

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO. 000001	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
6. ISSUED BY CMS, OAGM, AGG, DBSC 7500 SECURITY BLVD., MS: C2-21-15 BALTIMORE MD 21244-1850	CODE DBSC	7. ADMINISTERED BY (If other than Item 6) Kevin Pope Contract Specialist (410) 786-5794	CODE AGG/KP
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Strategic Health Solutions, L.L.C 10040 Regency Circle suite 150 Omaha NE 68114-3738		9A. AMENDMENT OF SOLICITATION NO. <input checked="" type="checkbox"/> (X)	
CODE 402452333 FACILITY CODE		9B. DATED (SEE ITEM 11)	
		10A. MODIFICATION OF CONTRACT/ORDER NO. GS-10F-0231T HHSM-500-2007-00299G	
		10B. DATED (SEE ITEM 11) 09/11/2007	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.252-4 Alterations in Contract (APR 1984)
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not. is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Tax ID Number: 22-3524879
DUNS Number: 622811847

The purpose of this modification is to replace Tawney Moreno with Irvin Philpot under Key Personnel. For clarity, Key Personnel (Section 7 of the task order) is deleted in its entirety and the following is substituted in lieu thereof:

- Task Order Manager - Katherine Goeser - Strategic Health Solutions
- Business System Analyst - Irvin Philpot - Strategic Health Solutions
- Subject Matter Expert - Fred Ham - Strategic Health Solutions
- Health Care Consultant - Peg Stessman - Strategic Health Solutions
- Econometrician - Daver Kahvecioglu - IMPAQ

Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Margaret M Stessman, President & CEO		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) MARK SMOLENSKI	
15B. CONTRACTOR/OFFEROR Margaret M Stessman (Signature of person authorized to sign)	15C. DATE SIGNED 11/8/07	16B. UNITED STATES OF AMERICA [Signature] (Signature of Contracting Officer)	16C. DATE SIGNED 11/13/07

CONTINUATION SHEET	REFERENCE NO. OF DOCUMENT BEING CONTINUED	PAGE	OF
	GS-10F-0231T/HHSM-500-2007-00299G/000001	2	2

NAME OF OFFEROR OR CONTRACTOR
Strategic Health Solutions, L.L.C

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	All OTHER TERMS AND CONDITIONS REMAIN THE SAME. Period of Performance: 09/11/2007 to 09/10/2008				

ORDER FOR SUPPLIES OR SERVICES

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IMPORTANT: Mark all packages and papers with contract and/or order numbers.

1. DATE OF ORDER 09/11/2007		2. CONTRACT NO. (If any) GS-10F-0231T		6. SHIP TO:	
3. ORDER NO. HHSM-500-2007-00299G		4. REQUISITION/REFERENCE NO. 778-7-157505		a. NAME OF CONSIGNEE Not Applicable	
5. ISSUING OFFICE (Address correspondence to) CMS, OAGM, AGG, DBSC 7500 SECURITY BLVD., MS: C2-21-15 BALTIMORE MD 21244-1850				b. STREET ADDRESS	
c. CITY		d. STATE		e. ZIP CODE	
7. TO:				f. SHIP VIA	
a. NAME OF CONTRACTOR Strategic Health Solutions, L.L.C				b. TYPE OF ORDER	
b. COMPANY NAME				<input type="checkbox"/> a. PURCHASE <input checked="" type="checkbox"/> b. DELIVERY	
c. STREET ADDRESS 10040 Regency Circle suite 150				REFERENCE YOUR: Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheet, if any, including delivery as indicated.	
d. CITY Omaha		e. STATE NE		f. ZIP CODE 68114-3738	
9. ACCOUNTING AND APPROPRIATION DATA 75992835-75X0511-252Z				10. REQUISITIONING OFFICE CENTER FOR BENEFICIARY CHOICES	
11. BUSINESS CLASSIFICATION (Check appropriate box(es))				12. F.O.B. POINT	
<input checked="" type="checkbox"/> a. SMALL <input type="checkbox"/> b. OTHER THAN SMALL <input type="checkbox"/> c. DISADVANTAGED <input type="checkbox"/> d. SERVICE-DISABLED VETERAN-OWNED <input checked="" type="checkbox"/> e. WOMEN-OWNED <input type="checkbox"/> f. HUBZone <input type="checkbox"/> g. EMERGING SMALL BUSINESS				Destination	
13. PLACE OF		14. GOVERNMENT B/L NO.		15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date)	
a. INSPECTION Destination		b. ACCEPTANCE Destination		09/10/2008	
				16. DISCOUNT TERMS Net 30	

17. SCHEDULE (See reverse for Rejections)

ITEM NO. (a)	SUPPLIES OR SERVICES (b)	QUANTITY ORDERED (c)	UNIT (d)	UNIT PRICE (e)	AMOUNT (f)	QUANTITY ACCEPTED (g)
	Tax ID Number: 22-3524879 DUNS Number: 622811847 Pursuant to the terms and conditions of Contract GS-10F-0231T, the Contractor shall provide Medicare Prescription Drug Benefit Final Part D Payment Process Support Continued ...					

18. SHIPPING POINT		19. GROSS SHIPPING WEIGHT		20. INVOICE NO.		17(h) TOTAL (Cont. pages)
21. MAIL INVOICE TO:						
SEE BILLING INSTRUCTIONS ON REVERSE	a. NAME DHHS, CMS, OFM, FSG				\$941,085.00	17(i) GRAND TOTAL
	b. STREET ADDRESS (or P.O. Box) Div. of Financial Operations, P.O. Box 7520					
	c. CITY Baltimore	d. STATE MD	e. ZIP CODE 21207-0520		\$941,085.00	

22. UNITED STATES OF AMERICA
BY (Signature)



23. NAME (Typed):
MARK SMOLENSKI
TITLE: CONTRACTING/ORDERING OFFICER

**ORDER FOR SUPPLIES OR SERVICES
SCHEDULE - CONTINUATION**

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IMPORTANT: Mark all packages and papers with contract and/or order numbers.

DATE OF ORDER 09/11/2007	CONTRACT NO. GS-10F-0231T	ORDER NO. HHSM-500-2007-00299G
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ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
0001	<p>Services as outlined in the SOW. Period of Performance: 09/11/2007 to 09/10/2008</p> <p>Medicare Prescription Drug Benefit Final Part D Payment Process</p> <p>Total amount of award: \$941,085.00. The obligation for this award is shown in box 17(i).</p>				941,085.00	

TOTAL CARRIED FORWARD TO 1ST PAGE (ITEM 17(H))

GSA Contract No.: GS-10F-0231T
 CMS Order No.: HHSM-500-2007-00299G

1. TASK ORDER SUPPORT:

This task order is being issued under GSA Contract Number GS-10F-0231T for Medicare Prescription Drug Benefit Final Part D Payment Process Support services. This task order shall be performed in accordance with the terms and conditions of the GSA Contract and the terms and conditions contained herein. The contractor shall provide the Support Services in accordance with the statement of work (SOW) provided as Attachment 1.

2. TYPE OF TASK ORDER:

This is a Time and Materials (T&M) type task order. The Total Not-to-Exceed Amount of this task order is \$941,085.00. The Contractor shall be paid upon acceptance of a properly certified invoice in accordance with Section 11b, Invoice Payment, of this task order.

3. TASK ORDER PRICE SUMMARY

The Contractor has the right to adjust the amount of labor hours between labor categories and between labor and non-labor elements as long as the Contractor stays within the T&M not-to-exceed (NTE) ceiling amount.

**SCHEDULE OF SERVICES
 09/11/07-09/10/08**

Labor Category	GSA Labor Category	Labor Rate	Hours	Total Amount
Task Order Manager	Project Manager	(b)(4)		\$ 98,632.22
Subject Matter Expert	Senior Consultant II			\$ 23,609.04
Business Systems Expert	Analyst III			\$ 139,525.67
Health Care Consultant	Senior Consultant II			\$ 22,953.23
Intake Coordinator	Analyst I			\$ 87,566.88
Review Coordinator	Analyst II			\$ 247,607.28
Admin II	Admin II			\$ 26,737.36
Senior Statistical Consultant	Senior Consultant II			\$ 18,998.00
Econometrician	Senior Consultant II			\$ 47,656.00
Statistician	Senior Consultant I			\$ 47,787.12
Senior Health Data Analyst	Senior Consultant I			\$ 54,467.04
Health Data Analyst II	Analyst III			\$ 52,664.56
Administrative II	Admin II			\$ 1,509.72
Travel				\$ 5,626.45
ODC's				\$ 65,743.68
Total Not To Exceed Amount				\$ 941,085

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CMS Order No.: HHSM-500-2007-00299G

4. TIME AND MATERIALS 5% WITHOLDING

In accordance with FAR 52.232-7(A)(2), the Contracting Officer shall withhold 5 percent of the amounts due under this task order, but the total amount withheld shall not exceed \$50,000. The amounts withheld shall be retained until the execution and delivery of a release by the Contractor is provided.

5. TRAVEL

Travel costs are to be reimbursed at actual cost incurred in accordance with FAR 52.216-7 Allowable Cost & Payment, and the Federal Travel Regulations. Payment for travel is based on actual expenses incurred and the contractor is to maintain all receipts/vouchers for expense verification.

6. PERIOD OF PERFORMANCE

The period of performance for this task order is September 11, 2007 through September 10, 2008.

7. KEY PERSONNEL

In accordance with HHSAR Clause "352.270-5 Key Personnel (APR 1984), the following individuals are identified as Key Personnel for this task order:

Task Order Manager	- Katherine Goeser - Strategic Health Solutions
Business System Analyst	- Tawney Moreno - Strategic Health Solutions
Subject Matter Expert	- Fred Ham - Strategic Health Solutions
Health Care Consultant	- Peg Stessman - Strategic Health Solutions
Econometrician	- Daver Kahvecioglu - IMPAQ

Prior to diverting/changing any of the specified key personnel to other programs, the contractor shall notify the Contracting Officer and Government Task Leader reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion/changes shall be made by the Contractor without the consent of the Contracting Officer.

8. SUBCONTRACT CONSENT

To facilitate the review of a proposed subcontract by the Contracting Officer, the Contractor shall submit the information required by the FAR clause 52.244-2 entitled, SUBCONTRACTS, to the Contracting Officer. The Contracting Officer shall review the request for subcontract approval and advise the Contractor of his/her decision to consent to or dissent from the proposed subcontract, in writing. Consent is hereby given to issue the following subcontract(s):

IMPAQ

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9. GOVERNMENT REPRESENTATIVES

The following CMS personnel are points of contact for this task order:

Contracting Officer: Mark Smolenski (410) 786-0175 Mark.Smolenski@cms.hhs.gov
Contract Specialist: Kevin M. Pope (410) 786-5794 Kevin.Pope@cms.hhs.gov
Government Task Leader: Amanda Ryan (410) 786-0419 Amanda.Ryan@cms.hhs.gov
Alternate GTL: Tara Waters (410) 786-0756 Tara.Waters@cms.hhs.gov

10. GOVERNMENT TASK LEADER (GTL)/CONTRACT SPECIALIST

Amanda Ryan is designated as the Government Task Leader for this task order. Her address is:
Centers for Medicare and Medicaid Services
7500 Security Blvd.
ATTN: Ms. Amanda Ryan
Mailstop: S3-16-16
Baltimore, MD 21244-1850

All technical correspondence shall be directed to the GTL with a copy to the Contract Specialist.

The responsibilities and duties of the GTL include:

- a) Provide day-to-day technical direction to the contractor as long as the terms and conditions of the contract are not changed.
- b) Monitor contractor's ongoing efforts.
- c) Serve as liaison between the contractor and project team.
- d) Review deliverables and advise Contracting Officer of the contractor's performance.
- e) Advise the Contracting Officer on the contractor's compliance with technical performance requirements.
- f) Ensures that the contractor input and/or recommendations are considered by CMS project management.

The Contract Specialist for this task order is Mr. Kevin M. Pope. His address is:

Centers for Medicare and Medicaid Services
7500 Security Blvd.
ATTN: Mr. Kevin M. Pope
Mailstop: C2-15-21
Baltimore, MD 21244-1850

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11. INVOICING PROCEDURES

a) Submission of Invoices and Payment Office

1. Invoices/vouchers shall be prepared and submitted with an original and four copies unless otherwise specified. The contractor shall invoice by contract line item number (i.e. CLIN 0001), the services performed during the invoice period, the discounted rate and the total amount of the invoice.
2. To expedite payment, invoices shall be submitted as follows:

- (i) Original and four (4) copies shall be submitted to the address below:

Department of Health and Human Services
Centers for Medicare and Medicaid Services
OFM/Division of Accounting
P.O. Box 7520
Baltimore, MD 21207-0520

If overnight delivery is desired:

Department of Health and Human Services
Centers for Medicare and Medicaid Services
Director, Division of Accounting, OFM
C3-11-03 Central Building
7500 Security Boulevard
Baltimore, MD 21244-1850

- (ii) One (1) copy shall be sent to the Project Officer and to the Contract Specialist.
- (iii) Content of Invoice (If Applicable):
 - a. Contractor's name and invoice date.
 - b. Purchase Order Number and GSA Schedule Contract Number or other authorization for delivery of property and/or services.
 - c. Individually identify the names of all personnel with appropriate/applicable labor categories and their hours, rates and a breakdown of Other Direct Costs.
 - d. Travel costs shall be broken down to include number of trips, number and name of individuals per trip, mode of transportation, mileage charge, and length of stay.
 - e. Shipping and payment terms.
 - f. Other substantiating documentation or information as required by the task order.

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- g. Name, title, phone number and complete mailing address of responsible official to whom payment is to be sent.

B. Invoice Payment

(1) In accordance with FAR 52.232-33, the Centers for Medicare and Medicaid Services (CMS) shall only make an electronic reimbursement/payment.

In accordance with FAR 52.204-7, the contractor must register in the Central Contractor Registration (CCR) database. Failure to register in CCR may prohibit CMS from making awards to your organization.

The contractor shall notify CMS' Division of Accounting Operations of all EFT and address changes in CCR via the following email address: CCRChanges@cms.hhs.gov

1. Reimbursement for invoices/vouchers submitted under this task order shall be made no later than 30 days after receipt of the invoice from the contractor in the copies requested at the payment office designated above.
2. Payment will be authorized after the Division of Accounting has audited the invoice in accordance with Federal regulations. This audit includes certification of the invoice by the Project Officer and Contract Specialist and verification that the invoice amount is consistent with the payment schedule. Any discrepancies determined as a result of the audit could delay the processing of the invoice and may result in the invoices being returned to the contractor for corrections. Inquiries relating to payments should be directed to the Lead Accounting Technician, Administrative Payments Unit, telephone number (410) 786-5427.

C. Interest on Overdue Payment

1. The Prompt Payment Act, Public law 97-177 (96 Stat. 85.31 U.S.C.1801) is applicable to payments under this task order and requires the payment of interest on overdue payments and improperly taken discounts.
2. Determination of interest due will be made in accordance with the provisions of the Prompt Payment Act and Office of Management and Budget Circular A-125.

* A new feature of the Federal Supply Schedule Program permits Contractors to offer price reductions in accordance with commercial practice. Teaming arrangements are permitted with Federal Supply Contractors in accordance with FAR 9.6.

12. CONTRACTUAL CLAUSES

All deliverables for this task order will adhere to the specifications, requirements and guidance as prescribed in the Task Order, Statement of Work, and GSA contractual clauses and content.

13. HIPAA BUSINESS ASSOCIATE PROVISION

Definitions:

All terms used herein and not otherwise defined shall have the same meaning as in the Health Insurance Portability and Accountability Act of 1996 ("HIPAA," 42 U.S.C. sec. 1320d) and the corresponding implementing regulations. Provisions governing the Contractor's duties and obligations under the Privacy Act (including data use agreements) are covered elsewhere in the contract. "Business Associate" shall mean the Contractor. "Covered Entity" shall mean CMS' Medicare Fee for Service program and/or Medicare's Prescription Drug Discount Care and Transitional Assistance Programs. "Secretary" shall mean the Secretary of the Department of Health and Human Services or the Secretary's designee.

Obligations and Activities of Business Associate

- (a) Business Associate agrees to not use or disclose Protected Health Information ("PHI"), as defined in 45 C.F.R. § 160.103, created or received by Business Associate from or on behalf of Covered Entity other than as permitted or required by this Contract or as required by law.
- (b) Business Associate agrees to use safeguards to prevent use or disclosure of PHI created or received by Business Associate from or on behalf of Covered Entity other than as provided for by this Contract. Furthermore, Business Associate agrees to use appropriate administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information ("E PHI"), as defined in 45 C.F.R. 160.103, it creates, receives, maintains or transmits on behalf of the Covered Entity to prevent use or disclosure of such E PHI.
- (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 PHI by Business Associate in violation of the requirements of this Contract.
- (d) Business Associate agrees to report to Covered Entity any use or disclosure involving PHI it receives/maintains from/on behalf of the Covered Entity that is not provided for by this Contract of which it becomes aware. Furthermore, Business Associate agrees to report to Covered Entity any security incident involving E PHI of which it becomes aware.
- (e) Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Contract to Business Associate with respect to such information. Furthermore, Business Associate agrees to ensure that its agents and subcontractors implement reasonable and appropriate safeguards for the PHI received from or on behalf of the Business Associate.

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(f) Business Associate agrees to provide access, at the request of Covered Entity, to PHI received by Business Associate in the course of contract performance, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR § 164.524.

(g) Business Associate agrees to make any amendment(s) to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR § 164.526 upon request of Covered Entity.

(h) Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity, available to Covered Entity, or to the Secretary for purposes of the Secretary determining Covered Entity's compliance with the various rules implementing the HIPAA.

(i) Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528.

(j) Business Associate agrees to provide to Covered Entity, or an individual identified by the Covered Entity, information collected under this Contract, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528.

Permitted Uses and Disclosures by Business Associate

Except as otherwise limited in this Contract, Business Associate may use or disclose PHI on behalf of, or to provide services to, Covered Entity for purposes of the performance of this Contract, if such use or disclosure of PHI would not violate the HIPAA Privacy or Security Rules if done by Covered Entity or the minimum necessary policies and procedures of Covered Entity.

Obligations of Covered Entity

(a) Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

(b) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

(c) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

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Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the HIPAA Privacy or Security Rules.

Term of Provision

(a) The term of this Provision shall be effective as of **{September 11, 2007}**, and shall terminate when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.

(b) Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

- (1) Provide an opportunity for Business Associate to cure the breach or end the violation consistent with the termination terms of this Contract. Covered Entity may terminate this Contract for default if the Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or
- (2) Consistent with the terms of this Contract, terminate this Contract for default if Business Associate has breached a material term of this Contract and cure is not possible; or
- (3) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(c) Effect of Termination.

(1) Except as provided in paragraph (2) of this section, upon termination of this Contract, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.

(2) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon such notice that return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Contract to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

Miscellaneous

(a) A reference in this Contract to a section in the Rules issued under HIPAA means the section as in effect or as amended.

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(b) The Parties agree to take such action as is necessary to amend this Contract from time to time as is necessary for Covered Entity to comply with the requirements of the Rules issued under HIPAA.

(c) The respective rights and obligations of Business Associate under paragraph (c) of the section entitled "term of Provision" shall survive the termination of this Contract.

(d) Any ambiguity in this Contract shall be resolved to permit Covered Entity to comply with the Rules implemented under HIPAA.

14. CONFIDENTIALITY

As a result of this Task Order, the GSA Schedule Contractor may have access to confidential information (i.e., information considered proprietary as well as information that may fall under the Privacy Act). The GSA Schedule Contractor shall not disclose any such information or findings to any parties other than the Project Officer and staff assigned to this effort. Appropriate administrative, technical, procedural and physical safeguards shall be established by the GSA Schedule Contractor to protect the confidentiality of the data and to prevent unauthorized access to such data.

15. CODE OF CONDUCT

Effective June 9, 2004, smoking is not permitted anywhere on the CMS single site campus. This includes all areas outside the building, such as off-site facility, entranceways, sidewalks and parking areas. Smoking will not be permitted anywhere in Regional Offices or Washington, D.C. Office locations unless permitted by GSA guidelines or local landlord requirements. Contractor employees are subject to the same restrictions as government personnel. Fines up to \$50 per occurrence will be issued and enforced by the Federal Protective Service.

16. ATTACHMENTS

(1) Statement of Work (7 pages)

17. CMS SECURITY CLAUSE

Security Clause -Background - Investigations for Contractor Personnel

If applicable, Contractor personnel performing services for CMS under this contract, task order or delivery order shall be required to undergo a background investigation. CMS will pay for the background investigations.

After contract award, the CMS Project Officer (PO) and the Emergency Management & Response Group (EMRG), with the assistance of the Contractor, shall perform a position-sensitivity analysis based on the duties contractor personnel shall perform on the contract, task order or delivery order. The results of the position-sensitivity analysis will determine first, whether the provisions of this clause are applicable to the contract and second, if applicable,

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determine each position's sensitivity level (i.e., high risk, moderate risk or low risk) and dictate the appropriate level of background investigation to be processed. Investigative packages may contain the following forms:

1. SF-85, Questionnaire for Non-Sensitive Positions, 09/1995
2. SF-85P, Questionnaire for Public Trust Positions, 09/1995
3. OF-612, Optional Application for Federal Employment, 12/2002
4. OF-306, Declaration for Federal Employment, 01/2001
5. Credit Report Release Form
6. FD-258, Fingerprint Card, 5/99, and
7. CMS-730A, Request for Physical Access to CMS Facilities (NON-CMS ONLY), 11/2003.

The Contractor personnel shall be required to undergo a background investigation commensurate with one of these position-sensitivity levels:

1) High Risk (Level 6)

Public Trust positions that would have a potential for exceptionally serious impact on the integrity and efficiency of the service. This would include computer security of a major automated information system (AIS). This includes positions in which the incumbent's actions or inaction could diminish public confidence in the integrity, efficiency, or effectiveness of assigned government activities, whether or not actual damage occurs, particularly if duties are especially critical to the agency or program mission with a broad scope of responsibility and authority.

Major responsibilities that would require this level include:

- a. development and administration of CMS computer security programs, including direction and control of risk analysis and/or threat assessment;
- b. significant involvement in mission-critical systems;
- c. preparation or approval of data for input into a system which does not necessarily involve personal access to the system but with relatively high risk of causing grave damage or realizing significant personal gain;
- d. other responsibilities that involve relatively high risk of causing damage or realizing personal gain;
- e. policy implementation;
- f. higher level management duties/assignments or major program responsibility; or
- g. independent spokespersons or non-management position with authority for independent action.

Approximate cost of each investigation: \$3,500

2) Moderate Risk (Level 5)

Public Trust positions that have potential for moderate to serious impact on the integrity and efficiency of the service, including computer security. These positions involve duties of considerable importance to the CMS mission with significant program responsibilities that could

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cause damage to large portions of AIS. Duties involved are considerably important to the agency or program mission with significant program responsibility, or delivery of service. Responsibilities that would require this level include:

- a. the direction, planning, design, operation, or maintenance of a computer system and whose work is technically reviewed by a higher authority at the High Risk level to ensure the integrity of the system;
- b. systems design, operation, testing, maintenance, and/or monitoring that are carried out under the technical review of a higher authority at the High Risk level;
- c. access to and/or processing of information requiring protection under the Privacy Act of 1974;
- d. assists in policy development and implementation;
- e. mid-level management duties/assignments;
- f. any position with responsibility for independent or semi-independent action; or
- g. delivery of service positions that demand public confidence or trust.

Approximate cost range of each investigation: \$150 - \$2,600

3) Low Risk (Level 1)

Positions having the potential for limited interaction with the agency or program mission, so the potential for impact on the integrity and efficiency of the service is small. This includes computer security impact on AIS.

Approximate cost of each investigation: \$100

The Contractor shall submit the investigative package(s) to the EMRG within three (3) days after being advised by the EMRG of the need to submit packages. Investigative packages shall be submitted to the following address:

Centers for Medicare & Medicaid Services
Office of Operations Management
Emergency Management & Response Group
Mail Stop SL-13-15
7500 Security Boulevard
Baltimore, Maryland 21244-1850

The Contractor shall submit a copy of the transmittal letter to the Contracting Officer (CO).

Contractor personnel shall submit a CMS-730A (Request for Badge) to the EMRG (see attachment in Section J). The Contractor and the PO shall obtain all necessary signatures on the CMS-730A prior to any Contractor employee arriving for fingerprinting and badge processing.

The Contractor must appoint a Security Investigation Liaison as a point of contact to resolve any issues of inaccurate or incomplete form(s). Where personal information is involved, EMRG may need to contact the contractor employee directly. The Security Investigation Liaison may be required to facilitate such contact.

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CMS Order No.: HHS-500-2007-00299G

After EMRG fingerprints contractor personnel and issues them a temporary CMS identification badge, the EMRG will send their completed investigative package to the Office of Personnel Management (OPM). OPM will conduct the background investigation. Badges will be provided by EMRG while contractor personnel investigative forms are being processed. The Contractor remains fully responsible for ensuring contract, task order or delivery order performance pending completion of background investigations of contractor personnel.

EMRG shall provide written notification to the CO with a copy to the PO of all suitability decisions. The PO shall then notify the Contractor in writing of the approval of the Contractor's employee(s), at that time the Contractor's employee(s) will receive a permanent identification badge. Contractor personnel who the EMRG determines to be ineligible may be required to cease working on the contract immediately.

The Contractor shall report immediately in writing to EMRG with copies to the CO and the PO, any adverse information regarding any of its employees that may impact their ability to perform under this contract, task order or delivery order. Reports should be based on reliable and substantiated information, not on rumor or innuendo. The report shall include the contractor employee's name and social security number, along with the adverse information being reported.

Contractor personnel shall be provided an opportunity to explain or refute unfavorable information found in an investigation to EMRG before an adverse adjudication is made. Contractor personnel may request, in writing, a copy of their own investigative results by contacting:

Office of Personnel Management
Freedom of Information
Federal Investigations Processing Center
PO Box 618
Boyers, PA 16018-0618.

At the Agency's discretion, if an investigated contractor employee leaves the employment of the contractor, or otherwise is no longer associated with the contract, task order, or delivery order within one (1) year from the date the background investigation was completed, then the Contractor may be required to reimburse CMS for the full cost of the investigation. Depending upon the type of background investigation conducted, the cost could be approximately \$100 to \$3,500. The amount to be paid by the Contractor shall be due and payable when the CO submits a written letter notifying the Contractor as to the cost of the investigation. The Contractor shall pay the amount due within thirty (30) days of the date of the CO's letter by check made payable to the "United States Treasury." The Contractor shall provide a copy of the CO's letter as an attachment to the check and submit both to the Office of Financial Management at the following address:

Centers for Medicare & Medicaid Services
PO Box 7520
Baltimore, Maryland 21207

GSA Contract No.: GS-10F-0231T
CMS Order No.: HHSM-500-2007-00299G

The Contractor must immediately provide written notification to EMRG (with copies to the CO and the PO) of all terminations or resignations of Contractor personnel working on this contract, task order or delivery order. The Contractor must also notify EMRG (with copies to the CO and the PO) when a Contractor's employee is no longer working on this contract, task order or delivery order.

At the conclusion of the contract, task order or delivery order and at the time when a contractor employee is no longer working on the contract, task order or delivery order due to termination or resignation, all CMS-issued parking permits, identification badges, access cards, and/or keys must be promptly returned to EMRG. Contractor personnel who do not return their government-issued parking permits, identification badges, access cards, and/or keys within 48 hours of the last day of authorized access shall be permanently barred from the CMS complex and subject to fines and penalties authorized by applicable federal and State laws.

18. ALLOWABLE COST AND PAYMENT – FAR 52.216-7

This clause is incorporated into the task order.

Statement of Work

Medicare Prescription Drug Benefit Final Part D Payment Process

I. SCOPE

The Contractor shall provide a full range of statistical, analytical, audit, financial, formulary and/or professional business services to the Centers for Medicare & Medicaid Services (CMS). The Contractor shall assist with analyzing the Part D Payment Reconciliation results as determined by the Payment Reconciliation System (PRS) and establishing and implementing a process for determining final Part D Payment.

A. Background

In December 2003, the President signed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). In addition to many other changes, the MMA augments the Medicare Program by creating the Medicare Prescription Drug Benefit (Part D).

The Medicare Plan Payment Group, Division of Payment Systems is responsible for the business requirements for the national systems for payment of the Part D prescription drug organizations. PRS is the payment system that compares Part D prospective payment information to actual cost in order to perform the three required payment reconciliations, which are collectively known as the Part D Payment Reconciliation. The Part D Payment Reconciliation is performed at the Contract/Plan Benefit Package (PBP) level. The Division of Payment Systems will evaluate the results of the Part D Payment Reconciliation and will determine if the results are final or if the results should be re-evaluated based upon documentation that is provided by Part D sponsors. A process will need to be established to receive and evaluate cost estimates and other supporting documentation from Part D Sponsors to evaluate the final cost of providing Part D Prescription Drug Coverage. The additional documentation requested for this analysis may include but is not limited to Prescription Drug Event (PDE) Data and Direct and Indirect Remuneration amounts.

B. Purpose

The purpose of the SOW is to assist CMS with the intake and review of cost estimates and other supporting documentation provided by sponsors, and to assist CMS with all communications to sponsors that will result from the Final Part D Payment Process. The Contractor shall also assist with the organization and review of the Final Part D Payment Process. In addition, the Contractor shall assist in implementing and refining the project plan for the Final Part D Payment Process.

C. Objectives

Task 1: Final Part D Payment Process

The Contractor shall assist with designing and implementing a set of procedures for the Final Part D Payment Process and to provide CMS with the procedures in application form using Microsoft Office products.

Task 2: Supporting CMS Communications with Part D Sponsors

The Contractor shall assist CMS in communicating with Part D Sponsors. This includes assisting CMS in receiving and responding to questions regarding the Part D Payment Reconciliation and the PRS Reconciliation Results Reports to Plans, the data collection process for dispute of the Reconciliation Results, and the outcome of the Final Part D Payment process.

Task 3: Intake of Part D Payment Reconciliation Cost Estimates and Supporting Documentation

The Contractor shall develop a data collection tool for the intake process of obtaining cost estimates. This task involves developing and implementing a process for the intake of the cost estimates and other relevant documentation from the Part D Sponsors.

Task 4: Maintain a Secure Location for all Documents in the Final Part D Payment Process

The Contractor shall provide support for the secure storage, filing and tracking of all documents in the Final Part D Payment process, which includes documentation of sponsor communication, sponsor cost estimates and supporting documentation received and filed at CMS.

Task 5: Statistical and Analytical Review of Cost Estimates and Supporting Documentation

The Contractor shall assist with a comprehensive review of the cost estimates and supporting documentation received from Part D Sponsors, which involves identifying data differences between the information supplied by the sponsor and the cost estimates calculated by CMS and the potential causes of those data differences.

Task 6: Management Support and Ad Hoc Reporting

The Contractor shall generate reports and briefing materials at any time, which will assist in the overall analysis of the Final Part D Payment Process. Management meetings, if necessary, shall be required to discuss ongoing issues with this process and the implementation of the business plan and strategy.

Task 7: Letter Generation

The Contractor shall assist with the development of letters to request cost estimates, to request additional documentation from Part D sponsors in order to complete the analysis needed to make a decision in the Final Part D Payment process, and to inform the sponsors of the outcome of this process.

Task 8: Updates

The Contractor shall submit weekly updates regarding the review of Part D Payment Reconciliation Results and other data generated by CMS compared to the data provided by sponsors and involves reporting to CMS regarding funding, any issues impeding progress toward completion of deliverables, and the status of the completion of the deliverables outlined in this SOW.

D. General Requirements

The implementation of the Medicare Drug Benefit under the Medicare Modernization Act (MMA) of 2003 requires CMS to make payments after a coverage year after obtaining all of the cost data information necessary to determine the amount of payment. The payment calculation is performed by the Payment Reconciliation System. The MMA allows for revision of an initial or reconsidered final payment determination (including a determination on the final amount of the direct subsidy, final reinsurance payments, the final amount of the low income subsidy, or the final risk corridor payments). The Final Part D Payment Process will require a specialized team of evaluators to analyze CMS generated results and compare the results with information provided by sponsors. The contractor shall provide staff to be located at CMS to perform the tasks necessary to complete each step in the Final Part D Payment Process. The contractor shall be responsible for managing their workload, to include managing incoming sponsor cost estimates and supporting documentation, performing statistical and analytical review of the information provided by the sponsors compared to the CMS generated results, interacting with CMS team leaders, and supporting CMS communications with Part D sponsors.

The Contractor shall possess, at a minimum, the following expertise:

- Thorough understanding of (1) the development, implementation, and management of large-scale prescription drug benefit programs; (2) the purchasing of prescription drugs by large employers, state Medicaid agencies, and large health insurers (on a full risk, shared risk, and cost reimbursements basis); and (3) the dispensing of prescription drugs in retail, mail order, and long-term care settings.
- Thorough understanding of the standards governing the prescribing and dispensing of pharmaceuticals, including state regulation of pharmacies.
- Thorough understanding of the prescription drug benefit management industry including all aspects of claims processing, payments, enrollment, rebates and other price concession negotiations, and formulary creation.
- Thorough understanding of the sections of the Social Security Act (the Act) and the Code of Federal Regulations (CFR) governing the Part D program
- Thorough understanding of the Medicare Prescription Drug Benefit.

E. Specific Requirements

The task and deliverable section is divided into eight functions: Final Part D Payment Process, Supporting CMS Communications with Part D sponsors, Intake of Part D Payment Reconciliation Cost Estimates and Supporting Documentation, Maintain a Secure Location for all Documents in the Final Part D Payment Process, Statistical and Analytical Review of Cost Estimates and Supporting Documentation, Management Support and Ad Hoc Reporting, Letter Generation, and Updates.

Task 1: Final Part D Payment Process

The Contractor shall create procedures and a project plan which outlines methods to streamline the Final Part D Payment process. As this process is conducted, the Contractor shall administer these strategies and evaluate the methods to determine effectiveness. Moreover, the Contractor shall refine the process to determine if other efficiencies can be implemented throughout the entire Final Part D Payment process.

Task 2: Supporting CMS Communications with Part D Sponsors

The Contractor shall assist in receiving and responding to questions related to the PRS Reconciliation Results Reports to Plans, the data collection process that will be used to collect cost estimates from sponsors, and the outcome of the Final Part D Payment process. The Contractor shall document any communication with sponsors.

Task 3: Intake of Part D Payment Reconciliation Cost Estimates and Supporting Documentation

The Contractor shall perform certain organizational and administrative tasks. This shall include assisting with the dissemination of information from the sponsor provided documents to specific government stakeholders to include certain reports and other written and electronic materials in an efficient and effective manner.

Task 4: Maintain a Secure Location for all Documents in the Final Part D Payment Process

The Contractor shall provide the secure storage of all documentation collected in the Final Part D Payment process. This includes filing, tracking, and storage of all sponsor provided documentation and communication with sponsors in a secured location.

Task 5: Statistical and Analytical Review of Cost Estimates and Supporting Documentation

The Contractor shall perform certain tasks to assist with the review of the sponsor provided documentation. This review shall consist of comparing the Part D Payment Reconciliation Results and other CMS cost estimates to the Sponsor provided documentation. The analysis shall identify data differences and evaluate the reasons behind those data differences. If necessary, the results of the review shall require additional supporting documentation from the sponsors.

Task 6: Management Support and Ad-hoc Reporting

The Contractor shall provide management support throughout the Final Part D Payment process. This shall require frequent meetings and staff at CMS to complete this process. The meetings shall be daily at the beginning of the process and then shall be as needed based on the status of the Final Part D Payment process being conducted. Meetings can be in person or by phone, which will depend on the sensitivity of the information, urgency of the meeting or other factors.

Ad-hoc reporting shall also be required. This shall include data collection tools, status reports, tracking tools, spreadsheets, vulnerability reports, summary reports, etc. These reports shall

assist CMS in completing the Final Part D Payment process and tracking the progress or issues identified. These reports shall be discussed with the Contractor as needed.

Task 7: Letter Generation

The Contractor shall generate any letters required to notify the sponsors of the Final Part D Payment process, the need for additional documentation supporting their dispute of the Part D Reconciliation Results, and the outcome of the Final Part D Payment process. This shall require populating the information, generating the letters and mailing them to the sponsors. The Contractor shall work with CMS to complete the letters and track their submission and receipt of any materials provided in response to the letters.

Task 8: Updates

The Contractor shall provide status reports to CMS. The reports will provide notification to the GTL of the completion of deliverables outlined in the SOW, any issues impeding progress, funding updates, and any issues which require CMS attention. The reports will be provided weekly at the beginning of the Final Part D Payment process. The frequency of status reports will be re-evaluated as CMS proceeds through the Final Part D Payment process. Meetings between the GTL and the Contractor will occur frequently as this process gets underway in order to keep communication open and to identify any issues, which require mitigation.

F. Report Requirements

1. Status reports shall include at a minimum:

- The prior week's activities by task and activity;
- High-level workload reports;
- Summaries of meetings and areas of concentration for the upcoming week;
- Issues of concern that should be addressed by CMS; and,
- Any unresolved issues from the prior week.

2. Ad-hoc Reports—the contractor shall submit reports throughout the Final Part D Payment process.

- Summary reports
- Excel spreadsheets
- Tracking reports
- Intake reports
- Any other reports, which will assist with the Final Part D Payment process

II. QUALITY ASSURANCE

The Government, through the Government Task Leader (GTL), shall review and approve all work products and deliverables submitted by the contractor. Progress meetings shall be held between the contractor and the GTL weekly. The meetings shall take place each week on a day mutually agreed upon by contractor and CMS. These meetings will be used to review the status of the project, upcoming events, outstanding issues and money expenditures.

III. DELIVERABLES SCHEDULE**MONTHLY PROGRESS REPORT**

The Contractor shall submit to the GTL and Contract Specialist a monthly progress report on the 15th of every month. The Monthly Progress Report shall provide: an account of work accomplished; difficulties encountered during the reporting period; remedial action taken; unresolved issues; a statement of activity anticipated during the subsequent reporting period; any proposed changes of key personnel; the status of the budget (actual cost vs. projected, breakdown of cost for that month, percentage of cost expended); a summary of costs incurred during the previous month in business proposal format; cumulative costs incurred to date on the task order; funds remaining to be incurred on the task order; costs by labor category, labor hours, labor rates, travel, subcontracts, overheads, profit, etc.; itemization of Other Direct Costs incurred; and, a narrative report of expenditures that exceed 10% either above or below the estimated expenditures for the period of time that is being reported. The Monthly Progress reports shall discuss work accomplished on all of the tasks listed in the Statement of Work

<u>Deliverables Schedule</u>	<u>Due Date</u>
New Timeline based on deliverables schedule with applicable staff assigned.	One week after the effective date of the contract
Progress Meetings with GTL	Weekly in the beginning of the Final Part D Payment Process (frequency to be evaluated during this process)
Status Reports	Weekly (frequency to be evaluated during this process)
Monthly Progress Reports	No later than the 15 th of the following month
Maintain a secured location for storing documentation	Ongoing
Preparation and generation of letters notifying sponsors of the Final Part D Payment process	10/01/07-10/15/07
Preparation for reviews	09/17/07 – 10/31/07
Statistical and Analytical review of data collected in the Final Part D Payment process compared to PRS generated Results, assistance with Sponsor communication and assistance with generation of letters reporting the results of the Final Part D Payment process: 1. Reviews (This is subject to change depending on complexity of reviews and the number of reviews) include intake of dispute documentation and the Final Part D Payment process. 2. Staffing: -	10/01/07-09/10/08

ATTACHMENT 1

3. Generation of Notice of Results of the Final Part D Payment letters	
4. Denial and appeals support	
Administrative Support	09/17/07-09/10/08
Ad-Hoc Reports—as needed.	09/17/07-09/10/08