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BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
COMMISSIONER OF ADMINISTRATION

State of Louisiana

Division of Administration
Office of Contractual Review

September 3, 2014

Ms. Mary Fuentes
Contract Review Administrator
Department of Health & Hospitals
Contract Management
Bienville Building
Post Office Box 4094
Baton Rouge, LA 70821-4904

Dear Ms. Fuentes:

Enclosed are approved copies of the following amendment submitted to us and received in our office on August 7, 2014.

Department of Health & Hospitals
AMENDMENT # 03 CFMS # 713200
Myers & Stauffer, LLC

We appreciate your continued cooperation.

Sincerely,

Pamela Bartfay Rice

Pamela Bartfay Rice, Esq.
Interim Director

Cheri Crain

State Contracts/Grants Officer

Enclosures

Rev 2010/08

ORIGINAL

AMENDMENT TO
AGREEMENT BETWEEN STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS

MVA

(Regional/ Program/ Facility) Medical Vendor Administration

AND

Myers and Stauffer, LLC
Contractor Name

Amendment #: 3
CFMS #: 713200
DOA #: 305-200602
DHH #: 058562
Original Contract Amt 1,275,000
Original Contract Begin Date 2012-06-01
Original Contract End Date 2015-05-31

AMENDMENT PROVISIONS

Change Contract From: Maximum Amount: 1,875,020

CF-1 Block 13 Maximum Contract Amount $1,875,020 FY12=$0, FY13=$641,366.25, FY14=$458,911.75, FY15=$774,742.00

Statement of Work - see attached

Change To: Maximum Amount: 2,162,720

CF-1 Block 13 Maximum Contract Amount $2,162,720 FY12=$0, FY13=$641,366.25, FY14=$458,911.75, FY15=$1,062,442.00

Statement of Work - see attached

Justification:

Contractor will perform audit of Medical Loss Ratio (MLR) reports submitted by prepaid Managed Care Organizations (MCOs) and provide assistance in Act 212 compliance and reporting. Details are contained in the attached amended Statement of Work.

This Amendment Becomes Effective: 2014-07-01

This amendment contains or has attached hereto all revised terms and conditions agreed upon by contracting parties.

IN WITNESS THEREOF, this amendment is signed and entered into on the date indicated below.

CONTRACTOR

Myers and Stauffer, LLC

CONTRACTOR SIGNATURE — DATE 7/2/14

PRINT NAME: Michael D. Johnson

CONTRACTOR TITLE: Member

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS

Secretary, Department of Health and Hospital or Designee

SIGNATURE — DATE 7/30/14

NAME: J. Ruth Kennedy

TITLE: Medicaid Director

OFFICE: Bureau of Health Services Financing

PROGRAM SIGNATURE — DATE

NAME

APPROVED
Office of the Governor
Office of Contractual Review

SEP - 3 2014

Pamela Bartlay Rice
DIRECTOR

STATEMENT OF WORK

Attachment B

BACKGROUND

The Department of Health and Hospitals is transforming its Medicaid and Children's Health Insurance Program (CHIP) program by moving away from a fee-for-service delivery model and transitioning its members to a coordinated care delivery system with full implementation June 1, 2012. This new managed care delivery system (Bayou Health) consists of two models:

- A traditional capitated managed care model whereby private managed care organizations (MCOs) receive a per-member per-month fee for each enrollee covered to provide benefits and services. Each MCO is required to process claim payments for their members. Three MCOs have been selected to deliver care under this service model. Those MCOs selected to begin delivering care in 2012 are Amerigroup, LaCare, and Louisiana Health Connections.

- An enhanced primary care case management (PCCM) system whereby a private managed care network receives a per-member per-month fee to provide enhanced care management services. Providers in that network will have an opportunity to share in cost savings resulting from coordinating care. Under this shared savings model, the Department's MMIS vendor, Molina, will continue to process claims for payment. The PCCM's selected to deliver care under this model beginning in 2012 are Community Health Solutions and United Healthcare Community Plan.

GOAL/PURPOSE

To provide accounting services to support ~~implementation~~ **the operation** of Medicaid managed care, specifically minimizing the Department's risk in the areas of member care and administration, data quality, and financial management. Myers and Stauffer LC will assist the Department with accomplishing its goal of ensuring that Medicaid managed care members are receiving high quality coordinated care at the lowest cost.

OUTCOMES

The contractor shall:

1) Provide assistance monitoring and reporting as it relates to Medicaid managed care~~.; and~~**.**

2) Provide assistance with encounter data management to facilitate and provide for complete and accurate encounter data available for financial rate setting and member services oversight of Medicaid managed care.

3) Provide assistance with External Quality Review (EQR) functions in accordance with the Centers for Medicare and Medicaid's *EQR Protocol 4 Validation of Encounter Data Reported by the MCO*, published in September 2012. (Protocol is available on the CMS website at http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Quality-of-Care/Quality-of-Care-External-Quality-Review.html.)

4) **Provide assistance with the audit of the Medical Loss Ratio (MLR) reports submitted by each MCO on an annual basis.**

5) **Provide assistance to the department with compliance with the reporting requirements of Act 212 of the 2013 Regular Legislative Session.**

DELIVERABLES/PERFORMANCE INDICATORS

1) Health plan monitoring and reporting

   a) On a semiannual schedule, perform an analysis of health plan submitted cost reports per the Supplemental Financial Reporting guides. These quarterly reports were designed by the Department to assist with the monitoring of Medical Loss Ratios and Administrative Costs;

   b) Monitor membership changes and claims to assist with the identification of denial of service trends by each of the health plans;

   c) Provide a comparison of Louisiana health plan models to other state Medicaid managed care health plans identifying opportunities for improvement and documented successes;

   d) Provide a comparison or contrast of the two (2) Louisiana delivery models with a focus on the cost savings achieved on behalf of the Department;

   e) At an interval to be determined by the Department, perform an analysis and assessment on the accuracy and completeness of the reported encounters by the health plans;

   f) Other analyses as determined by the Department.

2) Encounter data management

   a) Analyze the encounter processes and documentation (i.e. Companion Guides) utilized by the Fiscal Agent Contractor (FAC);

   b) Meet with each managed care entity participating in Bayou Health and submitting encounters to the Department's FAC to gain and document an understanding of the claims adjudication, adjustment, and void processes;

   c) Identify potential issues and concerns with the processes outlined above;

   d) Obtain all encounter claim data accepted by the FAC as submitted from the MCOs. Perform quality assurance processes to arrive at a clean set of data;

   e) Work with the FAC to establish a process whereby encounters are obtained in a routine, weekly process;

   f) Analyze the weekly encounter submissions submitted by the MCOs to the FAC and report to the Department on volumes and potential issues identified;

   g) Review encounter submission error reports with MCOs and address identified issues with each plan;

   h) Document issues and MCO commitments made to the Department and assist with Determination of achievement of goals/commitments;

   i) Document and assist the Department with modification requests submitted to the FAC and monitor the progress and success of the requests;

   j) Conduct monthly meetings with the MCOs and address common errors, edits, or problems identified by the MCOs as a barrier to successful encounter submissions;

   k) Obtain cash disbursement journals (CDJ) and other necessary financial records from each of the MCOs reflecting the payments to providers for medical services;

   l) Reconcile the CDJ to the MCO submitted encounter data, identifying potential issues or missing encounters;

m) Provide initial exception reports to each of the MCOs to explain or correct potential issues in the encounter data;

n) Provide completion reports on a frequency as determined by the Department. We anticipate that the initial report frequency would be on a monthly basis;

o) Conduct additional analyses to measure the reliability and accuracy of encounter and member data used to establish capitation rates (i.e., inaccurate encounter and member data could lead to higher than necessary capitation rates);

p) Maintain a database of all encounters including an audit status and audit amount for each encounter, and;

q) Coordinate with the Department's actuary, and any other third parties users requiring access to audited encounter data, as directed by the Department.

3) External Quality Review (EQR) Activities – Bayou Health

a) Activity 1 – *Review State Requirements* to ensure complete understanding of all applicable requirements related to health plans and any additional requirements related to CMS EQR Protocol 4.

b) Activity 2 – *Review MCO's Capability*

i) Review or conduct the MCO's Information Systems Capabilities Assessment (ISCA).

ii) Determine vulnerabilities which the MCO's information systems may contain that may lead to incomplete or inaccurate data capture, integration, storage, or reporting.

iii) Identify issues that may contribute to inaccurate or incomplete data.

iv) Conduct interview of MCO staff.

c) Activity 3 – *Analyze Electronic Encounter Data*

i) Develop a data quality test plans.

ii) Account for edits built into the State's data system.

iii) Determine types of potentially missing encounter data.

iv) Determine overall data quality issues and MCO submission issues.

v) Generate and review analytic reports (perform micro-analysis on encounter data).

vi) Analyze encounter data.

vii) Develop long-term monitoring strategy for assessing the quality of encounter data.

d) Activity 4 – *Review Medical Records.* In coordination with DHH and utilizing analytical procedures to assist in determining risk areas and hypotheses, develop a statistically valid sample of encounter claims to perform a medical record review. Ensure sample size is efficient and appropriate.

e) Activity 5 – *Submit Findings.* At the conclusion of activities, develop and submit a report of findings and recommendations for each MCO.

4) **Audit of MLR Reports**
   a) **Review MLR reports submitted by each MCO.**
   b) **Request supporting documentation from each MCO, including trial balance, claim lag reports, and other claim and financial information.**
   c) **Perform analyses to ensure the definitions and assignments of medical and administration expenses are appropriate.**
   d) **Follow up with MCOs, as necessary, to complete analysis.**
   e) **Develop and submit summary of findings and issue Independent Auditors report.**

5) **Assistance with Act 212 Compliance & Reporting**
   a) **Develop queries to pull the encounter data necessary for appropriate response by the department and analyze the results of the queries.**
   b) **Evaluate the completeness and accuracy of self-reported data from the MCOs where encounter data cannot be used.**
   c) **Evaluate completeness and accuracy of reports submitted by the MCOs that contain information required for the Act 212 reporting.**

TERMS OF PAYMENT

The contract shall begin on June 1, 2012 and end on May 31, 2015. For the 36 month contract term, the contract amount shall not exceed $**2,162,720**~~1,875,020~~.

Fixed Deliverable Pricing

Deliverables #1 and #2 – Health Plan Monitoring and Reporting/Encounter Data Management

The contractor shall be compensated a fixed price basis per bimonthly deliverable. The bimonthly deliverable shall consist of one *Comparison of Louisiana Managed Care Organization Encounter Claims to Cash Disbursements* report for each Bayou Health Prepaid Plans. There shall be 9 bimonthly deliverables to be provided during the remaining term of the contract (11/01/13 – 6/30/15). Each bimonthly deliverable shall be compensated at a fixed price of $55,000. All costs above the agreed upon fixed price of $55,000 per bimonthly deliverable will be incurred by the contractor. Total payments for **Deliverables #1 and #2** ~~fixed price deliverables~~ shall not exceed $495,000 for the remaining term of the contract.

Payment will be based on approval of invoices and deliverables. DHH must provide the contractor with written approval for services billed on a fixed price basis, and a copy of such approval must be submitted with the invoice. For each month in the contract period, invoices are due by the fifteenth of the month for the prior month's deliverables. Contractor must submit final invoices within 15 days after termination of contract.

Deliverable #3 – External Quality Review (EQR) Activities – Bayou Health

For EQR activities for Bayou Health, the deliverable shall consist of a final report of findings and recommendation for each of the three MCOs. Each final report shall be compensated at a fixed price of $133,333. All costs above the agreed upon fixed price of $133,333 per final report will be incurred by the contractor. Total payments for EQR deliverables for Bayou Health shall not exceed $400,000 for the remaining term of the contract.

Payment will be based on approval of invoices and deliverables. DHH must provide the contractor with written approval for services billed on a fixed price basis, and a copy of such approval must be submitted with the invoice. Contractor must submit final invoices within 15 days after termination of contract.

Deliverable #4 – Audit of MLR Reports

The cost of the audit of the MLR report for each MCO will be $75,900 for a total cost of $227,700.

Payment will be based on approval of invoices and deliverables. DHH must provide the contractor with written approval for services billed on a fixed price basis, and a copy of such approval must be submitted with the invoice. For each month in the contract period, invoices are due by the fifteenth of the month for the prior month's deliverables. Contractor must submit final invoices within 15 days after termination of contract.

Hourly Basis Pricing

Deliverable #5 – Assistance with Act 212 Compliance & Reporting

The contractor shall be compensated on an hourly rate for activities related to deliverable #5. The hourly rate, inclusive of travel and any and all other costs associated with the services provided, regardless of the position or level of staff providing services for ad hoc activities, is $150.00. Compensation on an hourly basis shall not exceed $60,000 for the remaining period of the contract.

Payment will be based on approval of invoices and deliverables. DHH must provide the contractor with written approval for services billed on an hourly rate basis, and a copy of such approval must be submitted with the invoice. For each month in the contract period, invoices are due by the fifteenth of the month for the prior month's deliverables. Contractor must submit final invoices within 15 days after termination of contract.

Ad Hoc Activities

Exclusive of fixed price deliverables, the contractor shall be compensated on an hourly rate. The hourly rate, inclusive of travel and any and all other costs associated with the services provided, regardless of the position or level of staff providing services **for ad hoc activities**, is $146.42. Compensation on an hourly basis **for ad hoc activities** shall not exceed $80,530 for the remaining period of the contract.

Payment will be based on approval of invoices and deliverables. DHH must provide the contractor with written approval for services billed on an hourly rate basis, and a copy of such approval must be submitted with the invoice. For each month in the contract period, invoices are due by the fifteenth of the month for the prior month's deliverables. Contractor must submit final invoices within 15 days after termination of contract.

MONITORING PLAN

1) The contractor will maintain a current work plan of all project tasks, activities and resources including estimated start and completion dates, actual start and completion dates, estimated and actual task hours, and completion percentages of all in-process tasks. This work plan will be submitted and approved by DHH.

2) The contractor will submit a monthly invoice supported by timesheets which identify staff providing service (name and position), dates and time serviced by project task.

3) Status reports will be submitted to the Department by the 15th of the following month.

4) Project monitoring will also include contract monitor review and approval of:

    a) Project work plan

    b) Monthly status reports

    c) Monthly invoices

CONTRACTOR REQUIREMENTS

Perform services in accordance with applicable professional standards promulgated by the AICPA.

Notify the contract monitor within three business days of any encounters matters that could impede the timely completion of deliverables.

Notify the contract monitor within three business days of any of any potential risks to the Department identified.

Report immediately to the Medicaid Deputy Director for Managed Care and Deputy Director and the Department's Office of the Inspector General any matters of fraud identified.

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION

Date: 7/2/2014 | Dept/Budget Unit/Program #: 09-305 / Prg 200

Dept/Agency/Program Name: DHH / Medical Vendor Administration / MVA | OCR/CFMS Contract #: 713200

Agency/Program BA-22 # : 10 | Agency/Program Contract #: 058562

Fiscal Year for this BA-22: **2014-2015** *(yyyy-yy)* **BA-22 Start/End Dates:** **07/01/14** *(Start Date)* **05/31/15** *(End Date)*

Multi-year Contract (Yes/No): Yes *If "Yes", provide contract dates:* **6/1/12** *(Start Date)* **05/31/15** *(End Date)*

Myers & Stauffer, LC *(Contractor/Vendor Name)* 48116404200 *(Contractor/Vendor No.)*

Provide accounting services to support implementation of Medicaid Managed care, and assist DHH with accomplishing its goal of ensuring that

Bayou Health plan members are receiving high quality coordinated care at the lowest cost.

Contract Amendment (Yes/No): **Yes** **Amendment Start/End Dates:** **07/01/14** *(Start Date)* **05/31/15** *(End Date)*

Contract Cancellation (Yes/No): **No** **Date of Cancellation:**

Amd. 3
(Provide rationale for amendment or cancellation)

This information is to be provided at the Agency/Program Level

MEANS OF FINANCING	AMOUNT			
	Current Year	%	Total Contract	%
State General Fund	$143,850.00	50.00%	$1,081,360.00	50.00%
Interagency Transfers	$0.00	0.00%	$0.00	0.00%
Fees and Self Gen.	$0.00	0.00%	$0.00	0.00%
Statutory Dedication	$0.00	0.00%	$0.00	0.00%
Federal	$143,850.00	50.00%	$1,081,360.00	50.00%
TOTALS	$287,700.00	100.00%	$2,162,720.00	100.00%

**Specify Source (i.e., grant name, fund name, IAT sending agency and revenue source, fee type and source, etc.)*

Are revenue collections for funds utilized above in line with budgeted amounts? *(Yes/No)* Yes

If not, explain.

This information is to be provided at the Agency/Program Level

Name of Object Code/Category:	**Professional Services/Other**
Object Code/Category Number:	3460
Amount Budgeted:	$241,269,988
Amount Previously Obligated:	$17,131,273
Amount this BA-22:	$287,700
Balance:	$223,851,015

The approval of the aforementioned contract will not cause this agency/program to be placed in an Object Category deficit.

Agy/Prg Contact: Jenny Borders
Name: Jenny Borders
Title: Medicaid Program Monitor
Phone: 225-342-1264

Reviewed/Approved By: Teresa Bravo
Name: Teresa Bravo
Title: Medicaid Program Manager 4
Phone: 225-342-9480

FOR AGENCY USE ONLY

AGENCY	PROGRAM	ACTIVITY	ORGANIZ.	OBJECT	REPT CAT	AMOUNT
305	200		7201	3460	4436	$287,700.00