Ownership for the service and technical capability offered. A rating will not be assigned for costs.

5. **Final Ranking**

The Evaluation Committee will conduct an analysis in accordance with NCGS § 143-135.9 of the Offerors' proposals, comparing the ratings of each response, and the total price provided in the Offeror's Cost Proposal to determine which response provides the best trade-off between price and performance. This analysis will result in a ranking of Offeror Proposals. The Department will use a narrative of relative strengths and weaknesses to support this ranking. Offeror proposals will be ranked from most advantageous to least advantageous using the evaluation factors stated in this RFP and their relative importance, and comparatively across all Offerors. (See *Section II.G.8.* which lists the evaluation criteria in descending order of importance.) If Offerors have any question regarding the evaluation criteria or evaluation process or if any portion of the evaluation criteria or evaluation process is not clear to the Offerors, they are advised to submit a formal written question(s) (see *Section II.D.3.*).

Attachment P: Management Representation Letter

This Attachment P: Management Representation Letter provides a template of the deliverable submitted to DHB that certifies the completion of field audits for Work Area #1.

Management Representation Letter Statement

Provider Name:

Period of Report(s):

Management Representation Letter

To: Department of Health Benefits Audit Staff or their designated representative:

We acknowledge receipt of a copy of exit conference notes and make the following representations, to the best of our knowledge and belief, concerning your examination of the Medicaid cost report cited above.

1. We are responsible for the fair presentation of the referenced Medicaid cost report in conformity with the Medicare Principles of Reimbursement and the North Carolina State Plan for reimbursement of long-term care facilities. We have made available to you all financial records and related data and have responded fully to all inquiries made to us during your examination.
2. We have informed you of any material errors in the financial records, Medicaid cost report and any other irregularities involving management or employees. There are no unrecorded transactions.
3. There is no joint use of payroll, property or financing with another enterprise or related party transactions that have not been disclosed to you during your examination. All transactions of the provider during the period with outside parties were conducted on an arms-length basis, and none of the officers or key employees of the facility (such as Administrator, Purchasing Agent, Departmental employees, etc.) had any material direct or indirect ownership in business enterprises with which the provider had purchases that have not been disclosed in the cost report.
4. We have disclosed to you all communications from Medicare, Medicaid or other agencies concerning noncompliance issues or disallowed cost or potentially disallowed cost that could have an effect on per diem costs.
5. There has been no –
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving others that could have a material effect on Medicaid reimbursement or licensure as an eligible Medicaid provider.
6. There are no –
 - a. Violations or possible violations of laws or regulations that might affect Medicaid reimbursement or licensure as an eligible Medicaid provider.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.

- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
- 7. No events have occurred subsequent to the Financial and Statistical Report(s) ending date that could require adjustment except as disclosed to you during the entrance conference or field audit review and specifically listed on the exit conference notes.

Print Name: _____ Title

Signature: _____ **Date:**

Attachment Q: Sample Monthly Audit Status Report

Contractor Work Area 1

Contract Year	Provider Name	Provider Number	Provider Type	FYE	Fieldwork Start Date	Exit Conference Date	Estimated Billed to DHB	Estimated Delivery to DHB	Actual Deliver to DHB	50% Final Billed to DHB	20% Retainage to DHB	Comments

CATEGORY OF AUDIT (i.e. Nursing Facilities, Critical Access Hospitals)

Attachment R: Payment and Invoicing

The Department shall pay the Contractor based on the percentage of work completed as stated in. The Department agrees to make payment in accordance with the installment schedule outlined in *Section VII. Attachment R. Table 1:*

Section VII. Attachment R. Table 1: Work Area #1				
For Field Audits: The invoice for an audit must specify the name of the provider audited, the cost report year audited, the contract year of the audit assigned, the payment schedule percentage and the billed amount for the audit.				
For Additional Audit Related Analyses Requested By DHB. The invoice must identify the DHB assigned internal project number, the analysis for which payment is sought, the dates on which work was performed, the name of each person who performed the work, the work performed by each person, the number of hours each person worked on the analysis, the total number of hours expended on the analysis and the total amount billed for the analysis.				
Task	First Installment Payment	Second Installment Payment	Monthly Payment	Final Contract Payment
Field Audits / Agreed Upon Procedures (limited and full scope)	Thirty percent (30%) of the fixed fee for each audit will be paid upon completion of the field work, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice. Completion of field work shall be evidenced by an Exit Conference Memo signed by the provider and the Contractor.	Fifty percent (50%) of the fixed fee amount for each audit will be paid upon acceptance of the final audit report, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice.	N/A	The remaining twenty percent (20%) of the fixed fee amount for each audit will be paid upon completion of all scheduled audits for each provider type per contract year.
Additional cost report-related analyses	N/A	N/A	One hundred percent (100%) of amount due, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice.	

Work Area #2

For DRG Updates and Recalibration and Supporting Work Papers: The invoice must identify the deliverable for which payment is sought, the dates on which work was performed, the name of each person who worked on the deliverable, the work performed by each person, the number of hours each person worked on the deliverable, the total number of hours expended on the deliverable and the total amount billed for the deliverable.

For Additional Inpatient and Outpatient Cost Report Data Analyses. The invoice must identify the DHB assigned internal project number, the analysis for which payment is sought, the dates on which work was performed, the name of each person who performed the work, the work performed by each person, the number of hours each person worked on the analysis, the total number of hours expended on the analysis and the total amount billed for the analysis.

Task	First Installment Payment	Second Installment Payment	Monthly Payment	Final Contract Payment
Summary Report of Policy Recommendations, Cost to Charge Ratio Database, Final DRG Weights	Eighty percent (80%) of the fixed fee deliverable will be paid upon DHB's acceptance of the deliverable, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice.	N/A	N/A	The remaining twenty percent (20%) of each fixed fee deliverable will be paid upon completion of all deliverables for each contract year, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice.
Additional Data Analyses	N/A	N/A	One hundred percent (100%) of amount due, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice.	N/A

Work Area #3 Invoicing				
The invoice must identify the DSH Audit year on which the work was performed, the dates on which work was performed, the name of each person who worked on the deliverable, the work performed by each person, the number of hours each person worked on the analysis, the total number of hours expended on the deliverable and the total amount billed for the analysis.				
Task	First Installment Payment	Second Installment Payment	Monthly Payment	Final Contract Payment
DSH Independent Audit	N/A	N/A	One hundred percent (100%) of monthly progress billing for services rendered, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice. Cumulative monthly progress billing per contract year shall not exceed seventy-five (75%) of the DSH Audit fixed fee deliverable per contract year.	The remaining twenty-five percent (25%) percent of the annual DSH Audit fixed fee deliverable will be paid following DHB's receipt of the Independent DSH Audit report, net thirty (30) Calendar Days from DHB's approval of the Contractor's invoice.
Work Area #4 Invoicing				
Task	First Installment Payment	Second Installment Payment	Monthly Payment	Final Contract Payment
	Fifty percent (50%) shall be invoiced upon submission of completed DSH and hospital UPL models to DHB.			The remaining fifty percent (50%) shall be invoiced upon acceptance of hospital inpatient and outpatient UPL demonstrations in CMS MACFin platform